

**Cash Centre of Excellence**

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## **Integrated approach of Needs and Market Assessment for effective CVA Programming in Southern Iraq**

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## Abstract

The needs and market assessment processes in southern Iraq are critical in addressing the significant humanitarian challenges arising from conflict, economic instability, and inadequate infrastructure <sup>[1]</sup>. Local markets play a vital role in providing access to essential goods and services, which are crucial for community resilience and recovery. Integrating cash and voucher assistance (CVA) programs can enhance purchasing power and stimulate local economies <sup>[2]</sup>. However, gaps in current market assessments persist, underscoring the importance of the Iraqi Red Crescent Society as a key humanitarian actor in the region. Comprehensive assessments are essential for improving aid distribution effectiveness, tailoring interventions to local needs, and fostering collaboration among stakeholders <sup>[3]</sup>. **A coordinated approach to cash assistance, informed by robust data and community feedback, is necessary to enhance the impact of humanitarian efforts in southern Iraq <sup>[4]</sup>.**

## Introduction

Iraq faces significant humanitarian challenges due to conflicts, displacement, and economic instability <sup>[1]</sup>. Access to basic services like healthcare and education remains limited. Security threats from armed groups persist, impeding humanitarian access. In southern Iraq, local markets are vital to daily life, but they face significant deficiencies that affect their functionality and the well-being of residents <sup>[5]</sup>. These challenges include inadequate infrastructure, economic instability, and disruptions in supply chains, all of which affect the availability and cost of goods. Poor road conditions and limited market facilities exacerbate logistical problems, while economic fluctuations and restricted access to capital strain market operations. Additionally, regional conflicts and political instability further disrupt market activities, undermining consumer confidence and accessibility. **These deficiencies highlight a critical need for targeted interventions.** Cash assistance programs, by directly providing financial support to individuals and households, have the potential to alleviate some of these market challenges. They can enhance purchasing power and improve access to essential goods, **thereby addressing both immediate needs and contributing to longer-term market stability.** Cash and voucher assistance (CVA) programs are significant for addressing humanitarian needs in Iraq by providing flexibility and dignity to beneficiaries. They stimulate local markets, contributing to economic recovery and stability. CVA is also efficient and adaptable, allowing aid agencies to respond quickly to evolving challenges and empower vulnerable populations. *The lack of information about cash assistance in southern Iraq is a significant challenge, as many vulnerable populations might not be fully aware of the programs available or how to access them, in addition to the lack of information about which NGOs are providing cash assistance in southern Iraq, and how they are doing it.* **The paper aims to highlight the importance of market need assessment and analysis in designing effective CVA interventions and addressing humanitarian needs in a comprehensive manner in Southern Iraq.**

## Background

Conducting needs and market assessments is crucial for effective design and implementation of cash and voucher assistance (CVA) programs in Iraq <sup>[3]</sup>. These assessments ensure that aid reaches the most vulnerable populations efficiently and equitably. Understanding local market dynamics through assessments helps tailor CVA modalities to optimize resource allocation. Additionally, assessments promote transparency, accountability, and sustainability by incorporating community input and adapting to changing needs.

## Needs Assessment in Southern Iraq

Conducting a needs assessment in southern Iraq is crucial to ensure aid programs effectively target the most vulnerable households and respond to the region's specific challenges. The assessment will help:

1. **Identify Vulnerable Households:** Pinpoint the most at-risk populations, such as most vulnerable groups, and those in extreme poverty, ensuring aid reaches the right people.
2. **Understand Household Needs:** Determine key priorities for households, allowing flexibility in how cash is spent (e.g., food, healthcare), while also addressing seasonal or crisis-specific needs.
3. **Assess Market and Economic Conditions:** Evaluate local market capacities to ensure that cash assistance does not cause inflation or shortages and remains effective in meeting basic needs.
4. **Fill Gaps in Existing Aid:** Identify gaps in current humanitarian assistance, ensuring MPCA complements other forms of aid and avoids duplication.
5. **Tailor Programs to Local Context:** Incorporate cultural, gender, and social dynamics, ensuring that MPCA addresses the specific needs of different population groups, especially women-led households.
6. **Ensure Accessible Delivery:** Explore delivery mechanisms like mobile banking or cash distribution, ensuring that assistance is accessible, especially in remote areas with limited financial services.

By conducting this needs assessment, aid programs can be better tailored to the realities of southern Iraq, leading to more efficient and impactful cash assistance interventions.

## Market Assessment in Southern Iraq

Southern Iraq faces unique challenges that necessitate a thorough market assessment for the effective implementation of **Cash and Voucher Assistance (CVA) projects** <sup>[4]</sup>. The region is still recovering from conflict, with high poverty and unemployment rates, a weak private sector, and reliance on agriculture and imports. A market assessment is essential to evaluate the capacity of local markets to meet increased demand without causing inflation or shortages.

Key factors influencing the market context include:

- **Post-conflict economic recovery** and fragile local markets.
- **Seasonal livelihoods** tied to agriculture, often impacted by environmental factors like water scarcity.

- **Inflation risks** due to economic instability and dependence on imported goods.
- **Poor infrastructure** and market accessibility challenges, especially in remote areas.
- The need to coordinate with **existing humanitarian aid efforts** to avoid market distortion.
- **Gender and social inclusion** to ensure equitable access to markets for all vulnerable groups.
- **Financial and digital literacy** limitations, affecting the implementation of digital CVA solutions.

Eventually, conducting a market assessment ensures that CVA programs are aligned with local market conditions and can support vulnerable populations without exacerbating existing economic challenges and will inform a targeted, need-based program.

## Integration of Needs and Market Assessments

The link between needs assessments and market assessments is essential for designing effective cash and voucher assistance (CVA) interventions in Iraq <sup>[3]</sup>. Needs assessments identify specific vulnerabilities, priorities, and preferences of beneficiaries, guiding the selection of appropriate assistance modalities and targeting criteria? Market assessments complement this by providing critical insights into local market conditions, informing decisions on transfer values and modalities (cash or vouchers) that optimize purchasing power and market integration.

Data from these assessments inform program decisions by enabling evidence-based adjustments in response to dynamic needs and market dynamics.

For example, price-monitoring data helps set appropriate transfer values to ensure affordability of essential items. Market mapping and value chain analysis identify supply chain constraints and opportunities, guiding decisions on intervention strategies that support local markets while meeting beneficiary needs effectively. **This integrated approach ensures that CVA programs in Iraq can be responsive, efficient, and tailored to address the specific needs of affected populations.**

## Gaps in integrating needs with market assessments in southern Iraq include:

1. **Limited Market Data:** Incomplete or outdated market information hindered accurate assessments of supply, demand, and price stability.
2. **Infrastructure Issues:** Poor infrastructure affects the ability to assess and reach remote areas effectively.
3. **Coordination Challenges:** Lack of coordination between humanitarian efforts and market assessments led to duplicative or inefficient aid distribution.
4. **Accessibility Barriers:** Limited access to markets for vulnerable populations complicated the effective delivery and utilization of aid.

## Methodology

This research utilized in-depth interviews with representatives from local and international NGOs in southern Iraq.

A structured interview guide was used to gather qualitative data on needs assessment and market conditions. Thematic and comparative analyses were employed to identify key themes and insights. Findings were integrated to provide recommendations for improving needs and market assessments in the region. Limitations included potential access issues and response biases, with ethical considerations ensuring informed consent and confidentiality.

## Case Study: Mosul and Southern Iraq

In Mosul, the local economy has been severely impacted by conflict <sup>[5]</sup>, leading to high unemployment rates and low purchasing power. The labor market assessment conducted by IOM revealed that many residents face barriers to income generation, such as lack of access to capital and training opportunities. To address these gaps, CVA programs in southern Iraq can draw lessons from Mosul's experience by focusing on capacity-building initiatives and market integration strategies that enhance local economic resilience.

To enhance the understanding of local markets in Iraq, particularly in the context of cash and voucher assistance (CVA) programs, the following methodology is suggested, drawing insights from existing frameworks and studies:

### 1. Market Mapping and Identification

- **Objective:** Identify key market sectors and actors, including suppliers, vendors, and consumers.
- **Approach:** Utilize **Emergency Market Mapping and Analysis (EMMA)** to visualize market structures and relationships. This involves:
  - Conducting **interviews** with local business owners and market actors to gather qualitative data on market dynamics.
  - Engaging with community members to understand their purchasing behaviors and preferences.

### 2. Value Chain Analysis

- **Objective:** Assess the entire supply chain for critical goods and services.
- **Approach:** Implement **value chain analysis** to identify:
  - Key players in the supply chain, including producers, processors, and distributors.

- Constraints and opportunities within the value chain that affect market functionality.
- Potential areas for intervention to enhance local production and market access.

### 3. Quantitative and Qualitative Data Collection

- **Surveys:** Conduct structured surveys targeting both consumers and vendors to gather data on:
  - Availability and pricing of essential goods.
  - Consumer preferences and purchasing power.
  - Barriers to market access and business operations.
- **Focus Group Discussions (FGDs):** Organize FGDs with diverse community groups (e.g., women, youth, IDPs) to capture insights on:
  - Local needs and priorities.
  - Perceptions of market conditions and challenges faced by different demographic groups.

### 4. Market Observations

- **Objective:** Directly observe market conditions and consumer behavior.
- **Approach:** Conduct field visits to various market locations to:
  - Assess the functionality of markets, including foot traffic and product availability.
  - Identify gaps in goods or services and opportunities for new market entrants.

### 5. Key Informant Interviews (KIIs)

- **Objective:** Gain insights from stakeholders with expertise in the local economy.
- **Approach:** Interview key informants such as:
  - Local government officials, NGO representatives, and business leaders.
  - Focus on understanding barriers to economic growth and opportunities for collaboration.

### 6. Data Analysis and Reporting

- **Objective:** Synthesize findings to inform program design.
- **Approach:** Analyze collected data to:
  - Identify trends, gaps, and opportunities in the local market.
  - Develop actionable recommendations for CVA program implementation that align with market realities.

### 7. Continuous Monitoring and Evaluation



- **Objective:** Ensure adaptability of CVA programs to changing market conditions.
- **Approach:** Establish a framework for ongoing market assessments, including:
  - Regular price monitoring and consumer feedback mechanisms.
  - Adjusting CVA modalities based on real-time market data.

**By implementing this comprehensive methodology, Iraqi Red Crescent, NGOs and humanitarian organizations can gain a deeper understanding of local market dynamics in Iraq as well as the root causes of needs of the community, which is crucial for designing effective and responsive cash and voucher assistance programs.** This approach not only addresses immediate humanitarian needs but also contributes to longer-term economic recovery and resilience in affected communities.

For the limitation of the study, we will use the interview questions for now and feed in the rest in later stage:

## Interview Questions and answers summary.

- **What are the primary challenges faced by market suppliers in your area?**
  - **High Taxes:** Lead to increased prices in the market.
  - **Infrastructure Issues:** Poor roads and inadequate storage facilities hinder distribution.
  - **Supply Chain Disruptions:** Inconsistent supply chains and transportation interruptions cause shortages.
  - **Economic Instability:** Fluctuating prices and inflation create uncertainty for suppliers.
  - **Security Concerns:** Ongoing security issues restrict access to certain areas, complicating operations.
- **How do you perceive the impact of cash and voucher assistance on local markets?**
  - **Increased Demand:** CVA boosts consumer spending, leading to higher demand for goods and services.
  - **Market Recovery:** Cash injections support economic activity and help markets recover.
  - **Enhanced Liquidity:** CVA ensures liquidity, facilitating smoother transactions.
  - **Price Stability Concerns:** Increased demand can lead to price inflation, necessitating careful monitoring.
- **Can you describe any changes in purchasing behavior among beneficiaries since the implementation of CVA programs?**
  - **Increased Purchasing Power:** Beneficiaries have more ability to buy essential goods and services.
  - **Greater Choice:** They can choose products based on individual needs and preferences.
  - **Improved Access:** Enhanced purchasing power allows access to a wider range of goods, including previously unaffordable items.
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- **Strategic Spending:** Beneficiaries are prioritizing essential items and saving some assistance for future needs.
- **What types of goods do you find are most in demand in your community?**
  - **Food Staples:** Basic items like rice, flour, and cooking oil are consistently in high demand.
  - **Vegetables:** Fresh produce is sought after.
  - **Healthcare Products:** Medicines and health-related items are increasingly needed.
  - **Clothing:** Apparel remains a significant demand.
  - **Household Goods:** Items such as cleaning supplies and personal hygiene products are essential for daily living.
- **How do security concerns affect market access and operations?**
  - **Restricted Access:** Ongoing security issues in some areas south of Iraq limit access to certain markets and regions.
  - **Operational Disruptions:** Security incidents can interrupt market activities, affecting both suppliers and consumers.
  - **Stability:** In areas with established security and stability, market access and operations are generally unaffected.

## Discussion

**The role of local markets in supporting humanitarian responses and need of beneficiaries** is significant, as they provide essential goods and services that contribute to community resilience and economic stability. By ensuring beneficiaries have access to necessary items without the delays of long supply chains, local markets play a crucial role in meeting immediate needs. Additionally, supporting these markets empowers local businesses and stimulates the local economy, which is vital during humanitarian crises.

In southern Iraq, the Iraqi Red Crescent Society (IRCS) stands out as a major humanitarian actor, playing a critical role in guiding multi-purpose cash assistance (MPCA) in the region. The IRCS's coordination efforts are essential for ensuring that aid is effectively distributed and meets the diverse needs of the community. This coordination not only enhances the impact of cash assistance programs but also fosters collaboration among various stakeholders, creating a more unified response to humanitarian challenges.

However, there is a notable gap in information regarding market assessments in southern Iraq, where the severity level has reached up to 52%. The lack of comprehensive studies limits the understanding of local market dynamics and the specific challenges faced by communities in this region.

To improve collaboration between NGOs and market actors, several strategies can be implemented. Establishing formal partnerships with local suppliers can enhance the efficient distribution of aid. Capacity building through training for market actors is essential, as it increases their ability to meet humanitarian

Needs effectively. Moreover, creating platforms for information sharing allows NGOs and market actors to exchange valuable insights and data on supply and demand, fostering a more coordinated response.

The importance of community feedback in shaping cash and voucher assistance (CVA) interventions cannot be overstated. Gathering feedback helps NGOs tailor assistance programs to meet the specific needs of the community, ensuring that aid is relevant and effective. Engaging the community in this way fosters transparency, builds trust, and ensures that interventions are well-received. Additionally, implementing feedback mechanisms allows for continuous improvement, enabling NGOs to make ongoing adjustments based on real-time community needs and responses.

In light of these considerations, it is crucial for stakeholders to prioritize comprehensive market assessments and needs assessments in southern Iraq to better understand the local context and enhance the effectiveness of humanitarian interventions.

## Recommendations

1. **Conduct Comprehensive Market Assessments:** Regularly perform thorough market assessments to gather up-to-date data on local market dynamics, ensuring that cash and voucher assistance (CVA) programs are effectively tailored to current conditions.
2. **Conduct and Analyze needs assessments:** Reflect and see interlays between needs and market to increase the resilience of a local community.
3. **Enhance Collaboration with Local Market Actors:** Establish formal partnerships with local suppliers and businesses to improve the efficiency of aid distribution and strengthen local economies. Capacity-building initiatives for these actors can further enhance their ability to meet humanitarian needs.
4. **Integrate Community Feedback Mechanisms:** Implement systematic feedback mechanisms to engage communities in the design and execution of CVA interventions. This ensures that programs are relevant and responsive to the specific needs of beneficiaries.
5. **Strengthen Coordination Among Humanitarian Agencies:** Foster better coordination between NGOs and local authorities to avoid duplication of efforts and enhance the overall effectiveness of humanitarian interventions.
6. **Focus on Vulnerable Populations:** Ensure that assessments and interventions prioritize the most vulnerable groups, including women-led households and those living in remote areas, to maximize the impact of assistance.
7. **Monitor and Adapt Programs Continuously:** Establish frameworks for ongoing monitoring and evaluation of CVA programs, allowing for real-time adjustments based on changing market conditions and community feedback.

By implementing these recommendations, stakeholders can enhance the effectiveness of humanitarian efforts in southern Iraq, ultimately contributing to greater resilience and recovery in affected communities.

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