



CASH BASED PROGRAMMING FEASIBILITY ASSESSMENT IN CENTRAL RAKHINE



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Acronyms

CBP	Cash Based Programming
CCCM	Camp Coordination Camp Manager
CFW	Cash for Work
CMC	Camp Management Committee
DFID	Department for International Development (UK)
DRC	Danish Refugee Council
ECHO	European Commission for Humanitarian Office
FGD	Focus Group Discussion
FHH	Female Headed Households
FoM	Freedom of Movement
FSL	Food Security Livelihoods
HEA	Household Economic Analysis
IDP	Internally Displaced Persons
ITB	Invitation to Bid
KII	Key Information Interviews
LIFT	Livelihoods and Food Security Trust Fund
MEB	Minimum Expenditure Basket
(I)NGO	(International) Non-Government Organisation
OCHA	Office for the Coordination of Humanitarian Affairs
PDM	Post Distribution Monitoring
PIP	Policies, Institutions and Processes
M&E	Monitoring and Evaluation
MMR	Minimum Market Requirements
RAM	Rapid Assessment of Markets
(S)MEB	(Survival) Minimum Expenditure Basket
WASH	Water Sanitation and Hygiene
WFP	World Food Programme
UNICEF	United Nations Children’s Fund
UN	United Nations

I. Executive Summary

The humanitarian response in Rakhine State is slowly moving into its fourth year. On-going evaluations of programme modalities are required to stimulate discussions on how to best design programs to maximize impact and value-for-money while respecting the principles of 'Do No Harm'. This cash feasibility study is informed by dialogue between the Danish Refugee Council (DRC) and the European Commission Humanitarian Office (ECHO) office in Yangon, including observations of re-selling food and non-food items in and around the Internally Displaced Persons (IDP) camps in rural Sittwe. These practices have been observed and discussed, prompting this study, which gives particular attention to the provision of hygiene kits that DRC and other WASH actors distribute in the camps through a classical distribution system. The topic of re-selling goods has also been highlighted and discussed at various humanitarian levels within the country, although no systematic review has taken place to inform the programming of DRC and the wider humanitarian community to-date.

Main Findings & Conclusions

IDPs, host communities and affected communities are economic actors navigating new market systems – influenced by conflict, displacement, an influx of goods, services and cash from the international community, and the economic opening of Myanmar. There is a particularly pronounced difference in central Rakhine State (for example, the main town of Sittwe was only recently added to the power grid in December 2014). Market links are reforming and re-establishing themselves in this new context. Rakhine markets in both urban and camp areas are driven primarily by trade and cash flow from remittances¹.

Without livelihoods opportunities or Freedom of Movement (FoM), most IDP camps exist in an artificial (and manipulated) market system, but market/economic dynamics have and are continuing to regenerate naturally. Thus direct provision of basic assistance is an income to IDPs and a potential profit source for middlemen and surrounding communities, with positive and negative effects from a humanitarian agency's perspective.

Providing in-kind may actually bypass many local bottlenecks (bribes, etc.), bringing Yangon quality and price goods directly to rural markets.

The resale of humanitarian goods has created alternative supply chains and new livelihoods, often for the poorest households and groups (host communities – Rakhine and Muslim). Rather than existing markets and supply chains primarily integrating assistance resale into their businesses and supply, resale has created entirely new businesses and supply chains with new actors and different dynamics.

"Following the hygiene kit" found that soap was both the most consumed and most resold hygiene item due to its perceived value by IDPs and surrounding vulnerable communities (Muslim and Rakhine).

The timing of food and non-food distributions influences resale per household, as it impacts the family's priority needs at that particular time.

Moving from in-kind assistance to cash based programming (CBP), whether cash or voucher, is not advisable in 2015, though could be considered in 2016 (see recommendations below and **Section VIII: Recommendations**). Reasons include:

¹ Source: Household economic (HEA) analysis and market assessment commissioned by Save the Children (DFID Consortium WASH partners) in May 2015.

- FoM restriction seriously affects the supply of goods in and out of geographic target areas, as well as intended beneficiaries' ability to access markets and therefore for cash assistance to meet basic needs.
- The contextual and political timing is sensitive – the census was released on 29 May, and elections are due in October/November – and require further understanding before shifting to CBP.
- There is a substantial bribery system “finely attuned to what people can afford”². CBP will alter this system, with a potentially larger share of the burden borne by IDPs once it is known they receive cash assistance. Many IDPs reported that they prefer to receive in-kind assistance because they do not have to pay to receive it³, and it represents reliable income with the benefit of either being consumed or resold, depending on their family's particular needs and the situation.
- Secondary markets created by the resale of humanitarian goods directly benefit socio-economically vulnerable households outside of camps (Muslim and Rakhine), who would not be eligible for cash assistance. While it can be argued that these families could gain economically from cash-based assistance, some are also affected by FoM restrictions and may not be able to transition to other livelihood strategies.
- Exposing or bringing visibility to informal/ clandestine ties between Rakhine and Muslim traders is strongly discouraged, as it could break down these important links altogether. All stakeholders interviewed specifically mentioned this as the most crucial determining factor.

Recommendations for future cash-based programming in central Rakhine State

Transition to another assistance modality and/or targeted assistance is a change that must be managed very carefully, in order to minimise harm to target populations, impact on access, and to navigate political sensitivities. This report provides recommendations for how to approach this in 2015 (see **Section VIII: Recommendations**). While CBP may appear risky, it is important to remember that voucher schemes are not well understood by IDPs, and need time to be set up. Moreover, it is important to recognise that in restricted market environments, vouchers run a high risk of becoming a parallel/alternative currency. A recommendation would be to pilot a voucher scheme to invite all shops in a geographic area able and willing to implement the project, and perhaps initiate support to small businesses to adopt the voucher system. If food continues to be provided in-kind, non-food item (NFI) vouchers will still run the risk of being sold to diversify or supplement households' diets.

Programme recommendations are grouped into five themes in **Section VIII** of this report:

1) Improve in-kind assistance in the immediate term.

- To the extent possible, coordinate the timing of food and NFI distributions
- Elaborate the use of the WASH post-distribution monitoring (PDM) to improve information on:
 - Cost-effectiveness: Assess impact on personal hygiene (with stronger link to health) for a better understanding of the cost-effectiveness of hygiene kit distributions, as is planned by the Rakhine WASH Cluster.
 - Economic vulnerability: The HEA consultant recommended to conduct a rapid survey during distributions to ask households what assets they have⁴.
 - Resale: Collect more quantitative data on resale patterns (also linked to cost-effectiveness).
- Agencies are already injecting of cash into camps through employment and incentives. Track, harmonise, and assess impact of these cash injections on camp economies
- As a WASH cluster partner, decide whether to accept “economic contribution” of hygiene items. If there is not a demonstrable reduction in cost-effectiveness of hygiene kit distributions because of resale,

² Quote from DRC Rakhine Programme Manager.

³ Multiple stakeholders mentioned that many IDPs must pay CMCs or FMCs to be included in distribution lists, but here IDPs refer to how they collect assistance during distributions.

⁴ The May 2015 HEA assessment report should propose a simple template for this type of data collection.

consider reducing the variety of items provided and increase the quantity of key items such as soap, which is of high consumption and resale value to IDPs. This may not be desirable based on minimum standards or by donors, but worth considering in order to boost IDPs' purchasing power if items will be resold anyway.

2) Monitor markets regardless of assistance modality

- It is important to monitor the availability, restocking rate and price of key commodities, not only to ensure there is enough stock to sustain humanitarian assistance (vouchers or local procurement), but also to monitor if additional families' vulnerabilities will increase.
- As markets would need some time to adapt to new demand created by a cash or voucher scheme, support for a secondary market should be considered (see **Section VIII: Recommendations**).
- Categorise interventions based on the type of geographic area. The Food Security Cluster is conducting this exercise from a food security perspective, led by WFP. This should be extrapolated to a multi-sector analysis based on:
 - Degree/extent of FoM (fluid situation, needs re-assessment)
 - Market access and functionality

3) Targeting discussions as an inter-sector priority

- Moving from blanket distributions to targeted assistance is an extremely challenging process in any context; in Rakhine targeting must be carefully considered as an interagency priority. Separate targeting initiatives by sector / Cluster or individual agency can cause massive confusion, tensions, etc. that could affect all humanitarian interventions in Rakhine.
- As beneficiaries consider any assistance received as potential income and prioritise between consuming/using these items directly or reselling them, it is important to understand socio-economic vulnerability and to base targeting on this analysis.
- A priority within the targeting question will be clear communication messages for key stakeholders, including government authorities, community leaders, and target populations.

4) Operational preparations for cash-based assistance

- Prioritise discussions with authorities' on shifting modalities, which if authorised to proceed may determine modality more than markets or target populations.
- Propose two or more modalities (cash, voucher, etc.) so multiple options are considered.
- Identify what should be direct (material) assistance and what are the essential technical interventions (soft and hard). This will assist in determining what assistance could be shifted to cash or vouchers, and what activities agencies should focus on to reach specific objectives.
- Explore options for delivery, i.e. direct cash assistance (unrestricted cash) or voucher (restricted cash) as well as service providers.
- Prepare monitoring and evaluation (M&E) and anti-fraud systems for a potential shift to CBP

5) Take an integrated livelihoods approach to interventions for specific groups and geographic zones

- A livelihoods approach in Rakhine can bridge the gap between the direct provisions of emergency assistance and early recovery programming required to reduce dependency on aid. It can also mitigate potential tensions between IDPs and host communities in a given area.
- Consider CCCM assessments as a key entry point to collect multi-sector data at household level
- Begin discussions with development actors on possible links between humanitarian 'early recovery' approaches and opportunities for beneficiaries within larger development programmes.
- Work towards harmonising CFW and temporary employment across agencies, including wage rates as well as policies and benefits (e.g. insurance), etc. Guidelines and standards to would help maximise the impact of existing temporary employment on households and communities.

II. Background

The study took place in Rakhine State, which has historically been the buffer zone between Muslim and Buddhist Asia. The 2012 inter-communal violence has frequently been described as having been motivated by 'ethnic' or 'religious' causes, while a 2013 DRC study on Rakhine State concluded that underlying factors also included ethno-political and socio-economic dynamics between Muslims and Buddhists. Root causes include political, social and economic marginalization combined with ethnic discrimination from the centre to the periphery.

DRC has been present in Rakhine since 2010. Initial activities were designed to mitigate effects of Cyclone Giri, while activities have since been redirected to respond to the humanitarian crisis caused by waves of inter-communal violence sweeping through the State in 2012, which resulted in the displacement of some 140,000 IDPs, with the vast majority remaining in search of durable solutions today.

In Rakhine, DRC implements a multi-sector programme including protection, child protection, shelter, livelihoods, camp management, and WASH (including the distribution of hygiene kits). This is all in addition to community-based/driven development programming supported through a local partner.

The assessment set out to reach the following objectives:

External objective

- Explore potential opportunities and bottlenecks for the introduction of cash-based programmes in Rakhine state, looking particularly at the distribution of hygiene kits, and if possible also NFI kits, in IDP camps in rural Sittwe.

Internal objective

- Review DRC's existing cash-based initiatives in Rakhine and put forward recommendations for improvements and further opportunities for cash-based programming, including cash-for-work schemes in camp settings.

For more detail, including the specific questions under each objective, please see the annexed terms of reference. Certain questions and subsequent assessment findings are provided in boxes throughout this report. This report should be read in conjunction with the DFID Consortium/Save the Children household HEA and market analysis, which was able to collect more rigorous quantitative and qualitative data over a longer period of time. Discussions with the consultant conducting the HEA revealed that the DRC assessment and the consortium assessment came to similar conclusions with regards to market dynamics and the impact of humanitarian assistance on local economies, and provided related recommendations going forward.

III. Methodology

The assessment considered the feasibility of moving to cash-based assistance in Rakhine State (Sittwe and Pauktaw Townships) based on DRC's minimum market requirements for CBP:

DRC minimum market requirements (MMRs) to consider cash-based programming (global standards)
<ul style="list-style-type: none">➤ Movement of goods/supplies in and out of the area➤ No official (military) escorts required to move in/out of the area – if escorts are required, it means supply chains are not flexible➤ Permits for the movement of goods/supplies can be obtained by commercial actors; sub-suppliers in the nearby economic hub (e.g. Sittwe Town) are able to deliver supplies into the area➤ Supply can meet minimum demand➤ Existing capacity/stock can meet minimum demand – based on a Survival/Minimum Expenditure Basket (S/MEB) per family x estimated number of families in the area

- Retailers/shops in the area are willing and able to restock without:
- Raising prices more than xx% (% based on seasonal fluctuations, plus 10% inflation)
- Taking more than 1 month to restock dry goods, and 2 weeks for fresh food (example)
- Target population can safely access markets
- There are no physical barriers (safety, checkpoints, conflict, physical barriers, etc.)
- Transportation costs/distances to markets are reasonable, as self-reported by the population
- Target population in need is mobile (or can be assisted by able-bodied people, for example if disabled or elderly) – beneficiaries can reach markets, and can use money or vouchers to purchase goods or pay for services
- Population’s self-identified needs can be met with cash-based assistance, e.g. if the main need is health and there are no medical facilities available in the area, cash assistance alone will not meet needs without infrastructure support to health

The assessment methodology consisted of the following components:

1) Review of secondary sources. Main sources included:

- HEA 2013 (inter-agency Food Security and Livelihoods (FSL))
- LIFT 2013 report
- WFP Modality Assessment, 2015
- HEA 2015 assessment templates
- DRC programme documents for WASH, Livelihoods, CCCM

2) Key Informant Interviews – humanitarian stakeholders

- UN and NGO representatives in Yangon and Sittwe (full list at the end of this report)
- Information obtained from key informant interviews can be found throughout the report with specific reference to the source.
- (Please note that it was not possible to speak directly with local government officials because of limited time and availability of government officials (the assessment coincided with the return of Myanmar “boat people” to Sittwe). However, other key informants were asked to comment on their interactions with local authorities regarding access, assistance modalities, FoM, etc.)

3) Primary Data Collection (Qualitative)

The primary data collection was qualitative and semi-structured, using key questions as guidance, and elaborating on topics as they emerged (please see the annexed forms). The assessment used grounded theory, wherein questions were added to interviews as new elements emerged. The assessment content is based on the Rapid Assessment of Markets (RAM)⁵ tools and DRC’s global minimum market requirements for cash transfer programming. Primary data consisted of:

- Market observation and key informant interviews (KII) with traders in Sittwe and Tae Cheung markets, as well as in smaller market places in Pauktaw Township and nearby PYG camp/village (findings can be found in **Section IV** Part D. **Market Field Visit Summaries** and **Section VII Analysis**).
- Field visits to camps and villages, which was carried out in conjunction with DRC headquarters field visit for a Livelihoods Female Headed Household (FHH) project. The women were considered to have a specific perspective on vulnerability, having been assessed previously by DRC teams, and the use of cash as it pertains to a transition to cash-based programming. Questions revolved around self-prioritised needs, coping mechanisms, access to markets, and assistance modality preferences (please see annexed template).

⁵ Please see <https://www.icrc.org/eng/assets/files/publications/icrc-002-4199.pdf>.

Locations in Sittwe and Pauktaw were chosen on the basis of:

- DRC's areas of operation (all locations visited for this assessment, except the Rakhine IDP camp)
- IDPs' FoM and location isolation – limited/isolated (Pauktaw) and more mobile/central (Sittwe)
- Settlement typology: village and camp, Muslim and Rakhine
- In Sittwe Township distance from Tae Cheung market as a proxy for market functionality (two to three sites nearby and two to three sites further away)

4) Presentations & Debriefings

Presentations and debriefings formed an integral part of this assessment, as the preliminary findings were shared in real time and contributed to the analysis and recommendations in this report.

- CCCM Cluster Rakhine: Presentation and discussion of livelihoods intervention pyramid (see page 27).
- DRC Rakhine management team (see attached PowerPoint presentation)
- ECHO Myanmar in Yangon: briefing of assessment findings and discussion of humanitarian priorities in Rakhine State 2015-6
- DRC Myanmar management team in Yangon: presentation, feedback and next steps for internal programming

Assessment Limitations

The market and household assessments can only be considered as “snapshot” exercises, as they consisted of one external assessor and the DRC Rakhine team conducting a purely qualitative assessment without a specific sampling strategy, given limitations of time and resources. As this assessment is qualitative, it does not contain a representative sample of beneficiary feedback, nor quantitative data on people and markets to corroborate the trends identified in this report. Finally, the assessor was unable to meet with local government officials in Sittwe as mentioned above.

IV. Results

The cash feasibility assessment sought to answer specific questions related to beneficiaries, as per the TOR:

1. ***What is the acceptance of cash or vouchers by beneficiaries in camp settings with limited access to markets?***⁶
2. ***How is the current WASH basket perceived by the beneficiaries and does it meet the needs in the camps*** (according to the recipients)?
3. ***How is the cash approach perceived by beneficiaries?***
4. ***Do beneficiaries suggest substantial changes to the current project design?***

The point of entry was to have a better understanding of people's livelihood strategies and needs since displacement in 2013, in order to contextualise the challenges they faced and how humanitarian assistance was consumed and resold according to needs. These findings should be read in conjunction with the recent HEA assessment, which identified the different wealth groups in Sittwe Township, as well as feedback on the use of assistance and preferred modalities.⁷

⁶ According to the WFP Transfer Modality Report, most focus groups preferred an in-kind modality.

⁷ In the HEA framework, a wealth group is a group of households within the same community who share similar capacities to exploit the different food and income options within a particular livelihood zone. A livelihood zone refers to geographical areas within which people share broadly the same patterns of access to food and income, and have the same access to markets. For more information, please see https://www.savethechildren.org.uk/sites/default/files/images/HEA_Guide.pdf.

A. Livelihoods trends in camps and surrounding areas

The conflict and subsequent displacement altered market dynamics, livelihoods and supply chains, which have reformed around different factors. Prior to the conflict, many professions were based on ethnicity, e.g. fishermen were predominantly Muslims, as were daily labourers, key cutters, cobblers etc. The 'organised' element of displacement meant that the wealthy were displaced along with the poor, who brought some wealth, skills and trade/social networks to the camps and surrounding areas. For example, several Muslims interviewed for this assessment said they were IDPs, but living in host community villages because of family connections. Remittances played a big role in this as well, as income from labour has actually decreased between 2013-5⁸. At the same time, economic expansion and migration has created different sources of income. The major employers in and around camps remain aid agencies, the fishing industry, and agricultural farming, but there is also a growing credit system in addition to remittance flow and income from trade (see **Section IV Results** Part D on markets). IDPs also supplement their incomes and increase consumption by growing vegetables and raising animals on a small scale in the camps.

From an assets ownership point of view, overall camps in Sittwe are better off than rural villages. The HEA assessment posits that because IDPs were urban prior to the conflict, they can adapt better with transferrable skills and resources they brought with them, bolstered by new trade, remittances, and humanitarian assistance. However, the 2015 HEA assessment noted there is tremendous wealth inequality within the camps, with income from trade and remittances concentrated in rich and middle-income households, while poor families have a limited diversity of assets, income, and occupations they can access.

During the assessment DRC asked IDP families whom they considered to be the most vulnerable in their community, as an exploratory exercise for potential targeting. They listed female-headed households without able-bodied men to work, unaccompanied disabled people, and those not included in the food assistance list because "people depend on assistance."

When comparing the situation of poor IDPs families to those in host community villages, the HEA assessment noted that those not displaced had greater/more diversified asset ownership than the displaced poor, but fewer skills. The most common assets listed by families (IDP and host) included: chickens, mobile phones, bicycles, radios, cows, and house/land ownership.⁹ Rich and middle-income families in camps also reported substantial savings, usually in the form of gold and jewelry.

Muslim IDP and host community households access markets in similar ways. In Sittwe, as movement is possible between camps, villages and most importantly Tae Cheung market, people travel to nearby markets for small quantities of fresh food (e.g. PYG camp residents go to Say Tha Mar Gyi for potatoes). They try to access the market every two to four weeks. Some host communities organise group transport to Tae Cheung market in order to lower costs.

Rakhine host communities seem to have a similar relationship between Tae Cheung and Sittwe markets in that they travel to Tae Cheung for small quantities of food (though some Rakhine women noted that they did not feel comfortable going to a "Muslim market"), and to Sittwe market for larger quantities, since they are able to cross the checkpoint. In Pauktaw, access to markets is much more limited, so most IDPs rely on assistance both for consumption and resale. **Section IV** Part D outlines the markets in greater detail.

⁸ According to reviews in 2015 (Save the Children), aid agencies provided more employment Cash for Work in 2013, but this has "dried up" in the past 2 years.

⁹ The consultant noted that even some IDPs in camps listed house/land ownership as an asset. It is unclear if IDPs considered the house they previously owned in Sittwe Town, or the temporary shelter in the camp.

B. Prioritised needs and coping mechanisms

The dearth of livelihood opportunities means trade is a main source of income, particularly for poor families without access to remittances. As such, humanitarian assistance is considered a source of income both for consumption and resale (addressed in Section 6). While in-kind humanitarian assistance of basic goods and services across sectors continues on a regular basis, two years into displacement IDPs and the host communities around them have unmet needs. The main issues reported therein were the need to diversify diets (fresh food, onion, spices, etc.), obtain firewood, access supplementary education,¹⁰ and pay for transport to access healthcare. Many families also prioritise betel nut consumption. Though it is a small percentage of the overall household budget, it is worth noting because it is a lucrative commodity for small shops in camps and villages.

Agencies and IDPs report that health is one of the biggest concerns, and IDPs are often using the cash from resale of items to pay for transport to clinics and hospitals. Indeed, women interviewed during this assessment noted that they spent whatever money they had on health and supplementing diets (mainly with fish). An additional priority expense for households in both Sittwe and Pauktaw was “extra” education, which was an interesting finding considering the limited incomes and the vast amount of unmet needs. Yet families saw these fees as a sort of investment in the future for their children.

Coping mechanisms include selling assistance, trading, working for aid agencies, dismantling camp infrastructure,¹¹ and relying on remittances to diversify incomes. There are remittance flows from the Gulf, Bangladesh, and other locations via multiple channels, though this may not reach the poorer families. Some IDPs make considerable incomes from work with aid agencies, whether on a temporary or semi-permanent basis. For example, in some camps families receive 2,000 MMK/day to clean latrines, while a hygiene promoter can make nearly 60,000 MMK/month. However, it is unclear whether this benefits poorer or better off families, and the process is also unclear to IDPs. During one of the interviews in Pauktaw, a man entered the shop and complained that there are not enough jobs that only 100 households benefit from NGO work in the camp, and it is “not fair.” Muslim men in PYG host community village mentioned that they are able to find daily labour in Rakhine villages more frequently and at a higher rate than before the conflict (3,000 MMK/day in 2015 versus 2,000 MMK/day in 2013), because the Rakhine “don’t trust” Muslim IDPs, which reduces the availability of daily labourers. At the same time, as noted by humanitarian stakeholders, unofficial ties between Muslim and Rakhine communities exist and provide a ‘lifeline’ for trade and livelihoods. For example, in Tae Cheung Rakhine village, an IDP Muslim woman living in Tae Cheung camp was working as a housekeeper for a Rakhine family for 20,000 MMK per month.

It is important to mention that while NGO employment and incentives offer an important source of income, WASH actors struggle with the ownership of their interventions (such as latrines, wells, etc.); continuing to pay in the camps can undermine ownership and self-reliance for infrastructure. How communities are approached and mobilised appears to make a big difference (UNICEF noted it was based on the “quality of discussion with communities”), as well as the strength/transparency of community leaders. CCCM also notes a serious challenge in harmonising approaches to CFW and temporary employment in terms of terminology, standards, and especially daily rates/wages, which is an issue across all sectors, causing confusion among IDPs.

Finally, there is a substantial bribery system “finely attuned to what people can afford”. As an example, local leaders once appropriated up to 30% of livelihoods grants. The system varies by location; some items can be traded for access as well. IDPs and host communities need additional income to navigate this complex and costly system.

¹⁰ Agencies have set up temporary learning spaces (TLS), but families reported prioritising expenditures on additional education classes provided within the camps and villages – approx. 2,000 MMK per child.

¹¹ An often-cited example is dismantling latrines to use the materials for firewood.

CASE STUDY
Family owned shop in Pauktaw (KNP camp)

Prior to being displaced due to the conflict, U Myo was a fisherman. During the conflict and subsequent displacement, he lost his large fishing net and other valuable assets. His prior income was 20,000-30,000 MMK per week, depending on the catch. He shared that life was much better before. He is head of the household, and manages all financial matters, though may send the children out to buy small items.

The family buys firewood from IDPs who collect it in the mountains (50 pieces = 1,200 MMK, but the price increases in rainy season). IDPs are not selling their assistance (and through observation, no items are available for sale in the camp). Thus items have value outside of the camp in Pauktaw, as everyone receives the same amount for free.

The main concern in the camp is health; there are no drugs, and doctors only come once per week. People also need money to start businesses, and want to gain business skills. Their preferred modality is in-kind assistance, as then there are no problems, i.e. bribes to pay. Vouchers were difficult to understand in a comprehensible way. Once they understood the concept, they were concerned that items would be expensive and there would be limited supply.

In the household's opinion, the most vulnerable are the elderly without children (they want and need work), female headed households with large families to support, and those abused at army checkpoints.

C. Assistance utilisation and preferences

The families visited during this assessment all mentioned that rice was the most important item they received, followed by soap,¹² both of which are prioritised for consumption and resale. Aid agencies in Rakhine, notably UNICEF and UNHCR, further elaborate that beneficiaries are selling items for two main reasons:

- Items such as rice, soap and kitchen sets are of high value, and as cash is needed these items are sold.
- Kits contain excessive quantities of item.¹³

Beneficiaries also use smaller quantities of items provided, or use one item for multiple purposes (UNICEF cited the example of using hand washing soap for all washing, and detergent being sold for cash). Furthermore, IDPs make the items last, and prioritise other needs such as dietary diversity and health.

IDPs do not use certain items because they are “inappropriate to their needs,”¹⁴ such as toothpaste. However, this finding was not corroborated by the field assessments in Sittwe and Pauktaw, thus it is important to note that IDPs' replies could be biased, as they may see DRC as an NFI provider rather than a more “neutral” assessor.

The majority of DRC's hygiene kit beneficiaries interviewed said they preferred to receive in-kind assistance, as they believed vouchers or cash would mean higher transport costs (as the goods are not available in camps); higher prices to purchase the same items (limited supply/stock perceived by IDPs); and potentially additional money to pay bribes if authorities knew they were receiving cash. While the “assessor bias” may have also influenced this finding, the reasons provided are legitimate contextual concerns.

¹² As noted in the methodology, this is a qualitative analysis and not a representative sample.

¹³ Source: IDP family in Pauktaw.

¹⁴ Quote from UNHCR Sittwe.

One woman in Pauktaw camp indicated that she would prefer to receive cash so she can decide to buy what she needs, but acknowledged that she would need to “place orders” with local shops because availability was very low (shops would in turn order from Tae Cheung). Some women in PYG camp mentioned they preferred cash as well for its flexibility, and choice for how it is spent, etc. At the same time, they shared that they could not find everything they needed in the camps, and would need to travel to Tae Cheung to purchase what they wanted. Furthermore, it is important to note that the voucher system was not well understood by IDPs consulted during this assessment, and the concept took a long time to explain, so this may have influenced their responses they gave.

Overall, the beneficiaries were satisfied with the hygiene items provided, particularly the monthly consumable items. This assessment did not survey enough families for a representative sample, so the suggestions on how to change the assistance varied; a quantitative PDM could better provide feedback on beneficiaries’ preferences. For example, one family thought the least useful item was the detergent soap and preferred to receive powder soap, while another woman preferred to only receive bars of “red soap” because she could use it for multiple purposes (including resale). One female headed-household said that all items were important to her household, so she could not prioritise one over the other or suggest other items. However, all families cited the most useful item as soap.

D. Market Field Visits

This section contains a summary of the main markets visited, focusing on:

- Brief overviews of market dynamics pre and post conflict (2013)
- Suppliers interviewed and customers’ access to market places
- Movement of goods in and out of market places
- Resale of NFIs

It is important to note that the role of middlemen was created in order to fill the gaps in trade and supply chains caused by the conflict, subsequent displacement of Muslim traders and restrictions on FoM. In addition, NFI resale is predominantly a new supply chain (new suppliers are created), as well as separate physical market space slightly apart from the “regular” market spaces for food and non-food items. This is valid for the two main market place hubs, Sittwe town market and Tae Cheung market. The “NFI vendors” are Muslim and Rakhine people whose livelihoods were disrupted by the conflict (e.g. fishermen), or who saw greater profit potential in shifting to NFI resale.

Sittwe Market

Sittwe market has traditionally been the main market place for Rakhine State and continues to play this role today. While some goods are produced within Rakhine State, this is mainly limited to foodstuffs (dry and fresh food); the majority of NFIs come from Yangon (this is also the entry point for imported goods) and are organised by sub-suppliers based in Sittwe. Since the 2013 conflict, there was a re-shifting of vendors, when Muslim traders left Sittwe town and shut their businesses. This left a gap in certain professions considered “Muslim” trades, such as cobblers, small pharmacies and key cutters. Some Rakhine businesses have taken their place, while other stalls remain empty. Traders generally under-report income to avoid taxes and extortion, but the market enjoys healthy supply and



demand of a wide range of goods. Customers are Rakhine and minority groups (non-Muslim) mainly from Sittwe town and surrounding rural areas, though some people travel from other parts of Rakhine State to access the market.

While the majority of the NFIs resold are part of new businesses established explicitly for this purpose (see case study below), some humanitarian agencies' NFIs are for sale in established stalls/shops. One medium-sized, family-owned shop displayed UNHCR and DRC buckets; the owner reported that they purchased them from middlemen from Tae Cheung, who had come to Sittwe market to sell early in the morning. The shop-owner bought a few buckets for 1,600 MMK each (approx. US\$1.2) which was to be resold for approximately 400 MMK profit at 2,000 MMK. The family indicated that the buckets were better quality but cheaper to procure than the same quality buckets coming from Yangon. However, their customers' demand for the higher quality buckets was not sufficient to justify bulk procurement of NFI buckets (customers preferred cheaper ones selling for 1,100 MMK). The family also reported being approached by humanitarian agency staff in Sittwe offering to sell NFIs directly from the warehouse, though they declined to name the agency.

A small group of Rakhine women, mainly from Tae Cheung village, have created new businesses to resell agency NFIs, usually at informal roadside stands just outside Sittwe main market. They sell a range of NFIs, including hygiene kit items. They can be considered poor host community members given their self-reported socioeconomic status.

CASE STUDY NFI Resale in Sittwe Market

One woman interviewed provided an interesting case study to examine livelihoods created by NFI resale. She



used to fish for small fish and crabs, and now sells humanitarian items. She is the main breadwinner in her family. Her husband is unemployed and her children attend school.

She reported that her income has increased significantly since starting the resale of humanitarian goods. Whereas she previously earned 2,500-3,000 MMK per day, she now often makes over 10,000 MMK in profit alone per day.

She shared, "I wish for 10 more years of conflict so I can continue selling".

She purchases items from middlemen in Tae Cheung on credit, paying only when she sells the items, though she sometimes receives items from IDPs directly in Tae Cheung. She buys based on the capital she has or the demand for certain items (e.g. 1,000 plates or 40 bottles of shampoo). She pays a tuktuk for transport (1,000 – 3,000 MMK depending on the bulk), and stores the remaining stock with friends in Sittwe. She sells both individual items and whole kits.

Buyers are from Sittwe and the countryside; she charges the same price for all, but can give discounts for those buying in bulk. Items most in demand include:

- Whole UNHCR kitchen sets (Type B): she buys in Tae Cheung at 12,500 → sells in Sittwe at 13,500 (In the last week alone she sold 300 kitchen sets (volume of sale depends on when the distribution takes place – immediately after distributions, sales are high)

- Kitchen pots (set of 2): bought 4,500 MMK → sells at least 5,000 MMK
- Other items in demand: Loungyis, mosquito nets

Tae Cheung Market¹⁵

Prior to the conflict, Rakhine residents reported that Tae Cheung market was a small market place specialising in fish and fishing nets, which were produced in Tae Cheung and mainly sold to traders in Sittwe. Since 2013 however, Tae Cheung market has emerged as a major economic hub for the Sittwe Township camps and surrounding villages, mainly because of the movement restrictions for Muslims from both camps and villages.

IDPs and Muslim villagers with limited FoM can access Tae Cheung market from as far as PYG up to the checkpoint before the entrance to Sittwe Town. Tae Cheung is now a robust market place with a variety of basic and luxury food and non-food items – essentially the same range of goods available in Sittwe market, though on a smaller scale. The majority of items are brought in from Sittwe which includes foodstuffs, NFI items and more. Rakhine businessmen, primarily from Tae Cheung village, act as middlemen and charge a commission to bring goods from Sittwe market; one vendor quoted a 5% commission. Rakhine persons from Tae Cheung village also constitute the majority of tuk-tuk drivers for the area, according to camp and village residents. While traders reported that some goods are brought by boat directly to Tae Cheung from Yangon and other locations, this assessment was unable to verify the information. Fish and nets are still “exported” to Sittwe by Rakhine middlemen.



Most of the vendors are Muslim IDP traders relocated from Sittwe town, where they used to own small businesses in Sittwe market. They owned a variety of businesses pre-displacement, ranging from shops similar to the ones they now run to completely different businesses (e.g. recycling wood in Sittwe market). While the success of the business in Tae Cheung depended on the type of goods sold, most said business was better in Sittwe before the conflict. Some IDP vendors have business partners from the Muslim host villages in the surrounding area, which helped them to secure the shop space, access to contacts, credit, etc. During the assessment the DRC team witnessed the arrival of trucks full of potatoes and other fresh foods coming from Sittwe. The rapid expansion of Tae Cheung market has positively impacted the availability and affordability of goods for camp and village residents in Sittwe Township outside of Sittwe town, though at the expense of small local village businesses. One woman interviewed in Tae Cheung Rakhine village said her small shop had been open successfully for 14 years, but she saw a significant drop in the number of customers as now “everyone goes to the big market.”

As in Sittwe market, the majority of NFI resale is by vendors dealing exclusively in distribution items, albeit on a much larger scale in Tae Cheung than in Sittwe (Tae Cheung “NFI plaza”). Still, some shops within the normal “household goods” section of the Tae Cheung market had small quantities of agency NFIs for sale, which they purchased from the “NFI plaza.” The prices that vendors quoted were slightly lower than those of the Rakhine resellers in Sittwe market, e.g. a bucket cost the Tae Cheung trader 4,000 MMK, while the women reselling in

¹⁵ The assessors interviewed 6 small businesses in total – 3 in Tae Cheung market, 1 in the Rakhine village of Tae Cheung and 2 vendors in the secondary “NFI plaza.”

Sittwe quoted 4,500 MMK as their purchasing price. Assuming accurate reporting, this indicates that middlemen adapt pricing to the going rate in the resale location, which can mean items like kitchen pots are where they make the most profit between buying from IDPs and reselling. This supports the theory that hygiene items are not the “money makers” (please see Section 6 on the “Resale Process”).

CASE STUDY

NFI Resale: Tae Cheung Market “NFI Plaza”

There is a separate market space, between Tae Cheung market and the Tae Cheung Rakhine host community village, where the vast majority of agency NFIs are consolidated and resold. Humanitarian stakeholders interviewed for this assessment all mentioned the location, nicknamed the “NFI plaza,” where a huge number of NFIs are for sale, often immediately following a distribution. At the time of the assessment, the primary “NFI plaza” was empty, but across the road a secondary “NFI plaza”, consisting of approximately 10 stalls, was selling a huge range of NFIs, including hygiene items. According to vendors there, the secondary “NFI plaza” appears to be set up because the primary plaza closes down once all items are sold, thus it is not a permanent market presence (please see “Resale Process” in **Section V Part B** for more information”).



DRC interviewed two vendors at the secondary plaza and they shared the following:

Prior to the conflict, the vendors worked in Sittwe town – one as a grocery store helper, the other owned a small shop selling rice bags. They borrowed money from a friend (an IDP living in a Muslim host community village) to open the shop. They purchase NFI stock from the “original” plaza across the road. As an example, they purchase a bar of soap for 250 MMK and sell for 300 MMK at a volume of 200-300 bars at a time. Their customers are both IDPs and villagers (mainly Muslim, as the traders are Muslim). They remain at the site selling items until their stock runs out. In May they reported high stock, which will take approximately five to six months to sell. When stock is low, so too is the demand.

The vendors were initially reluctant to allow DRC to photograph their shops and ask questions, as they feared being sought out by authorities. When assured they would not, they told DRC they knew they should not sell these items but they had to do it to survive.

PYG Camp & Village Market Dynamics

It is worth noting the extreme difference between market dynamics in and directly around Tae Cheung versus markets in more rural areas of Sittwe Township. During visits to PYG camp and surrounding villages, both host communities and IDPs mentioned the lack of available items and “niche” markets, with only a few small shops selling small quantities of snacks, vegetables, betel nut and spices. As outlined in Section 4, Muslim IDPs and host communities go to nearby shops in the camp/village for tea, betel nut, and sometimes vegetables and

spices, but prefer to go to Say Tha Mar Gyi market as the prices and selection are better, despite the additional cost for transportation. Bulk or specialty purchases are made at Tae Cheung market.

Pauktaw Market Dynamics: KNP Camp

The assessors spoke to a group of men gathered under a marketplace structure, which was built by an unknown agency. While the space was empty at the time (afternoon), the men said approximately 20 vendors from the village and camp used the space in the morning. The market is only for foodstuffs coming from Tae Cheung or Sittwe markets. Hygiene items are found in small grocery shops, but in very small quantities as items are distributed by NGOs. IDPs prefer to buy items in the small shops rather than the marketplace as they consider prices to be very expensive. Small shops sell limited quantities of fish, meat, onions, garlic, snacks, etc. because the Pauktaw soil is not conducive to growing more than chili, eggplant and ladyfingers, thus small vegetable gardens grown by many IDPs yield limited crops.

Interviews with some of the local vendors provided insight into the difficulties of running a business in the camp, however small the shop.

CASE STUDY

Family owned shop in Pauktaw Camp

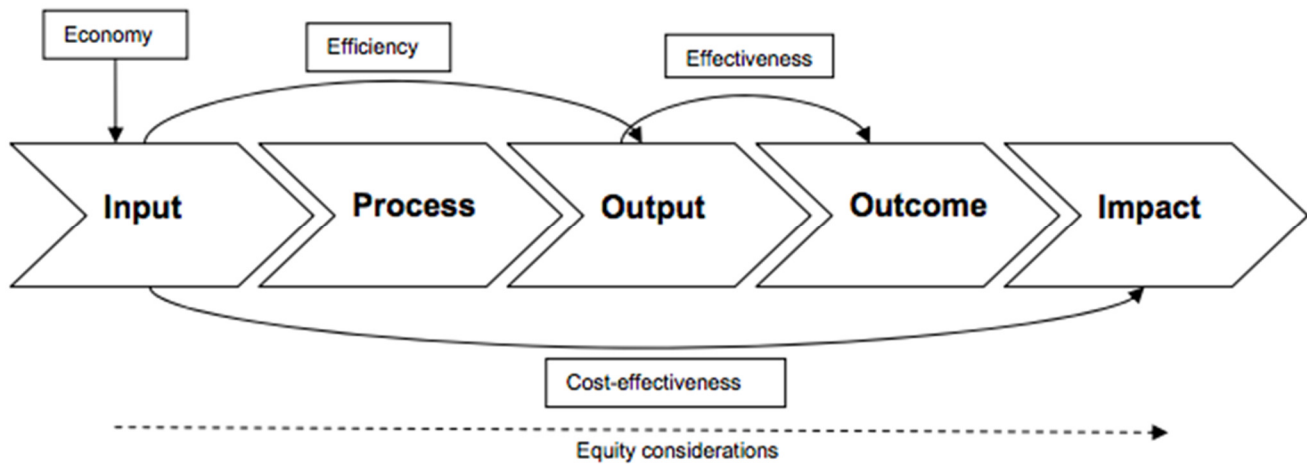
A Muslim family opened a shop a year and a half ago, when they finally had the capital to start a business (30,000 MMK). Goods for the shop come from Tae Cheung market via a Rakhine middleman from a nearby village – he charges a 10% commission (e.g. 10 USD for every 100 USD of items procured). The middle man brings the items to a location just outside the Muslim village/camp and the Rakhine village, so the family is not required to travel far to pick it up. The vendor must pay in advance for the items: call him via phone, place an order, pay and then items arrive at the meeting point. At an army checkpoint officers also take a cut (e.g. 500 MMK per package of goods).

The shop receives approximately 20-25 customers per day (half buy on credit, maximum 4,000 MMK per person). Top items sold are snacks and betel nut. Revenue 5,000-8,000 MMK/day, with approximately 1,000 MMK as profit.

Approximately 20 households in the camp run small shops like these, selling mainly non-perishables, but some vegetables too. IDPs do not resell their assistance (and through observation, no items were seen to be available for sale). Therefore items have value outside of the camp in Pauktaw, as everyone receives the same amount for free.

V. In-Kind Cost Efficiency

This part of the assessment followed the provision of soap as in-kind assistance, in order to determine the cost efficiency and effectiveness of providing in-kind hygiene items. Cost efficiency refers to how successful we are in transforming inputs into outputs, i.e. what is the value lost from procuring soap per bar (including transportation and distribution costs) to the resale value by beneficiaries and price purchased by final/end consumers. Cost effectiveness examines how well outputs contribute to intended outcomes – in this case, how well the consumable hygiene kit distribution contributed to hygiene promotion objectives, and if the resale of items negatively impacted the outcomes.



Source: DFID 3E Framework – Economy, Efficiency, Effectiveness¹⁶

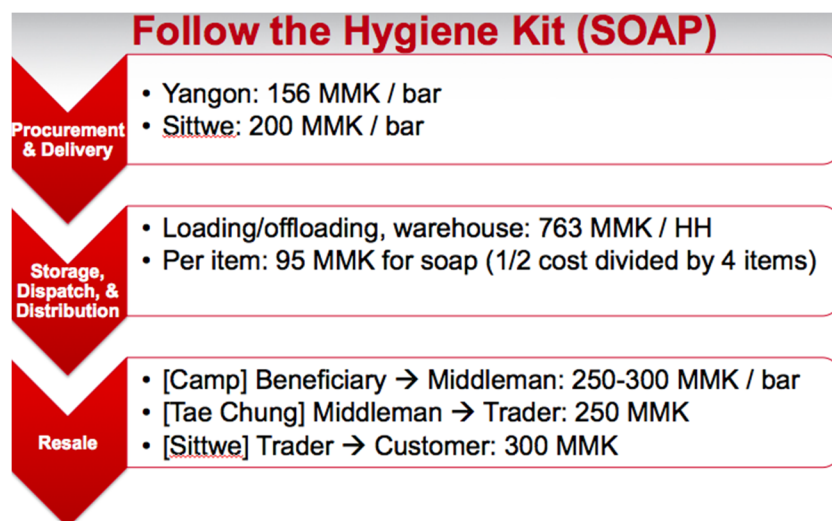
The assessment referred to this part of the assessment as “follow the hygiene kit,” tracking soap from DRC procurement to secondary and tertiary resale in local Rakhine markets. Soap was used as a proxy indicator for “follow the hygiene kit,” as according to beneficiaries and other stakeholders, it is the item most often consumed and most often resold from the monthly consumable hygiene kits¹⁷ which is provided by aid agencies, and therefore a valuable commodity. However, it should be noted that due to the timing of the assessment, it was not possible to track the resale of the complete set of hygiene kit items. Tracking resale of the full kit will take place during and immediately after the next distribution, scheduled for end of July 2015.

A. *Cost Efficiency*

The aim of this part of the assessment was to determine the approximate value lost during the resale of soap by “following” the consumable hygiene kit costs throughout the cycle of procurement, distribution, and resale. DRC currently procures hygiene items in Yangon, though it has procured locally from Sittwe in the past. Procurement, transport and distribution costs from Yangon to Sittwe and on to the field were calculated using DRC project documentation (order requests, procurement documents, etc.). It is important to note that resale prices were collected through self-reporting by IDPs and vendors, and are therefore estimations, i.e. not objectively verifiable. Efforts were made to triangulate self-reported information by surveying as many sources as possible from IDPs and market vendors, though the results should still be considered qualitative (random rather than representative sampling).

¹⁶ Please see https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/67479/DFID-approach-value-money.pdf.

¹⁷ There are 2 types of hygiene kit distributions in central Rakhine State – monthly consumable kits, which are either distributed monthly or every 3 months depending on logistic constraints, and “full hygiene kits” distributed on a yearly basis. For the full list of kit contents, please see the annexes.



How was this calculated?

The diagram above outlines the procurement-to-resale process. Please note that the calculations are approximations intended to describe the process rather than provide absolute values at each stage.

The costs associated with storage, transport, and distribution of the items were calculated from DRC ECHO project budgets and divided per household based on target population figures. This came out to 763 MMK per household. The same costs were divided between the full kit and consumable kits per household, roughly estimated at ½ for the full kit and ½ for the consumable kit (381.5 MMK). This is because the full kit is bulkier but only distributed once per year, while the consumable kit is much smaller in volume but is distributed more often.

Within the consumable kit, there are four items provided of which one is soap. Dividing 381.5 MMK by four items is 95.3 MMK per item, which is a “good enough” calculation – with such low values there is no need to enter into more detail. Therefore the cost per item (95 MMK) is the cost DRC incurs to deliver the full amount of soap per household per month (six bars), which is actually more than DRC spends to transport and distribute each bar of soap, but gives a good indication of value lost during the process.

Staff costs were not considered in the support cost calculation because similar staff structures would be required to implement cash or voucher programmes, therefore cancelling out any effect on the cost efficiency calculations of in-kind assistance. Approximate value lost: 0-45 MMK, or nearly equivalent cost to DRC as to beneficiary.

As this rapid assessment demonstrates, little if any value of a bar of soap is lost during the resale process, even when factoring in costs associated with delivering and distributing hygiene items to the field. There are several possible explanations for this:

- Soap is always in demand as long as it is affordable – so middlemen have an interest in keeping prices stable and supply continuous, therefore paying IDPs fair prices for reselling their soap.
- Agencies procuring soap from Yangon and transporting to the field eliminates suppliers’ need to pay transport costs, taxes and informal fees (bribes), so this soap is more valuable than other soap supply chains, because it is higher quality, yet incurs fewer costs and risks.

- Soap could be used as an alternate currency to facilitate access and movement of goods along the supply chain and therefore gains value for middlemen – e.g. giving soap at checkpoints.¹⁸

Due to the reasons mentioned here, soap is not the “money maker” – other items such as kitchen pots or buckets have much higher profit margins per item for resale. Therefore middlemen can afford to offer a good resale rate to beneficiaries because soap is a valuable commodity.

As a comparison, vendors in Tae Cheung and Sittwe said they could make approximately 300-400 MMK profit per NFI bucket, or up to 1,000 MMK (approx. 1 USD) per kitchen pot.

At the time of the assessment, using soap as a proxy showed that DRC (and therefore ECHO) are not losing much in terms of cost efficiency of hygiene items, even when they are resold. In fact, the multiplier effects outweigh any value lost during resale.



- IDP families have reliable access to a commodity they believe to be useful for consumption, but when other needs arise they can also rely on receiving a relatively fixed price when they resell the soap – this allows families to better plan expenditures and cope with shocks to their households (illness, unexpected expenses, etc.).
- Host communities and other poor “non-beneficiaries” have access to affordable, higher quality hygiene items for either consumption themselves or resale to tertiary markets, thereby creating new livelihood opportunities for economically marginalised households.
- Central Rakhine markets, greatly affected by the 2013 conflict and subsequent market disruptions, are bolstered by items procured by the international community more cost efficiently at national level, bypassing complex taxation and bribery systems.

Despite the above, it is important to note the difficulty in isolating the impact of soap or hygiene kit resale from the resale of other humanitarian assistance (notably food and NFIs, particularly kitchen sets). It is more accurate to generalise the resale of all distribution items as creating new supply chains and subsequently new livelihood strategies for displaced and host community families. These may not be the intended outcomes of distributing in-kind assistance, but nevertheless it has a positive impact on IDP camps and surrounding communities.

B. The Resale Process¹⁹

Immediately following a distribution, Muslim middlemen (usually IDPs themselves) approached IDP families in the camp to purchase items they wanted to resell. IDPs interviewed during this assessment, particularly female heads of household, noted that how much they sold and which items they kept depended on their needs at the time. The middlemen then handed over the items to Rakhine middlemen (generally from neighbouring villages) to be transported out of camps and through checkpoints; from Pauktaw, this included a boat trip to Tae Cheung. The Rakhine middlemen then set up a separate market space in Tae Cheung for the sale of distribution items (nicknamed the “NFI plaza”), where they sold items to four main types of customers:

¹⁸ The HEA consultant (WASH consortium/Save the Children) posited this theory based on market analysis from his study.

¹⁹ The resale process described here was pieced together through stakeholder interviews and primary data collection, as well as corroborated by findings from the HEA assessment. The only party involved that DRC was not able to interview were Muslim and Rakhine middlemen responsible for purchasing from beneficiaries and transporting items to Tae Cheung market.

	Customer Type	Purpose of Purchase	Type of Purchase
Direct Consumers	Rakhine and Muslim, IDP and host community	Household consumption	Small quantities / individual items
New vendors in Tae Cheung	Usually Muslim IDP or host community members	Resale in Tae Cheung – set up a secondary “NFI plaza” just across from the original plaza. Customers are mainly Rakhine and Muslim host community members	Bulk – a variety of items
Mobile vendors	Rakhine and Muslim, IDP and host community	Resale to Rakhine and Muslim host community members as “roving” merchants, moving with the goods (usually 1-2 types) and selling directly in villages	Small to medium quantities (10-20 items) – usually 1-2 types of items
Sittwe vendors	Usually poorer Rakhine women from Tae Cheung village	Purchase items to be resold in Sittwe main market – their clients mainly to Sittwe Rakhine residents, with some coming from the countryside	Bulk – a variety of items

The secondary “NFI plaza” appears to be set up because the primary plaza closes down once they sell items; is not a permanent market presence. The new vendors in Tae Cheung estimated five to six months before they could sell out their stock, so they are able to maintain a more permanent (albeit smaller) market presence. Some were able to buy items in bulk and on credit, such as the small-scale Rakhine traders from Tae Cheung village. Without more information, it appears that access to credit from the resale middlemen is based on trust and kinship ties.

VI. Cost Effectiveness

Unfortunately it was not possible to determine the cost effectiveness related to resale, as there was not enough monitoring data on hygiene outcomes in general, thus the assessment could not determine if the resale of hygiene items, and in particular soap, had specifically negatively impacted hygiene, or if hygiene outcomes were more affected by the context, household habits or other factors. However, beneficiaries and WASH actors clearly indicated that the hygiene items distributed are considered as income and consumed or resold according to needs – therefore giving hygiene distributions an economic dimension rather than a direct relationship to hygiene objectives. Several beneficiaries mentioned that their families needed all of the hygiene items they received, but had to sell some of them to meet other urgent needs. The proportion of items resold versus consumed depended on the family’s situation that month (if they needed money for transport to markets, hospitals, etc.) and the timing of other distributions, mainly food. If there were several weeks between food and NFI distributions, IDPs sold more hygiene items to supplement their diets. This indicates low or unpredictable cost effectiveness of hygiene kit distributions, though more information is needed to be sure.

The Rakhine WASH cluster sub-working group on hygiene promotion is currently developing harmonised tools for tracking the impact of hygiene promotion interventions, which should improve understanding about the contribution of hygiene item distributions to hygiene objectives. Given the broader political and operational constraints to switching assistance modalities outlined in this report, cost effectiveness cannot be considered the main factor to determine which modality is best suited to the Rakhine context until we understand more about hygiene outcomes in general.

VII. Analysis: Key Opportunities & Obstacles

The assessment sought to answer specific questions related to cash based programming, per the TOR, as below:

1. What effect would cash or voucher schemes have on the local market (prices, availability etc.) and inter-community trading relations? How would a move towards cash-programmes potentially impact relations between IDPs and nearby communities?
2. How to guarantee high quality WASH products that comply with SPHERE standards is available?
3. Is the cash (financial) management capacity of the beneficiaries an obstacle?
4. What lessons learned can be obtained from interventions to date in terms of revision of approach, modality or outcome?
5. What positive and negative effects can be attributed to the cash-programming approach?

From the field visits and stakeholder consultations, the need to categorise geographic zones by access, FoM, and market functionality emerged as a strong recommendation and programmatic need in order to better analyse the feasibility of cash assistance and improve programming in general. Indeed, according to WFP in Yangon, the Food Security Cluster is already planning this exercise for food security. It would be an overlay of livelihood zones (from the May 2015 HEA)²⁰ and the OCHA situation maps per camp, to determine what kinds of market-based or livelihood interventions would be most appropriate.

This assessment identified the following geographic zone categorisations:

- Restricted - access only to small neighbouring markets
- Isolated (e.g. Pauktaw)– functioning markets too far, regardless of FoM, access only to informal nearby markets
- Dense population (e.g. Sittwe Township camps) – mixed camp and village populations with active interaction, possibly checkpoints surrounding the area but relative FoM within.

The opportunities and obstacles related to cash feasibility center around two key themes – markets and target populations - with contextual considerations (policies and processes) integrated throughout. This section reviews the main risks and obstacles identified, corresponding mitigation measures, then outlines the key considerations under the two themes.

Finding	Risk to transition to CBP	Mitigation Measures
CBP necessitates a shift to targeted methodologies, which thus far communities and leaders have not responded to well	Vulnerable people potentially excluded; IDPs cannot cope without income provided by blanket distribution of in-kind kits CMCs and beneficiaries resist any targeting, particularly any system without “observable” indicators (e.g. female-headed households)	Strong focus on and investment in communication, feedback and accountability mechanisms at interagency level (see Section VIII) Complementary programming for those excluded (e.g. livelihoods or employment with agencies)
Current in-kind system benefits Yangon-based or international suppliers (where procurement takes place), and the resale	Shift to CBP means bigger, more politically influential Rakhine traders and checkpoints will	Consider a pilot of CBP in areas with relative FoM between camps, villages and main market, e.g. Sittwe Township (see area

²⁰ The 2015 HEA divided Sittwe Township into 4 livelihood zones: Rural, urban, peri-urban (e.g. areas around TKP, Dar Paing, TC main markets), and coastal (remote areas with difficulties accessing main markets).

primarily benefits small traders and IDPs (cash injection)	benefit from the new assistance modality (shift in bribe system)	categories below); monitor closely and analyse effects before scaling up
Resale of in-kind assistance has created new livelihood opportunities for small traders	Small traders (Rakhine and Muslim) lose income opportunities	Direct livelihood support to small traders (as recommended by HEA in 2013)
Supply of basic items to local markets is limited, and checkpoints “strangle” the flow of goods and services	Demand could exceed supply Prices could increase dramatically	Consider pilot in Sittwe Township with key involvement of traders in Tae Cheung and tuktuks/transport (anticipating higher demand) Secondary cash support to traders so they can access credit/stock Price monitoring
Markets currently function on informal/clandestine ties between Rakhine and Muslim traders	Exposing or bringing visibility to these ties between Rakhine and Muslim traders could break down these important links altogether	This is a huge risk that would be very difficult to mitigate, and could make the political and humanitarian situations in Rakhine worse – requires stakeholder mapping
Potential backlash from authorities or ‘hardliners’ about switching to cash – considering their reluctance to resume in-kind distributions in 2015	Loss of humanitarian access No assistance reaching camps / villages Violence breaks out as a result	Begin coordinated, interagency preparatory meetings with local authorities Consider waiting until after elections to engage authorities on modality discussions

A. *Market Considerations*

Market opportunities and obstacles to transitioning to cash-based programming depend on the geographic zones, particularly market access and functionality. In the two townships visited during the assessment, Sittwe offers an opportunity to support market-based initiatives such as cash-based assistance in lieu of NFI distributions, while Pauktaw presents too many obstacles in terms of supply and access (remoteness). Although the resale of NFIs injects a fair amount of supply into the market, there are comparable goods available in Sittwe Township (urban and rural), and the robustness of the markets indicates that supply/availability of basic food and non-food items would soon be able to reach demand. However, specialty items such as sanitary pads may still need to be supplied, or agencies may need to engage in other types of programmes to boost stock (e.g. business grants, facilitating access to credit, etc.).²¹ The same types of interventions could ensure higher quality WASH items compliant with SPHERE standards were available; however, it would still up to beneficiaries to create a demand for it and they may still prefer to purchase cheaper, lower quality items. While this issue could be more regulated with a voucher system, it is important to consider that vouchers will likely become an alternative currency if IDPs cannot generate other sources of income and continue to have unmet needs.

As outlined in the risk matrix above, the clandestine ties between Rakhine and Muslim communities are the lifelines of trade in all areas of central Rakhine State. Any programme that exposes these links risks breaking them all together, and no amount of assistance – cash or otherwise – can replace these essential relationships. This is the main obstacle to shifting modalities of assistance in central Rakhine State.

²¹ This point is emphasized in the 2015 HEA.

B. Protection & Conflict Considerations

Cash feasibility considers protection and conflict insofar as it should not contribute to negative protection outcomes or increase tensions between groups, recognising that any type of assistance will alter protection and conflict dynamics, either positively or negatively. At the household level, it is important to consider access to markets and potential negative impacts (access related to gender and disability, gender based violence, intra-household dynamics, etc.).

While this assessment did not go in-depth into household dynamics, it appears the head of household (male or female) handles the finances and should therefore be the recipient of cash/voucher assistance at household level, with close monitoring to ensure cash is spent inclusively (considering all members' needs, particularly women and children). IDPs' financial management is not a concern for a switch to cash, as people are making difficult economic choices every day and already manage large sums of cash from remittances and employment by agencies. It is more of an issue for other programming such as livelihoods, where it is expected that a certain type and level of financial literacy would be required, including numeracy in the classical sense of being able to identify numbers and count, which based on observation is not sufficient for many beneficiaries (especially women).

Issues related to access (disability, elderly, etc.) should be addressed by ensuring goods are available in the market (market support) and ensuring the person with specific needs has access to an able-bodied, trusted persons (caretaker, relative, etc.) who can access markets and purchase the needed items. Most of the families visited during the assessment had at least one able-bodied person who could play this role.

At the community level, it is difficult to predict inter-communal tensions that might arise from a shift to cash-based assistance, as blanket assistance to IDPs has continued for the past two years and host community villages (Rakhine and Muslim) have found ways to profit from the system, deliberately (reselling items) and inadvertently (daily labour opportunities for Muslims with Rakhine). The HEA assessment posits that a shift to cash/vouchers will mean more influential Rakhine businesses stand to benefit, while poorer Rakhine and Muslim host community households will lose access to alternative livelihoods offered by resale. Complementary programming in host community areas could potentially mitigate the negative effects (see **Section VIII**), but any targeting of assistance could incite tensions and conflict, even resulting in access barriers for humanitarian agencies.

The main protection and conflict concerns on shifting to cash would therefore be potential effects of targeting and negative impacts on certain vulnerable groups' livelihoods. Therefore, the programme recommendations (please see **Section VIII**) focus on how to address targeting concerns and agencies' ability to develop complementary programming, because regardless of the assistance modality, these are mandatory processes based on the need to move away from emergency programming after two years of displacement.

C. Unanswered crucial questions

A limitation of this assessment was not being able to meet with authorities to discuss a shift to cash assistance. Many stakeholders indicated the authorities would be against such a shift in modalities.

Crucial unanswered questions include:

- Would authorities consider cash assistance if it were presented not as exclusive assistance to IDPs, but as a programme to benefit both Rakhine and Muslim vulnerable households? Would donors and humanitarian agencies consider cash assistance to both communities?

- Will authorities' opinion of cash assistance (and their opinion of humanitarian assistance in general) change after the elections?
- Even if cash is a feasible modality for non-food assistance, WFP does not find that CBP is scalable or cost effective for food distributions in Rakhine State.²² Will a partial shift to CBP increase or decrease the resale of food assistance to prioritise unmet needs?
- Regardless of the modality, what happens to response plan funding if hygiene kits are used for livelihoods purposes?

D. Key Programme Opportunities

- Substantial time should be taken in 2015 to discuss targeting as an inter-agency priority (see **Section VIII** below).
- CMCs and IDPs will certainly resist a shift to any type of targeting, particularly if it includes “non-observable” indicators such as socioeconomic vulnerability, thus piloting a socioeconomic targeting approach for smaller-scale livelihoods programming rather than begin with targeting for direct assistance should be considered.²³
- Given assistance is considered income to IDPs, it is key to create a stronger link between direct assistance (emergency programming) and livelihoods-oriented programming. This also offers the opportunity to offset potential IDP-host community tensions by scaling up livelihood programming for host communities – either directly by humanitarian actors, or through complementary development programmes.

VIII. Recommendations

As outlined in Section 7, the shift to other assistance modalities should be well planned and would benefit from piloting different initiatives (vouchers, cash, etc.) to test the appropriateness of cash-based programmes. Based on assessment findings and feedback from DRC Myanmar, there are five main programme recommendations for remainder of 2015:

A. Improve in-kind assistance in the immediate term

There are key ways to improve the provision of in-kind assistance in the immediate term. While these recommendations relate directly to hygiene kit distributions, they can be relevant for all types of assistance.

To the extent possible, coordinate the timing of food and NFI distributions and communicate it monthly, given beneficiaries indicated that distribution timing impacts resale quantity. There may be security concerns about sharing details of distribution schedules with CMCs or IDPs, but as a minimum distributions should be coordinated among agencies to the extent possible.

Option 1: Consolidate distributions within a short period (e.g. 1 week). It can also reduce logistics costs, improve CCCM's ability to follow up on distributions, and minimise the time IDPs spend gathering and waiting for assistance. Monitor impact on resale (quantity and type of items).

Option 2: Stagger / space out food and NFI distributions by 1-2 weeks if agencies feel Option 1 is not logistically feasible or could lead to further resale. With Option 2, assistance is still more “predictable” (so IDPs can plan and prioritise needs), but less concentrated/consolidated.

²² Source: WFP feasibility study, March 2015.

²³ This was also a suggestion from Solidarités in Sittwe – they were concerned with backlash following a targeted intervention.

Elaborate the use of the WASH PDM to improve information on:

- Cost-effectiveness: Assess impact on personal hygiene (with stronger link to health) for a better understanding of the cost-effectiveness of hygiene kit distributions, as is planned by the Rakhine WASH Cluster.
- Economic vulnerability: The HEA consultant recommended to conduct a rapid survey during distributions to ask households what assets they have.²⁴
- Resale: Collect more quantitative data on resale patterns (also linked to cost-effectiveness)
- Agencies are already injecting a significant amount of cash into camps through employment and incentives. Track, harmonise, and assess impact of these cash injections on camp economies.

DRC internally will propose a tool for this – to be shared among agencies (see livelihoods recommendation). This could reduce issues with incentive workers giving different names, double registration of incentive workers, etc.

As it stands, not enough is known about the people who are employed through aid agencies, and whether they all come from the same household(s).²⁵ It is also an unknown how they are situated geographically within the camps, and whether there are “wealthy” blocks.

As a WASH cluster, decide whether to accept “economic contribution” of hygiene items. If there is not a demonstrable reduction in cost-effectiveness of hygiene kit distributions due to resale, consider reducing the variety of items provided and increase the quantity of key items such as soap, which is of high consumption and resale value to IDPs. This may not be desirable based on minimum standards or by donors, but worth considering in order to boost IDPs’ purchasing power if items will be resold anyway.

B. Monitor markets regardless of assistance modality

“If markets are not adequately taken into consideration, the potential harmful impact of interventions generally implies one of three (or a combination of the three) major outcomes:

1. A significant change in the price of certain essential goods
2. A significant fall in the demand for the goods of local market participants

Distortions in markets which undermine the future viability of local livelihoods, jobs or business – e.g. hoarding of products or enabling one market actor to capture most of the benefits of an intervention.”²⁶

This is particularly true in central Rakhine state, where markets are influenced not only by ‘classic’ supply and demand, but also FoM and the bribery system; therefore a rapid stakeholder mapping of market actors could also be useful. Market assessments should not be considered one-off activities and must be followed by continuous market monitoring activities – even at the most basic level – throughout the programme cycle. Whether through vouchers or direct cash, setting the transfer value per individual or household should be based on a MEB/SMEB calculation – i.e. how the minimum amount of money a person/family requires to meet basic needs. It is recommended to immediately establish and maintain a market monitoring system to track the supply, prices and restock of basic food and non-food items (including shelter/rent if applicable). Essential services such as health/medicine should also be considered for the MEB. The INGO monitoring system should coordinate and integrate with local authorities’ initiatives.

²⁴ The May 2015 HEA assessment report should propose a simple template for this type of data collection.

²⁵ This issue was raised by the DRC WASH Coordinator for Rakhine.

²⁶ Cash and Learning Partnership (Lois Austin and Sebastien Chessex), “Minimum Requirements for Market Analysis in Emergencies,” 2013, p. 11.

Price Monitoring & Commodity Tracking examples:

It is important to monitor the availability, restocking rate and price of key commodities, not only to ensure there is enough stock to sustain humanitarian assistance (vouchers or local procurement), but also to monitor if additional families' vulnerability will increase. Examples of key commodities include:

- Fuel (as the direct input on prices)
- Fresh food: fruits, vegetables, fish, eggs (depending on beneficiary preference)
- Dry foods: rice, spices

Begin basic price monitoring of key food items, NFIs and eventually basic services in large and small shops, as well as open markets, in both urban and rural areas.

If renewed conflict emerges in some areas, or if areas are affected by natural disaster, it will be important to map out the main supply lines for key commodities to determine bottlenecks.

C. Targeting discussions as an inter-sector priority

Targeting is a key consideration that should be discussed among agencies and across sectors. Many clusters have already begun discussions on transitioning from blanket to targeted assistances. While each sector/cluster could develop its own targeting system and cash-based response (cash or voucher), IDPs' limited access to livelihoods and income generation suggests they will continue to consider assistance as income and therefore sell sector-based assistance based on their priority needs. An inter-sector targeting discussion can pre-empt some of these concerns by noting any overlap or gaps in sectoral responses, as well as identify key complementary activities that can benefit non-targeted groups (see Part F: Livelihood recommendations).

Vulnerability and targeting are complex processes, particularly with regards to cash-based programming.²⁷ There is no "right" or "wrong" way to target – it is more about finding the most appropriate and accurate way to capture the intended vulnerabilities. For central Rakhine State, any direct assistance is considered income, so targeting should include economic indicators. However, UNHCR CCCM in Rakhine noted that CMCs and IDPs would not respond well to nor understand a targeting system without observable criteria. UNHCR and CCCM implementing partners are currently compiling a household "vulnerability survey," which UNHCR would like to use to justify targeting beneficiaries for NFI distributions. It is important to note that this not a vulnerability assessment per se, but a household survey to identify persons of concern within the camps – single female-headed households, chronically ill, etc. as proxy indicators for vulnerability. At the same time, the WASH Cluster HEA exercise noted that the status-based criteria may not correspond to socioeconomic vulnerability and could lead to large exclusion errors/not reaching the most vulnerable. The Save the Children assessment recommends considering household economic dynamics in any targeting strategy. For example, many female-headed households are the result of men traveling abroad to seek work, who then send substantial remittances back to their families. Please note that targeting with observable criteria and without correlated vulnerability exposes agencies to a high degree of manipulation (corruption/fraud) at all stages of intervention.

Specific Targeting Recommendations:

- Using the CCCM status-based information and Save the Children's HEA findings, humanitarian agencies should identify intersections between the two systems where vulnerability overlaps.
- Justification of cutting off people from assistance should be through objective/observable indicators to get the buy in from local authorities. The HEA assessment (May 2015) will propose indicators to identify what type of households can absorb the shock and which ones cannot (approximately 20 different

²⁷ There is a global initiative, funded by ECHO and coordinated by UNHCR, that brings all major humanitarian cash actors together to discuss vulnerability and targeting within cash-based programming. New resources will be available in September 2015.

indicators). Indicators will be based on asset ownership, expenditures, income, food sec, etc. If any household fulfils three or more of the criteria, they can be cut off from the system.

- Solidarités proposed to introduce HEA-based targeting for livelihood activities first to familiarise camp populations with the system before attempting it in the provision of basic assistance.
- Targeting would be a huge systemic change, and thus requires the political “buy in” of key authorities, beginning with Rakhine level authorities, then engaging at CMC and IDP levels to solicit feedback and familiarise stakeholders with targeting concepts. These will be difficult and time-consuming discussions.
- Justifications for targeting should be coordinated and demonstrable, e.g. budget reductions for assistance in 2016, positive targeting experiences from other contexts, and negative impacts of continuing blanket assistance (“extended emergency” periods), etc.
- It is essential to highlight and link to complementary initiatives for those excluded, as noted by UNICEF during this assessment.
- Shifting to a new assistance modality may offer the opportunity to introduce targeting based on economic indicators, whereas targeting might be difficult to sell if assistance continues in-kind. Combining targeting and modality discussions with authorities can also highlight the beneficial effects to local markets and key market actors, which could provide more convincing arguments.
- Reflect on key questions for host community inclusion: If targeting is economically based at the household level, are agencies ready/willing to assist vulnerable host community households? Are there development actors or initiatives that could take on this role?
- Consider community based targeting as a potential approach.²⁸ Oxfam has had positive experiences with participatory approaches of selecting beneficiaries, while UNHCR (CCCM) does not feel this will address the issue of reaching the most vulnerable.
- When selecting a targeting approach, consider the level of complexity regarding data collection and analysis that might be required before launching the initiative, and if the level of assessment needed would be politically feasible/acceptable.

D. Operational preparations for cash-based assistance

While engaging in discussions and preparations for targeting, as well as on-going market monitoring efforts (however top-line or comprehensive), DRC should begin operational preparations to shift modalities.

Prioritise discussions with authorities’ on shifting modalities (whether direct cash or vouchers); authorisations that proceed may determine modality more than markets or target populations. The political buy-in of this process is essential to a programme’s success, and could even influence the choice of modality or targeting strategy. It is recommended to present at least two potential modalities for discussion with authorities to explore multiple options.

When updating the stakeholder mapping and risk analysis, consider the potential backlash or harm caused by one or the other.

Per cluster/sector, identify what should be direct (material) assistance and what are the essential technical interventions (soft as well as hard). This will assist in determining what assistance could be shifted to cash or vouchers, and what activities agencies should focus on to reach specific objectives.

Technical interventions are the activities directly implemented by agencies that are required to reach sector objectives. “Soft” technical interventions include protection activities (counselling, referrals, life skills, etc.), as

²⁸ For more information, please see <http://www.odi.org/projects/community-based-targeting-review-experience>.

well as behavioural change activities such as hygiene promotion. “Hard” interventions relate to infrastructure, construction etc.

Delivery mechanisms and service providers – begin to explore options for direct cash assistance (unrestricted cash) or voucher (restricted cash). While this assessment recommends implementing direct cash if possible, from a market and beneficiary perspective, vouchers may be the more politically viable modality. Therefore it is essential to explore the various delivery mechanism options available as soon as possible. Starting points include reviewing:

Delivery mechanisms from existing pilot initiatives (e.g. Oxfam hygiene vouchers in Say Tha Mar Gyi camp)

- Processes through which humanitarian agencies pay incentives and/or salaries – could they be used for cash programming?
- Remittance flows: what mechanisms are used and what do they require to function?
- Exploratory tender: consider publishing an Invitation To Bid (ITB) at international, national or state level to find out what kinds

The humanitarian community now prefers to use e-transfer mechanisms for cash programming to reduce the margins of fraud and human errors. E-transfers can range from requiring sophisticated infrastructure to simple mobile phone / SMS-based systems that could be more suited to the Rakhine context. The exploratory tender could identify potential service providers.²⁹

E. Prepare monitoring and evaluation and anti-fraud systems

Agencies typically place a lot of emphasis on guaranteeing cash or vouchers are used for “intended purposes.” With any modality, it will be less about guaranteeing and more about identifying risks, mitigation and acceptable thresholds – while maximising cost efficiency/effectiveness for DRC and benefit to recipients.

DRC country programmes that have successfully integrated M&E/anti-fraud into any direct assistance have focused on three main components: training staff, establishing (and especially updating) frameworks, and segregating responsibilities between assessing/selecting beneficiaries, distributing assistance, and M&E/compliance tasks. An example is annexed to this report.

F. Take an integrated livelihoods approach

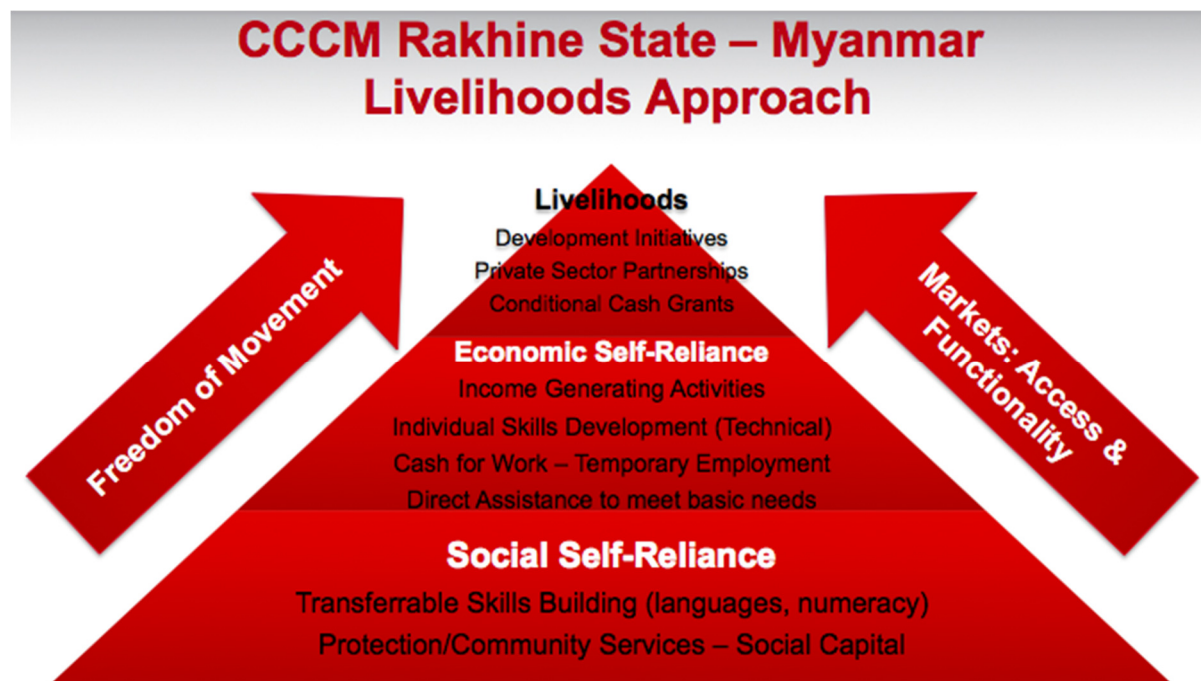
“A ‘livelihoods approach’ is one that takes as its starting point the actual livelihood assets and strategies that people use to achieve the outcomes they seek. Livelihoods approaches intervene in the relationships between assets, policies, institutions, and processes (PIPs) and livelihood strategies in order to reduce vulnerability, poverty, food insecurity, and other negative outcomes.”³⁰ A livelihoods approach in Rakhine can bridge the gap between the direct provision of emergency assistance and early recovery programming required to reduce dependency on aid. It can also mitigate potential tensions between IDPs and host communities in a given area (both Rakhine and Muslim), considering their situations resemble each other’s more and more over time. As noted in the HEA assessment, the lifeline of these communities is trade, therefore it is essential to consider trade linkages when shifting assistance modalities.

In central Rakhine State, it is recommended to take a graduated and phased approach to livelihoods based on considerations of FoM, market access/functionality, and households’ vulnerability (willingness and ability to

²⁹ For more information, please see: <https://www.mercycorps.org/press-room/releases/humanitarian-agencies-join-forces-private-sector-improve-electronic-cash-0> and <https://www.redrosecps.com/>.

³⁰ Source: Longley & Maxwell, 2003: <http://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/2991.pdf>.

engage in livelihood activities). For camp-based responses implemented through CCCM Cluster coordination, the following model was proposed at the Rakhine CCCM Cluster on 27 May 2015:



The concept allows agencies to begin to engage on livelihoods programming, despite FoM concerns, by integrating certain aspects into existing CCCM and protection responses to first strengthen social self-reliance, then engage more technically on economic self-reliance towards livelihoods (support to “economic resilience” in the camps). The concept can also provide guidance on how to present complementary livelihood activities to those excluded from direct assistance, whether in kind or cash-based.

Terminology
<p>Self-reliance is the social and economic ability of an individual, a household or a community to meet essential needs (including protection, food, water, shelter, personal safety, health and education) in a sustainable manner and with dignity. Self-reliance, as a programme approach, refers to developing and strengthening livelihoods of persons of concern, and reducing their vulnerability and long-term reliance on humanitarian/external assistance. (UNHCR Self-Reliance Handbook, 2005)</p>
<p>A livelihood comprises the capabilities, assets (including both material and social assets) and activities required for a means of living. A livelihood is sustainable when it can cope with and recover from stress and shocks, maintain or enhance its capabilities and assets, while not undermining the natural resource base. (Chambers and Conway, 1992)</p>
<p>Resilience is the ability of people, households, communities, countries, and systems to mitigate, adapt to and recover from shocks and stresses in a manner that reduces chronic vulnerability and facilitates inclusive growth. A resilience-based...response therefore needs to address the vulnerability of individuals,</p>

communities, and institutions and identify what weakens their capacity to withstand, adapt, recover or transform from shocks and stressors.³¹

The concept adapted for Rakhine was developed for camps and CCCM interventions, but the activities could also be implemented as complementary programming in host village settings (some initiatives already exist, such as business grants). The Rakhine pyramid considers the following activities per category:

- Social Self-Reliance: open and available to all those interested (location-based, depending on FoM)
- Link to communal spaces
- Provide courses related to transferrable skills³²
- Economic Self-Reliance: eligibility based on targeting or self-selection
- Direct assistance to meet basic needs – here it considers
- Cash for Work (see specific box on CFW below)
- Individual technical skills³³ development
- Income generating activities – e.g. animal husbandry
- These activities are not external businesses or do not necessarily generate sufficient revenue to be the sole source of income, but can meaningfully supplement household income
- Livelihoods: eligibility based on targeting and motivation
- Conditional cash grants – currently implemented in camps and villages as business grants. Beneficiaries are selected on the basis of certain criteria, participate in business management workshops, develop a business plan and receive a cash grant (usually in two instalments based on milestones – which makes the cash conditional).
- Private sector or market partnerships – this represents an as-yet unexplored opportunity for humanitarian actors to support local economies or connect beneficiaries to livelihood opportunities (income generation, entrepreneurship, or employment). For example, cash programming could benefit from additional investment in secondary cash and livelihoods programmes to move to cash-based responses (e.g. support to traders to restock/obtain credit, etc.)
- Development initiatives; where possible, linking humanitarian programmes and beneficiaries to development programming with longer-term timeframes and greater livelihood opportunities (fishing, agriculture, commerce/trade, etc.)

Recommendations for initiating an integrated livelihoods approach in Rakhine:

- Review, revise and adapt integrated livelihood framework concept for Rakhine state (interagency)
- Map and categories zones: using the OCHA situation maps and 2015 HEA livelihood zones as starting points.
- Per zone, determine which parts of the framework should be applied to which zones, and which agencies/clusters will take the lead on which components.
- Consider CCCM assessments as a key entry point to collect multi-sector data at household level using the HEA (info on previous livelihood strategies, assets owned, skills, coping mechanisms, etc.).

³¹ Consolidated Summary Syria Response E-Discussion (Dec 9 – 20): Assessing vulnerability to crisis in support of a resilience-based development approach Cross-posted on UNDP's CPRP-Net, EE-Net, Gender-Net, Capacity-Net, and the UN Coordination Network Prepared by Johannes Schunter, with the support of the contributors of the e-discussion 12 January 2014, page 1, found at [file:///Users/client/Downloads/Consolidated%20Summary%20-%20Syria%20E-Discussion%20\(9-20%20Dec%202013\)-%20Assessing%20vulnerability%20to%20crisis%20in%20support%20of%20resilience-based%20dev.pdf](file:///Users/client/Downloads/Consolidated%20Summary%20-%20Syria%20E-Discussion%20(9-20%20Dec%202013)-%20Assessing%20vulnerability%20to%20crisis%20in%20support%20of%20resilience-based%20dev.pdf).

³² Transferrable or portable skills are skillsets that people can use productively across different jobs, occupations and industries (Source: ILO) (http://www.ilo.org/wcmsp5/groups/public/@ed_norm/@relconf/documents/meetingdocument/wcms_gb_298_esp_3_en.pdf)

³³ Specific, market-based skills are technical or vocational skills pertinent to particular jobs, occupations and industries. Source: ILO (see link above).

- Begin discussions with development actors on possible linkages between humanitarian ‘early recovery’ approaches and opportunities for beneficiaries within larger development programmes.
- Work towards harmonising CFW and temporary employment across agencies, including wage rates as well as policies and benefits (e.g. insurance), etc. Guidelines and standards to would help maximise the impact of existing temporary employment on households and communities. An easy way would be to harmonise per cluster, then to consolidate at CCCM cluster level.
- Consider also shifting “hard” technical assistance to CFW projects with direct agency management and direct community involvement, to eliminate contractors and promote more interaction between agencies and communities (see box below).

Cash for Work

When possible, DRC Myanmar should prioritize the cash for work implementation modality as a way to provide income to vulnerable families, as it still provides an important source of income for families. Globally, DRC uses CFW in poor and displacement-affected communities, designing the project with the community (leaders and representatives from different groups) to ensure transparent and relevant targeting criteria for participants, and in order to maximize participation and ultimately ownership of the projects. CFW is appropriate as long as it does not detract from voluntary, community mobilization initiatives (e.g. camp or collective centre cleaning); DRC also considers potential conflict sensitivity concerns prior to starting CFW projects.

Cash for Work vs. Temporary Employment: What is the difference?

CFW has dual objectives: 1) providing income for participants; and 2) creating useful community assets.³⁴ Participants are selected based on vulnerability, and projects are often heavy on unskilled labour to provide maximum benefit to vulnerable households. Many CFW projects put a maximum number of days that an individual/household can work in order to rotate participation and benefit more households. Wages are usually set just under minimum wage (or under S/MEB amounts) to encourage self-selection of the most vulnerable, as well as not to attract people away from other forms of employment

Temporary employment is when an agency engages an individual for a short period of time to provide a service or to perform works. Participants are selected on the basis of ability/skills first, vulnerability second (or not at all). Temporary employment can range from skilled to unskilled work. There may or may not be rotation scheme involved.

IX. Annexes

1. Cash Feasibility Assessment Terms of Reference (TOR)
2. Cash Feasibility Assessment tool
3. Assessment Findings – Powerpoint Presentation
4. DRC Hygiene Kit Content List
5. DRC Turkey Cash Transfer Programming M&E & Anti-Fraud Guidelines
6. DRC Lebanon Cash for Work Guidelines
7. List of Interviewees

³⁴ Source: Cash & Learning Partnership. See: www.cashlearning.org.