Guidance for undertaking an external CVA baseline for pre-crisis analysis

Purpose

The *External CVA baseline for pre-crisis analysis* looks at the enabling environment for CVA and has an external focus. It differs to the [*Internal CVA baseline for organizational preparedness capacity*](https://cash-hub.org/wp-content/uploads/sites/3/2023/11/1.3.d-Internal-Baseline-for-Organizational-CVA-Capacity-Report-template-1.docx) which is completed before the external CVA baseline and is internal facing, focusing on NS organizational capacity. This guidance note should be used to complete the accompanying *External CVA baseline for pre-crisis analysis report template*

The objective of the external CVA baseline for pre-crisis analysis is to gather a broad picture on CVA response analysis, in order to analyze which modality and delivery mechanism may be most suitable in the NS response context. It focuses on capturing all of the components of CVA feasibility and response analysis that can be gathered in advance, in order to enable a timelier response during a crisis. Overall, the external CVA baseline for pre-crisis analysis gathers and documents the necessary evidence to inform preliminary CVA response option decisions, including initial design features.

Objectives:

* To summarise the operating context for CVA (situation analysis)
* To map and analyze key baseline markets and their potential capacity to support a CVA response during a crisis.
* To assess social protection programming and government policies for CVA and to determine if CVA could be linked with social protection.
* To understand beneficiary preferences, behaviours and access to markets and delivery mechanisms
* To map available financial service providers (FSPs) and delivery mechanisms
* To conduct a CVA risk analysis
* Using the information gathered, compare, and explore CVA response options and determine as many preliminary programme design features in advance as possible (i.e. CVA modality, delivery mechanism, transfer value, targeting)

Scope of external CVA baseline for pre-crisis analysis

In order to implement timely CVA during a response, specific areas in relation to the external enabling environment for CVA should be assessed in advance. This includes a baseline CVA situation analysis, assessment of markets, government policies and social protection, beneficiary preferences, financial service providers (FSPs) and a risk analysis. The baseline will also further enhance and provide evidence around CVA feasibility already established prior to starting CVAP.

All relevant components of response options analysis that can be assessed pre-crisis as part of CVAP are included in the baseline. Suggestions for secondary data, links to relevant CiE and RAM/MAG tools, as well as new external baseline CVA pre-crisis analysis tools, are provided alongside the template to support data collection and analysis. The exact tools and approach can be adapted based on NS needs and context.

Figure 1 – CVAP timeline steps

Conduct initial CVA trainings

Internal CVA baseline

**External CVA baseline**

Plan of Action

CVA Capacity Self- Assessment

CVA Vision and Strategy

**Who needs to be involved?**

The CVA Focal Point will lead the external baseline for CVApre-crisis analysis, along with Programmes at both NHQ and branch level, supported by Logistics, Finance and Security. Separate baselines should be done at both national and branch level, where relevant.

**Overview of process**

The following guidance is organized around seven areas that comprise an external CVA baseline: area 1 – situation analysis, area 2 - market mapping, area 3- assessing social protection and government policies, area 4 - assessing community and household preferences and access to and use of CVA, area 5 - mapping financial service providers and area 6 - risk analysis for CVA. These all then inform area 7 - decisions on CVA feasibility and response options.

Figure 2 – CVA feasibility baseline areas

Decision on CVA feasibility and response options

Risk analysis

Financial service providers

Community and households

Government and social protection

Market mapping

Situation analysis

**Information gathering - primary and secondary data**

Before gathering any primary data from the field, the availability of any reliable secondary data should be checked, including from Finance/Administration and Logistics. This will save time and resources. If there is enough secondary data, it may not be necessary to collect primary data. Following this, conduct field assessment for any gaps in secondary data, as required. The markets, social protection and FSP areas in particular may be able to rely on secondary data. Suggested secondary data sources are provided under the relevant areas.

A general CVAP feasibility baseline checklist is provided that suggests the basic questions to ask across the key external baseline areas and can be gathered through either secondary or primary data, or a combination. See [*External CVA baseline interviews checklist – humanitarian agencies, local authorities and community level*](https://cash-hub.org/wp-content/uploads/sites/3/2020/10/1_2_2-Baseline-interviews-checklist-2.docx)*.* Primary data should be gathered through key informant interviews and in some cases, through focus groups. For NS with more capacity or prior experience in CVA, there are a range of additional tools suggested that can provide further information, per area. For a list of secondary data sources, see [*External CVA baseline secondary data sources*](https://cash-hub.org/wp-content/uploads/sites/3/2020/11/1_2_5-Baseline-market-information-checklist.docx)

## External BASELINE AREAS

## 1. CVA SITUATION ANALYSIS

**Overview**

At the start of the external CVA baseline, the operational context should be briefly summarized. Information can be taken from a secondary data review of NS and Movement preparedness and response documents, including those related to preparedness and contingency planning.

This should include:

* A summary of the types of emergencies to which the Movement is likely to respond to in this context.
* A brief description of the main hazards and vulnerabilities of the most likely target populations.

## 2. MARKET MAPPING

**Overview**

Under this step, the NS will gather market information that should result in a clear and comprehensive understanding of the current or ‘normal’ conditions of markets. Further information can also be collected to forecast and map potential effects of a crisis scenario on markets.

The tools provided both support the process of mapping a baseline, as well as predicting the likely effects on markets on a chosen crisis scenario.

Overall, developing a market baseline process includes both a ‘before’ and ‘after’ analysis, although the majority of the focus will be on the current market situation. The additional step of forecast mapping can help show how market functionality, capacity and access may change as a consequence of a shock. This can then support a decision around whether CVA would be feasible in a typical shock scenario and which modality is best suited in relation to the market capacity.

Overall, the relevant information is the following:

* Define the crisis scenario
* What are the critical market systems for the affected population?
* How are markets structured?
* How do markets behave in a normal (reference) year?
* Potentially how will markets respond during the crisis scenario? (***Advanced option***)

This process is already outlined in full in the RCRC Market Assessment Guidance (MAG). Relevant MAG tools have been extracted and adapted here. Users may already be familiar with the RAM, which typically is used to inform CVA immediately following a shock. However, the MAG gives a deeper basis for programme related decision-making, which is more relevant for a CVAP market baseline and predicted response analysis against a forecast.

As with other steps in the external CVA baseline for pre-crisis analysis, a review of available secondary data should be used as a starting point for the market assessment. This can include any reports on past events that were similar to the chosen scenario. Based on any gaps, supplementary information should then be gathered from primary data (key informants and focus groups).

**Key tools**

[*External CVA baseline interviews checklist*](https://cash-hub.org/wp-content/uploads/sites/3/2023/11/External-CVA-baseline-interviews-checklist.docx)*;* [*External CVA baseline secondary data sources*](https://cash-hub.org/wp-content/uploads/sites/3/2020/11/1_2_5-Baseline-market-information-checklist.docx)*;* [*External CVA baseline market checklist*](https://cash-hub.org/wp-content/uploads/sites/3/2023/11/Market-baseline-tools.docx)(With advanced options);[*Can the market respond to CVA?*](https://cash-hub.org/wp-content/uploads/sites/3/2023/11/Can-the-markets-respond-to-CVA-Advanced-tool-1.docx)

**See also**

[*RAM Tool 11 – Conclusion tree to assess market response capacity*](https://cash-hub.org/wp-content/uploads/sites/3/2023/11/Rapid-assessment-for-markets_-Guidelines-for-an-inital-emergency-market-assessment-Tool-11-1-1.pdf)

**3. GOVERNMENT POLICIES AND SOCIAL PROTECTION**

**Overview**

Objectives of a government and social protection baseline:

* To assess government policies or preferences for CVA. e.g. acceptance at national and local level, any restrictions with regards to transfer value, taxation issues, etc
* To map relevant social protection programming in country
* To understand the specific policies, key actors and coordination mechanisms in place for social protection
* To identify opportunities for linking social protection with CVA and possible response options for NS engagement (*Advanced option*)

Depending on the experience level of the NS, the social protection assessment has both a basic and advanced version. Linking humanitarian CVA to social protection takes time, so conducting this as part of CVAP this will mean NSs can be in a better position in for understanding options and opportunities during a response.

The ***basic*** tool ‘Key questions for assessing social protection’ looks at government policies and preferences regarding the use of CVA in different types of crisis, as well as an overview and mapping of existing social protection programming. The ***advanced*** tools ‘Is linking CVA to social protection feasible’ as well as ‘Comparing CVA with social protection response options’ under Area 7 - Decision on CVA Feasibility and Response Analysis goes further into identifying and assessing potential response options for linking CVA with social protection.

In addition to assessing the technical aspects of social protection, the NS capacity and existing relationships with government stakeholders, including their willingness to engage is important. The strategic and political dimension is therefore considered in the baseline tools. This can be built on outside of the baseline exercise. Mapping social protection as part of CVAP will mean potential programming opportunities, gaps and capacities identified from the baseline assessment can feed into broader advocacy discussions between NS and governments on response options, in advance.

Throughout the analysis, the following underlying principles should be kept in mind:

* Can the National Society continue to deliver on its mandate and respect the Fundamental Principles?
* Does the National Society have the necessary capacity, resources and expertise to deliver?
* Can the National Society maintain its neutrality while engaging with the social scheme, which is usually a government responsibility?
* Does the existing SP scheme respect existing data privacy standards and is there a common understanding amongst all stakeholders on the collection and sharing of data?

Overall, it should be emphasised that any information gathered in the social protection baseline assessment will need to be accompanied by NS institutional buy-in for potential engagement. There also needs to be a clear understanding of what the Red Cross/Red Crescent can offer to social protection schemes in the country, for any linkages to take place.

**Key tools**

[*External CVA baseline interviews checklist*](https://cash-hub.org/wp-content/uploads/sites/3/2023/11/External-CVA-baseline-interviews-checklist.docx)*;* [*External CVA baseline secondary data sources*](https://cash-hub.org/wp-content/uploads/sites/3/2023/11/External-CVA-baseline-secondary-data-sources.docx)*;* [*Key questions for assessing social protection baseline (Basic)*](https://cash-hub.org/wp-content/uploads/sites/3/2023/11/Social-protection-baseline-tool.docx)

**See also**

[*Strengthening linkages with social protection systems – Orientation guidance for Red Cross Red Crescent National Societies*](https://cash-hub.org/resource/tip-sheet-strengthening-linkages-with-social-protection-systems-orientation-guidance-for-red-cross-red-crescent-national-societies/)

**4. BENEFICIARY PREFERENCES**

**Overview**

The checklist for communities and households is focused on access to and use of CVA, as well as their preferences and any potential issues around cash-based assistance. It also covers their use of financial services, their ownership of and capacity to use mobile phones, as well as their experience with CVA and preferences for different types of assistance, including social protection. The feasibility may vary with different population groups so this should be linked up with the proposed response options under area 7 - decision on CVA feasibility and response options.

For determining transfer value, before using the proposed priority needs calculation template, check if a food and non-food basket is not already available from the in-country Cash Working Group (i.e. Minimum Expenditure Basket (MEB). Also, check if the government have their own expenditure basket or transfer value calculation. However, whilst useful these are not always up to date and should be cross checked with the findings from community discussions.

**Key tools**

[*External CVA baseline interviews checklist*](https://cash-hub.org/wp-content/uploads/sites/3/2023/11/External-CVA-baseline-interviews-checklist.docx)*;* [*RAM Tool 3 - What FSPs are available and accessible?*](https://cash-hub.org/resource/rapid-assessment-of-markets-ram-training-materials/); [*M1\_1\_2\_4 Priority needs calculation template*](https://cash-hub.org/wp-content/uploads/sites/3/2020/11/1_2_4-Priority-needs-calculation-template.xlsx)

**See also**

[*M3\_2\_1\_2 What to consider when setting the transfer value*](https://cash-hub.org/wp-content/uploads/sites/3/2020/11/2_1_2-What-to-consider-when-setting-value.docx)*;* [*M2\_2\_4\_1 Community assessment report template*](https://cash-hub.org/wp-content/uploads/sites/3/2020/11/2_4_1-Community-assessment-report-template.docx)

**5. FINANCIAL SERVICE PROVIDERS (FSPs)**

**Overview**

### This step involves researching and narrowing down potential financial service providers (FSPs), including considering the capacity of FSPs to deal with CVA in emergencies and the risks of working with them. Consider the following to help narrow down your choice:

* how they meet the needs of both the organization and the intended beneficiaries
* their geographical coverage
* the fees they charge, and
* the quality of service they offer.

The baseline tools under this area can help you understand what to ask from specific FSPs, so that they can be potentially included in the selection process. The assessing financial services sources and checklist takes the mapping one step further and looks at the financial enabling environment in more general.

**Key tools**

[*External CVA baseline interviews checklist*](https://cash-hub.org/wp-content/uploads/sites/3/2023/11/External-CVA-baseline-interviews-checklist.docx)*;* [*External CVA baseline secondary data sources* *;*](https://cash-hub.org/wp-content/uploads/sites/3/2023/11/External-CVA-baseline-secondary-data-sources.docx)[*M1\_1\_2\_6 FSPs baseline checklist*](https://cash-hub.org/wp-content/uploads/sites/3/2020/11/1_2_6-FSP-baseline-checklist.docx); [*M1\_1\_2\_7 Mapping FSPs template;*](https://cash-hub.org/wp-content/uploads/sites/3/2020/11/1_2_7-Mapping-service-providers-template.docx) [*M4\_1\_1 Assessing financial services sources and checklist*](https://cash-hub.org/wp-content/uploads/sites/3/2023/11/3_1_5-Assessing-service-providers-checklist.docx)(Advanced option)

**Other useful tools**

[*M2\_4\_0 Roadmap for service providers organizational capacity and risk analysis*](https://cash-hub.org/wp-content/uploads/sites/3/2020/11/4-Roadmap-1.docx)

### 6. RISK ANALYSIS

**Overview**

The risk analysis process is explained in the tool **road map for risk analysis**. The tools **risk matrix template** and **risk register template** will help identify and record the main risks, as well as potential mitigation measures. For those NS who wish to go further can also use the detailed **IFRC CBP SOPs risk management checklist**, particularly if there is partner or IFRC support available. The IFRC requires a higher level of risk awareness and considers legal, compliance, strategic, security, financial and programming risks.

Main steps for CVA risk analysis:

* Identifying and describing risks
* Assessing the seriousness of the risk
* Risks to be categorized based on whether they are contextual, programmatic or institutional
* Decide on response: accept, control, avoid or transfer
* Determining what action should be taken (controls/mitigations)

NS should carefully consider what level of organizational risk appetite they are willing to take for the identified risks. Risk appetite is the amount of risk an NS is prepared to take. It is important also that the level of control matches the level of risk being mitigated.

The findings from the baseline assessment in relation to risks should be discussed and compiled collectively in a team meeting between relevant key departments (CVA, Programmes, Operations, Logistics etc) and at branch level.

**Key tools**

[*M3\_1\_4\_1 Roadmap for risk analysis;*](https://cash-hub.org/wp-content/uploads/sites/3/2020/11/1_4_1-Roadmap-for-CTP-risk-analysis.docx)[*M3\_1\_4\_2 Risk matrix template;*](https://cash-hub.org/wp-content/uploads/sites/3/2020/11/1_4_2-CTP-Risk-matrix-template.docx)[*M3\_1\_4\_3 Risk register template;*](https://cash-hub.org/wp-content/uploads/sites/3/2020/11/1_4_3-CTP-Risk-register-template.xlsx)[*M1\_1\_2\_9 IFRC SOPs Risk management checklist*](https://cash-hub.org/wp-content/uploads/sites/3/2020/11/1_2_9-IFRC-SOPs-Risk-management-checklist-2.docx)

**7. DECISION ON CVA FEASIBILITY AND RESPONSE OPTIONS**

**Why important?**

This section brings together all the information gathered in the pre-crisis CVA analysis to inform a preliminary decision on the use of CVA, in advance of a response. The process is very similar to the ‘’Feasibility, Modality and Mechanism’ sub-step under Response Analysis, but rather brings forward much of the decision making to be part of CVAP.

External CVA baseline findings

Compare CVA response options

Make a CVAP decision on use of CVA

Is cash feasible?

Explore potential response options

### Is cash feasible?

The tool ‘Is cash feasible?’ suggests a checklist with criteria and key considerations that will help the NS decide whether CVA is a feasible option. Depending on the nature and context of the crisis, a combination of transfer modalities and delivery mechanisms may be required and used at various stages of the crisis. If the NS undertook the full social protection assessment, the tool to analyze if CVA can be linked to social protection can be referred to at this point also to inform decision making. The tool ‘Is linking CVA to social protection feasible’ (Advanced option) goes further into identifying and assessing potential response options for linking CVA with social protection, building on the information captured in the baseline assessment.

**Key tools**

[*M3\_1\_2\_1 Is cash feasible checklist?*;](https://cash-hub.org/wp-content/uploads/sites/3/2020/11/1_2_1-Is-cash-feasible-checklist.docx) [*Is linking CVA to social protection feasible?*](https://cash-hub.org/wp-content/uploads/sites/3/2023/11/Is-linking-social-protection-with-CVA-feasible.docx)(Advanced)

### Explore potential response options

In order to come up with a broad list of response options, the NS can conduct a brainstorming session with key stakeholders, encouraging them to think widely and freely about possible options. Involving national and local governments in the baseline process can also contribute to the acceptability of CVA. At this stage, nothing should be excluded as this might help in promoting innovative ideas. The tool *‘Response intervention options’* suggests potential response options for each phase, according to sectors and objectives.

**Tools:**

[*M3\_1\_1 Response Intervention Options*](https://cash-hub.org/wp-content/uploads/sites/3/2020/11/1_1_1-Cash-intervention-options.xlsx)

### Comparing CVA response options

In order to compare the different response options, first the relevant criteria for analysis need to be identified. This comparative analysis will inform the decision-making process. The tool ‘Comparing response modalities and delivery mechanisms’ suggests questions related to the most common criteria to help understand what to consider when comparing modalities (in-kind, cash, voucher) and cash delivery mechanisms (direct cash, mobile money, money transfer, stored value card). The tool ‘Advantages and disadvantages of different modalities and delivery mechanisms’ can provide elements to help answer the suggested questions. If the full social protection baseline was completed, the NS may wish to use the tool ‘Comparing social protection and CVA response options’.

**Tools:**

[*M3\_1\_3\_1 Comparing response modalities and delivery mechanisms;*](https://cash-hub.org/wp-content/uploads/sites/3/2020/11/131-Comparing-CTP-modality-mechanism.docx)[*M3\_1\_3\_2 Advantages and disadvantages of response modalities;*](https://cash-hub.org/wp-content/uploads/sites/3/2020/11/M3_1_3_2-Advantages-and-Disadvantages-of-response-modalities.docx)[*Comparing social protection and CVA response options*](https://cash-hub.org/wp-content/uploads/sites/3/2023/11/Comparing-social-protection-and-CVA-response-options.docx)(Advanced)

* **Make a decision – modality and delivery mechanism**

A decision-making tool provides guidance on how to identify which CVA modalities and mechanisms best meet the objectives established for the emergency intervention. The decision-making template allows the NS to score the response modalities and mechanisms in relation to all the criteria that have been taken into account throughout the analysis. The score card can be used to select modalities and mechanisms at the same time, because mechanisms can influence the performance of associated modalities. At the end of the step, the type of CVA modality should have been defined, e.g. any conditionality and/or restrictions, and which delivery mechanism will be used.

**Tools:**

[*M3\_1\_6\_1 Decision making matrix template*](https://cash-hub.org/wp-content/uploads/sites/3/2020/11/1_6_1-Decision-making-matrix-template.xlsx)

* **Define additional standard programme design features**

After the CVA modality and delivery mechanism has been decided, the final step in the external CVA baseline is to design any further programme design features, including targeting and transfer value calculation, as well as anything else that can be considered in advance Refer back to the results gathered in tool [*M1\_1\_2\_4 Priority needs calculation template*](https://cash-hub.org/wp-content/uploads/sites/3/2020/11/1_2_4-Priority-needs-calculation-template.xlsx) and use [*M3\_2\_1\_2 What to consider when setting the value of the value*](https://cash-hub.org/wp-content/uploads/sites/3/2020/11/2_1_2-What-to-consider-when-setting-value.docx) for transfer value. For targeting, refer to [*M3\_3\_2\_1 Targeting criteria*](https://cash-hub.org/wp-content/uploads/sites/3/2020/11/3_2_1-Targeting-criteria.docx)*.*