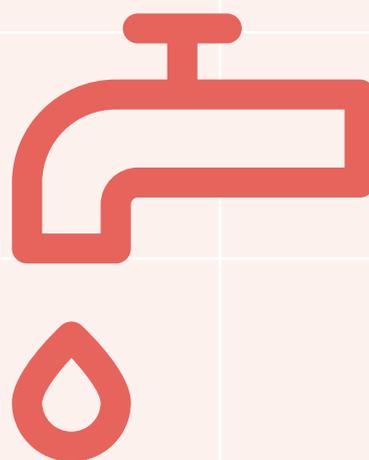
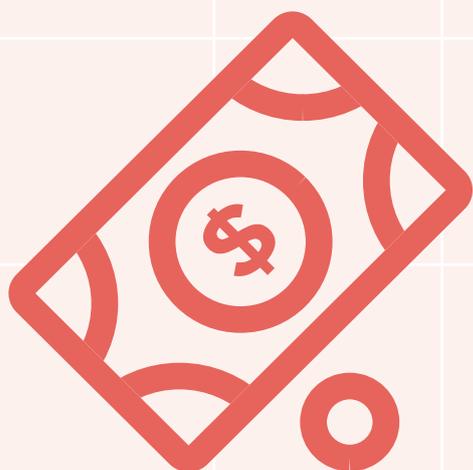


GUIDANCE ON MARKET BASED PROGRAMMING



FOR HUMANITARIAN WASH PRACTITIONERS

VERSION 1 – APRIL 2019

ACKNOWLEDGMENTS

This guidance is the final result of the work of the Global WASH Cluster Technical Working Group for WASH and Market Based Programming.

The process of developing this guidance document was initiated and overseen by Celia González Otálora (Action Against Hunger), supported by Julien Jacob, an independent consultant, responsible for the overall review and consolidation of the final version.

The guidance has been extensively reviewed by dedicated members of a peer review group including Jennifer Weatherall and Rolando Wallusche (CRS), Jean-Christophe Barbiche and Franck Bouvet (GWC), Claudio Deola and Pierluigi Sinibaldi (Save the Children UK), Ammar Fawzi (NRC), Parvin Ngala (OXFAM), Johannes Rück (German Toilet Organization), Stefan Bumbacher (CaLP) and Kirsten Poole (PAH).

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The guidance is a first version that will be reviewed and updated after Global WASH Cluster partners have gathered more experience and lessons on market-based programming in the WASH sector. This document has been reviewed and endorsed by the Strategic Advisory Group of the Global WASH Cluster on March 15th 2019.



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ACRONYMS

ATM	Automatic Teller Machine
BNA	Basic Needs Approach
CaLP	The Cash Learning Partnership
CRS	Catholic Relief Services
CVA	Cash and Voucher Assistance
CWG	Cash Working Group
ELAN	Electronic Cash Transfer Learning Action Network
ERC	Enhanced Response Capacity
FSP	Financial Service Provider
GWC	Global WASH Cluster
HC/HCT	Humanitarian Coordinator / Humanitarian Country Team
HEA	Household Economy Approach
IASC	Inter-Agency Standing Committee
ICCG	Inter-Cluster Coordination Group
ICRC	International Committee of the Red Cross
IFRC	International Federation of Red Cross and Red Crescent Societies
IM	Information Management
IRC	International Rescue Committee
IT	Information Technology
KYC	Know Your Customer
MBP	Market-Based Programming
MEAL	Monitoring, Evaluation, Accountability and Learning
MEB	Minimum Expenditure Basket
MIRA	Multi-Cluster / Sector Initial Rapid Assessment
MISMA	Minimum Standard for Market Analysis
MNO	Mobile Network Operator
MPC/MPG	Multipurpose Cash Transfer/Multipurpose Cash Grants
NFI	Non Food Items
NRC	Norwegian Refugee Council
OCHA	Office for the Coordination of Humanitarian Affairs
ODK	Open Data Kit
PCMA	Pre-Crisis Market Analysis
PII	Personally Identifiable Information
POS	Point of Sale
TWiG	Technical Working Group
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
USD	United States Dollar
WASH	Water, Sanitation and Hygiene
WFP	World Food Programme
WG	Working group

INTRODUCTION

The purpose of this document is to provide practical guidance in preparedness, assessment, program design, implementation and monitoring related to Market-Based Programming (MBP) in humanitarian WASH assistance, and more specifically on:

- How to identify linkages between markets and WASH services & goods;
- How market based programming can complement and improve WASH programming;
- How to conduct a WASH market assessment;
- The key implementation steps & considerations for WASH Market-Based Programming;
- How Cash & Voucher Assistance (CVA) can be integrated in Market-Based Programming;
- The key existing documents, tools and resources for further information

This guidance on MBP is thematically aligned with the [Global WASH cluster \(GWC\) position paper on Cash and Markets](#) and builds on and contributes to the GWC capacity building strategy on MBP.

We hope it represents a valuable resource for humanitarian WASH practitioners to learn more about the importance and potential offered by considering markets in their WASH programming and activities.



Information

Main bibliographical information, key concepts or important definitions



Alert

Alert towards critical considerations



To go further ...

Link to some of the informational annexes at the end of the guidance; also provide additional information to expand the concepts that have been presented



Practical Tool

Link to some of the practical annexes at the end of the guidance; also present useful tools for practitioners

Above you find some tips to facilitate your reading. Boxes and highlighting have been used throughout the manual. These are the main symbols used for quick reference.

The annexes included at the end of the document are an integral part of the guidance and should not be overlooked!

Remember that this manual intends to provide general guidelines. As such there is no one-size-fits-all, and **the information provided will need to be adapted to each situation and context.**

KEY POINTS SUMMARY

WASH markets are likely to be affected by a crisis. It can create disruption of both supply of and access to WASH-related goods and services. Both need to be considered and addressed by humanitarian responses to people's needs. But if humanitarian agencies do not consider markets, interventions can accidentally harm these markets and the whole population depending on them.

Market assessments are essential to inform the selection of the most relevant intervention modality/ies and are part of an integral situation analysis that includes other assessments (technical, needs, risks and ad hoc assessments for specific issues).

Markets can be used or supported to respond to WASH needs. WASH market supply can be strengthened by working with market supply actors, services and infrastructure. Demand by affected people for WASH goods & services can be met by cash & voucher assistance, market access or behaviour change programs.

If markets are functioning appropriately, they can be used to provide relief and basic services through, for example, purchasing goods in the local market for aid distributions (instead of importing), or ensuring access to markets through vouchers or cash provided to the affected population.

In the case of weak or damaged market systems, WASH programming can engage in support and rehabilitation to enable market actors to recover (e.g. through grants to repair equipment).

Market development is a longer-term approach which aims to expand or diversify existing markets or to introduce new products to improve access and/or improve quality.

It is crucially important to consider market secondary services and infrastructures as well as the market regulatory environment, especially for market support and strengthening.

Among the possible response options, Cash & Voucher Assistance is increasingly implemented. But for it to be feasible, a set of pre-conditions needs to be fulfilled. A wide range of delivery mechanisms for Cash & Voucher Assistance are available, and the selected delivery mechanism(s) need to be fully justified based on a set of objective criteria, such as protection risks and beneficiaries' preferences. Nevertheless, it is important to understand that Cash & Voucher Assistance is just a transfer modality to achieve project outcomes and NOT an intervention in itself.

On top of the usual WASH parameters, markets also need to be monitored to ensure programme effectiveness and that ongoing interventions are not harming them.

Use of Market-Based Programming and Cash & Voucher Assistance changes significantly the way we coordinate. It offers many more opportunities for inter-sectorial coordination and integrated programming (e.g. Multipurpose Cash Transfer) than non-market based approaches. It is crucial to coordinate with other actors via the WASH Cluster and Cash & Market Working Groups (if existing).

1. WHAT IS A MARKET AND HOW ARE MARKETS ASSOCIATED WITH WASH?

Market-Based Programming (MBP) is an emerging field in humanitarian WASH assistance and the common understanding of the terminology and basic concepts is still weak. The Global WASH Cluster (GWC) aims to provide clarity on terms and to mainstream definitions for the WASH sector. To be consistent with the wider humanitarian system, definitions are adapted from the 2018 [CaLP glossary](#).



I) Basic concepts on Markets

Market:

The term 'market' refers to a formal or informal structure for the exchange of goods, labour or services. The exchange can be for goods (e.g. jerrycans) or services (e.g. latrines desludging) and may take place in a physical space called marketplace. Markets are sometimes defined by forces of supply and demand, rather than geographical location (e.g. 'imported cement makes up 90 % of the cement market in a specific location').

Reference to local markets can be for "goods sold or services provided locally", but does not necessarily mean produced locally or in the country.

Market Actors:

Organizations or individuals who are active in a market system not only as suppliers or consumers but as regulators, developers of standards and providers of services, information, etc.

Market System:

A network of market actors supported by infrastructure and services, interacting within a context of institutions or rules that shape the actors' trading environment. Market system refers to all the players or actors and their relationships with each other, with support or business services as well as the enabling environment – the rules and norms that govern the way that system works. Market systems are interconnected when they share the same set of enabling environment/rules/norms and business/support services, for instance when they operate within one country (e.g. market system of locally produced chlorine).

Market maps are a common tool used to represent the various actors and the relationships between them, in a market system as well as the various trends in the market environment and associated infrastructure and inputs supporting that market system (→ see Figure 2 on next page for an example).



Figure 1: Range of WASH market goods and services (Source: OXFAM)

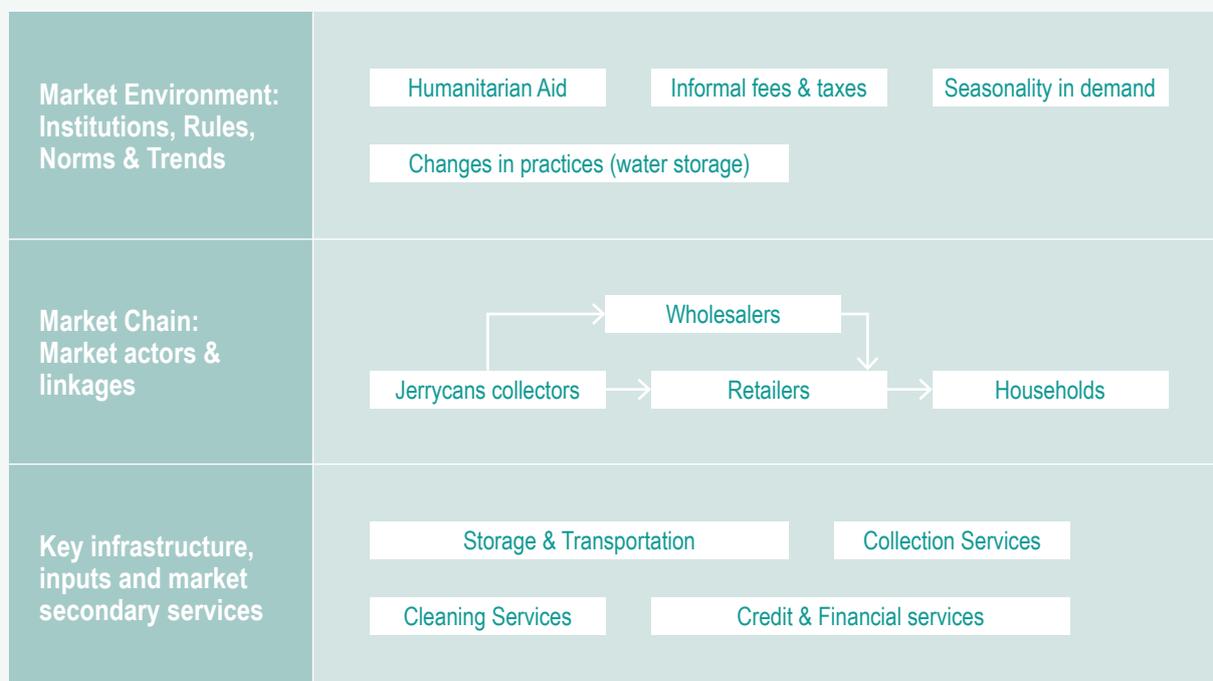


Figure 2: A simplified market system map for jerrycans, adapted from PCMA of the WASH and Shelter sectors, Somalia, December 2015 (IRC)

Critical Market Systems:

The specific market systems that are most urgently relevant to the target population's needs – those markets that have or could have a major role in meeting the essential needs of the target population (e.g. soap market system during an epidemic outbreak).

Market-based programming (MBP):

Market-based programming or market-based interventions are understood to be programs and projects that work through or support local markets. The terms cover all types of engagement with market systems, ranging from actions that deliver immediate relief (including local procurement and Cash & Voucher Assistance (CVA)) to those that proactively strengthen and catalyse local market systems or market hubs (e.g. using local contractors for sanitation activities like building latrines, bathing areas and drainage)

Market support intervention (as part of MBP):

Market support interventions can be defined as interventions in which the goal is to improve the situation of the crisis-affected population by providing support to critical market systems on which the target population relies for goods, services, labour or income. These interventions can target specific market actors, services and infrastructures through dedicated activities¹ (e.g. grants to traders of hygiene items so they are able to repair their shops and restart businesses, or grants to water truckers so they can repair/rent transport services).

To go further ...

To know more about other specific terms like 'value chain' or 'integrated markets', check the updated CaLP glossary here:

<http://www.cashlearning.org/resources/glossary>



¹ <http://www.cashlearning.org/downloads/resources/guidelines/calp-crs-tip-sheet-web.pdf>

II) Key concepts on Cash & Voucher Assistance

CVA is one of the most widely used modalities within MBP. Although MBP is much wider than CVA, these CVA concepts are key to comprehending MBP:

WHAT can people receive?	
<p>Cash Transfer: The provision of assistance in the form of money – either physical currency or e-cash – to recipients (individuals, households or communities). Cash transfers are by definition unrestricted in terms of use and distinct from restricted modalities including vouchers and in-kind assistance.</p>	<p>Voucher: A paper, token or e-voucher that can be exchanged for a set quantity or value of goods or services, expressed either as a cash value (e.g. USD 15), a predetermined commodity (e.g. 1 kg soap), or specific services (e.g. drinking water delivery), or a combination of value and commodities. Vouchers are restricted by default, although the degree of restriction will vary based on the programme design and type of voucher. They are redeemable with preselected vendors or in ‘fairs’ created by the implementing agency. The terms vouchers, stamps, or coupons might be used interchangeably.</p>
HOW can the transfer be used?	
<p>Unrestricted transfers can be used as the recipient chooses i.e. there are no limitations imposed by the implementing agency on how the transfer is spent. Cash transfers are by definition unrestricted in terms of use (as opposed to vouchers).</p>	<p>Restriction: Restriction refers to limits on the use of assistance by recipients. Restrictions apply to the range of goods/services that the assistance can be used to purchase, and the places where it can be used. The degree of restriction may vary – from the requirement to buy specific items, to buying from a general category of goods/services. Vouchers are restricted by default since they are inherently limited in where and how they can be used. In-kind assistance is also restricted. Cash transfers are unrestricted in terms of use by recipients.</p> <p>Restrictions are distinct from conditions, which apply to activities that must be fulfilled to receive assistance.</p>
<p>Conditionality: Conditionality refers to prerequisite activities or obligations that a recipient must fulfil in order to receive assistance. Conditions can in principle be used with any kind of transfer (cash, vouchers, in-kind, service delivery) depending on the intervention design and objectives. Note that conditionality is distinct from restriction (how assistance is used) and targeting (criteria for selecting recipients). Types of condition can include attending awareness raising sessions on hand-washing, building a latrine, attending training, undertaking communal work, etc.</p>	
<p>Multipurpose Cash Transfer (MPC): Multipurpose Cash Transfers (MPC) are transfers (either periodic or one-off) corresponding to the amount of money required to cover, fully or partially, a household’s basic and/or recovery needs. The term refers to transfers designed to address multiple needs, with the transfer value calculated accordingly. MPC transfer values are often indexed to expenditure gaps based on a Minimum Expenditure Basket (MEB), or other monetized calculation of the amount required to cover basic needs. All MPC are unrestricted in terms of use as they can be spent as the recipient chooses. Multi-Purpose Cash Grants (MPG) is also used with the same meaning.</p>	

III) Types of WASH-related markets

CVA is one of the most widely used modalities within MBP. Although MBP is much wider than CVA, these CVA concepts are key to comprehending MBP:

Table 1: Some examples of markets relevant to WASH programming (Source: TWiG – OXFAM)

Areas of intervention	WASH Markets		
	WASH Goods	WASH Services	WASH secondary markets: market-related infrastructure and services
Improving equitable access to and use of safe drinking water	<ul style="list-style-type: none"> ✓ Safe drinking water ✓ Water treatment stations ✓ Plumbing accessories and equipment 	<ul style="list-style-type: none"> ✓ Water trucking ✓ Water point maintenance ✓ Water network management 	<ul style="list-style-type: none"> ✓ Fuel ✓ Unskilled labour ✓ Building materials
Improving equitable access to and use of appropriate excreta disposal system	<ul style="list-style-type: none"> ✓ Latrines/Toilets ✓ Desludging trucks ✓ Slabs 	<ul style="list-style-type: none"> ✓ Construction / installation of latrines / toilets ✓ Desludging ✓ Faecal sludge management 	<ul style="list-style-type: none"> ✓ (Un)Skilled labour ✓ Sanitation technicians ✓ Transport of goods
Improving equitable access to and use of appropriate bathing and laundry facilities	<ul style="list-style-type: none"> ✓ Bathing facilities ✓ Water tanks 	<ul style="list-style-type: none"> ✓ Grey water treatment and final disposal ✓ Bathing facilities maintenance 	<ul style="list-style-type: none"> ✓ (Un)Skilled labour ✓ Transport of goods
Improving equitable access to and use of appropriate solid waste management	<ul style="list-style-type: none"> ✓ Household solid waste management items (bins) ✓ Intermediate solid waste collection points 	<ul style="list-style-type: none"> ✓ Solid waste management service ✓ Dump station/Landfill 	<ul style="list-style-type: none"> ✓ Fuel ✓ (Un)Skilled labour
Improving hygiene practices to decrease WASH related diseases risks (behaviour change)	<ul style="list-style-type: none"> ✓ Water containers (collection and storage) ✓ Soap ✓ Menstrual hygiene items 	<ul style="list-style-type: none"> ✓ Marketing and communication services ✓ Hygiene Training services 	<ul style="list-style-type: none"> ✓ Packaging ✓ Water ✓ Sanitation
Improving equitable access to vector control measures	<ul style="list-style-type: none"> ✓ Long lasting insecticidal mosquito nets ✓ Sprayers 	<ul style="list-style-type: none"> ✓ Rainwater drainage management ✓ Construction of drainage system 	<ul style="list-style-type: none"> ✓ Shelter ✓ NFI (beds)

To go further ...

Please find a more comprehensive list of Market Systems relevant for WASH in [Annex 1: Examples of Market Systems relevant to WASH Programming \(source: TWiG – OXFAM\)](#)



2. WORKING WITH MARKETS IN WASH PROGRAMS

1) Why should humanitarian WASH programs consider markets?

- ✓ **Markets are a central element of people's life and livelihoods:** most of the world's population relies on markets to cover at least a portion of its basic needs or income generation. Market systems can provide access to essential items required for survival such as hygiene items, water or fuel. Market systems can also provide jobs, opportunities for wage labour and link producers to customers.

WASH practitioners should recognize and seek to identify ways in which the local market can contribute to and be part of meeting the needs of the community during crisis and throughout the response as the market recovers.

- ✓ **There are no market-neutral interventions:** humanitarian agencies are market actors and have a significant impact on local markets whether intentionally or unintentionally.

WASH practitioners, under the principle of Do No Harm, should always consider both the negative and positive impacts a program can have on local markets and the market environment.

- ✓ **Pre-crisis market analysis provides a baseline and is key to preparedness and building market resilience:** understanding markets in non-crisis times will allow for the monitoring of seasonal trends and historical trends, which can be especially relevant in slow onset crises. It allows identifying key actors in the market systems and establish strategic partnerships for contingency planning. It is also the best moment to build the team's capacity and focus on raising awareness on markets.

WASH practitioners should encourage, when possible, carrying out pre-crisis market assessment exercises with the aim of improving the organization's knowledge of the context prior to a shock, in order to identify informed preparedness plans and improve the response quality when an emergency occurs.

- ✓ **Market assessments post-shock allows for better quality emergency responses:** a market-sensitive and informed humanitarian intervention leads to an intervention that significantly aims to decrease harmful effects on local economies as well as boost local economic activity. Promoting economic recovery is an enabling factor for enhancing the nexus from humanitarian to development programs, aid efficiency and early recovery.

WASH practitioners are encouraged to implement market assessments as a complementary context analysis tool, additional to the tools traditionally used by the WASH sector that will inform programs in a more consistent way and therefore result in improved programming.

- ✓ **Market based programming can lead to a multiplier effect:** when markets are functioning, traders and programme participants are closely interacting, as they work, access goods/services and benefit from the economic activity in their area. The multiplier effect is an indirect effect whereby increased expenditure by consumers contributes to the overall economy. A cash/voucher transfer for example increases local expenditure by beneficiaries, which contributes to income growth for local traders, then expansion of markets for local goods, or increased demand for services.

WASH practitioners should encourage MBP and evaluate the relevance and feasibility of implementing CVA where appropriate, in order to promote a multiplier effect in the intervention area.

To go further ...

For more information, have a look at the [3 short videos on markets from the Logistics Cluster](#)



II) Where do local markets fit within WASH programming?

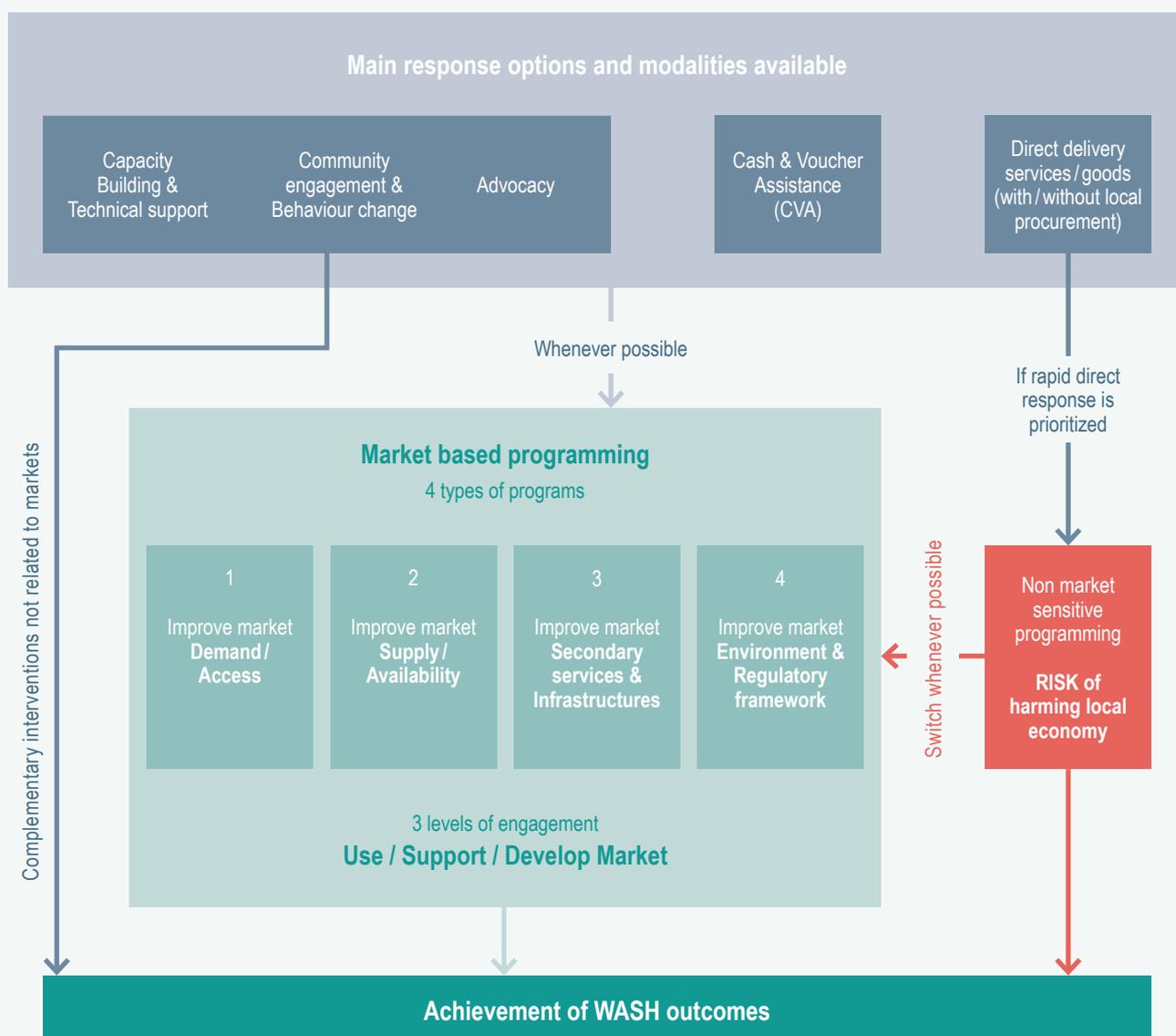
WASH markets can be both affected by a crisis but also used and supported to respond to WASH needs. Therefore the market situation needs to be understood by WASH practitioners to enable the most effective, efficient and quality response.

Market analysis is relevant irrespective of the type of modality for aid delivery that will be selected when designing the program. Market analysis gives an additional perspective to the context analysis traditionally done by WASH practitioners and enables a better situation analysis, and therefore better and most appropriate programming.

Programmatically, WASH can be approached in several ways. Working with local markets is one of the possible approaches of WASH programs:



Figure 3: WASH market-based programming framework



III) What are the different ways that WASH programs can be delivered through market engagement?

Regarding WASH programming with local markets, there are four main types of MBP interventions:

1 Improve WASH market DEMAND/ACCESS

The demand/access side refers to the affected population, and the different ways in which we can engage with them to facilitate their access to critical WASH goods and services. NB: individual traders or vendors can also be part of the affected population.

2 Improve WASH market SUPPLY/AVAILABILITY

The supply/availability side refers to the traders or vendors, and the different ways in which we can engage with them to ensure the availability of critical WASH goods/services for the affected population.

3 Improve WASH market SECONDARY SERVICES & INFRASTRUCTURES

The market secondary services component refers to market infrastructures & services such as financial services, transportation, energy, roads, water distribution infrastructure, etc. In short, all aspects allowing the market system to function. It is crucial to consider not only the WASH-related markets, but all the supportive markets that allow them to function.

4 Improve WASH market ENVIRONMENT & REGULATORY FRAMEWORK

The reform of market policies, norms and rules component refers to regulations at national or regional level relating to watershed management, quality standards, standard or flat rates, fees or related costs fixed at a national level, trade regulations, social norms to relate with WASH markets, etc. The objective is to provide a conducive environment for WASH goods and services markets to operate.

Supporting DEMAND (1), SUPPLY (2) and SECONDARY SERVICES (3) can be done through:

- ✓ **Local procurement:** direct provision of goods and services supplied from the local market (including local contractors e.g. borehole drilling companies);
- ✓ **Cash and Voucher Assistance:** all programs where cash and/or vouchers (for goods or services) are directly provided to recipients (beneficiaries/traders);
- ✓ **Capacity building & Technical support:** can be given to private firms, local contractors or the affected population;
- ✓ **Community engagement & Behavioural interventions:** social marketing, behaviour change strategies for strengthening demand and/or improving supply

Supporting the reform of REGULATORY ENVIRONMENT (policies, norms and rules) (4) will be approached through:

- ✓ **Advocacy and capacity building activities:** This is often more feasible in multi-year, preparedness and/or development programming, though this can offer an opportunity to strengthen linkages and transition along the humanitarian/development nexus.

The [MBP Framework](#) (2016) gathers the four types of market based interventions introduced above, including the different levels of engagement when working with markets. Note that this framework is designed to be applicable across all sectors of humanitarian programming.



Figure 4: MBP framework (Markets in Crisis 2016)

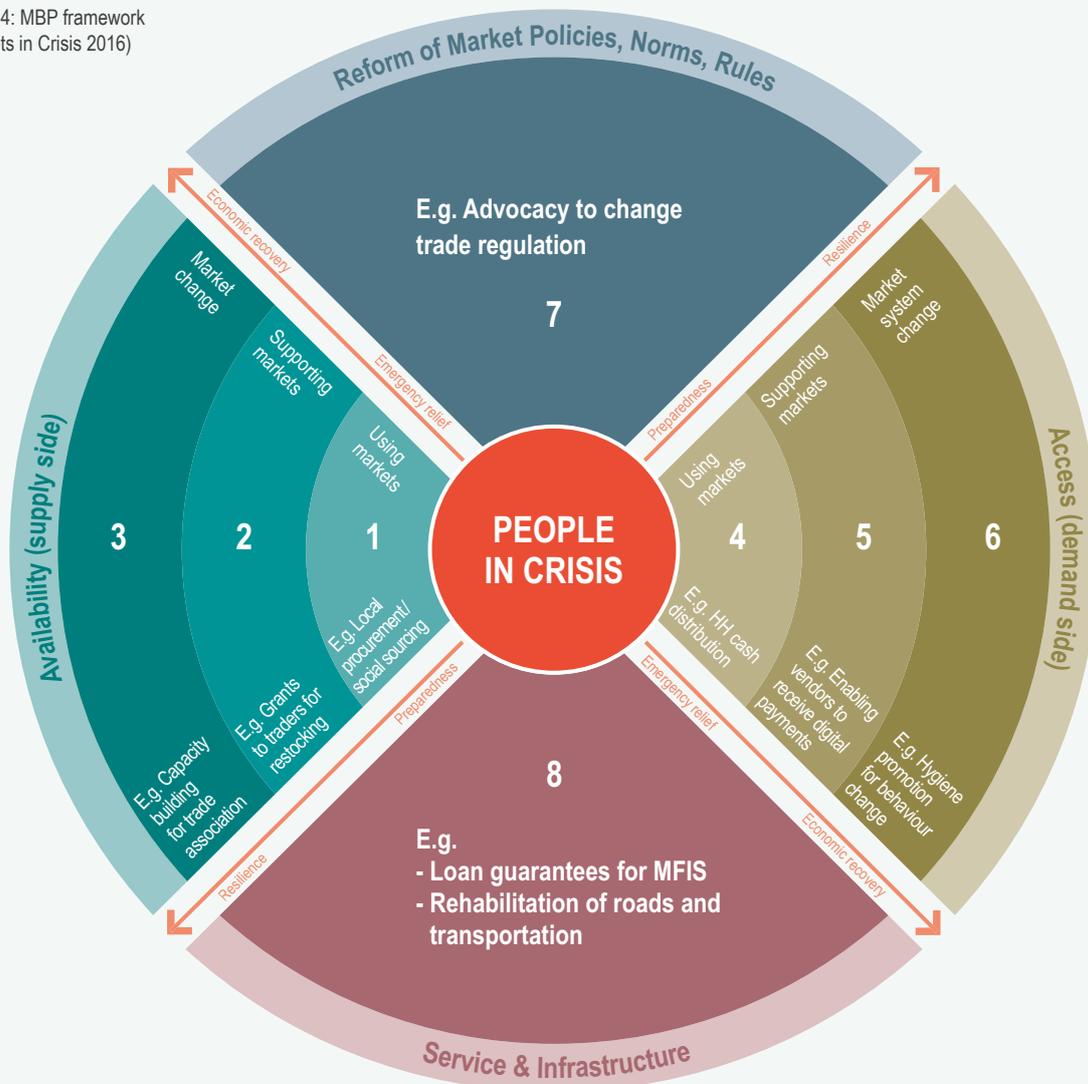


Figure 5: MBP framework WASH examples

- 1 Use markets**
Use supply from local markets
Example: Contract water trucker to distribute water to crisis-affected community
- 2 Support markets**
Support to traders, restore & improve supply
Example: Support to manufacturers to improve quality of slabs; provide cash grants to NFI traders to rebuild their shops
- 3 Market system change**
Development of enterprise, production & value chain
Example: Support women's group to establish enterprises to produce and sell soap
- 4 Use markets**
Cover current needs through markets
Example: Distribution of vouchers for desludging of pit latrines; provision of cash to purchase hygiene items; grants to cover transportation costs

- 5 Support markets**
Increase existing demand
Example: Support vendors to sell smaller/cheaper packages of water purification tabs
- 6 Market system change**
Generate new demand
Example: Marketing to promote new point-of-use water treatment products; awareness of water quality issues to stimulate demand for water purification products
- 7 Improve market regulatory environment**
Example: Advocacy and legal support to facilitate the official registration of informal water street vendors; Setting up and enforcing regulation for waste water disposal, private desludging companies; Setting up and enforcing a standard design for latrine; Setting up quality standards for household water disinfection product etc...
- 8 Improve WASH markets secondary services**
Example: Provision of fuel to traders/service provider; Grant to public electrical utilities

To go further ...

For more detailed information on the types of Market based programming, please check [Annex 2: Types of WASH interventions that work with local markets](#)

**Key Points – Working with markets in WASH programs**

Emergency crisis can create disruption of both supply of and access to WASH related goods and services; both need to be considered and addressed by humanitarian response to answer to people's needs.

A market-sensitive and informed humanitarian intervention leads to an intervention that significantly aims to decrease harmful effects on local economies as well as boost local economic activity.

WASH market supply can be strengthened by working with market supply actors and market secondary services and infrastructure.

Covering the demand for needed WASH goods & services can be improved by cash & voucher assistance, market access and behaviour change programs amongst other relevant interventions.

Responses supporting market actors, services, infrastructure and the policies environment can be equally efficient and effective to promote people access to critical goods and services.

Market analysis is recommended to inform appropriate response, not harm local economies and support economic recovery.

3. OVERVIEW OF KEY STEPS FOR WASH MBP

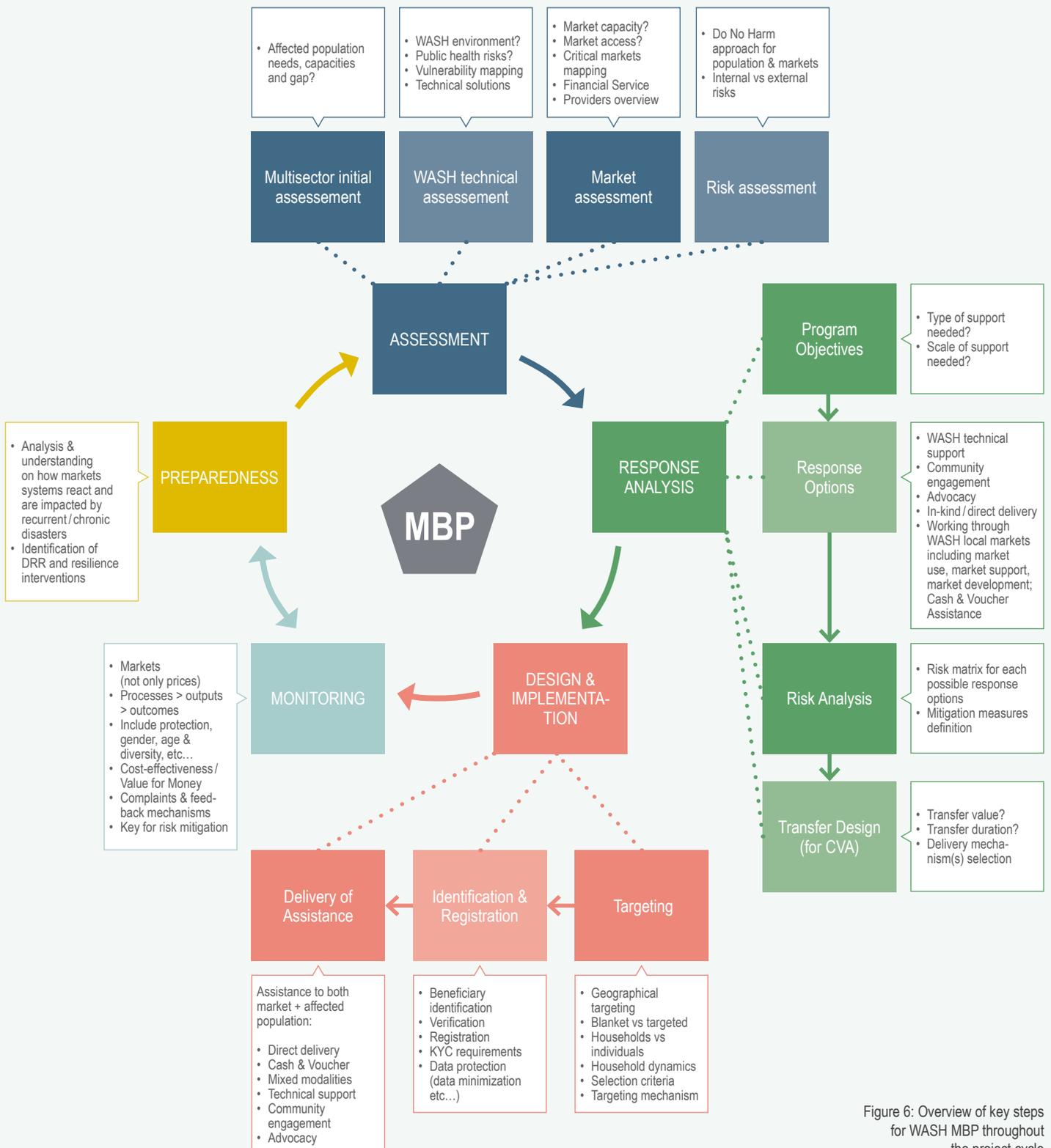


Figure 6: Overview of key steps for WASH MBP throughout the project cycle

4. PREPAREDNESS

In order to be ready to implement MBP approaches as part of the WASH toolbox of response options, it is necessary to understand organisational and partners' capacity, as well as to develop an operational analysis that will enable quick decision making and better quality emergency responses.

I) Organizational preparedness

The purpose is to assess organisational capacity for MBP and invest in filling capacity gaps in WASH teams in advance of an emergency.



- ✓ [OCRT \(Organisational Cash Readiness Tool\)](#)
- ✓ [Cash in emergencies toolkit \(ICRC and IFRC\) – M1_1_6 Preparedness gap analysis and self-assessment](#)

II) Programmatic preparedness

The aim is to ensure WASH market monitoring systems are in place pre-shock, including feasibility and risk assessments for potential CVA. Collective approaches and shared contingency plans are important, i.e. engagement with other agencies, and collaboration with WASH Clusters and Cash WG on this process. For this, the following key actions need to be completed:

1. Analyze and monitor important markets in pre-shock situation
2. Conduct CVA feasibility and risk analysis
3. Map existing social protection programmes that can be used/linked with humanitarian CVA, assess readiness and points for convergence



- ✓ [Pre-Crisis Market Assessment \(PCMA\)](#)

III) Partnership preparedness

Finally, check if MBP is included in implementing partner capacity assessments through the following actions:

1. Assess the capacity of implementing partner
2. If CVA is deemed relevant, sign framework agreements with identified Financial Service Providers (FSP)

- ✓ [Cash Competency Development Framework](#)
- ✓ [The Delivery Guide: Scoping the Humanitarian Payments Landscape](#)



5. ASSESSMENTS FOR SITUATION ANALYSIS

A situation analysis is an overview of available secondary data and early primary data such as initial needs assessment and other contextual information. For WASH MBP programs, several assessments need to be carried out in order to have a good understanding of the context from different perspectives.

There is usually no chronological distinction between these assessments, even though market assessment should normally follow needs assessment – particularly when market assessments are in-depth and focused specifically on critical commodities/services systems. In the first phase of an emergency, a WASH technical assessment might be a priority compared to others.

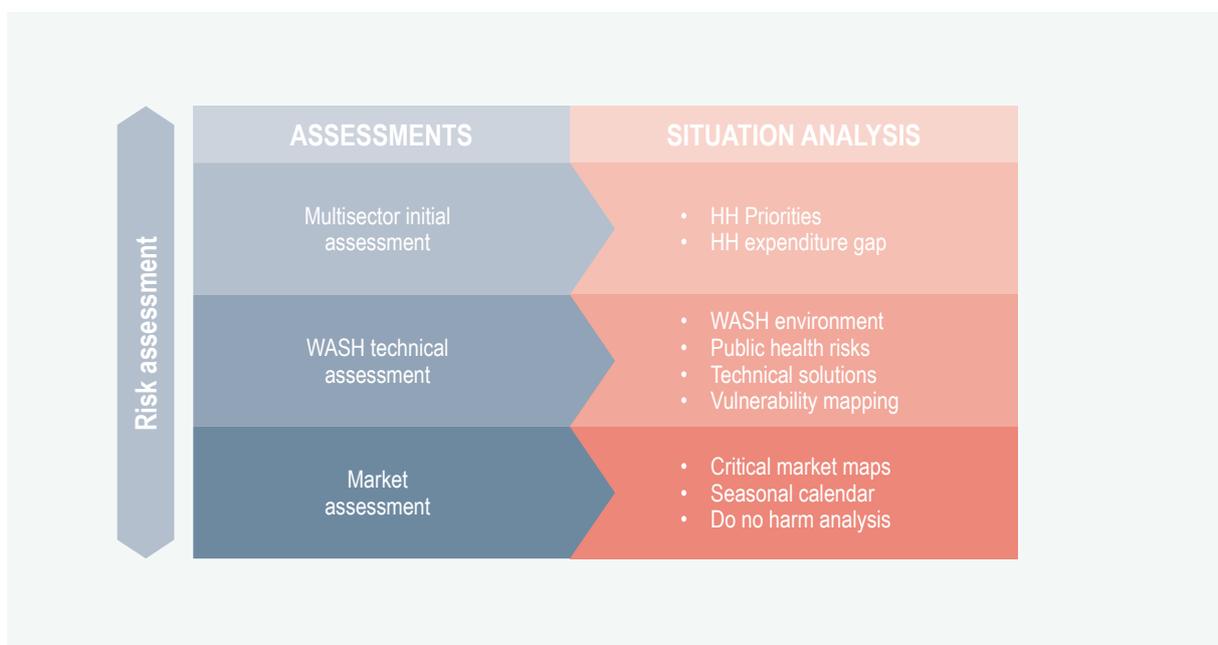


Figure 7: Types of assessments and situation analysis outputs

I) WASH technical assessment

Working with local markets implies understanding the market dynamics, but does not replace technical assessments traditionally implemented in WASH. The technical assessment aims at understanding:

- WASH environment
- Public health risks
- Technical solutions
- Vulnerabilities regarding access and use of WASH goods and services

The technical assessment is crucial in WASH programming, and needs to be systematically implemented, irrespective of whether the program anticipates including MBP interventions or not. These WASH technical assessments can be combined to other sectorial technical assessments to have a holistic view of the sectorial needs (WASH, shelter, FSL, etc.)

II) Multisector initial assessment

Needs & Vulnerability assessment:

A multisector initial assessment studies the different types of needs and capacities of the population, both related and non-related to markets, and identifies who cannot meet these needs and why.

The multisector approach for assessment will complement WASH needs assessments with other sector's assessments in order to inform a **holistic diagnosis** of the situation. Vulnerability assessment also includes developing a basic understanding of economic insecurity, since where lack of economic access is not a cause of vulnerability, CVA will not be an effective response option.

For implementing a multisector needs & vulnerability assessment, the following key actions need to be considered:

- Assess basic needs and capacities of the affected population from the household perspective, gathering information across sectors but also non-sectorial needs (e.g. debt or other non-sectorial needs);
- Engage communities in the definition of vulnerability and who is vulnerable in a given situation and community;
- Examine different aspects of vulnerability (physical, social, economic and environmental) and analyze which aspects could be addressed through MBP;
- Assess which assistance modality crisis-affected people would prefer to cover their needs;
- Assess how crisis affected people typically access markets and services and which needs they usually cover through markets (WASH and other sectors);
- Assess how crisis affected people typically access cash, and their current familiarity with cash or voucher delivery mechanisms (to enlarge the scope of available information); and
- Ensure participation and buy-in from relevant sectors on needs assessment methodologies

- ✓ [Basic Needs Analysis](#) (→ see details below)
- ✓ [Supply assessment of commodities and services for essential needs \(WFP\)](#)
- ✓ [Multi-Cluster / Sector Initial Rapid Assessment MIRA \(IASC\)](#)
- ✓ [Operational Guidance and Toolkit for Multipurpose Cash Grants \(UNHCR\) – Vulnerability Analysis from a crisis-specific socio-economic perspective](#)
- ✓ [Identification of vulnerable people in urban environments \(Action Against Hunger\)](#)



Focus on Basic Needs Analysis & Minimum Expenditure Basket

There are various methodologies available for multisector initial assessments, such as MIRA² (Multisector Initial Rapid assessment) or complementary ones such as HEA³ (Household Economy Approach). More recently, a standard methodology called Basic Needs Analysis⁴ (BNA). Even though it does take sectors into account, BNA has a non-sectorial perspective, since it does so from a household perspective and not from the “sectorial expert perspective”.

One of the main outputs of BNA is to define what are the “basic needs” of the beneficiaries (from a list of predefined basic needs, which can be adapted to the context), and how much would it cost to meet them in the current emergency situation. This characterization of basic needs is reflected through the definition of the Minimum Expenditure Basket (MEB). A MEB requires the identification and quantification of basic items and services that can be monetized and are accessible through local markets and services. Items and services included in an MEB are those that households in a given context are likely to prioritize, on a regular or seasonal basis. An MEB is inherently multi-sectorial and based on the average cost of the items comprising the basket. It can be calculated for various sizes of households. It is unlikely that WASH practitioners will be responsible for the MEB calculation but they should participate in the data collection and data interpretation to ensure the right conclusions are drawn for the WASH sector, and identify information gap to design the next steps in the assessment phase.



² https://www.humanitarianresponse.info/sites/www.humanitarianresponse.info/files/documents/files/mira_guidelines_0.pdf

³ <https://www.spring-nutrition.org/publications/tool-summaries/household-economy-approach-practitioners-guide>

⁴ <https://reliefweb.int/report/world/basic-needs-assessment-guidance-and-toolbox>

III) Market assessment

A second direct output is to estimate the income of the average target households in the current situation. By comparing “needs vs. income”, aid organizations are able to calculate the current gap for household to meet their needs previously estimated through the MEB. This gap represents the level of assistance that should be covered by the humanitarian community. Once this is defined, each sector and agency can participate in the most coordinated and relevant way for the beneficiaries and based on the local market capacity (either in-kind, sector cash, voucher, multisector grant, or a combination) to try to fill that gap, or at least the maximum that is possible depending on available funding.

In a first phase of an emergency, it is most probable that a technical assessment will be the priority, and BNA will come in phase 2. But if teams are multi-sectorial and well trained, basic BNA questions could be added to a WASH assessment questionnaire for focus group discussion or HH interview.

When the MEB has already been calculated, its value is fixed for a given emergency, unless there are major changes in the context (market prices, etc...). The MEB value should not be confused with the assistance/transfer value representing the income gap (e.g. a USD 350 MEB, from which USD 200 is covered by the affected population, leaves an income gap of USD 150. The transfer value should try to cover those USD 150 or the maximum available value if funding cannot cover the full gap).



Why should WASH practitioners conduct market assessment?

Market assessment has an important role to play in WASH programming. It can contribute vital information to a situation/context analysis, and complements the multisectoral needs and risks assessments traditionally carried out. A thorough understanding of any WASH market system (goods and services, supply and demand, access, etc.) is required for better informed programming, i.e. identifying the most appropriate response or combination of responses.

WASH markets, which comprise both public and private actors, are complex. The target population may also have preferences for particular goods or services, which will affect their demand. Designing a programme without sufficient understanding of these market systems can lead to unintended negative impacts on the market (e.g. inflation) and undermine the intervention efficiency/effectiveness.

Market assessment in the WASH sector is yet to become common practice and in many cases programs are still designed without consideration for the market. WASH practitioners should understand market assessment as an integral part of the assessment process that needs to be implemented systematically in their area of intervention regarding critical WASH markets.



What are the main objectives of market assessment?

When conducting a market assessment, it is critical to set out clear objectives for the assessment at the start. As noted above, there are many relevant market systems related to WASH and a wealth of information that can be collected. Setting clear and focused objectives is essential to avoid gathering unnecessary or excessive information, as well as identifying what are the most critical commodities and services for the people affected by disaster – this will narrow down the spectrum of market to be assessed, saving time and resources. Baselines studies and needs assessment can provide significant information for selecting critical market system to assess.

To go further ...

For more detailed information on the MEB calculation, please check [Annex 3](#).



Clear objectives will lead to defining the key questions to be answered through a market assessment and analysis, and this will inform the type of data to be collected and the stakeholders that should be consulted to gather this information.

Market assessment intends to reach one or more of the following objectives:

- Increase the effectiveness and efficiency of program responses;
- Determine the most appropriate modality or combination of modalities for delivering assistance;
- Limit the risk of interventions causing a negative effect on local markets (do no harm);
- Promote early recovery/economic recovery; and
- Promote the transition (nexus) from humanitarian to development including “building back better” and resilience building

When conducted pre-crisis, market assessment can:

- Improve agency preparedness and support contingency planning exercise;
- Support Early Warning System/trigger early action;
- Mitigate/build resilience of a critical market system against the impact of a predicted crisis;
- Build staff and partner’s capacity on market programming

Organizations should consistently include the potential option of market support as part of the objectives of any market assessment and do so right from the outset of the response. When assessing the need for market support interventions, consider the change in demand anticipated from the entire humanitarian response (and not just a specific agency’s intervention) as well as other market support interventions that have already been planned/are already taking place.

Programmatic response options

Market assessment should provide information for programmatic decision-making related to:

- The relevance of supporting WASH market actors or promoting changes in policies prior to a crisis so it can better withstand shocks;
- The most appropriate assistance/delivery modalities in an emergency response;
- The relevance of supporting the WASH market actors after the crisis to promote recovery and/or be in a position to use the local market for response delivery;
- The development of monitoring indicators and their integration into monitoring and Early Warning Systems.

A market analysis can aim to address several programme-related decisions. In order to delineate the scope of the assessment, it is useful to break them down into key analytical questions:

Important questions for market assessment

Acknowledging the need to ensure more market-sensitive programming, the objective of CaLP’s [Minimum Standard for Market Analysis \(MISMA\)](#) is to guide the work of humanitarian practitioners across sectors and to ensure that, irrespective of the tool used, the key standard of market analysis is being met. By supporting high-quality market analysis, the MISMA intends to contribute to improving response analysis and programme implementation. MISMA forms part of the Humanitarian Standards Partnership, which grew out of the Sphere Companionship model. MISMA is applicable across all sectors of response, including WASH.

In order to break down the programmatic decisions to be informed, a useful tool is the [Market Information Framework](#), which gathers the most common programmatic questions for which market information is needed and the data needed for answering those questions, as well as the most common toolkits for market analysis. It guides practitioners on the information needed to make specific market-related programmatic decisions, rather than on how to gather or analyse that information.



This framework is not intended to be comprehensive of all possible programmatic decisions, instead it focuses exclusively on market-related information needed for specific programming decisions. It is not a tool for market analysis, nor does it advocate for a specific tool as it is up to the user to determine the most appropriate tool or combination of them for a given context.

The main drivers for any market assessment are:

- ✓ Evaluate the market vulnerability to anticipate potential harms caused by a humanitarian intervention, and design the intervention to avoid / mitigate these risks;
- ✓ Evaluate the local market capacity to respond to an emergency demand, for instance local purchases or cash/voucher distribution;
- ✓ Understand the local market to design activities that can improve its resilience, or at least maintain it so it can respond adequately to emergency (CVA, local purchases, etc.)



Market assessment is complementary to other assessments (population needs assessment, risk assessments and other assessments if needed e.g. service providers) and represents an integral part of the assessment process.

Example of programmatic questions that could be answered through an integrated assessment that includes market assessment and analysis, alongside information on priority needs and risks:

Programmatic phase	Key programmatic questions
Preparedness	<ul style="list-style-type: none"> • How were critical WASH market systems impacted by previous disasters? Are there any interventions likely to mitigate the impact if a similar disaster occurs?
<p>Assessment</p> <p>Core information (must be known)</p> <p>Assessment</p> <p>Secondary information (should be known)</p> <p>Assessment</p> <p>Market support information (could be known – if market support activities are forecasted)</p>	<ul style="list-style-type: none"> • Market capacity: Does the market have the capacity to deliver part or all of the needed assistance? <ul style="list-style-type: none"> ✓ Target population needs and preferences ✓ Target population's access to markets ✓ Availability of key goods/services ✓ Traders' restocking capacity and timeframes • Other factors to be taken into account: What else might determine the appropriateness of delivering the response through the market? <ul style="list-style-type: none"> ✓ Quality of goods ✓ Vendor attitudes and capacities ✓ Market integration and competition ✓ Power dynamics ✓ Expected impact of assistance ✓ Projected cost of different modalities ✓ Timeliness of different modalities • Market support needs: What kind of support could increase the feasibility and appropriateness of a market-based response? <ul style="list-style-type: none"> ✓ Reasons for gaps in market capacity ✓ Reasons for gaps in quality of goods ✓ Reasons for gaps in market integration and competition ✓ Reasons for problems in market access
<p>Project design</p> <p>Overall: What is the most appropriate modality or combination of modalities to achieve expected WASH outcomes?</p>	<p>Modality decisions:</p> <p>For market support interventions</p> <ul style="list-style-type: none"> • Local procurement: are there local or regional vendors who can be engaged to provide the relevant goods / services required by the target group? • What additional support might be required by these local market actors to recover quickly and meet target group needs effectively? <p>For cash & voucher assistance</p> <ul style="list-style-type: none"> • What is an appropriate value for the cash transfer? <ul style="list-style-type: none"> ✓ Cost for target group to access / purchase key products / services ✓ Projected price trends • What is an appropriate frequency for delivering the cash transfer? <ul style="list-style-type: none"> ✓ Access and transport considerations ✓ Market schedules • What payment mechanism should be used to deliver cash / voucher to the crisis-affected persons? <ul style="list-style-type: none"> ✓ Should transfers be restricted or unrestricted? ✓ Presence and functionality of different financial service providers ✓ Accessibility of target population to different financial services ✓ Cost implications for different payment mechanisms
Implementation	<ul style="list-style-type: none"> • Should the modality /ies of the existing assistance be changed, and if so, when and how? • What kind of support could increase the feasibility and appropriateness of a market-based response? • If CVA is used: should value, frequency and / or payment mechanism of the transfer be changed, and when and how?

Table 2: Key programmatic questions for market assessment (Market Information Framework – IRC)

Timeframe for market assessment

The MISMA will provide guidance on the depth of analysis recommended for a specific context.

Though this is not universally agreed upon, it may be more appropriate to conduct a “light” market assessment and analysis process if:

- The intervention being planned is relatively small in scale and/or short in duration;
- The key goods/services to be delivered to the crisis-affected population is/are already known to be widely available in local market places and/or
- Markets in the area of intervention are known to be robust and functioning well (for example, in a bustling urban centre or in a middle income country).

In any case, a market assessment is an iterative process and a first “light” market assessment will have to be refined after some time to consolidate preliminary findings or reflect any change in the context.

Figure 8: Rough timeframe for market analysis (adapted from ERC Operational Guidance on MPG)



Main tools for market assessment

There are a range of different tools and methodologies that can be used for market assessment and analysis, all of which require some adaptation and contextualization. There are a range of resources available to help practitioners decide which approach is the most relevant for their needs therefore this guidance does not seek to replicate this information. As a starting point, practitioners can consult the [CaLP Overview of Humanitarian Market Analysis Tools](#).

The selection of critical markets should be driven by identified household needs and vulnerabilities.

A range of stakeholders can be consulted as part of a market assessment exercise, and this will largely be determined by the nature of the assessment and the key questions you are trying to answer.

[Annex 4: Stakeholders to Consult during a Market Assessment](#) gives some examples of potential sources of information, how they could be consulted and for what type of information. This information is collected using a number of methodologies including:

- Questionnaires (open and closed)
- Focus Group discussions
- Key Informant discussions
- Secondary data analysis
- Observation
- Using tools such as Market Mapping (see examples of market maps at the end of [Annex 5: Steps for Market Analysis](#))

Practical Tool

For the detailed data to be collected for each question and indications on the market assessment tools that can be used, see for example [IRC Market Information Framework 2018](#)



Delivery Mechanisms and Financial Service Provider (FSP) Initial Assessment

During the assessment phase, a first rapid assessment on FSP options for delivering CVA can be implemented. The objective is to gather basic information on the infrastructure and regulatory environment for response analysis and design. Indeed, one component of understanding the feasibility of CVA is determining if there are safe and secure options to deliver the assistance to beneficiaries.

Support functions, especially logistics, are crucial for this assessment and therefore need to be involved in the market analysis exercise since the beginning.

The key actions for this component of the assessment are:

1. Identify existing FSPs considering local, national and global FSP options;
2. Scope out the infrastructure environment in the operating context to understand what means are currently used to transfer cash;
3. Identify the regulatory considerations in the operating context to understand the effect on how beneficiaries can access cash;
4. Document the characteristics of potential CVA (size; frequency of transfer; required speed of delivery; scale-up; population type and implication for ID; population location; contextual and organizational risk);
5. Consider beneficiary financial literacy, technology familiarity, preferences and access (as part of financial inclusion e.g. for disabled, women in certain contexts, elderlies, children etc.);
6. Allow for a convenient, familiar, flexible, and low cost delivery system for beneficiaries, while upholding safety and delivery preferences.

[The Delivery Guide: Scoping the Humanitarian Payments Landscape](#)



Practical Tool

For a detailed methodology and practical steps for market assessment, see [Annex 5: Steps for Market Analysis](#)



IV) Risk assessment

A comprehensive assessment is not complete without a risk assessment. Such risks may include political resistance, market failure, service provider failure, data protection failures, fraud, theft, security and protection issues among others. A good way of approaching risks is to understand whether the risk is institutional / internal or contextual / external. Risk assessment is transversal to the above-mentioned assessment and a “risk lens” should be applied throughout all these assessments.

Important consideration for the Situation Analysis phase:

It is crucial to coordinate assessments with other humanitarian actors and (if existing) the cash working group and other coordination bodies, e.g. there is no need for all sectors/humanitarian organizations to conduct a Financial Service Provider assessment. Subsequently the results of any assessment should be shared with other humanitarian actors, government or civil society. They may be better placed to respond to particular market support issues. For example, recommendations to repair/construct infrastructure to improve access to markets should be shared with the Logistics cluster.

External Risks	Internal Risks
<ul style="list-style-type: none"> • Environment • Economic • Market • Regulations • Security 	<ul style="list-style-type: none"> • Compliance • Fraud • Operational • Processes

Table 3: Typology of risks in humanitarian programming

Given the areas which need to be assessed, the involvement of logistics, finance, IT and security staff at the outset will ensure that the risk assessment will be more holistic.



[Protection risks and benefits analysis tool](#)

[Protecting beneficiary privacy: Principles and operational standards for the secure use of personal data in cash and e-transfer programs](#)

Key Points – Assessments for situation analysis
Usual WASH technical assessments remain the priority in first phase emergency, but are not sufficient to inform quality WASH programming.
Market assessments are essential to inform the selection of the most relevant intervention modality/ies and are part of an integral assessment process that includes other assessments (technical, needs, risks and ad hoc assessments for specific issues).
Many market assessment tools exist, suitable for different contexts. Many of them employ the same techniques and seek to answer the same questions.

6. RESPONSE ANALYSIS

Response analysis is the link between situational analysis and programme design. It involves the selection of programme response options, modalities and target groups; and should be informed by considerations of appropriateness and feasibility, and should simultaneously address needs while analysing and minimizing potential harmful side-effects.

Response analysis sequence:

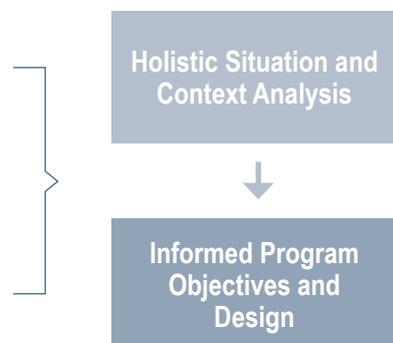


1) Definition of program objectives

Using information from the situation analysis phase, it is important to quantify the type and scale of humanitarian support needed. The programme objectives should not be very different from a standard WASH programme (e.g. public health outcomes, Right to Water and Sanitation, etc.), and MBP approaches can contribute to achieving these WASH objectives.

A participatory approach is needed not only at situation analysis stage but also during response analysis.

- WASH technical assessment
- Multisector initial assessment
- Market & FSP assessment
- Risk assessment



An intervention without clear objectives puts at risk not only the intended impact of the intervention, but may also harm local markets and the crisis affected population.

II) Response option analysis

The purpose of this step is to select the most relevant intervention modality/ies to achieve WASH program objective/s. A suggested step-by-step process for intervention modality selection could be:

Explore all WASH response options in line with previously defined objectives:

- a. WASH Technical support
 - Capacity building
 - Technical implementation / supervision
- b. Community engagement (other than reinforcing demand)
 - Participatory approaches
 - Behaviour change approaches
- c. Advocacy
- d. Direct delivery goods / services
 - using markets
 - supporting markets
 - developing market systems
- e. Working with WASH local markets
 - Reinforcing demand
 - using markets
 - supporting markets
 - developing market systems
 - Reinforcing supply
 - using markets
 - supporting markets
 - developing market systems
 - Reinforcing market secondary services and infrastructures
 - Strengthening regulatory framework: policies, norms and rules

If it is deemed appropriate to work with WASH local markets, consider all potential options:

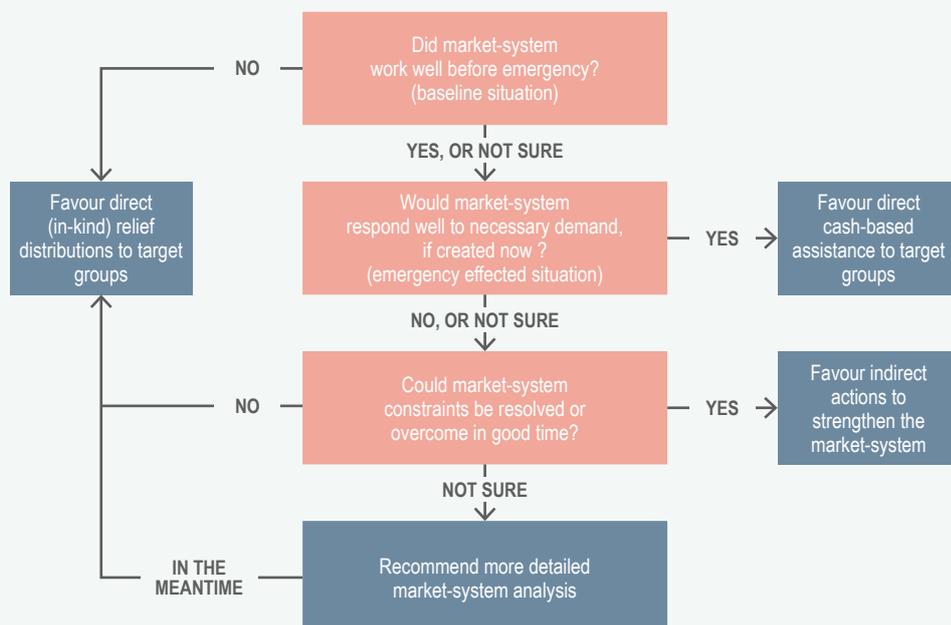


Figure 9: Example of a decision tree for working with local markets modality options (Source: EMMA)

Consider the whole range of possible market based programming activities, including market support activities⁵. Markets can be supported through ‘hard’ investments in infrastructure and economic production. But it is important to not overlook the ‘soft’ investments, such as advocating for grants or low-interest loans for rebuilding, investing in financial literacy for vendors, or building vendor capacity.

It is also important to not consider only the obvious WASH markets: the best way to address people’s basic needs may be to support a market system that is not necessarily directly providing for those needs but which allows the market system to function. Infrastructure is vital in ensuring and supporting market function, and potentially delivers greater long-term benefits as multiple actors utilize it over time.



III) Selection of intervention & modalities

Modality refers to the form of assistance – i.e. cash transfer, vouchers, in-kind, service delivery, or a combination. This can include both direct transfers at the household level, and assistance provided at a more global or community level e.g. WASH infrastructure.

The following modalities for assisting beneficiaries need to be considered in the response analysis:

DIRECT DELIVERY (IN-KIND / SERVICES)

A market analysis may show that some or all aspects of the humanitarian assistance needed cannot be satisfactorily delivered via local markets and thus should be delivered directly i.e. the direct provision of goods and/or services to the affected population. Depending on context, direct assistance may make the most sense, or a combination of direct and market based approaches may be more effective at achieving specific program objectives than a single type of transfer. However, direct assistance should only be considered in the first days of an emergency while the situation is being assessed, or on the basis of a market assessment and after market-based options have been adequately explored⁶.

CASH & VOUCHER ASSISTANCE (CVA)

CVA refers to all programs where cash or vouchers for goods or services are directly provided to beneficiaries. In the context of humanitarian assistance the term is used to refer to the provision of cash or vouchers given to individuals, household or community recipients, not to governments or other state actors.

If CVA is a possible intervention, it is important to answer the following questions before final program design. **These questions are equally relevant for any type of intervention, but they need to be taken into account when assessing the relevance of CVA.**

- ✓ **Is CVA appropriate?**
Is it accepted by Government, aligned with local policies, preferred by affected people and a preferred option in coordination mechanisms?
- ✓ **Is CVA suitable?**
Is it suitable to address the identified humanitarian needs?
- ✓ **Is CVA cost-efficient?**
To assess how efficiently the project is delivering its outputs, considering the rate at which intervention inputs are converted to outputs and its cost-efficiency.
- ✓ **Is CVA feasible?**
 - Are markets able to provide the goods / services and can target groups can access the markets?
 - Are donor’ resources and policies are aligned?
 - Are delivery mechanisms safe and reliable?
 - Have risks been minimized?
 - Are organizational capacity & partnerships present?

Any of these assistance modalities should be complemented by some combination of the following interventions. **Complementary programming** can reinforce the market based intervention and/or enhance outcomes through addressing priorities / needs not necessarily linked to an exchange of goods / services:

⁵ Market Support Interventions In Humanitarian Contexts – A Tip Sheet
⁶ Working with markets across sectors and outcomes (IRC)

WASH TECHNICAL SUPPORT

Technical support can be linked to market based interventions or independent from markets, and is usually provided through:

- Capacity building (e.g. increasing the capacity of suppliers/vendors to provide goods/services in line with minimum quality standards, improving the capacity of local authorities to be better prepared for emergencies)
- Technical implementation / supervision / assistance (e.g. direct construction of infrastructure, technical assistance and supervision for launching new solid waste management systems)

COMMUNITY ENGAGEMENT

Community engagement is a common component of any WASH program, with the purpose of enhancing community participation and promoting behaviours that aim to improve the wellbeing of the population. There are two main approaches, that can be combined if needed, to promote community engagement:

- Participatory approaches (e.g. Participatory Hygiene and Sanitation Transformation (HAST), Child Hygiene and Sanitation Training (CHAST), etc.)
- Behaviour change approaches (e.g. Risks, Attitudes, Norms, Abilities and Self-Regulation (RANAS), Designing for Behaviour Change (DBC), Assisting Behaviour Change (ABC), SaniFoam approaches, etc.)

ADVOCACY

Advocacy can also be used to support a market based intervention through influencing regulatory frameworks when needed, promoting market development, etc. Equally, advocacy can also target the improvement of living conditions of the population by addressing issues not linked to markets.

Some key criteria will then be defined to evaluate the relevance of each modality against the others, based on the affected population preference, costs, timeliness, infrastructures, etc.

Criteria (0 to 5)	Likelihood of achieving WASH outcome	Priority for benef	Value for money (4 Es)				Risk analysis	Effect on market/economy	Actors capacity	Timing
			Economy	Efficiency	Effectiveness	Equity				
Provide direct service/goods										
Distribute cash										
Distribute voucher										
Support primary market										
Support secondary market										
Add as you wish ...										

Table 4: Example of a response modality selection table



Practical Tool

For a practical template on modality selection, see Cash in emergencies toolkit (ICRC/IFRC) [M3_1_6_1 Decision making matrix template](#)

IV) Risk analysis for the selected response options

After completion of the various assessments and before any final decision is taken on the transfer modality or delivery mechanism, a detailed risk analysis should be completed. The analysis should include mitigation actions (major assumptions considered), based on the risks identified through the needs assessment, market analysis, protection and gender considerations, and the WASH technical assessments. Here are some potential risks for each response options:

Risks of direct service delivery?	Risks to work with local market?	Risks to use CVA?
<ul style="list-style-type: none"> • Price decrease of local services and goods • Drain of labor force to humanitarian programme • Bankruptcy of local suppliers 	<ul style="list-style-type: none"> • Not reaching beneficiaries • Creating a vendor monopoly • Market distortion (inflation / deflation) 	<ul style="list-style-type: none"> • Security and protection risks (e.g. theft) • Funds diversion • Data protection

There is no single risk assessment or risk analysis model that fits all contexts. All organisational functions (e.g. programme, finance, supply, IT) should work together to assess benefits, risks and mitigation measures. Once all the main risks for each modality have been identified and analysed, they should be categorized under contextual risks (mostly external risks) or institutional risks (mostly internal risks).

A risk matrix is very useful to define the level of risk by considering the category of probability or likelihood against the category of consequence severity. This is a simple mechanism to increase visibility of risks, assist management decision making, and design measures to deal with them.

If risks are internal then mitigating strategies can focus on reducing the likelihood of the risk happening. Financial controls and good segregation, for example, reduce the likelihood of fraud and theft.

If risks are external then mitigating measures should look to reduce the impact of the risk (we cannot affect the likelihood if a risk is external). So, for example, if an increase in prices is a perceived risk we can look to reduce the risk by agreeing contingency funding to cover price increases with donors.

Risks can often be reduced by relatively simple measures (e.g. sensitization and community mobilization, regular qualitative monitoring and evaluation), and best achieved through coordination and inter-agency learning. Risk mitigation measures should be clearly explained in detailed SOP.

Practical Tool
 For more detailed guidance on risk analysis and risk management, please refer to [Annex 6](#)



V) Transfer design (for CVA)

In addition to the above-mentioned steps, when CVA is deemed a relevant option, it will be important to then determine:

- Transfer value (what needs will the transfer cover – quantity and quality of goods/services)
- Transfer duration (for how long?), timing (seasonality) and frequency (one-off, periodic, etc.)
- Transfer conditionality and restriction
- Delivery mechanism (cash in hand, using banks, using traders, using mobile phones, etc.)

Transfer value, duration, frequency & timing:

For guidance on setting the transfer value, duration, frequency and timing → see [Annex CVA_1](#).

Conditionality and restriction:

Questions to evaluate conditional versus unconditional transfers:

- Can unconditional & unrestricted CVA fully address the affected population needs?
- If CVA is restricted, what is the rationale for restriction, e.g. protection mitigation measure, operational feasibility mitigation measures, etc.?
- If conditional, what is the objective to achieve? What is the quality of services, and what services are available? What is the cost of monitoring these conditions, and how will they be monitored? Are the conditions soft/advocate or firm/compliance? Will the impact of a conditional cash transfer be so much greater that it makes an additional spending (e.g. for compliance monitoring) worthwhile?
- What are the expected gains of monitoring and reporting the conditionality of a transfer versus having no conditionality?

Delivery Mechanism:

For guidance on identifying and selecting appropriate delivery mechanism(s) → see [Annex CVA_2: DELIVERY MECHANISMS](#).

Key Points – Response analysis

Response analysis is an iterative process, informed by situation analysis. It may not lead to a single right answer; multiple responses are likely, using CVA and others.

All humanitarian programming involve risks, and MBP may present new types of risk but also new benefits. Protection risk mitigation should be applied and mainstreamed throughout the project cycle.

Analysing which delivery mechanisms are feasible and appropriate will depend on programming requirements, internal and external/local capacities. A combination of modalities and delivery mechanisms may be required and used at various stages of the crisis.

Need to coordinate with other WASH actors via the Cluster and Cash & Market Working Groups (if existing) when 1) taking the decision on modalities and 2) deciding on transfer value, frequency etc. Harmonization and coherence are important!

7. DESIGN & IMPLEMENTATION

In this section we look at designing, planning and implementing an intervention based on the options that have been selected during the response analysis phase. Some can be based on CVA, market supply support, direct service delivery or other relevant interventions.

Implementation sequence:



I) Targeting



Targeting is about reaching the right beneficiaries, those who are most vulnerable and most in need. MBP is no different than other types of programming when it comes to the steps to reach a target. We first need to define the target and then figure out the best way to reach it.



Targeting depends on the objective of the programme and not on the modality. Targeting methods and protocols are independent of the assistance modality!

Targeting can be a challenging task, it is a dynamic process and it requires strong and transparent methods. All targeting mechanisms present problems of inclusion (e.g. providing benefits to those who are not eligible) and exclusion (e.g. leaving out those who are eligible). The objective is to select a targeting mechanism that reduces both sources of error as much as possible and that is feasible and cost-effective in the specific context. The setup of an accessible and effective complaint and feedback mechanism will help to reduce those errors during the project.

Good Practices on Targeting

- Ensure clear & regular communication with affected communities;
- Be collaborative & involve multiple stakeholders;
- Geographical targeting: consider both impact of the emergency and other vulnerabilities;
- Targeting criteria must be linked to objectives, relevant for local population & context, feasible with resources available;
- Choice of targeting mechanism should be a trade-off between the imperative to act, accuracy & affordability

Practical Tool

For more detailed guidance on targeting steps, please check out [Annex 7: Registration process](#)



II) Registration and data protection

Registration is the process of collecting information on program participants so as to have a clear record of who is participating and means to verify participants' identity throughout the project cycle.

Main steps:

1. Identify the beneficiary;
2. Verify who they are;
3. Register the beneficiary;
4. Store data;
5. Exchange data with other organizations, FSP, etc. (if relevant)
6. Destroy data after end of project

As with other assistance modalities, registration data can be collected either manually or digitally, either online or offline. In all cases registration data will be ultimately entered into and stored in an electronic database of some sort (e.g. Excel, Kobo, RedRose, Last Mile Mobile Solution, ODK, etc.).

Beneficiary registration can either be:

- Direct: direct registration and collection of beneficiary data by the implementing agency; or
- Indirect: beneficiary lists may be received from other entities (e.g. government, local partner, UN agency, etc.)

In many locations, different registrations are done by different implementing agencies, which can create data sharing implications later on.

Data protection is the systematic application of a set of institutional, technical and physical safeguards that preserve the right to privacy with respect to the collection, storage, use, disclosure and disposal of personal data. Personal data include all information that can be used to identify the data subject, which in the case of humanitarian assistance usually means our programme beneficiaries.

While all humanitarian programs collect substantial personal information about participants (and sometimes potential participants and/or alternates), CVA e-transfer programs often require that personally identifiable information (PII) is provided to financial service providers (FSPs) as well. Where data is also shared with FSPs, this must be considered in all data protection measures

Very few humanitarian organizations have a comprehensive set of policies, practices and tools to responsibly manage and protect the data they hold. However, check the [Handbook on Data Protection in Humanitarian Action from ICRC](#) for a good example.

Good Practices on Registration

- Register only those eligible to receive assistance;
- To reduce duplications & omissions, registration & identification should take place at same time;
- Ensure identification required to register beneficiaries abides by national financial regulations, including know your customer (KYC) requirements of financial service providers (FSPs);
- Try to collect only the minimum amount of required information;
- Ensure data is safely stored, rules of data exchange are clear and data is destroyed after use

Practical Tool

For more detailed guidance on registration and data protection, please follow the procedure explained in the [ELAN registration tip sheet](#).



III) Delivery of assistance



For the Delivery of Assistance related specifically to CVA, please refer also to [Annex CVA_3](#)

Assistance can target both individual beneficiaries as well as traders, vendors, public bodies etc.

Depending on market performance and other relevant criteria, assistance can be provided as:

Assistance to affected population			
<p>Direct delivery: direct provision of goods and/or services to the affected population through procurement in / outside the area of intervention.</p>	<p>Technical support for appropriate and efficient use of items provided</p>	<p>Community engagement such as promotional campaigns to increase demand for new products</p>	<p>Advocacy setting up and adapting regulation & standard</p>
<p>Cash & Voucher Assistance: provision of services / goods through local market systems → See details in Annex CVA_3</p>			
<p>Mixed modalities: CVA + in-kind, or CVA + training, or CVA + direct build, etc.</p>			
Assistance to affected markets			
<p>Direct delivery: e.g. providing equipment to market retailers to enable them to operate or inputs for WASH market secondary services (e.g. fuel)</p>	<p>Technical support for market development or to increase market resilience and preparedness</p>	<p>Community engagement such as promotional campaigns to increase demand for new products</p>	<p>Advocacy setting up and adapting regulation & standards</p>
<p>Cash & Voucher Assistance: such as grants to rehabilitate facilities and repair / replace damaged equipment → See details in Annex CVA_3</p>			
<p>Mixed modalities: CVA + in-kind, or CVA + training, or CVA + direct build, etc.</p>			



All the above modalities and interventions are complementary and can be combined.

The assistance provided, such as in the form of direct delivery or CVA, should not be a substitute for the ‘software side’ of WASH programming. It is important for any humanitarian assistance not to undermine long-term behaviour change and to complement national development programming⁷.

⁷ See, for example, [Cash Based Interventions for WASH Programmes in Refugee Settings](#)

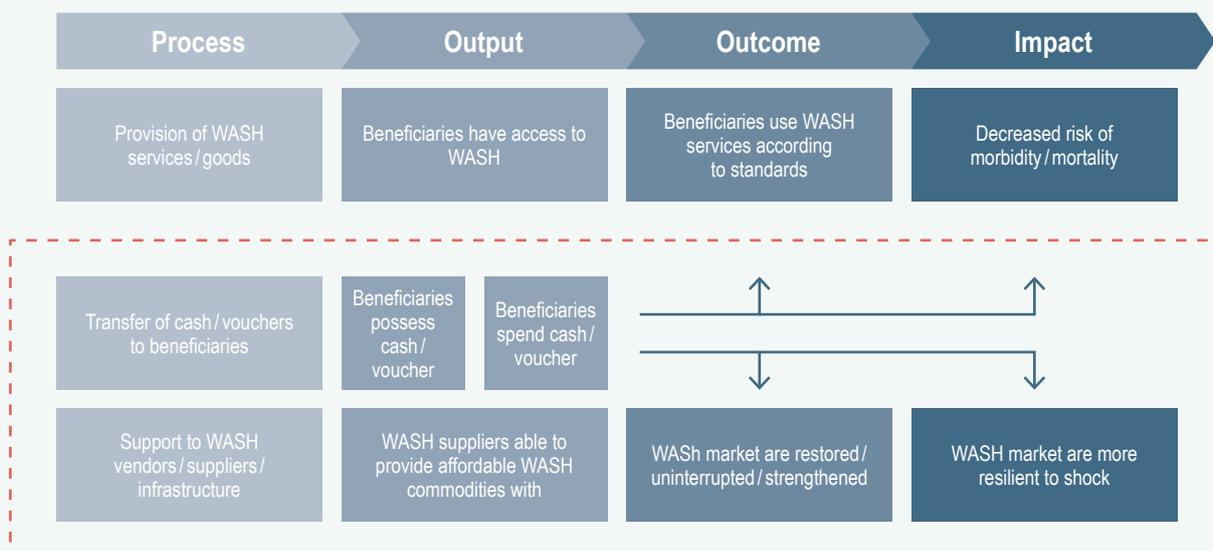
8. MONITORING

Monitoring is an essential part of humanitarian program management. At a minimum, regardless of the organization, it most probably has internal commitments of accountability to beneficiaries, feedback and complaint mechanisms for example.

Many considerations in monitoring MBP or CVA are not unique to these approaches. Similar to all humanitarian interventions, monitoring and evaluation procedures should be in place to measure:

- the overall process (e.g. how well are we carrying out the intervention?);
- the assistance / distribution / transfer process (e.g. is the selected modality appropriate to beneficiaries' circumstances?);
- the context (e.g. are there any unexpected price fluctuations?);
- the results (e.g. how are cash or items being used?);
- and the impact (e.g. how are we affecting people well-being or local markets?)

The following logical chain for a WASH program includes MBP:



WASH MBP monitoring specificities



Cash & Voucher Assistance is just a transfer modality to achieve a project outcomes and NOT a goal in itself.

There should not be any difference in outcome between WASH programs using market based programming and non-market based programming. MBP only provides different ways to achieve WASH outcomes. However, to highlight MBP, a new objective/outcome to the WASH intervention could be included: ensure that critical markets are not disrupted by the crisis or the humanitarian response, that they are stronger and more resilient to shock. An additional focus on quality and outcome monitoring is warranted, because of the choice given to beneficiaries and vendors in terms of quality of services and priorities.

When monitoring MBP, and particularly CVA, there are some specific points that need our attention:

- **Markets:** markets are a central component of any MBP or CVA intervention. Understanding the programme impact on local traders and producers requires regular monitoring. This includes checking prices, expenditure patterns, availability and/or market supply chains. In practice, this means a regular monitoring of local factories, suppliers and vendors that are involved or potentially impacted, either directly or indirectly, by the programme;
- **Process:** process monitoring should look at aspects critical to any programme, such as selection of transfer modalities, distribution processes, and/or beneficiary targeting. For example, no matter what modality is used, there will be risks of inclusion and exclusion errors. However, rigorous process monitoring mechanisms should be put in place to identify targeting errors and to make adjustments when they are found;
- **Protection, gender, age, disability and diversity matter:** CVA can have both positive and negative impact on protection and gender issues. Even for non-protection experts, it is strongly encouraged to gather sex- and age-disaggregated data in monitoring, so that the impact

of assistance on protection and gender issues can be better understood;

- **Use of technology (e.g. mobile phones, electronic transfers):** new technologies are being increasingly used in the context of CVA – both for data collection and delivering assistance to beneficiaries. This offers new risks (e.g. data protection) but also great benefits (e.g. in insecure contexts the use of mobile phones offers a unique opportunity for remote monitoring).
- **Compliance, and preventing fraud and corruption:** here, one of the main risk management strategies is the effective monitoring of both programmatic components and financial. Accountability, especially accountability towards communities, is also crucial to mitigate risks of fund diversion.
- **Cost-effectiveness and Value for Money:** as there is still limited evidence on the effectiveness of MBP / CVA for WASH, it is necessary to better document these programs and their value for money to support good programming and decision-making.

Monitoring, Evaluation, Accountability and Learning (MEAL) should always consider the wider intended and unintended impacts of any WASH intervention, including those related to market systems and social dynamics. It is also equally important to monitor ‘process’ indicators as well as ‘outcome’ indicators. Here are some examples of key questions related to each of these indicator types:

Process	Outputs / Outcomes
<ul style="list-style-type: none"> • Was the targeting process effective, transparent and fair? • Did households receive their transfers in a timely manner? • How much cash did households receive in the last transfer? • Would recipients have preferred another form of cash transfer or direct delivery? • Did beneficiaries know the complaint reporting procedures? • Were actions taken in response to complaints received? • Were beneficiaries able to spend their money safely? • How accessible are local markets (e.g. transport costs, safety, distance)? 	<p>Household monitoring</p> <ul style="list-style-type: none"> • How are beneficiaries spending money (consumption, investment, social support, etc.)? • What were they not able to access? (goods, services) • Have there been any changes in expenditure patterns? • Who controls the money? What is the impact on intra household and intra community dynamics? • What is the impact on households’ coping strategies? • What is the impact on households’ morbidity / mortality? <p>Market monitoring (e.g. prices, availability, demand and overall volume of trade)</p> <ul style="list-style-type: none"> • Were the items that households wanted to buy available in the market? • Which items did demand unusually increase / decrease for (if any)? And why? • What was the impact on prices of WASH goods or services? • How did the number of traders in the market change?

Practical Tool

For more detailed guidance on monitoring check [OXFAM M&E tip sheet](#), GWC indicators catalogue, [MARKit](#), [CaLP Monitoring 4 CTP Guidance](#) and [Annex 8](#)



9. COORDINATING MARKET BASED PROGRAMMES

One of the main challenges around MBP and CVA mainstreaming is the lack of clarity around the coordination of CVA, particularly because cash can be cross-sectoral and multipurpose by nature, and therefore does not always easily fit in to the current sector/cluster-centric humanitarian coordination architecture.

The challenge of cash coordination is exacerbated by the increased use and scale-up of multipurpose cash transfers (MPC). When using MPC, there is a stronger need for cross-sectoral engagement and leadership as it challenges traditional sector-based coordination systems and mandate-based organizations. Cash coordination historically has tended to be set up on an ad hoc basis, according to resources available, the actors involved, and the existing relationships between coordination bodies in country.



Defining coordination arrangements for MBP & CVA is still a work in progress. Guidance presented below is non-prescriptive and likely to evolve, as cash coordination arrangements are being developed further.

As a reference, be sure to check the [ICCG standard terms of reference for inter-cluster \(sector\) coordination groups](#).

I) Main coordination actors for MBP & CVA

1 National WASH Humanitarian Coordination Platforms

The primary objectives of National WASH Humanitarian Coordination Platforms are to ensure coordination of humanitarian WASH interventions, improve prioritization and reduce duplication, ensuring that assistance and protection reach the people who need it most. Coordination should also help with mobilizing and optimizing resources for humanitarian WASH assistance.

As such, the platforms will mobilize partners and deliver the coordination functions in accordance with those defined by the Inter-Agency Standing Committee in the [Cluster Coordination Reference Module](#).

2 Cash (and Markets) Working Groups (CWG/CMWG)

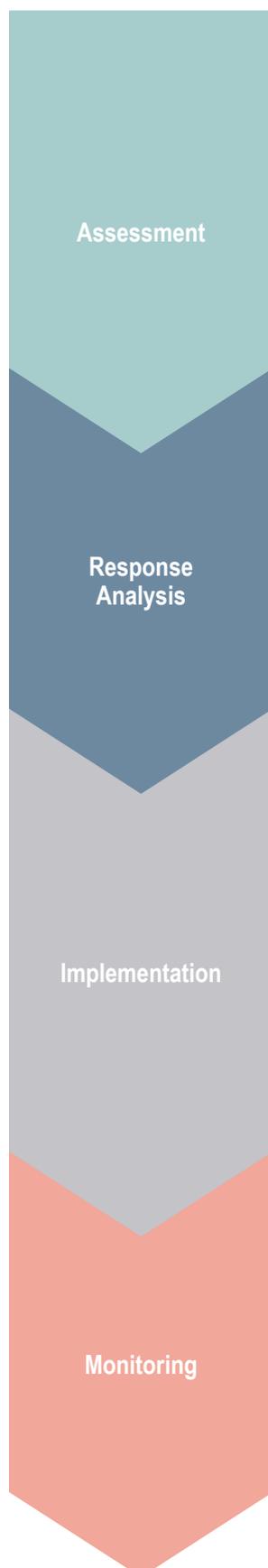
Cash Working Groups (CWGs) [or Cash & Markets Working Groups (CMWGs)] have been set up in many countries, including some sub-regional CWGs depending on the context. CWGs initially tended to be created among operational I/NGOs, or under specific clusters/sectors, but are increasingly being formally established by, and integrated into, the Inter-Cluster Coordination Group (ICCG). CWGs aim to coordinate actions and approaches related to CVA, to develop joint activities and tools (e.g. Market Assessments, Minimum Expenditure Baskets, etc.), to provide support to clusters implementing CVA and fill coordination needs in a flexible manner.

It's important for cluster coordinators to consistently engage with CWGs. A consistent exchange of information between CWGs and clusters will contribute to consistency in approaches, more effective and efficient delivery of assistance, and ultimately better outcomes across sectors. CWG co-leads should thus also be invited to cluster meetings whenever relevant.

Appropriate and timely strategic coordination of CVA. CVA and in-kind assistance must be coordinated through the same mechanisms to ensure coherent and flexible implementation and monitoring. OCHA supports the Humanitarian Country Team (HCT) and Inter-Cluster Coordination Group (ICCG) to address cash-related issues, and it ensures that Cash Working Groups (CWGs) are linked to the formal coordination architecture. Specifically, OCHA's role is to:

- Ensure, on behalf of the Humanitarian Coordinator (HC), appropriate and timely strategic coordination of cash transfer programming. Cash and in-kind assistance must be coordinated through the same mechanisms to ensure coherent and flexible implementation and monitoring;
- Ensure the establishment of context appropriate cash-coordination mechanisms as needed, including providing strategic coordination support. Where cash-coordination mechanisms already exist, ensure they are appropriately linked to the ICCG and the HCT;
- Integrate cash transfer programming, including multipurpose cash, throughout the humanitarian programme cycle (HPC);
- Facilitate multi-stakeholder feasibility studies to determine whether cash is an appropriate response option, and support an evidence-based approach to decision-making;
- Ensure that OCHA coordination tools, information management (IM) services, public information products and financial tracking mechanisms systematically capture cash transfer programming, including multipurpose cash;
- Support cash transfer programming using OCHA-led humanitarian financing mechanisms

II) Good practice for field practitioners on coordination



- Consult with the WASH cluster and Cash and Markets WG (if existing) on market assessment and analysis and cash feasibility assessments that may have been conducted;
 - Seek to conduct coordinated inter-agency market assessments and analysis and cash feasibility assessments with other WASH (and sector) stakeholders;
 - Coordinate WASH market assessments with other actors, and make sure they are coordinated with other connected sectors;
 - Ensure the inclusion of WASH in any multi-sector joint assessment process regarding basic needs, beneficiaries' priorities and economic situation, and definition of an MEB
- Cash and Markets WG (if existing) may be able to provide technical guidance, tools and also information on the general context for cash and market-based programming. Proactively seek out this information;
 - Ensure cash and market-based modalities are properly evaluated together with other modalities – the choice of modality should be driven by humanitarian needs and context;
 - Ensure joint response analysis with other sectors, especially regarding the identification of the most appropriate modality, delivery mechanisms, transfer value and frequency
- Consult with the WASH cluster, WASH actors and other cash actors when determining targeting mechanisms, transfer value, frequency, duration, modality, and FSP / delivery mechanisms for CVA to ensure harmonization whenever possible;
 - Contribute to determining a recommended transfer value among WASH actors to encourage harmonization, particularly if complementary to sector-specific initiatives;
 - Rationalize different approaches and look for gains in efficiency and effectiveness, such as common delivery mechanisms;
 - Coordinate MBP interventions with possible complementary WASH interventions, including coordinating the geographical presence of WASH actors
- When designing market monitoring systems, consult with the WASH Cluster and Cash and Market WG (if existing) to see what information is already being collected and analyzed, if inter-agency efforts are appropriate, and to share information;
 - Ensure WASH markets are properly monitored (e.g. price, availability, quality of WASH commodities and services over time and possible impact of the response); ensure involvement of WASH actors in joint output monitoring of cash interventions (e.g. are beneficiaries spending their cash on WASH goods / services?)

NB: most points mentioned above are not under the direct responsibility of a WASH Program Manager, however, WASH practitioners should be aware of these good practices and liaise with the WASH Cluster coordinator for support

10. FURTHER CONSIDERATIONS FOR PLANNING AND IMPLEMENTING MBP FOR HUMANITARIAN WASH

The following list of challenges and considerations in relation to using MBP in the WASH sector has been extracted and adapted from the WASH cluster position paper: 'Cash and Markets in the WASH Sector: A Global WASH Cluster Position Paper'⁸:

- **Complexity:** WASH programs rely on many different market systems, often support complex municipal level water supply and sanitation systems, and engage with a diverse range of communities with different vulnerabilities in WASH. *A thorough analysis of WASH markets is therefore required, and market mapping can provide a good tool for representing complex structures.*
- **Infrastructure:** WASH programs work with systems and infrastructure at the communal and institutional levels, as well as at the household and individual levels. WASH infrastructure is technically complex, subject to regulation, expensive and dangerous if implemented badly. *Quality control, technical expertise and due diligence are therefore required to ensure WASH interventions are effective and adhere to 'do no harm' principles.*
- **Quality:** Providing beneficiary choice does not negate the responsibility to ensure access to WASH goods and services that meet minimum humanitarian standards. Willingness to pay for goods and services that meet standards, as opposed to inadequate alternatives, should be monitored as part of CVA. Quality is a broad term that encompasses design and construction, health and safety, environmental and ethical considerations. *An analysis of the national WASH sector regulatory framework is also required to ensure the willingness and capacity of authorities to enforce quality standards.*
- **Public health:** Risks to public health, related to significant communicable disease or severe undernutrition, should be identified as part of context analysis. *Irrespective of the modality used, whether this is Cash and Voucher Assistance (CVA) or in-kind, the public health risks identified as part of the context analysis should be mitigated for. Where there are significant public health risks, the health needs of the community should be prioritized and preventative public health programming should be implemented. This should include a comprehensive strategy that incorporates appropriate behaviour change interventions, monitoring, provision of access to water and sanitation facilities at the household or community level alongside any resource transfer to access basic items (e.g. CVA or in-kind modalities to ensure access to soap, adequate water storage etc.).*
- **Institutional capacity:** Tools and approaches for implementing MBP have not yet been fully adopted or adapted by the WASH sector. *Capacity building, piloting and customisation of existing tools are required to ensure that WASH programs are routinely based on appropriate market assessment and an analysis of available response options.*
- **Individual capacity:** There is a lack of confidence, skill and experience among WASH practitioners in relation to all aspects of MBP. Although markets expertise does exist outside of the WASH sector, *the technical complexity of WASH programming makes it imperative that programs are designed by suitably qualified staff.*

- **Behaviour change:** Where WASH programs have identified risk factors related to knowledge, attitude and practice, appropriate complementary activities should be implemented to specifically address risk factors identified. *Community engagement activities that seek to understand socio-cultural issues, build accountability and support healthy behaviour are a fundamental part of basic quality programming and cannot be ignored in MBP.*
- **Monitoring and Evaluation:** A robust monitoring and evaluation framework is required to measure both short- and long-term programme impact on affected populations and critical market systems. This requires skill sets and methodologies that are not currently mainstreamed in the WASH sector. *Input from economists, market specialists and the private sector will be required to develop the required tools and approaches for effective monitoring and evaluation of MBP in the WASH sector.*
- **Private sector:** When the private sector is directly engaged with the delivery of aid it is important to ensure that the core humanitarian principles of impartiality, neutrality and independence are upheld. Although there are demonstrated benefits from working with the private sector, there are also risks implicit in the expansion of these approaches. For example, the risk of conflicts of interest in using hygiene promotion to market specific brands of hygiene items. These risks may be simple to overcome (for example, by maintaining separation between behaviour and brand in hygiene messaging), but identifying where these risks exist is not necessarily routine practice for WASH practitioners. *It is important to incorporate risks related to engaging with the private sector during the risk assessment phase.*

USEFUL RESOURCES

GENERAL

[Cash Transfers Glossary \(CaLP\)](#)

[CBA Programme Quality Toolbox \(CaLP\)](#)

[Cash and Markets in the Wash Sector: Global Wash Cluster Position Paper](#)

[Cash in Emergencies Toolkit \(ICRC/IFRC\)](#)

[WASH Market-Based Programming in Emergencies \(OXFAM\)](#)

[Implementing Cash-Based Interventions – A guidelines for aid workers \(Action Against Hunger\)](#)

[Logistics and Administration Guideline for Cash Based Interventions \(Action Against Hunger\)](#)

[Cash Transfer Programming Toolkit \(Mercy Corps\)](#)

[Guidelines for cash transfer programming \(IFRC\)](#)

ASSESSMENT AND MARKET ANALYSIS

[Comparative Table of Humanitarian Market Analysis Tools \(CaLP\)](#)

[Rapid assessment for markets – RAM \(IFRC\)](#)

[Market Analysis Guidance – MAG \(ICRC/IFRC\)](#)

[Minimum Standard for Market Analysis MISMA \(CaLP\)](#)

[Multi-Sector Market Assessment \(UNHCR\)](#)

[Pre-Crisis Market and Analysis \(PCMA\)](#)

[Emergency Market Mapping and Analysis EMMA focused on WASH \(OXFAM\)](#)

[Risk and humanitarian cash transfer programming \(ODI\)](#)

RESPONSE ANALYSIS AND IMPLEMENTATION

[E-transfer Implementation Guide for Cash Transfer \(Mercy Corps\)](#)

[Cash Feasibility and Response Analysis Toolkit \(UNHCR\)](#)

[Conditionality in cash transfers: UNICEF's approach](#)

[A Market Analysis and Decision Tree Tool for Response Analysis \(CARE\)](#)

[Coordination and Cash Transfer Programming \(CaLP\)](#)

MONITORING

[Monitoring and Evaluation Framework for Wash Market-Based Humanitarian Programming \(OXFAM\)](#)

[Monitoring4CTP: Monitoring Guidance for CTP in Emergencies \(CaLP\)](#)

[MARKit: Price Monitoring, Analysis and Response Kit](#)

ANNEXES – GENERAL

Annex 1: Examples of market systems relevant to WASH programming

(Source: OXFAM)

Areas of intervention	WASH Markets		
	WASH Goods	WASH Services	WASH market related infrastructure and services
Improving equitable access to and use of safe drinking water	<ul style="list-style-type: none"> ✓ Safe drinking water ✓ Water treatment stations ✓ Water trucks ✓ Water storage items (can include household water tanks) ✓ Household water treatment products ✓ Handpumps / Motor-pumps equipment and accessories ✓ Plumbing accessories and equipment ✓ Groundwater monitoring equipment ✓ Water quality testing consumables, products and equipment 	<ul style="list-style-type: none"> ✓ Water trucking ✓ Water point maintenance ✓ Water network management 	<ul style="list-style-type: none"> ✓ Fuel ✓ Unskilled labour ✓ Building materials
Improving equitable access to and use of appropriate excreta disposal system	<ul style="list-style-type: none"> ✓ Latrines / Toilets ✓ Desludging trucks ✓ Slabs ✓ Potties ✓ Anal cleaning materials ✓ Nappies ✓ Building materials (e.g. cement, wood, iron sheeting) ✓ Protective and maintenance equipment (e.g. boots, brooms, gloves) ✓ Water tanks / hand-washing stations 	<ul style="list-style-type: none"> ✓ Construction / installation of latrines / toilets ✓ Desludging ✓ Faecal Sludge Management ✓ Latrine maintenance 	<ul style="list-style-type: none"> ✓ (Un)skilled labour ✓ Sanitation technicians ✓ Transport of goods ✓ Fuel ✓ Water ✓ Credit ✓ Building materials
Improving equitable access to and use of appropriate bathing and laundry facilities	<ul style="list-style-type: none"> ✓ Bathing facilities ✓ Water tanks ✓ Laundry facilities ✓ Building materials ✓ Water basin for children ✓ Protective and maintenance equipment (e.g. boots, brooms) 	<ul style="list-style-type: none"> ✓ Grey water treatment and final disposal ✓ Bathing facility maintenance ✓ Laundry facility maintenance 	<ul style="list-style-type: none"> ✓ (Un)skilled labour ✓ Transport of goods ✓ Fuel ✓ Water

Areas of intervention	WASH Markets		
	WASH Goods	WASH Services	WASH market related infrastructure and services
Improving equitable access to and use of appropriate solid waste management	<ul style="list-style-type: none"> ✓ Household solid waste management items (e.g. bins) ✓ Intermediate solid waste collection points ✓ Protective equipment ✓ Trucks to collect waste ✓ Organic compost ✓ Recycling products 	<ul style="list-style-type: none"> ✓ Solid waste management services ✓ Dump station / landfill ✓ Medical waste management 	<ul style="list-style-type: none"> ✓ Fuel ✓ (Un)skilled labour ✓ Transport of goods ✓ Fuel ✓ Water
Improving hygiene practices to decrease WASH related diseases risks (behaviour change)	<ul style="list-style-type: none"> ✓ Water containers (for collection and storage) ✓ Household water treatment products ✓ Soap ✓ Menstrual hygiene items 	<ul style="list-style-type: none"> ✓ Marketing and communication services ✓ Hygiene training services 	<ul style="list-style-type: none"> ✓ Packaging ✓ Transport of goods ✓ Water ✓ Sanitation
Improving equitable access to vector control measures	<ul style="list-style-type: none"> ✓ Long lasting insecticidal mosquito nets ✓ Sprayers ✓ Insecticide 	<ul style="list-style-type: none"> ✓ Rainwater drainage management ✓ Construction of drainage system ✓ Early references systems 	<ul style="list-style-type: none"> ✓ Shelter ✓ Non-Food Items (NFIs) (e.g. beds) ✓ Skilled labour

Annex 2: Types of WASH interventions that work with local markets

All dimensions of markets are affected during crisis, and many of the WASH activities regularly implemented in programs are related to markets from different perspectives:

LEVEL OF ENGAGEMENT WITH MARKETS →

	MBP-WASH outcome	MBP-WASH intervention examples		
1. Demand side (accessibility)	<p>Using or supporting the local market and market actors to ensure accessibility among people affected by crisis.</p> <p>Reliable access to critical / essential WASH goods and services for targeted population at:</p> <ul style="list-style-type: none"> ✓ The right time and place (availability) ✓ The right place (affordability) ✓ Sufficient quality and quantity (Sphere standards) 	<p>Using markets</p> <p>Working through local markets to provide access to locally-available goods and services for people in need.</p> <ul style="list-style-type: none"> • CVA to affected households to buy hygiene items, pay for water supply services or pay latrine desludging services • Using local markets for procurement, if market analysis shows that the market can supply without creating inflation / monopoly • Etc. 	<p>Supporting markets</p> <p>Providing temporary support to market actors, or other entities in a market system, so that users can adequately access goods, services or incomes needed to meet needs in a crisis.</p> <ul style="list-style-type: none"> • Enabling vendors to accept digital payments • Enable vendors to expand their business, or increase access to a wider range of market users / consumers • Sale of sample materials to promote innovation and create demand • Etc. 	<p>Market system change</p> <p>Working through the whole market system to create sustainable access to, and demand for, goods and services.</p> <ul style="list-style-type: none"> • Generating broader demand for new or improved WASH products through Hygiene Promotion, social marketing or behaviour change activities • Etc.
2. Supply side (availability)	<p>Using or supporting the local market to ensure sufficient supply and availability of critical goods and services for people affected by crisis.</p> <p>Markets for critical / essential WASH goods and services (and related infrastructure) are:</p> <ul style="list-style-type: none"> ✓ Restored / uninterrupted ✓ Strengthened ✓ Developed ✓ Inclusive (where appropriate) 	<p>Using markets</p> <p>Providing temporary direct support to market actors, or other entities that make up a market system, so that users have access to sufficient supply of goods, services, or income to meet needs in a crisis.</p> <ul style="list-style-type: none"> • Procuring goods and services locally (e.g. water trucking), and work through local vendors and market actors 	<p>Supporting markets</p> <p>Providing direct support to market actors, or other entities that make up a market system, to restore or build sufficient supply of goods and services.</p> <ul style="list-style-type: none"> • Providing grants to small and medium size traders and local water vendors, to help them restock, or purchase key equipment (e.g. soap, jerrycans, etc.) • Grants to traders for restocking hygiene items 	<p>Market system change</p> <p>Longer term projects aimed at enabling sustainable changes in market access and demand for goods and services, supporting the development of viability and resilience within existing and new market systems.</p>

	MBP-WASH outcome	MBP-WASH intervention examples		
		<ul style="list-style-type: none"> • Transportation subsidies • Debt relief for vendors • Local procurement for programs • Social sourcing • Distributing grants, in-kind assistance or vouchers to market actors to restore, strengthen or develop their business • Skill development for market actors to restore, strengthen or develop their business • Etc. 	<ul style="list-style-type: none"> • Supporting traders to develop and expand their business to meet greater demand. • Transportation subsidies • Debt relief for vendors • Etc. 	<p>This is a systems-level approach looking at the bigger picture of how the market functions. It might involve:</p> <ul style="list-style-type: none"> • Supporting and capacity building local trade unions or trade associations • Helping traders to engage in lobbying and advocacy for policy reforms • Developing a new way of working within an existing market • This type of market engagement is usually complex and often requires longer-term engagement
3. Services and infrastructures	<p>Market services and infrastructure are restored, strengthened and/or developed to allow critical market systems and market places to function.</p> <p>Markets for critical/essential WASH goods and services (and its infrastructure) are:</p> <ul style="list-style-type: none"> ✓ Restored/ uninterrupted ✓ Strengthened ✓ Developed ✓ Inclusive (where appropriate) 	<ul style="list-style-type: none"> • Supporting market actors who provide these services (e.g. grants to public water utilities) • Supporting the market system by providing the support services ourselves (e.g. provision of cash grant for fuel to traders/service providers) • Repairing or improving infrastructure (e.g. repair of roads to ensure access by water trucks, vehicles transporting supplies to the market, or construction materials to field locations) • Loan guarantees for microfinance institutions (MFIs) • Support to improved market information • Facilitating access to credit by providing a guarantee of demand through an upcoming emergency project relying on local markets • Offering physical storage space to market actors • Rehabilitating a road to allow market actors access to the physical marketplace • Offering transportation services to market actors • Providing grants or in-kind material (including fuel) to transporters so they can restore, develop or strengthen the transportation services they offer to market actors • Developing financial service providers' understanding of the credit requirements of market actors • Facilitating the circulation of key information to transporters, owners of storage spaces or financial service providers so they can restore, develop or strengthen their service delivery • Etc. 		
4. Reform of market policies, norms & rules	<p>The market environment is a driver for a well-functioning market system.</p>	<ul style="list-style-type: none"> • Advocacy for trade regulation reforms • Developing evidence to inform policies • Community approaches to ensuring more equitable gender roles in marketing and decision-making • Behaviour change strategies to address norms hindering access to markets • Regulate the price of WASH services to ensure access is equitable, affordable and the market actor has an effective cost recovery system (e.g. water trucking tariffs) • Sharing information about licensing processes with market actors so they can strengthen or develop their businesses • Etc. 		

Sources: [Updated MBP framework](#), [Market support Tip Sheet](#) and [Oxfam Monitoring and Evaluation Framework for WASH and MBP](#)

Annex 3: Calculating a Minimum Expenditure Basket (MEB)

The identified needs of the affected population are often captured in a Minimum Expenditure Basket (MEB), which can include essential WASH goods and services. The following tools are useful resources when developing, or contributing to, an MEB:

- ✓ [Operational Guidance and Toolkit for Multi-purpose Cash Grants \(UNHCR\)](#) – Minimum Expenditure Basket
- ✓ [Cash in Emergencies Toolkit \(ICRC and IFRC\)](#) – M2_2_3_1 Priority needs calculation template
- ✓ [Minimum Expenditure Basket \(MEB\) interim guidance note \(WFP\)](#)

The MEB is defined as what a household requires in order to meet basic needs – on a regular or seasonal basis – and its average cost.

Determining the MEB serves three functions:

- It is a holistic reflection of need, often based on the perceptions of the crisis affected population, including those needs that fall outside of traditional sectors, e.g. communication, transport, etc.)
- By determining the components of an MEB in a particular context, we know which goods and service-related markets should be included in a Multi-Sector Market Assessment.
- The MEB, alongside a gap analysis, helps to determine the required transfer value for CVA in a particular context, and directly relates to identifying the objectives of a programme and reflects the vulnerability of the target group

An MEB does not necessarily equate to all the essential needs of a household. It is only supposed to capture needs that the household has to cover entirely or partly through the market. For example, in contexts where electricity is considered an essential need but not available for the target population, it cannot be included in the MEB. If shelter is provided in a refugee camp, or public education is provided, these are not captured in the MEB.

Consensus among actors around what constitutes the MEB can be a foundation for sector-specific interventions, which may use cash and in-kind goods and services to achieve sector-specific objectives.



Rapid MEB calculation:

1. Use focus group discussions and individual interviews to understand what the essential expenditures in a given emergency are and what their minimum cost is.
2. Based on identified priorities, rapidly determine what price information is already available that can inform the MEB or act as a “proxy” for other unknown costs.
3. Use a country’s existing poverty line or minimum wage.

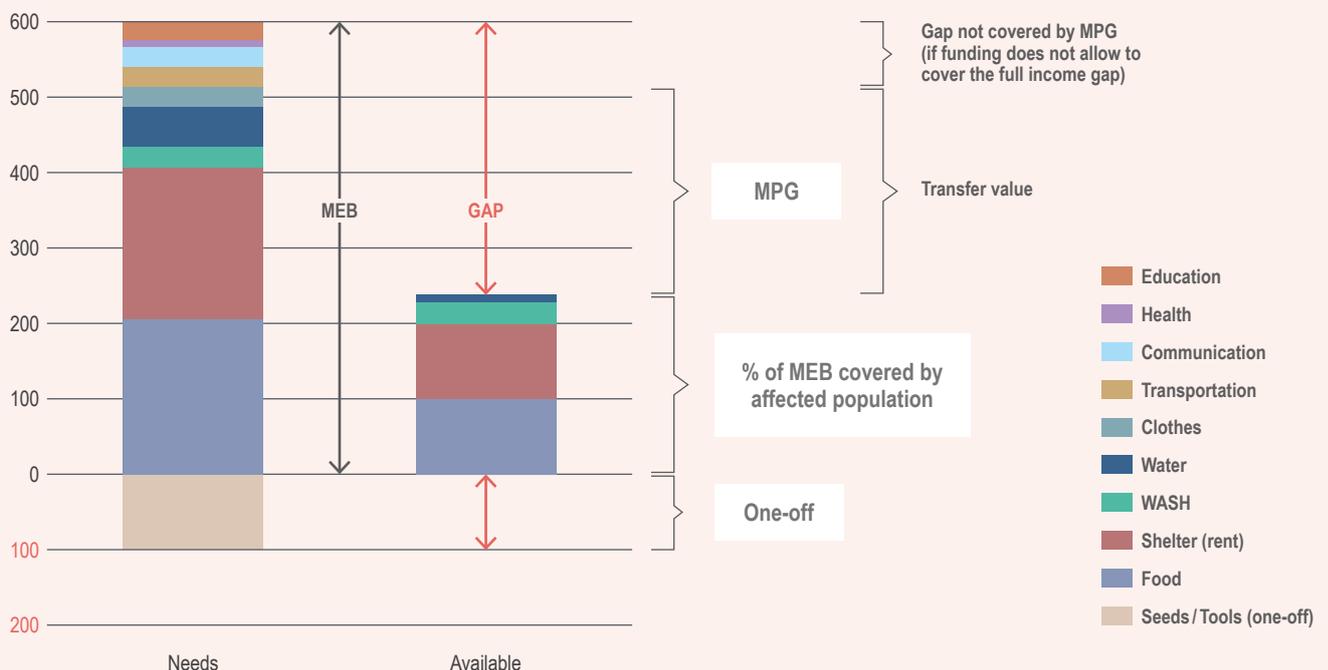


The MEB should not be confused with the transfer value:

- ✓ The MEB is fixed for a given emergency unless there are significant changes in prices or needs.
- ✓ In contrast, the transfer value may change based on the availability (value and coverage) of other humanitarian assistance, such as government interventions, the targeting strategy and criteria (e.g. wider coverage with a reduced grant versus targeted coverage with a bigger grant), or the programme objective (e.g. livelihoods recovery) and any additional cash requirements households may have. This might lead to a gap in covering affected people’s basic needs if there are not enough conditions to cover the full gap.

Important considerations when calculating an MEB:

- Consult and involve stakeholders across different sectors
- Determine the objectives of the MEB exercise before starting
- Itemize the goods and services to be included in the MEB based on needs assessment information
- Distinguish between recurrent costs (e.g. food and rent) and one-off but predictable costs (e.g. school supplies, seeds and tools). Households will often use whatever resources they have to meet priority needs, even if it means converting one form of aid to another.
- Take note of what may change by season or stage in the emergency response (needs, availability of goods and services, and prices).
- Assess the necessity of different MEB values. In some contexts there may be big price differences between different geographic areas / regions or among different livelihood groups, e.g. pastoralists versus agricultural households.
- Ensure that sector-specific recommendations are consistent with the MEB



Annex 4: Stakeholders to consult during a market assessment

A range of stakeholders can be consulted as part of a market assessment exercise, but in any given context the stakeholders that are relevant to consult will be largely determined by the nature of the assessment and the key questions you are trying to answer. The below table gives some examples of potential sources of information, how they could be consulted and for what type of information:

Possible Sources of Information	Examples	Purpose and Possible Methods
Target group households (men and women) The intended final beneficiaries of the programme	<ul style="list-style-type: none"> ✓ Emergency affected households ✓ Internally Displaced Persons (IDPs) ✓ Refugees ✓ Returnees 	Semi-structured interview Questionnaire Focus Group Discussion Simple and direct questions on usual sources of priority goods / services, market access, quality of goods / services, price trends, challenges/barriers, risks
Local market actors	<ul style="list-style-type: none"> ✓ Shop keepers ✓ Petty traders ✓ Small, medium and large vendors ✓ Input and / or material suppliers ✓ Transporters 	Semi-structured interview Questionnaire / Survey Market observation Walk through / casual conversations Concentrate on practical information and data about market chain, services and inputs, prices, volumes, availability, capacity, constraints, coping strategies.
Local market actors	<ul style="list-style-type: none"> ✓ Importers ✓ Wholesalers ✓ Contractors ✓ Manufacturers ✓ Industrial processors ✓ Service providers ✓ Importers 	Structured interview Focus on more strategic issues and 'bigger picture' questions to understand the whole market system, main market actors, trends, competition, availability, policies and rules / norms.
Key informants	<ul style="list-style-type: none"> ✓ Government officials (local, regional and / or national level, water and environment departments) ✓ Chamber of Commerce and / or Trade Department ✓ NGOs / UN agencies ✓ Financial Service Providers 	Structured interview Focus on more system-wide issues that might impact the response decision-making, including policies, rules, norms, past experience in market-based programs, impact of the emergency, response plans, acceptance etc.

Annex 5: Steps for Market Analysis

The Market Analysis sequence below is based on an adaptation of the Minimum Standard for Market Analysis (MISMA):

PHASE OF MARKET ANALYSIS	TOOLS
1) Define objectives of the market analysis	
Identify how market analysis will support programme-related decisions and define objectives accordingly	<ul style="list-style-type: none"> ✓ Market Information Framework ✓ MISMA <ul style="list-style-type: none"> • Key Action 1: scope • Annex 1: Market Analysis Checklist
2) Decisions to be informed and selection of key questions	
Determine the key questions or issues that could influence programme-related decisions and that you want to answer through market analysis	<ul style="list-style-type: none"> ✓ Market Information Framework ✓ Cash in emergencies toolkit (ICRC /IFRC)
3) Scoping of the assessment	
1. Define the scenario (if pre-crisis analysis)	✓ PCMA
2. Define the time of analysis (if pre-crisis analysis)	✓ PCMA
3. Critical WASH market system selection A critical market system is the specific market systems that are most urgently relevant to the target population's needs. Essentially those markets that have or could have a major role in meeting the essential needs of the target population ⁹ .	<ul style="list-style-type: none"> ✓ Multi Sector Market Assessment Companion guide and toolkit <ul style="list-style-type: none"> • Step 2: Prioritize Core Goods and reference Markets • Step 3: Confirm Core Goods Specifications and reference Market Place ✓ Cash in emergencies toolkit (ICRC /IFRC) <ul style="list-style-type: none"> • M2_3_1_2 Key markets template • M2_3_2 Collect market information ✓ MISMA: Key Action 1: scope ✓ PCMA: Table 5: Ranking table to select critical market system ✓ RAM: Tool 6: Key marketplaces the assessment should focus on
4. Define the depth of the assessment and select the tools you need to collect data. * Use the Minimum Standard for Market Analysis for deciding on the depth of analysis needed.	<p>General:</p> <ul style="list-style-type: none"> ✓ Comparison of Humanitarian Market Analysis Tools <p>In depth assessment tools:</p> <ul style="list-style-type: none"> ✓ Emergency Market Mapping and Analysis Toolkit (EMMA) ✓ Market Analysis Guidance (MAG) <p>Light touch assessment tools:</p> <ul style="list-style-type: none"> ✓ 48 h tool ✓ RAM

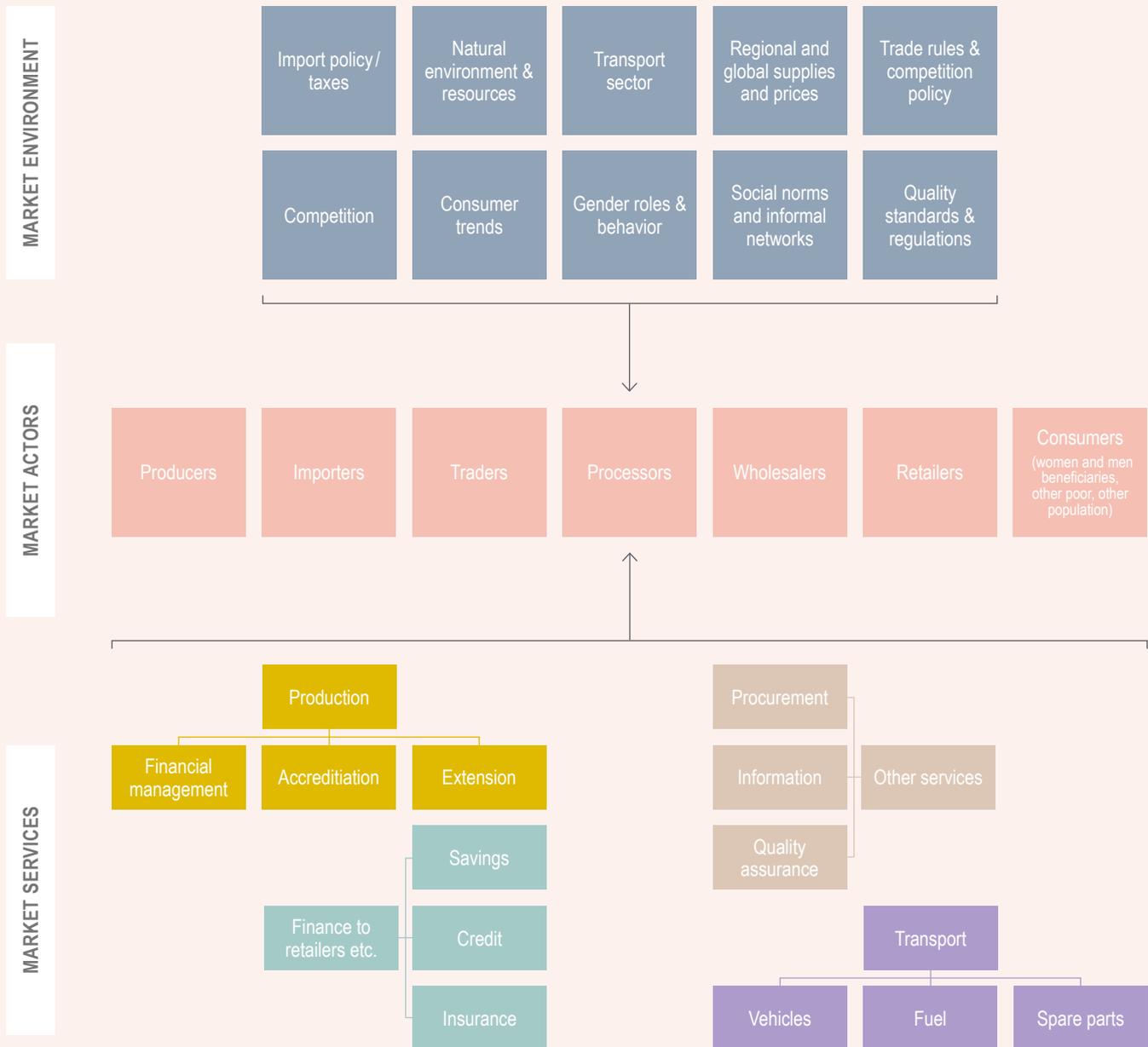
⁹ <http://www.cashlearning.org/resources/glossary>

PHASE OF MARKET ANALYSIS	TOOLS
	<p>If desired, complement the assessment tools with specific approaches:</p> <ul style="list-style-type: none"> ✓ Multi Sector Market Analysis (MSMA) The Multi-Sector Market Assessment is a process whereby there is a final determination of what goods and services can be purchased in sufficient and reliable quality and quantity to meet emergency needs – and therefore the cost of which can be included in the MPC transfer if deemed a relevant intervention during the response analysis. ✓ Pre-Crisis Market Assessment (PCMA) The PCMA takes place before emergencies occur, when markets are functioning “normally.” This can help to inform not only potential emergency responses but also to improve preparedness, contingency planning, mitigation, disaster risk reduction, and early recovery. ✓ Labour Market Assessment (LMA) Labour market assessments uncover important employer behaviours and needs and but also seek to understand the larger employment ecosystem. These findings can help us to understand informal and formal rules which influence workforce outcomes, such as the effects of cultural and gender norms on the labour market, wage rates, skills gaps, as well as how government policies can impact employment trends.
<p>5. Define the geographical scope of your data collection</p> <ul style="list-style-type: none"> • Marketplace analysis is more rapid and seeks to identify whether and how a marketplace can supply or deliver the goods /services in demand. It focuses on the consumer end of the market chain. Can people find what they want in the right quantities and quality? • Market Systems Analysis uses a systems approach to rapidly map out some of the key social, political, economic, cultural and physical factors affecting how a market operates. It is used when there is uncertainty about supply and when supply chains are complicated. Can suppliers provide what people need in the right quantities and quality? 	<ul style="list-style-type: none"> ✓ Multi Sector Market Assessment Companion Guide and Toolkit <ul style="list-style-type: none"> • Step 2: Prioritize Core Goods and reference Markets • Step 3: Confirm Core Goods Specifications and reference Market Place ✓ MISMA <ul style="list-style-type: none"> • Key Action 1: scope • Annex 1: Market Analysis Checklist ✓ RAM <ul style="list-style-type: none"> • Tool 2: Key markets and goods needed by the shock affected population • Tool 5: Continuing the RAM or not
4) Data collection	
<p>1. Select data to be collected</p>	<ul style="list-style-type: none"> ✓ IRC Market Information Framework ✓ Cash in Emergencies Toolkit <ul style="list-style-type: none"> • M2_3_1_3 Information for market assessment
<p>2. Secondary data review: Conduct a desk review before collecting primary market data</p>	<ul style="list-style-type: none"> ✓ MISMA <ul style="list-style-type: none"> • Key action 3: Data collection • Annex 1: Market Analysis Checklist • RAM: Tool 1: Gathering secondary information ✓ Cash in Emergencies Toolkit <ul style="list-style-type: none"> • M1_1_1 Secondary data review and analysis

PHASE OF MARKET ANALYSIS	TOOLS
<p>3. Build a competent and knowledgeable team (e.g. sector-specific expertise, finance and logistics), for data collection and analysis.</p> <p>The team should be aware of all possibilities of market based interventions, including market support interventions.</p>	<ul style="list-style-type: none"> ✓ MISMA <ul style="list-style-type: none"> • Key Action 2: Market Analysis Team • Annex 1: Market Analysis Checklist
<p>4. Questionnaire design and primary data collection</p>	<ul style="list-style-type: none"> ✓ MISMA Key Action 3: Data Collection ✓ Comparison of Humanitarian Market Analysis Tools ✓ RAM <ul style="list-style-type: none"> • Tool 7: Recommendations for conducting interviews • Tool 8: Discussion with market representatives or key informants • Tool 9: Discussions with traders (wholesalers /retailers) ✓ EMMA Toolkit <ul style="list-style-type: none"> • Section 4.9 Sample Questions ✓ Cash in emergencies toolkit <ul style="list-style-type: none"> • M1_1_2 Primary data collection and analysis • M2_3_2 Collect market information ✓ Emergency Market Assessment Tool from the Remote Cash Project
5) Market mapping	
<p>The purpose of market mapping is to collate complex information and often compares the 'normal' and 'crisis-affected' situations. Market mapping gathers two types of information:</p> <ul style="list-style-type: none"> • Baseline market-system(s) map: shows the market system in a 'normal' time (e.g. as it might have been now, had the crisis not occurred). • Emergency-affected market-system(s) map: highlights how the market system's structure, capacity, and performance have been affected by the crisis. <p>The market mapping exercise needs to gather information about three dimensions:</p> <ol style="list-style-type: none"> 1) Market environment 2) WASH market actors 3) Market services 	<ul style="list-style-type: none"> ✓ EMMA Toolkit <ul style="list-style-type: none"> • Step 6 Mapping the Market System ✓ Market System Mobile Mapping Tool ✓ The delivery guide: scoping the humanitarian Payments Landscape
6) Market analysis	
<p>Market analysis is the final step and is key to inform the design and implementation of appropriate interventions using and supporting local markets.</p> <ol style="list-style-type: none"> 1. Set the level of analysis based on the quality of the existing information, time and resources available, and the risk that possible interventions will harm the market 2. Understand the overall market environment and the impact it has on key markets 3. Triangulate data collected using different methods and from different sources in order to identify unreliable data and inconsistencies 4. Analyse trends rather than individual data points and take into account seasonal effects 	<ul style="list-style-type: none"> ✓ MISMA <ul style="list-style-type: none"> • Key action 4: Analysis. • Table 4: Criteria to determine the level of analysis • Annex 1: Market Analysis checklist ✓ Operational Guidance and Toolkit for MPGs (ERC) <ul style="list-style-type: none"> • Annex 1: Multi-sector Market Assessment, step A – Market situation analysis ✓ Multi Sector Market Assessment Companion guide and toolkit <ul style="list-style-type: none"> • Tool 1: checklist of pre-assessment information • Tool 2: Needs and market place summary

PHASE OF MARKET ANALYSIS	TOOLS
5. When drawing conclusions, clearly state the assumptions, the type of data on which they are based, and any risks that may be linked to the assumptions 6. Clearly show the link between the analysis, conclusions and the ultimate response recommendations. Do not limit the use of market data to assess CVA feasibility but consider possible interventions across the whole MBP spectrum	

Figure 10: Examples of market system and water market maps



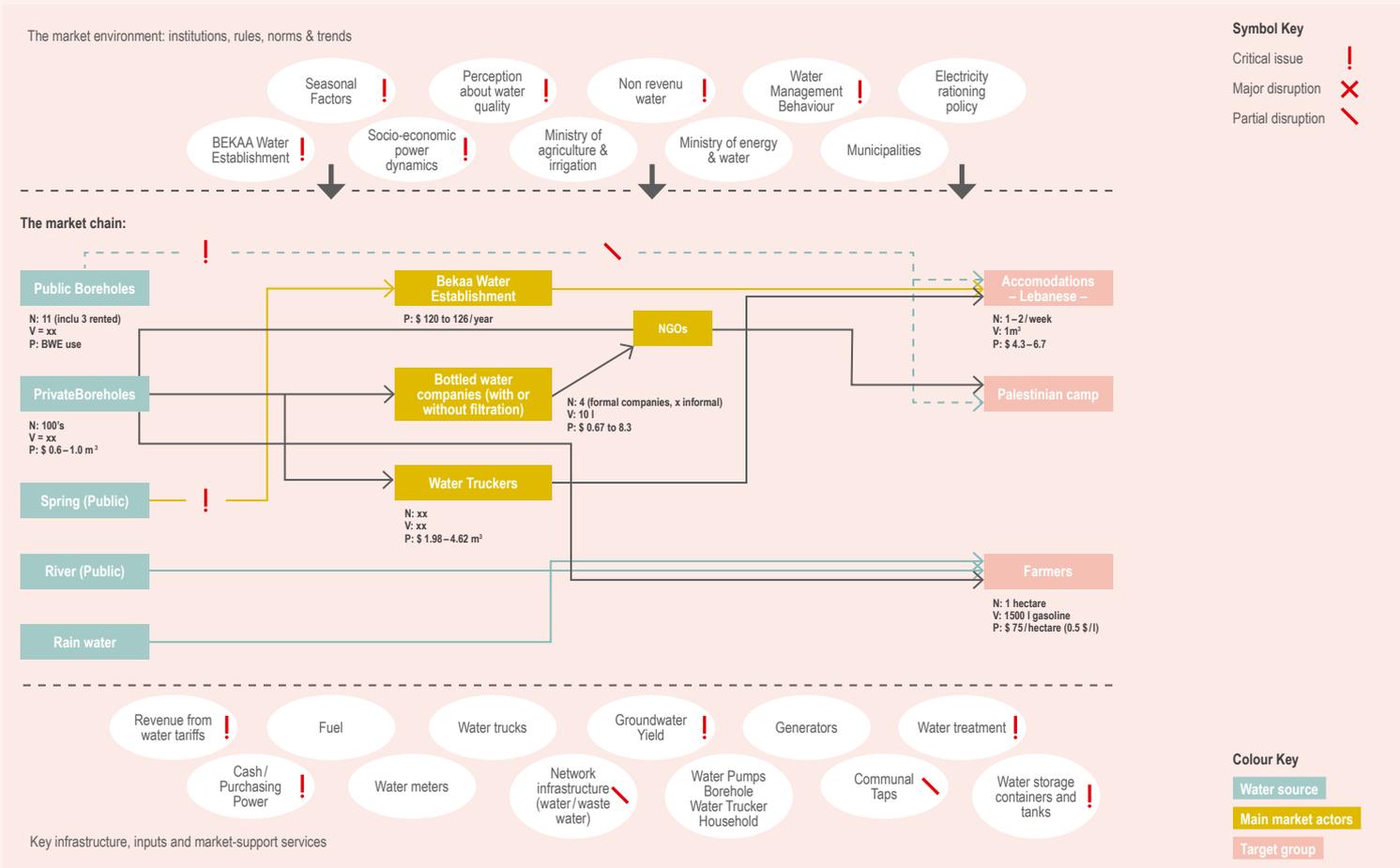


Figure 11: Baseline market system map (pre-crisis), North Bekaa Lebanon, Summer 2011

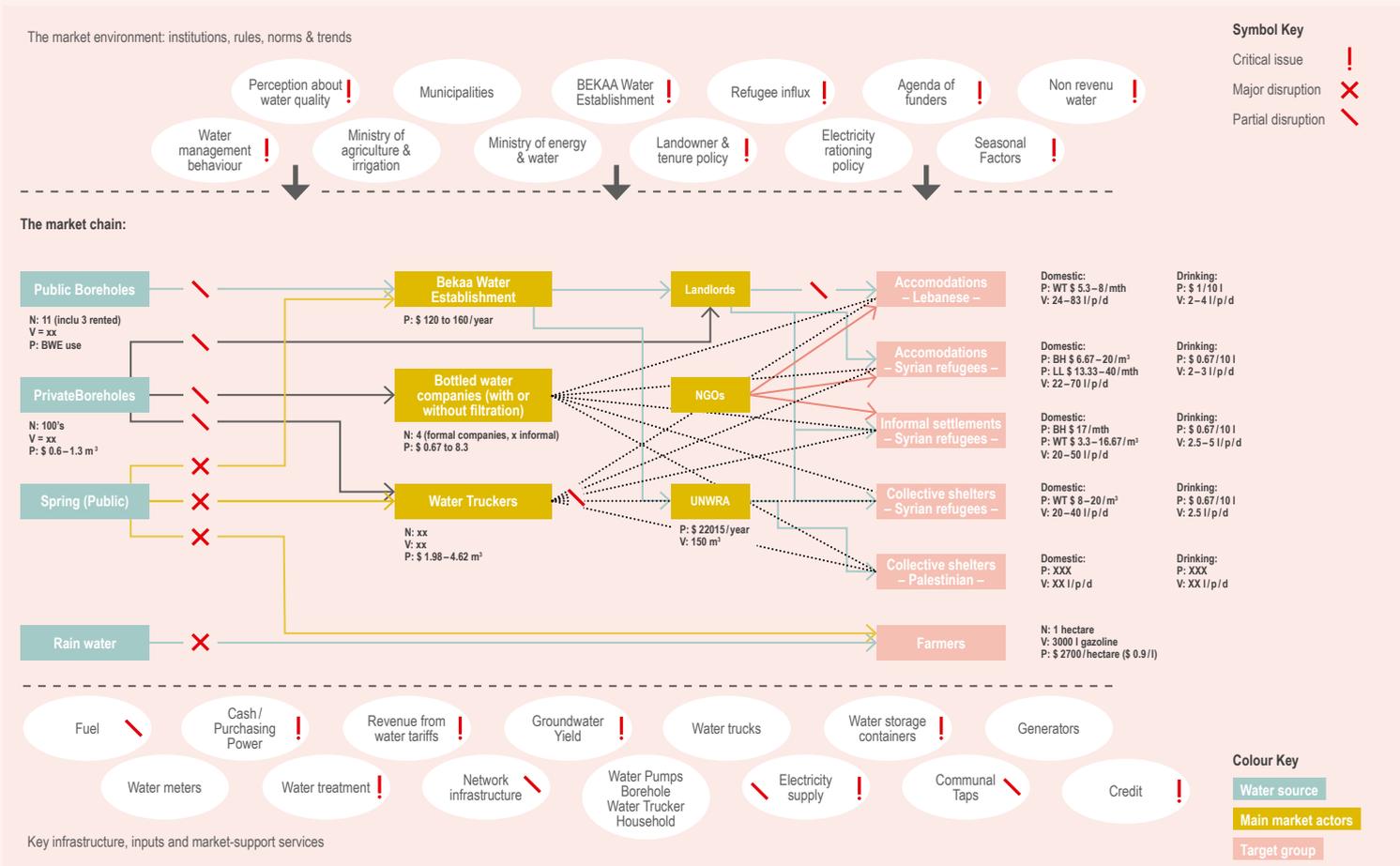


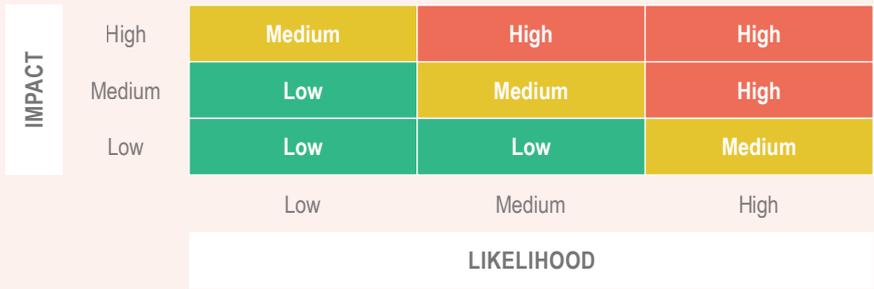
Figure 12: Emergency-affected market system (post-crisis), North Bekaa Lebanon, Summer 2014

Annex 6: Risk analysis & management

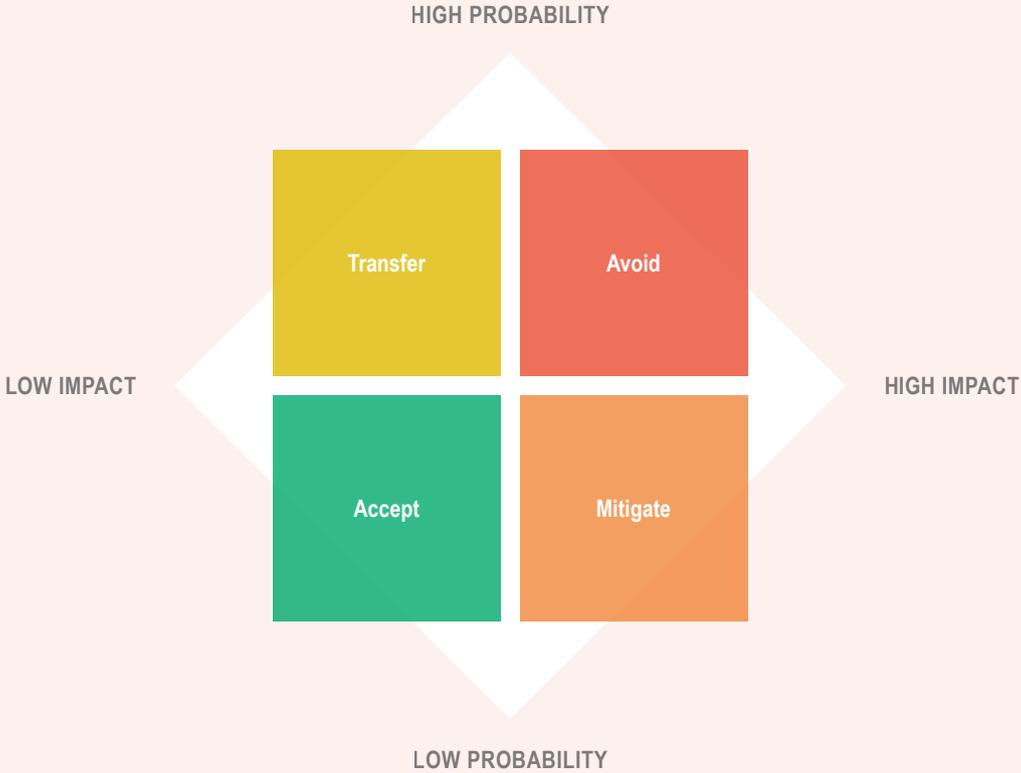
6-step process:

Process for making a risk analysis	
Step 1	C&V Working Group to review identified risks, and consolidate them into the country office Risk Register, based on a multi-hazard approach. It is also advisable to include partners involved in the sectoral capacity assessments in the process.
Step 2	Based on the context and the nature of the project, agree on a broad list of relevant contextual, programmatic and institutional risks related to each considered transfer modality. The risks should be categorized according to WFP's five management results dimensions, linking the risks to the objectives.
Step 3	Describe the causes and effects of each risk. Risks faced by WFP stem from various causes and may have different types of effects. Identifying causes and effects assists in understanding why the risk exists, how it affects WFP, and what WFP can do to address it through mitigating measures (which will either address the causes of risks to help prevent the risk from occurring or address the effects to mitigate the impact of the risk).
Step 4	Rank the seriousness of each risk. The seriousness indicates the importance of the risk and is determined by scoring the likelihood and impact. Likelihood refers to the probability and frequency of the risk occurrence. Impact measures the consequences of the risk to the intervention's objectives. The risk seriousness is calculated by assigning scores between 1 and 5 to both likelihood (1 = very unlikely to 5 = very likely) and impact (1 = negligible to 5 = critical). Identification of risk seriousness assists in understanding and prioritizing the response. The focus should be on the high risks (e.g. where the transfer modality could negatively affect WFP's reputation, corporate strategic objectives, accountability requirements, financial safeguards or the security of beneficiaries or staff.)
Step 5	Define the response to each risk: (i) accept; (ii) control (implementing additional mitigation measures to reduce the risk to an acceptable level); (iii) avoid (terminating the activity if it is deemed too risky); or (iv) transfer (insurance, subcontracting or outsourcing implementation to other parties who can operate with lower risk safely). Where the response has been to "control" the risk, this implies that the risk level is perceived as too high and additional steps can be identified to lower the seriousness of the risk. In this case, future mitigation actions need to be identified, along with an identified implementing unit and completion dates.
Step 6	Risk management is a dynamic process. The risks and the implementation status of mitigation actions should be continuously monitored and tracked in order to ensure that serious risks are addressed.

Risk matrix:

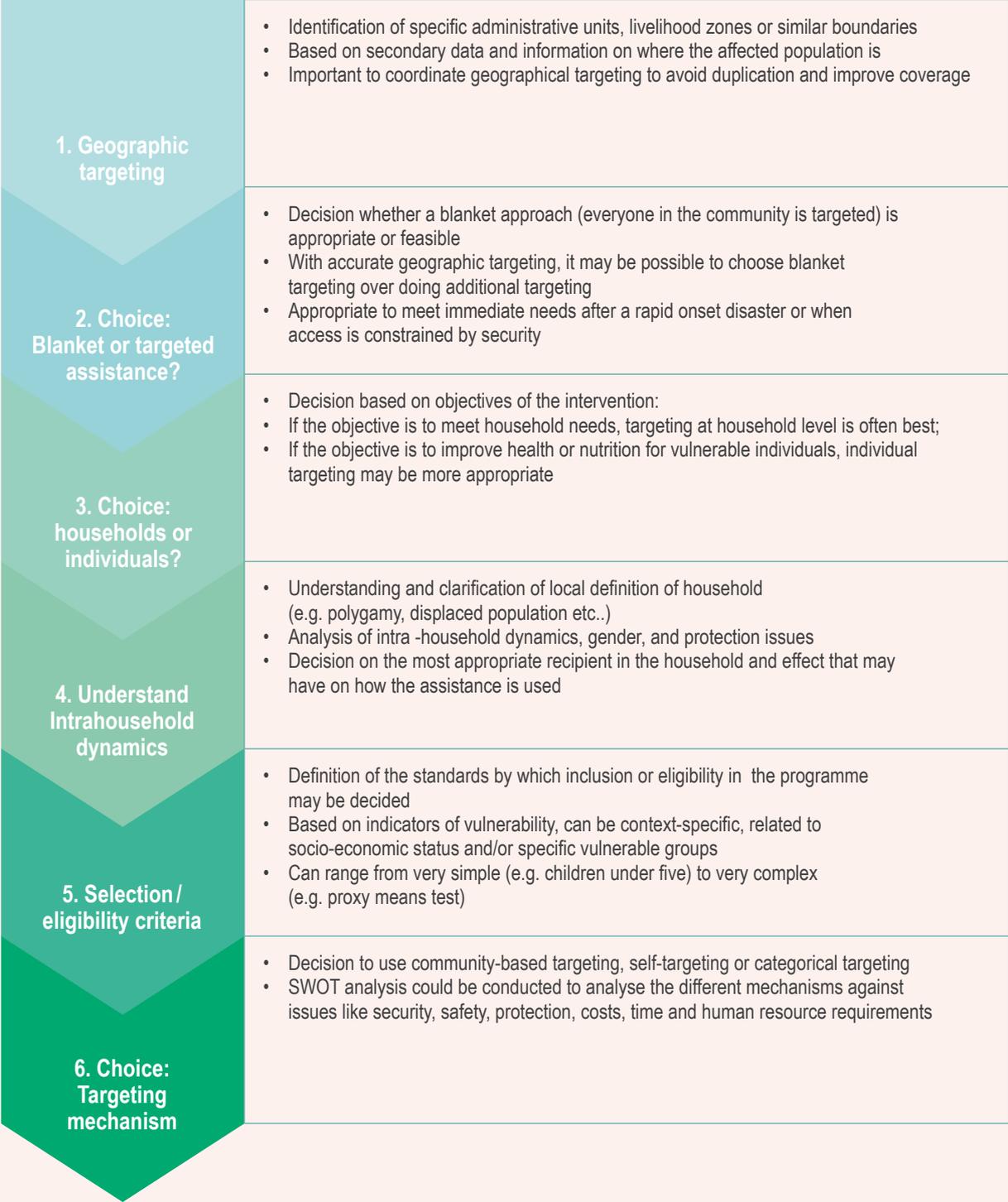


Risk management:



Risk Response Type	Example of CTP Risk Response
Transfer	Transferring a risk is about getting someone else to take the risk, for e.g. asking a security company to insure the money
Avoidance	Avoiding a risk could be using currency distribution rather than back accounts if you have a feat of corruption in the banks
Acceptance	Accepting a risk means you do not think the impact will be of too great a consequence, or there is that great a likelihood of it occurring
Mitigation	Mitigating a risk may include things like putting in financial controls, e.g. more than two people need to sign a form for release of money

Annex 7: Registration process



ANNEX 8: Understanding market performance and dynamics

Supply and demand

Market systems work through the interaction between supply and demand.

Supply: market capacity to deliver goods and /or services

Demand: people’s ability and willingness to purchase goods and /or services

Supply and demand can be:

- Elastic: When it is a non-basic good or service and it does not necessarily need to be purchased
- Inelastic: When it is a basic good or service and needs to be purchased even if the price increases

During or following a crises, it is vital to understand how this supply-demand dynamic has been disrupted and whether the changes in production and trade observed are symptoms of demand problems, supply problems, or a combination of both.

Demand-side and supply-side problems have very different impacts on target groups, depending on whether they affect consuming households, producers, or workers. The nature of the problem has significant implications for humanitarian action.

Problems in supply and demand¹⁰

The characterization of problems as supply- or demand-related depends on whether the market system is a supply system or an income system.

i. How to see if there are supply or demand problems qualitatively?

In supply market systems:

- Demand depends on the ability and desire of the target population to purchase what they need
- Supplying those goods / services to meet the demand is the role of the market system

The typical problems in supply market systems are the following:

Problems in supply systems	
Demand side problems (affecting target population)	Supply side problems (affecting suppliers)
<ul style="list-style-type: none"> ✓ Target HH have less cash or credit than normal to spend ✓ Target HH have restricted access to market actors or locations where critical items/services are available 	<ul style="list-style-type: none"> ✓ Availability of the critical item / service is significantly reduced ✓ Key market actors are badly affected ✓ Disruptions have occurred to transport links or other key infrastructure along the supply chain

¹⁰ Source: adapted from EMMA toolkit

In income market systems:

- Demand depends on the volume of purchases made by buyers and final consumers, or the amount of labour sought by employers, both of which generate income for the target population
- Supply depends on the capacity of the target population to produce goods or labour for sale

The typical problems in income market systems are the following:

Problems in income systems	
Demand side problems (affecting buyers)	Supply side problems (affecting target population)
<ul style="list-style-type: none"> ✓ Final consumers or other buyers are spending less on the critical product ✓ Employers are seeking less labour in the market system ✓ Key market-actors in the income value chain are badly affected ✓ Transport, storage or key infrastructure along the value chain has been badly affected 	<ul style="list-style-type: none"> ✓ Target HH's production is significantly reduced, or they have less capacity to work (due to health issues, trauma, etc.) ✓ Target HHs have more restricted access to output markets (e.g. transport constraints) or to employment markets (e.g. displacement) ✓ There is an excessive supply of produce or labour for sale

ii. *How to see if there are supply or demand problems quantitatively?*

It is possible to use data about price changes, volumes of production and trade volume as indicators of what is happening to supply and demand in a market system as compared with the baseline.

Price changes vs. Trade volumes compared to the baseline			
	Price higher	Price stable	Price lower
Trade volume higher	<ul style="list-style-type: none"> ✓ Demand: very strong ✓ Supply: quite good <p>Market system is performing well, but high prices suggest that suppliers are still unable to satisfy demand, or there are bottlenecks that raise costs for traders.</p>	<ul style="list-style-type: none"> ✓ Demand: strong ✓ Supply: good <p>Market system is performing well, compared with baseline: meeting increased needs without price distortions.</p>	<ul style="list-style-type: none"> ✓ Demand: normal ✓ Supply: excessive <p>Market system is being saturated by over-supply. This is more likely where negative circumstances force people to sell labour or assets in poor terms.</p>

Price changes vs. Trade volumes compared to the baseline			
	Price higher	Price stable	Price lower
Trade volume stable	<ul style="list-style-type: none"> ✓ Demand: strong ✓ Supply: constrained <p>Trade levels are normal but still insufficient to satisfy increased demand, or there are bottlenecks raising costs for traders.</p>	<ul style="list-style-type: none"> ✓ Demand: normal ✓ Supply: normal <p>Market system is minimally affected compared to baseline.</p>	<ul style="list-style-type: none"> ✓ Demand: weak ✓ Supply: normal <p>Market system has been saturated due to weak demand.</p>
Trade volume lower	<ul style="list-style-type: none"> ✓ Demand: normal or strong ✓ Supply: weak <p>Supply problems are very severe. Despite high prices, supply is insufficient to satisfy either normal or increased demand.</p>	<ul style="list-style-type: none"> ✓ Demand: weak ✓ Supply: uncertain <p>Demand is constrained due to buyers lack of spending capacity. Difficult to know how markets will react.</p>	<ul style="list-style-type: none"> ✓ Demand: very weak ✓ Supply: uncertain <p>Demand is highly constrained due to buyers lack of spending capacity. Difficult to know how markets will react.</p>

Market integration

Integration refers to the compensation of supply and demand imbalances. Understanding integration will give us the information on up to which extent the market needs support or not.

Integrated markets: Markets in which prices for comparable goods behave dependently do not behave independently. If markets are well integrated, price changes in one location are consistently related to price changes in other locations and market agents are able to interact between different markets. (e.g. Prices of WASH NFIs at national port/capital city and at local level have a similar behaviour)

Non-integrated markets: Markets in which prices for comparable goods behave in an interdependent manner. It is an indicator of possible supply chain disruptions.

→ The lack of integration should not necessarily be seen as a signal that CVA is not appropriate. It may be the case that local markets behave in isolation, and other markets cannot be relied upon.

→ Nevertheless, non-integration should catch our attention to dig into underlying causes. Therefore, non-integrated markets should be considered priority when carrying out market assessments, as they are more likely to be vulnerable.

Market power and competition

Market power is the ability of a market actor to profitably alter the prices of goods/services, or trading rules, at a marginal cost and without losing their customers, suppliers or employees to their competitors (e.g. monopoly, cartel, etc.).

It is very important to identify market power dynamics, since they pose risks to emergency response options.

- In supply market systems, collusion (agreement between people to act together secretly or illegally) between traders can cause prices to rise or stay high, even though supplies are available and the market system is in other respects performing well.
- In income market systems, lack of choice among buyers for producers and employers for workers can keep prices and wages down, even though healthy end-markets and work opportunities exist.

Market power is more probable when the good/service has a high demand and there is a little number or only one actor supplying/providing it.

Mitigation measures for potential intervention harmful effects

If	Price increase	Availability decrease
Seasonality	<ul style="list-style-type: none"> ✓ Increase in cash transfer amount or frequency ✓ Commodity voucher ✓ In kind support ✓ Support HH to access bigger markets ✓ Social marketing for alternative products 	<ul style="list-style-type: none"> ✓ Shifting modality ✓ Alternative goods ✓ Support market systems
Intervention	<ul style="list-style-type: none"> ✓ Shift modalities ✓ Support traders ✓ Increase the market places HH can access ✓ Increase cash transfer amount or frequency ✓ Increase number of traders participating in the program ✓ Review of procurement processes 	<ul style="list-style-type: none"> ✓ Voucher fair ✓ Communicating with traders ✓ Direct delivery (e.g. non local procurement)
Traders capacity	<ul style="list-style-type: none"> ✓ Communicate with traders ✓ Support traders <ul style="list-style-type: none"> • in kind • skills • cash assistance ✓ Support market services (transport, credit, etc.) ✓ Increase number of traders participating in the program ✓ Increase transfer frequency ✓ Markets support intervention aimed at reducing market actors' costs (e.g. provision of fuel, warehouse, transport etc.) 	<ul style="list-style-type: none"> ✓ Market support intervention aimed at increasing availability: e.g. grant to traders so they can buy larger stocks – repairs of warehouses etc.

ANNEXES – CVA

Annex CVA_1: RESPONSE ANALYSIS

If CVA is deemed a relevant option, it will be important to then determine:

- i. Transfer value (what needs will the transfer cover – quantity and quality of goods / services)
- ii. Transfer duration (for how long?), timing (seasonality) and frequency (one-off, periodic, etc.)
- iii. Delivery mechanism (direct cash, using banks, using traders, using mobile phones, etc.)

i. Transfer value:

The amount of any transfer will depend on the objectives of the programme. Two questions need to be answered, whatever the purpose of the grant:

- How much money is needed to meet the project objectives?
- Should the transfer value be the same for all households?

Even with an MEB estimate, it is necessary to go through the process of gap analysis. Gap analysis is the process used to determine what proportion of the MEB people can cover themselves, and the one that needs to be covered through humanitarian assistance. The different steps are:

- i. Assess the needs: information collected during the needs assessment;
- ii. Quantify the needs: this can be done using the MEB, or through other methods;
- iii. Determine the household capacity: estimate what households produce and what additional support they receive. This illustrates which needs households are able to meet without support (can be done during the needs assessment);
- iv. Identify the gap:
or unmet need = HH total need – (needs covered by HH + needs covered by other actors);
- v. Calculate the transfer value. → See details in [Annex 3: MEB calculation](#)

TRANSFER VALUE	
Key Questions (non-exhaustive)	To be accounted for in the answers
<ul style="list-style-type: none"> • What type of basic needs will be covered by the cash grant? • Will the cash grant cover all or only part of the needs? • What will be the cost of support? • What is the possible impact on the local economy (inflation, competition)? 	<ul style="list-style-type: none"> • Are households getting support through other agencies / other sectors and if so which ones? • What are people's alternative sources of income? • Will the transfer value vary depending on HH size? • Will the cash grant be fixed or will it be responsive to inflation? • What are the items usually consumed / purchased by vulnerable households? • Price trends and availability of items?

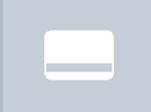
ii. Transfer Duration, Frequency & Timing

DURATION, FREQUENCY & TIMING	
Key Questions (non-exhaustive)	To be accounted for in the answers
<ul style="list-style-type: none"> • What is the objective of the project? • What is the projected duration of needs? • What is the urgency of the need for the beneficiaries? • What is the projected duration that beneficiaries will not be able to cover their needs? • What are the protection risks for beneficiaries when receiving payments? • What is the capacity of service providers? 	<ul style="list-style-type: none"> • Possible protection risks for beneficiaries when receiving transfers; • Frequency of transfers to meet basic needs; • Cost (time and money etc.) for beneficiaries to access cash/goods/services; • Pre-conditions being met? • What is the exit strategy of the programme?

Annex CVA_2: DELIVERY MECHANISMS

There are a wide range of delivery mechanisms available for CVA, amongst which we can highlight the following:

Adapted from UNHCR Cash Delivery Mechanism Assessment Tool

DIRECT CASH	AGENT / OVER THE COUNTER	PREPAID CARD	SMART CARD	MOBILE MONEY	BANK ACCOUNT
					
Cash handed out directly to recipients by the implementing organization	Delivery through a formal or informal intermediary institution. No bank account required	Plastic card, usable with ATM and POS devices. Can be used for cash and/or e-vouchers	Plastic card with a chip, usable with POS devices and ATMs, for cash transfers, e-vouchers/store purchases	Encrypted code that can be cashed at various retail or other outlets, used for cash grants and vouchers	Personal bank accounts or sub-bank accounts that are used to deposit cash. Requires formal ID
e.g. implementing organization / partner	e.g. money transfer agents, post office, remittance agent, traders, MFI, bank ...	e.g. banks, post office, MFIs, non-bank FSPs	e.g. banks, post office, non-bank FSPs	e.g. mobile network operators (MNOs), banks	e.g. banks

Whether you consider Cash or Voucher, each modality can be delivered in two different ways: paper-based or an electronic transfers. An electronic transfer is a digital transfer of money or e-vouchers from the implementing agency to a recipient. E-transfers provide access to

cash, goods and/or services through mobile phones, or cards (e.g., prepaid, ATM, smart, credit or debit cards). E-transfers may also be referred to as digital payments; these are umbrella terms for e-cash and e-vouchers¹¹.

¹¹ CaLP glossary

Each one of the above-mentioned mechanisms for delivery bears its own advantages and disadvantages. Some parameters to take into account in the analysis of delivery mechanisms:

- Time needed to setup the delivery system (e.g. direct cash can be very fast vs. e-transfers) and time needed from participants to access the transfer;
- Privacy for program participants (e.g. “discreet” delivery can reduce the social pressure to share);
- Data protection policies and practices;
- Security for program participants, team members and transfer agents
- Transparency and monitoring of assistance use (e.g. opportunities in e-transfers);
- Potential of financial inclusion, where and if participants can be linked to financial services;
- Burden on vendors (e.g. is it increased or decreased through the use of e-vouchers for instance);
- Accessibility for program participants (e.g. can be an issue in the case of e-transfers literacy);
- Infrastructure requirements;
- Liquidity management;
- Consistency and reliability of service in the case of e-transfers;
- Etc...

In the end, a simple matrix can be used to compare each delivery system against a set of criteria, amongst which the main criteria can be the following:

- Target population preferences
- User registration and experience
- Financial service provider capacity
- Service and controls
- Cost efficiency
- Ease of implementation



To go further ...

For a comprehensive list and clear definition of each delivery mechanism, please refer to CaLP glossary and the CaLP Delivery Mechanism Matrix.

Annex CVA_3: CVA DESIGN & IMPLEMENTATION

Design & Implementation sequence:



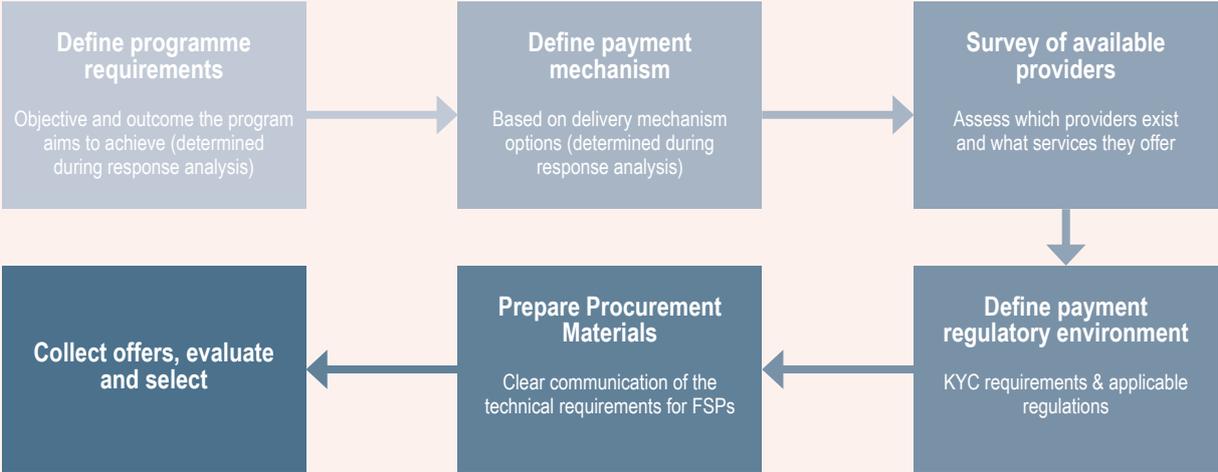
For 1/Targeting as well as 2/Registration & Identification refer to the core of the guidance

For 3/Selection of Financial Service Providers

In case of CVA, a program can require complex services for delivery and close coordination with all providers of those services: financial institutions, technology companies and retailers included. Here is a list of potential (Financial) Service Providers, which can be involved in CVA:

- Banks
- Remittance Companies
- Post Offices
- Mobile Money Providers
- Mobile Network Operators
- Payment Platforms
- Traders (for voucher)
- Logistics Companies
- Security Companies
- Printers (vouchers, documentation)
- Suppliers / wholesalers
- Card producers
- Consultants / consulting firms
- Technology companies
- Software companies

A clear understanding of programme requirements is essential to select the right delivery mechanisms and service providers. The selection of financial service providers should involve a thorough procurement process:



Practical Tool
 For more detailed guidance on selecting adequate FSPs, please follow the procedure explained in the ELAN Delivery Guide: Scoping the Humanitarian Payments Landscape



For 4/Encashment

Encashment is the process of cashing a check, money order, bond, note, or other financial instrument. The encashment process starts when distributions begin and ends when all transactions have been reconciled, paid, reported and closed. Encashment planning is carried out to ensure that beneficiaries can access their assistance as easily as possible and in safe conditions. A plan is essential in order to avoid running out of cash or stock, overcrowding, and/or clashes with the local market's calendar.

As explained above, depending on the delivery mechanism, cash can either be distributed directly (by the organization) or indirectly (and a third party: a bank,

a mobile phone company shop etc...). Regardless of the specifics of the delivery mechanism, distribution requires detailed planning. Including, but not limited to, the definition of roles and responsibilities, determining how beneficiaries will receive funds and how funds are tracked and recorded for reporting purposes.

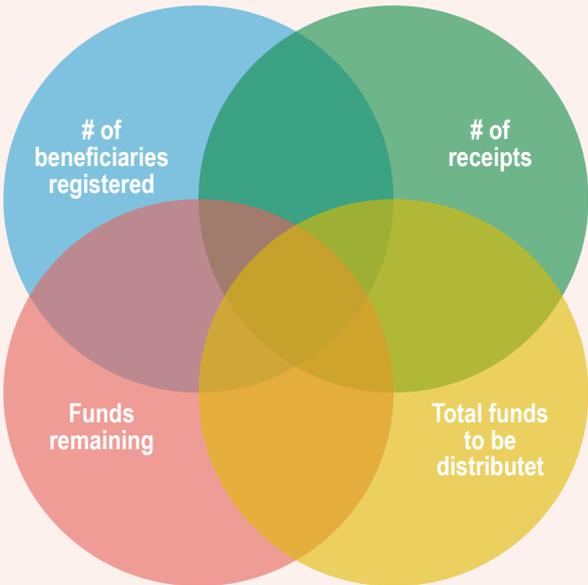
Encashment responsibility should be shared among departments to better track the flow of funds & information. Segregation of duties is essential to prevent fraud! (e.g. the person reconciling the distribution is not the same person handling or managing funds during distribution). Here what an encashment process can look like:

• Initial encashment/distribution planning discussions occur between Programme Staff and Finance/Logistics
• Financial flows are mapped
• Beneficiaries registered and electronic list prepared
• Electronic beneficiary list "cleaned" and monitored
• Final electronic beneficiary list prepared
• Write encashment plan
• Cash Transfer Order prepared
• Cash Transfer Order sent to Finance/Logistics
• Authorized person signs off on Cash Transfer Order for payments from FSP
• Funds transferred to FSP
• Beneficiary data transferred to FSP
• FSP reviews beneficiary data and highlights any problems (duplicates, incorrect phone numbers/IDs, etc.)
• Distribution date is scheduled
• Beneficiaries notified of distribution date
• Beneficiaries encash
• Complaints and feedback on encashment process are handled as they arise
• Repeat steps above for next round of encashment
• Final reconciliation

Reconciliation is the final step of the distribution cycle, and it is often neglected. It should be done after each distribution cycle, tracing funds through the encashment process and confirming beneficiaries received their planned allotments. While this will likely be handled by the finance team or possibly by logistics, depending on the organization, it is critical to understand what reconciliation is to apprehend the complete flow of funds in your programme.

Reconciliation steps are as follows:

1. After each distribution cycle (and prior to initiating next cycle), reconcile actual cash flow(s) to distributions
2. Ensure that person reconciling distribution is not person handling or managing funds during distribution!
3. Investigate problems & variances
4. Resolve issues, if identified
5. Document results, as appropriate



It is important to reconcile after each distribution cycle to allow for faster and easier detection of discrepancies.

Practical Tool
For more detailed guidance on selecting adequate FSPs, please follow the procedure explained in the [ELAN E-transfer distribution planning tool](#)



NOTES

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