Review of Food for Peace Market Based Emergency Food Assistance Programming

Validation workshop

TANGO International
Overview of today’s session

1. Objectives
2. Methodology
3. Background: highlights from literature
4. Historical narrative of FFP market-based food assistance
5. Case studies: summary of key program characteristics in 7 countries
6. Program design and implementation
7. Development impacts
8. Cost-efficiency trends
9. Findings
10. Recommendations
Background

Why this review now?

• FFP has been the subject of several studies/audits
  – Government Accountability Office reviews
    • Local and Regional Purchase (2009)
    • Financial Oversight (2015)
    • Cash Based Food Assistance data limitations (2016)
    • FFP should strengthen 202(e) financial oversight (2017)
  – Office of the Inspector General
    • Syria Related Activities (2014)
    • Response to Ebola Crisis in W. Africa (2016)
    • Fraud Prevention and Compliance (2016)

• FFP has been responsive to findings and wants to add to the literature, consolidate lessons
• Budget uncertainty
I. Review objectives

1. Establish a **historical narrative** about the evolution of market-based emergency food assistance programming from 2010-2016

2. Review program **design and implementation processes** for selected cases to examine appropriateness of modality choice for the context, participant preferences, timeliness, markets, and gender and protection issues

3. Analyze program **cost-efficiency** trends across a range of variables

4. Identify evidence of the **effects** of market-based emergency programming **on local economies** and market actors
2. Methodology

• Approach: document review, seven country case studies, systems-level interviews, e-survey

• Systems-level analysis
  – Literature review: 100+ academic studies, expert reviews and reports;
  – Review of over 2,700 FFP and IP documents
  – Analysis of FFP databases: DEC; funding trackers (EFSP, Title II)
  – Stakeholder survey

• Case study analysis
  – 60+ beneficiary FGDs
  – 270 KIIIs with NGOs, donors, vendors
  – Life history interviews, adapted from ODI methodology
3. Background
Summary of literature findings

- Many high quality studies on food assistance modalities,
  - RCTs on modalities, e.g., BCG cash/voucher/combo study in Jordan/Lebanon
  - econometric simulations, e.g., Local Economy-Wide Impact Evaluations (LEWIE)

- every $1 transferred to Social Cash Transfer program recipients in Sub-Saharan countries generated an additional $0.27-$1.52 of local income (Thome et al. 2016)

- Although comparing across programs is hard, studies generally conclude that transfer appropriateness is context-specific and hinges on factors that affect transfer performance across time and space:
  - program objectives, market functioning, administrative capacity, seasonality, security, intra-household preferences, and community dynamics (Gentilini 2016)

1. Funding has increased over time, from $244 million in 2010 to over $1 billion in 2016
2. A majority of funding has been spent on LRP
3. 202(e)-enhanced funding started in 2014, adding to FFP flexibility and complexity
4. Historical narrative
Funding development

Percentage of EFSP funds awarded per modality by UN agencies and NGOs in 2010 and 2016

1. UN agencies are awarded a higher percentage for LRP than NGOs
2. In 2010, NGOs used most EFSP funds on vouchers; in 2016, NGO awards are split more evenly between LRP, vouchers, and cash transfers
4. Historical narrative
Process changes

- FFP and implementing partners (IPs) have new decisions to make:
  - which modality/(ies) to use in each context, where to procure commodities, and how to assess market impacts

- While tracking multiple funding streams, FFP needs to strike a balance between flexibility and quickly meeting emergency needs AND ensuring accountability, risk management, and other factors

- FFP has made changes to:
  - Procurement processes: added LRP definition
  - APS: added FS indicator requirements; comparing modality costs
4. Historical narrative
Investment in capacity

• The capacity of IPs and FFP COs is evolving
• Online survey findings suggest that FFP and IP staff would like more training, particularly:

<table>
<thead>
<tr>
<th>Top 3 training topics</th>
<th>% respondents say they need training</th>
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<tbody>
<tr>
<td>Assessing food security and nutritional implications of different modalities</td>
<td>70</td>
</tr>
<tr>
<td>Choosing outcome indicators for market-based emergency programming</td>
<td>62</td>
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<tr>
<td>Calculating and comparing cost-effectiveness and efficiency of different modalities</td>
<td>61</td>
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• FFP has developed tools, e.g., modality decision tool (next slide)
FFP Modality Decision Tool
2016 tool provides process for choosing modalities

<table>
<thead>
<tr>
<th>Question 1</th>
<th>Appropriateness</th>
<th>Is the modality appropriate given the market conditions?</th>
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<tbody>
<tr>
<td>Question 2</td>
<td>Feasibility</td>
<td>Does the proposed modality and delivery mechanism have a reasonable chance of success considering the context, infrastructure and programming risks?</td>
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<td>Question 3</td>
<td>Objective</td>
<td>Is the modality best suited to meet programming objectives?</td>
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<td>Question 4</td>
<td>Cost</td>
<td>Is the modality cost-efficient relative to others and in respect to available resources?</td>
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Colors:
- **Yes**
- **Partially**
- **No**

<table>
<thead>
<tr>
<th>Modality</th>
<th>Appropriateness</th>
<th>Feasibility</th>
<th>Objective</th>
<th>Cost</th>
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<td>Local Procurement</td>
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<td>Regional Procurement</td>
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<td>International Procurement</td>
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<td>US In-kind</td>
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<td>Cash Transfer</td>
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<td>Food Vouchers</td>
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*Note that any modality with a red label needs strong justification for proceeding and should explore mitigation measures or wait for contextual changes.*
Seven case studies

Haiti: hurricane, drought

Sierra Leone: epidemic

DRC: conflict, IDPs, refugees

Jordan & Turkey: conflict

Nigeria: conflict

Kenya: refugees, drought

Zimbabwe: drought, cash crisis
5. Case study: DRC

• Context: civil conflict causes internal displacement; new and legacy refugees
• DFAPs target underlying causes of conflict

KEY lessons:
• (1) Heterogeneous context highlights importance of local-level response analysis
• (2) Joint block grant funding by OFDA/FFP with varied modalities provides flexible, timely responses
  – Flexible budget allowed IPs to pivot quickly in response to context changes
  – Proposals (discussed later)
5. Case study: Haiti

- Context: prolonged droughts, 2010 earthquake, tropical storms, and hurricanes
- Unique relationship to and proximity with United States
- Example of linked emergency-development programs

KEY lessons:

- (1) effective use of layered and sequenced modalities and frequent use of blended modalities
  - Immediate disaster relief through hot meals, followed by livelihood support, cash for work
- (2) important to have DFAPs to build on with flexible modalities in response to rapid-onset disasters
- (3) collaboration with OFDA was critical
5. Case study: Jordan and Turkey (Syria regional response)

- Context: civil conflict resulting in large scale displacement in middle income countries, refugees and IDPs in largely urban settings where rent is a major expense
- Largest FFP program, unprecedented in size and nature
  - $583 million EFSP funds (2015), down to $323 million (2016)
  - 7 million food insecure people in Syria (2016)
  - >6 million refugees in 5 nearby countries (2017) (UNICEF 2017)
- Sophisticated use of IT to deliver and monitor food assistance
- FFP piloting cash for IDPs and conflict-affected HHs (Syria)

KEY lessons:

- (1) Ever-changing context. IPs must be flexible, move, change modalities
- (2) Food assistance relies on locally and regionally purchased goods from globalized markets in Jordan and Turkey

*Jordan, Turkey, Lebanon, Egypt, Iraq

5. Case study: Kenya

- Context: recurrent drought; refugees from drought and conflict
- MBEP uses multiple modalities for drought relief and resilience building in response to local context
  - In the arid northern regions, in-kind food (LRP) and FFA due to isolation from markets
  - In semi-arid regions in the south, C/FFA used due to stronger infrastructure and more integrated market conditions
  - FFP response in refugee camps uses Title II food and is complemented by cash programming from other donors (e.g. DFID, EU)

KEY lessons:

- (1) FFP supporting shift towards building resilience using a range of market-based modalities
- (2) FFP is supporting capacity development of local government for drought mitigation and resilience building, working with the GoK through its Ending Drought Emergency (EDE) Framework.
- (3) WFP’s emergency response with an asset creation component as part of PREG to promote resilience
5. Case study: Nigeria

- Context: Insurgency in NE causes internal displacement; national economy threatened by collapse of oil prices and reduced foreign exchange rates
  - Boko Haram and counterinsurgency disrupted markets. IPs used US-sourced Title II food aid and LRP
  - As security improved, markets reopened, and IPs used vouchers and cash transfers (mobile money)

KEY lessons:

- Sophisticated voucher technology and IP monitoring systems prevent fraud in highly unaccountable context
  - Vouchers use multiple “wallets” for high-nutrient food, cash, non-food items
- FFP was able to increase coordination through award process despite limited access and lack of cluster system
- “Proven” technologies don’t always travel well
  - Airtel works well in India and E Africa but NOT in W Africa (Nigeria, Sierra Leone)
5. Case study: Sierra Leone

• Context: Ebola epidemic causes wide-spread food security crisis
  – Movement restrictions led to low food production, and food couldn’t reach markets

• During recovery, food was available, but market demand was hampered by low household income. Cash response was highly appropriate

KEY lessons

• Cash transfers in lumps sums improved food security and positively impacted beneficiary lives and livelihoods
  – Bulk purchase, livelihood investments

• After IPs overcame implementation delays, cash transfers worked well despite the lack of liquidity and infrastructure
5. Case study: Zimbabwe

- Context: recurrent drought (2015 drought followed by regional El Niño-related drought; national cash shortage)

- Programs shifted as needed between LRP, cash in envelopes, mobile transfers, Title II food

- FFP shifted to Title II in-kind food due to market assessments and reports of challenges cashing out mobile transfers
  
  - BUT, in response to declining cash-out rates in 2016—due to liquidity shortage, lack of agents—CARE educated beneficiaries to use CT on mobile phone and save credit for later use instead of cashing out

- DFAP (ENSURE) had impressive accordion response and shift to Title II in-kind in 2016-2017 El Niño response, using crisis modifier, 202(e)

KEY lessons:

- Deeply divided donor opinions re: cash vs. food hindered coordination of cash AND food

- Productive asset creation program by WFP created positive add-on effects
  
  - Gardens, dams improved HH ability to diversify livelihoods to manage drought (discussed more later)
6. Program design and implementation
Appropriateness of modality choices

- IPs conduct independent and joint assessments and market analyses
  - Markets, security, logistics, donor preference, local policies, IP capacity
- Programs use different combinations of modalities to respond to changing needs
- Flexibility in program design is key: modality, timeframe, sequencing and layering of interventions.
- Haiti is a good example of blended, sequenced modalities
  - in-kind aid, cash for work or assets; paper and e-vouchers for food, seeds, and ag inputs
- IPs in Turkey and Jordan have been especially responsive to context
- Unique approach in DRC by 2 IPs using FFP/OFDA funds:
  - proposed multiple modalities based on prior experience, then assessed local conditions (ongoing) to choose modalities for specific locations
- Strengthened response analysis and criteria for shifting modalities are needed
- As reported by IP and FFP staff; observed by review team in program documents
6. Program design and implementation: Implementation processes

• Timeliness
  – Very little evidence in IP reports on actual modality timeliness except reporting delays
  – Efficiency and timeliness are affected when infrastructure and supply chains are not in place, regardless of modality. Modality selection and comparisons must take this in to account.

• FFP does not give enough attention to developing national beneficiary registries, which could:
  – Improve coordination, reduce overlap between programs
  – Improve links between humanitarian and development activities
6. Program design and implementation

Monitoring of market conditions and other key context factors

Assessment, monitoring, and evaluation by IPs have improved but are still inadequate to allow comparison of effectiveness, efficiency, and developmental impact of different MBEP strategies

• Market and inflation rate monitoring need to done on a consistent basis and in relation to when cash transfers start, are distributed, and end (as was done in Sierra Leone)

• Analyses should include both formal and informal market information (e.g., as needed in Zimbabwe and Sierra Leone)

• Strong controls show that MBEP can be done even in an insecure and unaccountable environment (e.g., observed in Nigeria, Zimbabwe, DRC, Haiti)

• Monitoring of currency exchange rates should be included in ongoing market monitoring

• In-kind food assistance requires more extensive and intensive monitoring systems than cash monitoring
6. Program design and implementation

Project contribution to reducing hunger and food security

• The relationship between modality choices and food security outcomes is contextual and nuanced

• Different modalities affect food security outcomes in different contexts

• This is why a good response analysis is important.

• MBEP IPs do not always adhere to common reporting indicators (e.g., in progress reports)
  
  – 2016 awards monitored FCS, HDDS, CSI, rCSI, HHS
  
  – 2017 APS requires FCS monitoring for projects >10 months
7. Development impacts

Improvements to local economies

• MBEP investments have had significant positive market effects
  – Syria: $1.7 billion invested; 1,300 new jobs created; vendor biz grew
  – Nigeria and DRC: vendors hire 2-6 staff to handle increased sales
  – Sierra Leone: more goods were available in markets, more shops open during UCTs
  – Targeted support of women-owned small vendor operations suggests that indirect market support is a promising strategy in crisis-affected markets (as seen in Sierra Leone)
  – Vendors used new practices and tech: large scale procurement, POS technology

• Cash, voucher, and LRP are all associated with market development.

• Market effects are not systematically monitored or studied, BUT
  – short-term programming typically has neither the mandate nor the resources to do longer term monitoring
  – Increasing use of LRP by WFP requires cont’d regional market analysis
7. Development Impacts

**Technology transfer**

MBEP supports development of banking, mobile money, mobile phone networks

- Programs using bank transfers increase the number of people with bank accounts (as observed in Sierra Leone)

- Cash transfers via mobile phones expands beneficiaries’ use of mobile phones
  - Some challenges exist due to limited literacy, numeracy
  - Increased mobile phone use during implementation period does not mean people will continue mobile transactions, especially if easier, more profitable alternatives are available (Bailey 2017)

- Mobile phone network infrastructure improved with MBEP in Sierra Leone

7. Development Impacts

Improved resilience

• Programs linking short-term emergency assistance with asset building development programs have potential for a greater impact on food security and ultimately on resilience capacities

  – Example: PREG asset creation by WFP (Kenya) and productive asset creation by WFP Zimbabwe

  • gardens are expected to improve FS beyond the program end

  – Caveats: sustainability, resource management, asset quality questions

• FFP does not place sufficient emphasis on designing projects to build resilience.

  – In part, because of Title II development efforts, national crisis-responsive safety net and disaster management systems are emerging.

  – Conditional Cash Transfers are not sufficiently developed and linked with UCTs

• Better monitoring is needed of developmental impacts and linkages to resilience pathways (e.g., as needed in Zimbabwe, Kenya)
7. Development Impacts
Psychological well-being

• Being able to think beyond their next meal gave LRP, cash, and voucher recipients the confidence they needed to participate in social and economic development (FGDs in Haiti, Sierra Leone, and Zimbabwe)

• In Jordan, people said that being able to go to a store and purchase food with a voucher gives them dignity.

• Lumpy transfers of sufficient quantity may have important effects on self-sufficiency through both psychosocial and livelihood support mechanisms (e.g., as observed in Sierra Leone)
  – Further research is needed to verify if this is true in other countries and to monitor market effects

• BUT where humanitarian assistance was inadequate, this psychological boost was absent, e.g., DRC refugees in Rwanda (observed by the review team)
Eunice was raised by an Aunt after the death of her father. She wanted to attend school but was not permitted because help was needed on the farm. Eunice attributes her current life status to not having education and sees it as the “low” point. She started a small business selling roasted groundnuts and could buy a dress. Being poor all of her life, this was huge achievement for Eunice. She married twice and bore five children, but both husbands abandoned the household, so Eunice has worked hard to support her children, such as by selling cooked rice.

The Ebola Outbreak devastated her livelihoods and she could not feed her children. She credits the UCT program with helping her to revamp her rice business. The business is now thriving. With the money she has made, she is able to adequately feed her children, pay for school expenses, and has even made upgrades to her mud hut.
Evelyne was born in 1977 in a village in Kenya. The eldest of six, Evelyne was raised by a single mother in difficult conditions. Her mother burned wood to make charcoal to sell, and they could only afford up to one meal per day. Evelyne finished primary education but dropped out to work to support the family. After five years, Evelyne returned home to care for her ill mother. She used her small savings to join a savings group and get a loan to start a business selling food and raising goats, which were stolen. Evelyne was part of a food assistance program during the 2017 drought, but her experience highlights program limitations around promoting recovery among chronically vulnerable households. Evelyne received food items and cash for work but dropped out after 12 days because she thought the pay was too low given the work required, and the payments were inconsistent and occasionally delayed. She felt it was better to seek more regular income that would more adequately address her family’s needs. She continues to sell food at the market, though business is slow because of the drought’s widespread impacts on household income.
8. Cost-efficiency trends

• Voucher modalities (e.g., cash value, commodity, seed vouchers) are more expensive to administer than direct cash transfers but offer greater controls on what recipients do with the transfer.

• Previous studies have been conducted comparing LRP to TII
  – USDA-funded study: LRP grain was more cost-efficient, but processed commodity costs varied by commodity and country (Lentz, Pasarelli, and Barret 2013)
  – FFP analysis: LRP cost 35% less than Title II + transport (USAID 2014)

• More recent data have been collected and reported by IPs, but analysis for this review is hindered by data gaps
  – We recommend Alpha and Omega analysis framework, including in-country distribution and overhead costs (for all modalities)

• 2017 APS strengthens requirements for reporting costs

9. Key findings
Lessons learned from this review

- Analytical requirements of more complex programs are high. However, IP assessment and M&E, Accountability, and Learning information strategies have not kept pace

- Evidence and learning is hindered by a weak FFP knowledge management and archive system

- IPs do not always adhere to common reporting indicators for MBEP (e.g., in progress reports)

- Better monitoring is needed of developmental impacts and linkages to resilience pathways (e.g., as needed in Zimbabwe, Kenya)
10. Recommendations
FFP should continue to…

1. evolve and expand its use of market-based emergency food assistance programming.

2. seek ways to link emergency and development programs to promote resilience, both at the project level and to promote crisis-responsive national program strategies.

3. emphasize and insist on good response analyses to inform modality decisions. FFP should continue and expand the use of APS amendments to tailor responses to emerging contexts such as conflict, disease, natural disaster, and economic shocks.

4. allocate time and resources to strengthen beneficiary engagement, including educating beneficiaries about e-wallets, mobile phone technology, and complaint mechanisms.

5. deepen collaboration with OFDA and other partners to provide adequate multi-sectoral resource transfers to beneficiaries.
10. Recommendations
Approaches to modify

• **Knowledge management** is an needed priority at FFP to build an evidence base and this will have implications for IPs.
  
  – FFP has recognized this and is already in the process of making changes

• **Upgrade M&E requirements by IPs**: require >1 subjective indicator of food insecurity (HFIAS) and should strongly encourage FFP IPs to collect anthropometric measures of Global Acute Malnutrition. Require IPs to devote >3% of budget to evaluation

• **FFP needs an operational plan** focused on developing organizational capacity to manage its larger and more complex project portfolio
10. Recommendations
Approaches to modify

• FFP should provide adequate time windows for projects, recognizing the differing levels of urgency. Consider widening the APS project window to 3 years.

• FFP should strengthen analytical guidance in the APS and within the agency, especially regarding response analysis.

• Consult external technical experts in cost-efficiency analysis

• FFP should increase and better tailor capacity support to IPs.

• FFP should require IPs to develop supply chain strategies in emergency hotspots. FFP should ensure that IPs verify mobile phone network coverage for supply chains and have contingency plans in case partners cannot deliver services at the needed scale, speed, or quality.
10. Recommendations

Approaches to modify. FFP should…

• consider relaxing its policy regarding the origin of food purchased with cash by FFP
  – E.g., buy food on the international market if doing so is more timely, appropriate, and cost-effective than Title II U.S.-sourced commodities

• consider providing top-up grants at key times, such as when prices are favorable for buying agricultural inputs or when school fees are due

• strengthen resilience-building effects of its emergency food assistance programs. FFP should
  – monitor developmental impacts, including changes to social capital and resilience capacities
  – develop strategic approaches for linking CCT and UCT at beneficiary and community levels to launch HHs and communities onto resilience pathways

• promote development of national beneficiary registries in support of national initiatives and coordinated humanitarian responses in general
10. Recommendations
Approaches to modify. FFP should…

• capitalize on the disruptive nature of disasters to identify and catalyze developmental add-on effects, e.g., financial inclusion

• consider making cash transfers in larger tranches to meet immediate food security needs and allow for bulk purchases, investments in livelihoods, and creative use of resources by beneficiaries to meet food needs
  – PDM and market monitoring will be esp. important to assess market impacts

• consider building resilience among war-affected populations
  – Integrate complementary livelihood, education, financial literacy, and protection programs into joint programming with OFDA and other resilience-building initiatives

• support cross-country comparative operational research to systematically assess design criteria and modalities for different contexts.
  – e.g., community assets vs. short-term food or cash transfers;
  – cash transfers vs. vouchers;
  – lumpy vs. regular (e.g., monthly) cash transfers
Small Group Discussion: Session One

Response Analysis

• Does your organization have a standard approach for response analysis? If it does what are the key components?
  – When do you do the response analysis, or not?

• Do you have a different response analysis for different types of shocks?
  – What would be different for conflict shocks?

• Does the response analysis that your organization does determine the selection of modality? How often do you update this?

M&E

• What outcome indicators do you currently use in measuring the effect of your program? Do you carry out baselines and endlines?

• What indicators do you use for monitoring markets in your program areas?
  – Do you monitor currency changes?

• What indicators do you use for monitoring markets in your program areas?

• What are some challenges or lessons learned with M&E your organization has experienced in market-based emergency programs?
**Small Group Discussion: Session Two**

**Targeting**

- Do you target acute affected households differently than you target chronically vulnerable households?
  - How do the interventions differ for each of these populations?

- Do you use different targeting approaches for different modalities?

- What are the challenges with targeting your programs have faced?

**Linkages to National Programs**

- How does your organization link up to existing government safety net programs?

- How does your organization link up to government disaster planning?

- Do you participate in helping the government with national registries for vulnerable populations?