

Response Option	When may it be appropriate?	Information required to establish appropriateness of response option
<p>Free (general or targeted) food distribution:</p> <p>Provides households with a free ration of food (see section below on different types of rations).</p>	<p>In a situation of acute/transitory food insecurity where:</p>	<ul style="list-style-type: none"> • Previous and current nutritional status of population, previous and current morbidity patterns, previous and current mortality rates (crude and for children under five). • Presence or absence of structural food aid.
	<ul style="list-style-type: none"> • all, or a significant proportion, of households lack access to food; <i>and</i> 	<ul style="list-style-type: none"> • Current levels of household access to food measured by: <ul style="list-style-type: none"> – Quantity/type of food accessed through 'normal' mechanisms – Current consumption levels. – Sustainability of coping strategies employed by households.
	<ul style="list-style-type: none"> ▪ there is a lack of food available; <i>and</i> 	<ul style="list-style-type: none"> • Current and potential availability of food measured by: <ul style="list-style-type: none"> - Whether there is a food deficit at local, sub-national and national levels: reasons for deficit, trends (and elasticity) of food supply over the year, factors affecting food supply trends. - Presence of alternative sources of food supply: extent to which any deficit could be filled by local actors (i.e. government and/or commercial traders), and what role humanitarian actors might be able to play in supporting the government or the private sector.
	<ul style="list-style-type: none"> ▪ alternative ways of assisting people access food would either take too long, when the situation is urgent and/or might not be practical or reliable; <i>and/or</i> 	<ul style="list-style-type: none"> • Practicality of implementing alternatives to a general distribution: <ul style="list-style-type: none"> - Infrastructure and conditions in place to implement non-food aid project rapidly. - Partners, equipment, technical inputs available and security situation permits.
	<ul style="list-style-type: none"> • the characteristics of the affected population is such that many target households would not be able to participate in an employment type project– e.g. mainly women and children and elderly and/or sick; <i>and</i> 	<ul style="list-style-type: none"> • Demographics of affected population. • Health status of affected population.
	<ul style="list-style-type: none"> • the population has no time to engage in other activities, they are not underemployed (They are engaged in their usual livelihood activities e.g. preparing fields, planting for the next harvest) and they do not have surplus labour. 	<ul style="list-style-type: none"> • Daily, seasonal calendar of activities engaged in by men, women and children among affected population.
	<p>In addition, food distributions may be appropriate over a short-term period, rapid intervention of food aid (e.g. one to two weeks) where there is reason to fear possible hunger without knowing whether the above conditions have been met.</p>	

Guide 8

Table 1: WFP Guide to selecting appropriate responses to acute food insecurity

Response option	When may it be appropriate?	Information required to establish appropriateness of response option
Cash transfer programmes Cash is distributed to target beneficiaries	In a situation where: <ul style="list-style-type: none"> • food is available in local markets but households lack means to purchase without depleting essential assets; <i>or</i> 	<ul style="list-style-type: none"> • Market prices of the usual staple and other, less preferred staples. Price trends Income and purchasing power of food insecure households. (Existence of vulnerable groups who do not participate in economic activity.)
	<ul style="list-style-type: none"> • the costs of procuring and transporting food to affected area are high, but traders would respond to market demand; <i>or</i> 	Costs of delivering and distributing food aid. Competitiveness and integration of markets. Ability of traders to respond to increased demand.
	<ul style="list-style-type: none"> • mobilising food aid would take a long time; <i>or</i> 	Lead times for the delivery of food aid.
	<ul style="list-style-type: none"> • the aim is to support economic recovery as well as survival; <i>and</i> 	Prospects for economic recovery without intervention.
	<ul style="list-style-type: none"> • the risk of inflation due to an injection of cash is low; <i>and</i> 	Risk of inflation.
	<ul style="list-style-type: none"> • capacity is available to manage the programme; <i>and</i> 	Administrative capacity to implement programme, i.e. banking system. Capacity for monitoring and accounting.
	<ul style="list-style-type: none"> • donors are willing to support a cash distribution programme. 	The policies of potential donors.

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Food vouchers Vouchers distributed to target beneficiaries	In a situation similar to that above (for cash transfer programmes) but where: <ul style="list-style-type: none"> ▪ donors are not willing to make cash available for distribution but are willing to support a voucher system; <i>and</i> 	The policies of potential donors.
	<ul style="list-style-type: none"> • local retailers are willing to cooperate in the scheme and receive vouchers against subsequent reimbursement in cash or in kind (in food). 	The availability of retailers who are willing to cooperate.
	In a situation where: <ul style="list-style-type: none"> • the price of the usual staple is no longer affordable to many, due to shortage and resulting inflation; <i>and</i> 	<ul style="list-style-type: none"> • Market prices of the usual staple and other, less preferred staples. • Price trends – rate of inflation. • Price differential between main staple and low cost staple.
	<ul style="list-style-type: none"> • targeting general rations not feasible (especially in urban areas); <i>and</i> 	<ul style="list-style-type: none"> • Options for targeting assistance directly to food insecure households.
	<ul style="list-style-type: none"> • retailers are interested to participate in the scheme; <i>or</i> • there is need to revitalise the milling sector 	<ul style="list-style-type: none"> • Numbers of retailers willing to participate in the scheme. Existence of milling and storage capacity. Capacity for fortifying low cost staple.
Market system support Reducing logistic bottlenecks or making credit available to traders	In a situation where: <ul style="list-style-type: none"> • damaged roads, bridges or other logistic infrastructure prevent traders from bringing sufficient food into the area; <i>or</i> 	Location and nature of logistic bottlenecks that inhibit the movement of food from other parts of the country into the affected area. The feasibility of repairing/improving infrastructure to enable greater quantities of food to be moved into the area.
	<ul style="list-style-type: none"> • traders who would otherwise bring food into the area are unable to do so due to lack of finance (credit) or lack of access to fuel and spare parts. 	The constraints (other than logistic) that prevent traders who normally bring food into the area from doing so, or from increasing the quantities that they bring in. The credit-worthiness of those traders and the existence of a mechanism (or possibility to establish one) to make credit available to traders are assure repayments.

Source: EFSA manual

Table 2: Adding analysis of implications of using different intervention options

Ongoing work by the Michigan State University has recommended that the analysis considers additional issues: The first is: to consider, for each type of intervention, “when is this a good idea from the markets perspective” (when it is appropriate) AND when this is a bad idea from the markets perspective” (inappropriate) AND “repercussions and severity of potential impact on markets if option chosen in spite of “bad idea conditions”. The work is still in progress but it is reproduced here – for free food transfers and cash transfers – as an illustration if agencies wish to develop the existing WFP tools. See Donovan et al. (2005) for further information about market assessment for food aid specifically.

Response Options	When is this a good idea from a markets perspective? (“When may it be appropriate?”)	When is this a bad idea from a markets perspective?	Repercussions and severity of potential impact on markets if option chosen in spite of “bad idea” conditions	Information required to establish appropriateness of response option
<p>Free (general or targeted) food distribution</p>	<p>(from EFSA Handbook Annex B5, p.p.310-311)</p> <p>“In a situation of acute/transitory food insecurity where:</p> <p>all, or a significant proportion, of households lack access to food;</p> <p><i>and</i> there is a lack of food available;</p> <p><i>and</i> alternative ways of assisting people access food would either take too long, when the situation is urgent and/or might not be practical or reliable;</p> <p><i>and</i> food distributions may be appropriate over a short-term period, rapid intervention of food aid (e.g., one to two weeks)</p> <p>where there is reason to fear possible hunger without knowing whether the above conditions have been met.”</p>	<p>In a situation of acute/transitory food insecurity where:</p> <ol style="list-style-type: none"> 1) food insecurity is primarily due to household lack of access to resources to obtain food; and 2) markets and transport infrastructure have not been heavily damaged by the crisis; and 3) where markets were integrated and trade flowed before the crisis; and 4) traders would be physically able to supply markets with commodities if the demand side issues are resolved 5) Trade between markets is possible and there is potential profitability in trade 6) When traders are unable to predict how much food aid is to arrive in a market and how <p>distributions will be managed (targeting aspects) and thus cannot supply markets without high risk;</p> <ol style="list-style-type: none"> 7) when the food aid commodity is a substitute in consumption for a local good and may be sold into markets by households 	<p>Most severe impacts in short term occur when food aid delivered into markets that already have stocks of the commodity, particularly when the harvest period for local commodity has begun.</p> <p>Bringing in food aid supplies may have short run, severe price effects in local market if food aid commodity is not well targeted and households sell commodity after receiving.</p> <p>In cases of recurrent crises, such as the southern Africa droughts, market uncertainty as to food aid actions can lead to high price spikes, lack of trader investment in markets and storage, and undermine long-term development, when food aid is response to each crisis, rather than direct income supports and development investments.</p>	<ol style="list-style-type: none"> 1) Market integration prior to crisis; 2) HH market participation prior to crisis; 3) Effects of crisis on markets (physical damage, demand for commodities, access to commodities, etc.) 4) Potential profitability of trade between markets (marketing margins, risks) 5) Seasonal calendars and time line for delivery of food aid supplies (avoiding delivery during harvest period)

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		receiving the commodity (targeting issues)		
Cash transfers	(see EFSA Handbook Annex B5, p.315) “In a situation where: food is available in local markets but households lack means to purchase without depleting essential assets; <i>or</i> the costs of procuring and transporting food to affected area are high, but traders would respond to market demand; <i>or</i> mobilising food aid would take a long time; <i>or</i> the aim is to support economic recovery as well as survival; <i>and</i> the risk of inflation due to an injection of cash is low; <i>and</i> capacity is available to manage the programme; <i>and</i> donors are willing to support a cash distribution programme.”	If food insecurity is due to a production shortfall and market infrastructure has been badly damaged or markets in the location of the crisis have not previously been integrated with other markets, cash transfers may be inflationary Also if the market in a location is controlled by a single or very limited number of traders	Cash transfers given in areas with the specific characteristics mentioned (concentration of market power, lack of integration of markets, damaged market infrastructure) will result in increased demand for a limited supply of food, such that prices increase without new supplies coming in	Same as for Free Distribution, especially market integration (did people buy from the market before crisis and where did those supplies come from)
Market facilitation intervention (e.g., credit line for traders)	When there are food supplies available in some accessible markets, even if not in the directly affected areas and when a shock has seriously affected traders stocks and facilities and they need to begin operations	When there is no effective demand from consumers	Traders may invest in the unaffected areas where there is effective demand	Useful when combined with programs to improve consumer effective demand, so must check effective demand

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