

Cash and Markets In The WASH Sector

A GLOBAL WASH CLUSTER POSITION PAPER

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TOP LINE CONCLUSIONS

1. The expansion of **Market Based Programming (MBP)** in general should be encouraged, in order to improve understanding of market systems and to identify additional modalities that are well suited to context and may offer increases in scale and efficiency. Information about relevant market systems should be included as a routine part of context assessment and response analysis in all WASH programmes.
2. **Cash Transfer Programming (CTP)** should be regarded as a programme modality that may be effective in overcoming financial barriers to accessing WASH goods and services when combined with complementary approaches in contexts with an enabling environment¹.
3. In addition to the above, **Multi-Purpose cash Grants (MPG)** may be effective in meeting basic WASH needs when part of a sufficiently resourced Minimum Expenditure Basket (MEB) developed with specialist technical WASH input as part of a strong multi-sectoral coordination mechanism. MPGs should not be used in isolation but can play a role in the delivery of WASH programmes alongside other modalities.

THE NEED FOR A POSITION PAPER

Market based programming is increasingly heralded as having a critical place in the future of humanitarian programming. The proposed benefits of working through existing market systems include improvements to speed, efficiency and effectiveness of programming and increased beneficiary dignity and choice. Advocates for market based approaches claim that, where feasible, they promote economic recovery, resilience, acceptance and sustainability².

Implementing market based approaches is not new to the WASH sector; programmes have often included for example: cash for work; vouchers for water trucking, hygiene kits and fuel; setting up

¹ See, for example DG ECHO, *Cash and Vouchers: Increasing efficiency and effectiveness across all sectors*, Thematic Policy Document (2013), available from ec.europa.eu/echo/files/policies/sectoral/them_policy_doc_cashandvouchers_en.pdf.

² Oxfam & WFP, *Executive brief engaging with markets in humanitarian responses*, (2013).

water kiosks; capacity building of water traders; and supporting financial systems and processes as part of regular programming. However, the global discussion around markets is increasingly focussed on the promotion of cash as a cost-effective way of meeting multi-sector needs in humanitarian settings. Whilst the Global WASH Cluster (GWC) supports the drive for a more appropriate and human-centred humanitarian response, there is concern that without fully recognising the technical complexity of the WASH sector, a push towards “cash-based programming as the preferred and default method of support”³ risks focussing on the provision of WASH goods and services to the detriment of more holistic rights based, and public health approaches.

This paper seeks to:

- (i) locate CTP within the wider spectrum of market based approaches;
- (ii) articulate the motivations and concerns around the use of MPG in the WASH sector;
- (iii) make recommendations for addressing barriers and concerns;
- (iv) initiate a pro-active role for the GWC in influencing and developing the global markets agenda;

OPPORTUNITIES

- **Improving quality:** This paper advocates, above all, for WASH programmes that are more effective at delivering WASH outcomes through a better understanding of context and an expanded toolbox of possible response options. In order to be designed appropriately, WASH programmes should always be based on an understanding of context that includes relevant information on market systems.
- **Market assessment:** Basic market information should be collected as part of initial and ongoing assessments using existing, or adapted, tools⁴. Support is available for implementing more detailed and formal market analysis, however this level of detail is not always appropriate. Awareness of local markets and an understanding of how these may be strengthened, or harmed, by WASH programming is more important than expertise of any particular tool or approach.
- **Complementary modalities:** It is very unlikely that a single modality will be sufficient to deliver effective WASH programmes that address the varying needs and vulnerabilities of the affected population in any emergency setting. A combination of complementary activities including in-kind assistance, technical support and capacity building, infrastructure development, advocacy and community engagement will be required, in addition to market based approaches, to achieve WASH outcomes. The appropriate balance and targeting of modalities should be based on an understanding of context, with actions taken across the individual, household, communal and institutional levels.
- **Monitoring framework:** The commitment to accountability for quality and adherence to agreed minimum standards is independent of modality. Market based programmes should be measured

³ United Nations General Assembly (2016), *One humanity: shared responsibility - Report of the Secretary-General for the World Humanitarian Summit, A/70/709*, available from undocs.org/A/70/709.

⁴ Austin, L. & Chessex, S., *Minimum requirements for market analysis in emergencies, CaLP* (2013), available from cashlearning.org/resources/library/351-minimum-requirements-for-market-analysis-in-emergencies.

against the same outcome-level indicators as any WASH programme. A monitoring framework that is able to objectively measure the contribution of different modalities in progress towards meeting programme objectives (including impact on local market functioning and cross cutting issues) is a pre-requisite for programming that lives up to humanitarian commitments. Adequate needs assessment, response analysis, monitoring and evaluation is needed regardless of whether an in-kind or market based programme is being implemented.

- **Research agenda:** Although there are concerns around the limited evidence base on the effectiveness of MBP in humanitarian WASH responses, these should not necessarily prevent the expansion of market based approaches. However, the gaps in evidence should be identified and used to inform a collective research agenda, operational framework and capacity development plan.
- **Appropriate phasing:** As with all programming, MBP should be phased to adapt to changing context, from preparedness, emergency response through early recovery to development programming. Whilst in-kind assistance *may* be most appropriate in the immediate response to a rapid onset disaster, market assessment and analysis should be built into needs assessments from the first phase in order to understand when MBP will be feasible. Extending in-kind assistance longer than necessary risks harming market recovery.
- **Linking emergency to development:** A markets lens can be useful in linking preparedness, response, early recovery, reconstruction and resilience stages of the disaster cycle, bringing together humanitarian and development actors and contributing to risk reduction and resilience strategies. Multi-functional response teams can incorporate long-term considerations into short-term decision-making to bridge the humanitarian-development divide.

CHALLENGES AND RISKS

- **Complexity:** WASH programmes rely on many different market systems, often supporting complex municipal level water supply and sanitation systems, and engage with a diverse range of communities with different vulnerabilities in WASH.
- **Infrastructure:** WASH programmes work with systems and infrastructure at the communal and institutional levels as well as at 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 required to ensure they are effective and adhere to ‘do no harm’ principles.
- **Evidence:** There is a lack of documented evidence supporting the use of MBP for addressing WASH needs in emergencies. Whilst this should not prevent the continued use of these approaches, strengthening the evidence base will support the development of quality standards, guidance and good practice. Evidence is also needed on which to base strategy, policy and in advocating for an enabling environment within the humanitarian space.
- **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 cash transfer programmes. 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, through significant communicable disease or severe undernutrition, should be identified as part of context analysis. Where significant public health risks exist, the health needs of the community should be prioritised over individual choice. In some contexts, unconditional modalities may be ineffective in preventative public health programming such as ensuring hand washing with soap or household water treatment and safe storage. Where there is a risk that resources intended for improving public health will be used instead to meet more immediate or individual needs, conditional, restricted or in kind transfers should be used to achieve public health outcomes.
- **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 programmes 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 amongst WASH practitioners in relation to all aspects of market based programming. Although markets expertise does exist outside of the WASH sector, the technical complexity of WASH programming makes it imperative that programmes are designed by suitably qualified staff.
- **Behaviour change:** Where WASH programmes have identified risk factors related to knowledge, attitude and practice, these need to be addressed specifically with appropriate complementary activities. 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 & evaluation:** A robust monitoring and evaluation framework is required to measure both short and long term programme impacts on affected populations and critical market systems. This requires skill sets and methodologies that are not currently mainstream in the WASH sector. Input from economists, market specialists and the private sector will be required to develop the required tools and approaches.
- **Monetisation of public goods:** MBP risks monetising public goods that are currently freely accessible. Access to water and sanitation is recognised⁵ as a human right, which requires that it should be enjoyed equitably by all. Inappropriate MBP in these contexts may lead to the commoditisation of these public goods. This would especially marginalised or vulnerable groups who may lose access under a monetised system.
- **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 benefits already demonstrated by working with the private sector, there are also risks implicit in the expansion of these approaches. For example, the risk of conflict of interest in using hygiene promotion to market specific brands of hygiene items. These risks may be simple to overcome, by maintaining separation between behaviour and brand in hygiene

⁵ General Assembly resolution 64/292, *The human right to water and sanitation*, A/RES/64/292 (3 August 2010), available from undocs.org/A/RES/64/292

messaging for example, but identifying where these risks exist is not necessarily routine practice for WASH practitioners.

PROSPECTS & RECOMMENDATIONS

Recommendation 1: Strengthen programme decision making through the collection and dissemination of sector evidence and learning

- a) **GWC members** should promote, support and document experiences from existing projects and evidence from operational research. Learning and good practice examples should be regularly disseminated both within and across sectors to enable institutional capacity building.
- b) **GWC members** should develop, and **donors** should invest in, projects that specifically contribute to the development and dissemination of a MBP **evidence base** (independently as WASH, and/or with other sectors), plus capturing lessons learnt through financing evaluations of the response. Evidence should include reviews demonstrating both positive and negative impacts of in kind and market based programming on WASH outcomes and local markets.
- c) **Donors** should be willing to share the risk of testing new delivery mechanisms for WASH programmes with implementing agencies and support the flexibility to adapt the balance of complementary modalities as appropriate.

Recommendation 2: Promote systematic market assessment and analysis

- a) **GWC members** should routinely carry out an initial market analysis as a minimum requirement in the assessment of all humanitarian WASH programmes in all contexts.
- b) **GWC Markets Technical Working Group (TWG)** should support this by reviewing, adapting and disseminating the existing suite of market assessment tools and identifying capacity building opportunities for WASH practitioners in carrying out assessments, in coordination with the GWC Assessment TWG.
- c) **GWC National Coordinators** and **member agencies** should include systematic market analysis as part of preparedness planning in key priority countries experiencing protracted crisis or cyclical shocks, as part of ongoing preparedness and contingency planning as well as informing longer-term WASH development and vice versa.
- d) **Donors** should require that the results of basic market assessment be routinely included as part of the response analysis of WASH proposals, and shared with the rest of the sector

Recommendation 3: Addressing programme quality standards, monitoring and evaluation

- a) **GWC Markets TWG & member agencies** should facilitate the development of a standardised WASH and markets monitoring and evaluation framework, and promote the use of this framework to monitor and evaluate all MBP.
- b) **GWC members** should share good and poor practice examples of existing monitoring frameworks used in both WASH and other sectors for collation by the **GWC Markets TWG**.
- c) **GWC members** must routinely carry out and share with **National WASH Coordinators** the results of Post Distribution Monitoring (PDM) in all programming, whether using cash, vouchers or in-kind

transfers, in order to contribute to the understanding of beneficiary priorities, and direct/indirect impacts on the market system in different contexts.

d) **GWC CAST** should work with other clusters to develop and disseminate joint guidance to ensure that standards are harmonised across sectors e.g. with the health and nutrition clusters for disease outbreaks, shelter cluster for urban programming and CCCM for camps.

e) **GWC member agencies** should collaborate actively across sectors to strengthen mutual understanding of standards, priorities, capacity, and mandates and to identify opportunities and challenges for multi-sector MBP (e.g. use of common delivery mechanisms, targeting and valuation of MEBs for MPGs).

Recommendation 4: Capacity building

a) The **GWC Markets TWG & members** should support market specialists to develop trainings and other capacity building opportunities that address gaps related to MBP across sectors (particularly linking with the Shelter and Health clusters). These efforts should reflect current initiatives and trends in the humanitarian sector, including CaLP⁶ and the Sphere 2018 revision project.

b) The **GWC CAST** should ensure that **National WASH Cluster Coordinators** and the **Field Support Team** are equipped with the required knowledge and skills to effectively coordinate multi-sector MBP, CTP and MPGs, including market assessment and response analysis, coordinating multi-purpose cash transfers, monitoring and evaluation. To support this, **GWC members** should develop their own markets capacity at institutional and individual levels.

c) **Donors** should support the capacity development and investment required for both WASH and support staff through the allocation of funds for people, time and resources to both develop and participate in appropriate capacity building initiatives (e.g. e-learning, case studies, tools, webinars, training workshops). The donor community should also participate in markets capacity building.

Recommendation 5: Working with others

a) The **GWC CAST**, supported by **GWC members**, should take a pro-active role in influencing the emerging 'markets and cash agenda', to ensure that policy takes account of the risks and challenges noted above, particularly the need for multiple, complementary approaches alongside MBP in order to meet programme outcomes.

b) **GWC CAST** should pro-actively engage with markets and cash actors (e.g. cash working groups, donors, other cluster lead agencies, CaLP) at a global level to strengthen cross-sectoral coordination, learning and strategy development.

c) The **GWC CAST** should ensure that **National WASH Cluster Coordinators**, and the **Field Support Team**, have the required understanding of MBP to effectively coordinate with cash working groups and other multi-sector coordination mechanisms at a country level. Training developed should also be offered to staff of partner agencies.

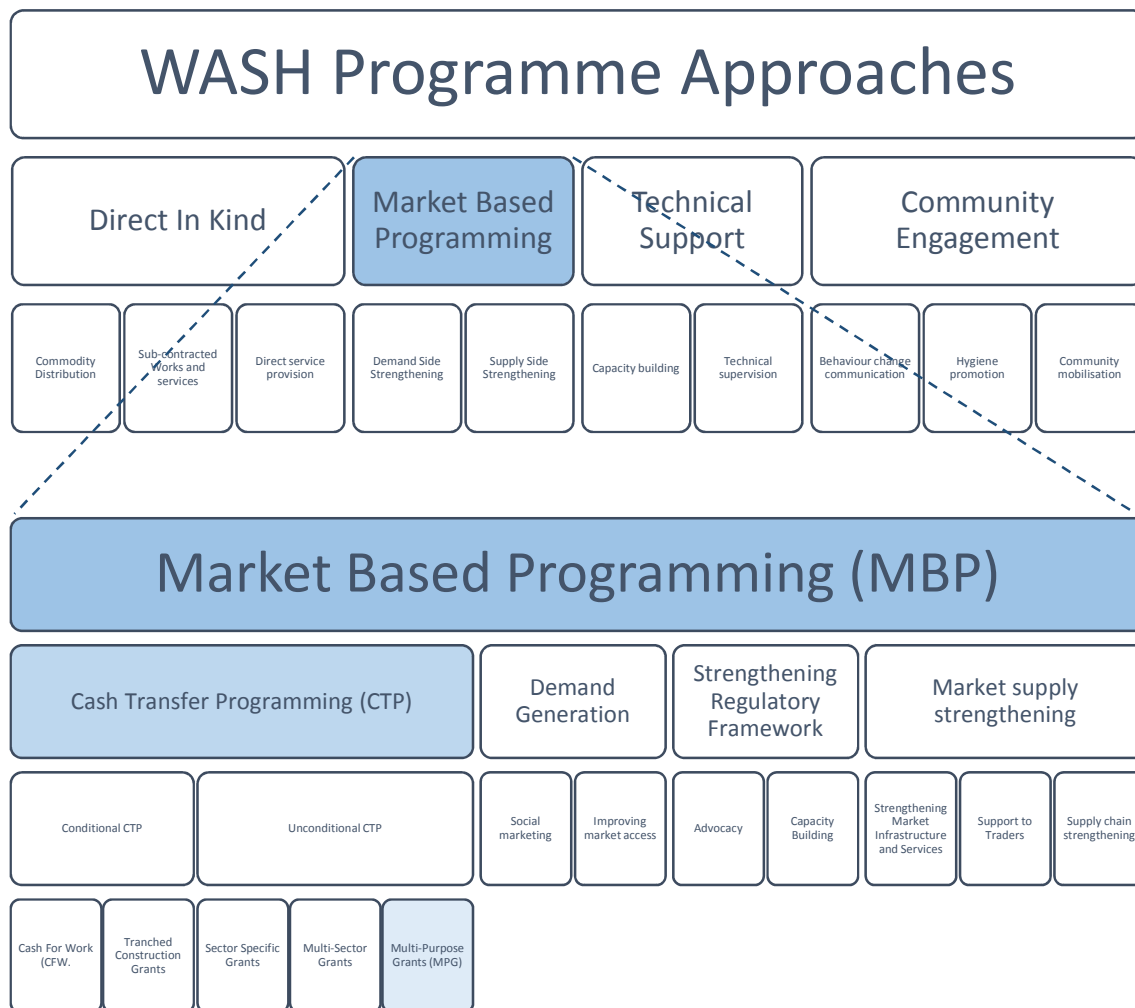
c) The **GWC Markets TWG** should explore ways of engaging with key private sector actors at a global level to develop guidance on ways of working with non-traditional partners.

⁶ The Cash Learning Partnership, cashlearning.org

Recommendation 6: Addressing ethical issues

All humanitarian actors should work to identify and share ethical concerns around the use of MBP. Where necessary the **GWC CAST** should provide strategic and operational guidance on MBP that helps agencies navigate ethical issues. Collaboration with other sectors will strengthen mutual understanding and support us to break down boundaries and address common challenges to successfully implementing MBP, CTP and MPG.

ANNEX 1: KEY DEFINITIONS



WASH programme approaches include a diverse set of modalities that need to be implemented in combination in order to meet intended outcomes. Cash transfer programming, and multi-purpose grants, have an important but limited role to play in overall programmes.

- **Market:** A formal or informal structure for the exchange of goods, labour or services (often, though not always, a physical 'marketplace')
- **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 based programming (MBP):** A range of programme modalities that are based on understanding and supporting market systems local to the affected population
- **Cash transfer programming (CTP):** One specific example of market based programming (encompassing cash grants, vouchers and cash-for-work, cash for training etc.)
- **Multipurpose Cash Grant (MPG):** One specific example of CTP where a regular or one off unrestricted cash transfer is made corresponding to the amount of money a household needs to cover a set of basic needs across sectors. The value of a MPG is determined through the cost of a minimum expenditure basket (MEB) and other one-off or recovery needs.

- **Minimum Expenditure Basket (MEB):** *Defined as what a household needs – on a regular or seasonal basis – and its average cost over time. The MEB is a critical component in the design of MPG, which are designed to contribute to meeting the MEB, in addition to potentially covering other one-off/recovery needs.*
- **Value voucher:** *A paper or plastic card that can be exchanged for cash or commodities up to a defined value at specified suppliers. The traders are paid by the contracting agency upon production of these vouchers or evidence of exchange between the trader and beneficiaries*
- **Commodity voucher:** *A paper or plastic card that specifies the commodities (and sometimes their amounts/numbers) that can be exchanged against the voucher from specified local shops/traders.*
- **Cash grant:** *A sum of cash given to beneficiaries at a regular interval over a period of time or paid in lump sum. Cash grant can be conditional i.e. beneficiaries are required to fulfil conditions on either accessing the grant i.e. work or utilising the grant i.e. use to buy buckets or food. Cash grants can be unconditional also, especially if the grant is given to ensure beneficiaries are able to meet a range of needs.*
- **Cash for Work:** *Refers to a form of conditional cash grant that requires beneficiaries to fulfil the condition to `work`. Cash for work is different from employment because the primary purpose of cash for work is to transfer income/resource to people and `work` is a secondary purpose or a means to achieve the primary purpose.*
- **Cash Working Group:** *A multi-sectoral, inter-agency, forum that aims to coordinate cash transfer programmes at a national level. CWGs often aim to harmonise vulnerability criteria, transfer values, modalities and schedules, assessment and monitoring activities.*

ANNEX 2: UNCONDITIONAL CASH TRANSFER PROGRAMMS & MULTI-PURPOSE CASH GRANTS

There are voices calling for Cash Transfer Programming (CTP) to become the default modality for humanitarian assistance^{7 8}. The humanitarian community increasingly promotes CTP, and particularly MPGs as a way to meet 'basic needs' across sectors in a cost effective way, especially in contexts with high caseloads challenged by limited humanitarian space. Furthermore, there is growing recognition of the harm that in-kind programming can do to markets and to economic recovery more generally. Moreover, CTP has become an increasingly viable modality as humanitarian operations focus more urban contexts and middle-income countries, and as financial services become ubiquitous in many areas most in need of external humanitarian assistance.

There are many valid concerns regarding the suitability of CTP in meeting WASH-specific outcomes. These concerns are overwhelmingly specific to the unconditional use of multi-purpose cash grants and are not a reason to hinder progress towards improving WASH programmes through the wider gamut of market-based programming.

Although MPGs are heavily promoted in general, there is very little evidence to show they are effective at delivering WASH outcomes in humanitarian contexts. Because of the specificities of WASH programming (see box, right) it is not sufficient to assume that what has been shown to work in other sectors will be effective for WASH. Despite this, with high level support for expanding the role of cash transfers, MPGs are likely to represent an increasingly important modality in the resourcing of future humanitarian response.

SPECIFICITIES OF WASH PROGRAMMING

WASH programmes rely on many different market systems, often supporting complex municipal level water supply and sanitation systems (for example), and engage with a diverse range of communities with different vulnerabilities in WASH.

WASH programmes also work with systems and infrastructure at the communal and institutional levels as well as at household and individual levels. WASH infrastructure is technically complex, subject to regulation, expensive and dangerous if implemented badly, thus quality control, technical expertise and due diligence are required to ensure they are effective and adhere to 'do no harm' principles.

The decision to utilise CTP as part of WASH programmes must be based on an analysis of local markets (e.g. supply capacity and elasticity, access, quality of goods/services available), the enabling environment, (e.g. access to markets and financial services, infrastructure, policy, regulatory frameworks, currency stability), the humanitarian context (e.g. public health risks, WASH needs and vulnerabilities, knowledge, attitude and practice), and household factors (e.g. financial literacy, willingness to pay, household power dynamics, levels of debt, spending priorities).

CTP is suitable for interventions based on resource transfer, the ongoing focus on cash risks relying too heavily on providing commodities at the expense of increasing access, quality and quality through technical support, community engagement and infrastructure interventions. Furthermore, CTP focusses exclusively on overcoming financial barriers faced by beneficiaries, without addressing other barriers to access, or indeed to supporting supply.

With a multi-purpose (basic needs) approach, the objectives of one sector cannot be reliably met unless all components of the Minimum Expenditure Basket (MEB) are appropriately designed and sufficiently resourced (e.g. if the MPG value is not sufficient to meet all basic needs, the WASH component of the transfer may be spent on other needs, leaving WASH needs unmet). In-country

⁷ High level panel on humanitarian cash transfers, *Doing cash differently: how cash transfers can transform humanitarian aid*, ODI (2015), available from odi.org/publications/9876-cash-transfers-humanitarian-vouchers-aid-emergencies.

⁸ United Nations General Assembly (2016), *One humanity: shared responsibility - Report of the Secretary-General for the World Humanitarian Summit, A/70/709*, available from undocs.org/A/70/709.

coordination of multi-purpose cash grants often suffers from a lack of specialist WASH input. Where there is a gap between the MEB and the value of the MPG, supporting approaches will be especially critical to ensure that basic WASH needs are met equitably for all affected people.

In an environment increasingly pressured by limited funding, difficult decisions need to be made between targeting coverage, assistance levels and the balance between multi-sector and sector-specific interventions. This requires strong multi-sector coordination and a holistic approach to understanding need. Post-distribution monitoring and analysis must go further than recording how grants are spent, to show the impact on access and quality.

Effective multi-sector approaches rely on strong coordination and sound understanding of MPB modalities that is able to objectively prioritise needs across sectors and develop targeting criteria that identifies the full range of vulnerabilities in the affected population. This is especially pertinent when unrestricted modalities such as cash are implemented in a multi-sector approach. Presently, there is a need to improve coordination between WASH and multi-sector cash programming at both national and global levels. Increasing the currently limited GWC engagement in cross-sectoral cash fora will require the GWC and member agencies to develop a fluency with cash concepts and terminology.

MPGs have been proposed as “a foundation upon which sector-specific interventions can be built, enabling crisis-affected populations to use in-kind assistance and access services as they were intended”⁹. The following tables show, for each subsector within WASH programmes, opportunities for using MPGs and examples of the complementary activities that would be required in support of MPGs in order to ensure a holistic and effective programme. In addition to the specific complementary activities shown below, all WASH programmes should include: market assessment and analysis; willingness to pay analysis; post-distribution monitoring and targeted in kind support to reach vulnerable or marginalised beneficiaries who are unable to access markets, or who are not empowered to influence spending decisions within a household.

Hygiene promotion

Possible MPG	Complementary activities (examples)
Inclusion of key hygiene items into MEB	<ul style="list-style-type: none"> Hygiene promotion messaging, behaviour change, Analysis of socio-cultural factors, knowledge, attitude and practice Support to market traders to increase supply capacity and quality Analysis of health seeking behaviour Additional assessment and support for menstrual hygiene Monitoring of hygiene behaviour Monitoring of public health risks

Water supply

Possible MPG	Complementary activities (examples)
Inclusion of water costs (water trucking, kiosks, municipal water fees etc.) into MEB	<ul style="list-style-type: none"> Water availability mapping Community consultation Technical and in-kind support to water suppliers to improve capacity and water quality Assessment of safe water chain Technical and in-kind support for infrastructure repair Distribution of communal water storage

⁹ UNHCR, CaLP, DRC, OCHA, Oxfam, Save the Children, WFP, *Operational Guidance and Toolkit for Multipurpose Cash Grants* (2015), available from cashlearning.org/downloads/operational-guidance-and-toolkit-for-multipurpose-cash-grants--web.pdf.

	<ul style="list-style-type: none"> • Water conservation messaging • Support to the operation and maintenance of infrastructure • Technical support on water governance, regulation and revenue collection • Water quality testing • Community based water resource management • Water source development • Groundwater monitoring and protection • Water use audits and monitoring
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Excreta disposal

Possible MPG	Complementary activities (examples)
Inclusion of sanitation maintenance costs (desludging, container based sanitation service subscription etc.) into MEB	<ul style="list-style-type: none"> • Household latrine construction (in-kind or using conditional CTP) • Communal / emergency latrine construction • Technical support for faecal sludge management • Technical and in-kind support for infrastructure repair, operation and maintenance • Technical support for desludging operators on latrine assessments, health and safety • Technical assessment of sanitation options for specific contexts • Monitoring of latrine use, open defecation

Vector control

Possible MPG	Complementary activities (examples)
Inclusion of LLITNs into MEB	<ul style="list-style-type: none"> • Technical support for environmental sanitation campaigns • Cash-for-work programmes targeting drainage • Monitoring of vector risks

Solid waste management (SWM)

Possible MPG	Complementary activities (examples)
Inclusion of municipal SWM fees into MEB	<ul style="list-style-type: none"> • Support to increase coverage and quality of SWM services • Cash-for work for clean-up campaigns • Technical support for re-use and recycling programmes • In-kind distribution of communal waste collection points • Technical / in kind support for waste transfer and disposal sites • Solid waste audit and monitoring