CASE STUDY

DR CONGO 2008-2016 / NFI VOUCHER FAIRS

KEYWORDS: Non-food items, NFI voucher fairs, NFI distribution

Since 2008, the NFI sector in the Democratic Republic of the Congo (DR Congo) has undergone a dramatic transformation from a response strategy dominated by in-kind distribution of basic household, personal and hygiene items, to the use of cash-based vouchers. The NFI voucher fair approach has allowed families to select items based on their own priorities, while also supporting local economies. By 2013, over 50% of all NFI beneficiaries in DR Congo were assisted using the NFI voucher fair approach. Since the first pilots in late 2008, local and international humanitarian actors have reached over 790,000 families – nearly 4 million people – using this approach.

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CRISIS
Multiple conflicts / Complex, two decades long and ongoing

TOTAL PEOPLE DISPLACED AND RETURNED

2.82 million people (new displacements in 2016: 922,000 people).

LOCATIONS
DR Congo, country wide.

VOUCHER FAIRS BENEFICIARIES
3,950,530 persons (790,106 households) in the period 2009-2016.

IN-KIND DISTRIBUTION BENEFICIARIES
4,471,250 persons (2009-2016).

STRENGTHS OF THE FAIRS
+ Beneficiary preference, as they choose their own items.
+ Reinforcing beneficiary dignity as actors in their own assistance.
+ Cost savings in logistics, transport and warehousing.
+ Supporting local economies.
+ Speed in setting up, when vendors are familiar with the approach.

CHALLENGES / WEAKNESSES
- Smaller scale than in-kind distributions.
- Dependence on market capacity.
- Dishonest vendors can take advantage of beneficiaries.
- Lack of formal registration and tax documents can limit the participation of small vendors.
- Challenges in using the vouchers for some users.
In 2008, some of the NFI actors in DR Congo began to look at cash-based options to meet the NFI needs of affected populations. This shift happened primarily for two reasons:

1) **NFI needs of affected populations varied widely.** Highly divergent and varied needs made the typical one-size-fits-all kit approach of standard NFI assistance less appropriate.

2) **Markets were quite dynamic** for imported and locally produced NFIs in DR Congo, and supply chains seemed robust, flexible and able to respond to increased demand.

Food security actors in DR Congo had been using seed fairs since the early 1990s. Based on this model, NFI actors began to conduct pilot NFI cash-voucher fairs.

**HOW THE FAIRS WORK**

The approach since the initial pilots is to invite beneficiary families to an organized, artificial, market place or "fair" (using the same targeting criteria as direct in-kind distributions). Each family receives cash-valued coupons – an average of USD 75 – which they can exchange for goods. A selected number of vendors – both larger wholesaler and smaller local traders – offer a wide array of NFIs for sale, just like in a regular market. The range of items can be as limited or unrestricted as determined by the organization managing the fair, who sets the "rules" on what items can be sold.

A typical fair includes dozens, even hundreds, of different types of NFIs – sandals to soap, clothing to locally produced cooking pots, foam mattresses to plastic basins, farming tools.

3 The initial choice of USD 75 for a family of 4-6 persons was based on the cost of items and transport of the recommended standard family NFI kit in DR Congo.

**BACKGROUND**

For over two decades, the eastern provinces of DR Congo have been plagued by the humanitarian consequences of multiple conflicts, involving dozens of militia groups and government forces. Although often described as a protracted emergency, eastern DR Congo is characterized by a series of distinct, acute, crises, spread across a landscape of continually shifting zones of violence, displacement and insecurity, and areas of relative stability, where return and recovery are possible.

At the end of 2016, OCHA estimated that there were 2.2 million Internally Displaced People (IDPs) in the country; 922,000 of these people were newly displaced in 2016. Additionally, there were hundreds of thousands of returnees. Nearly 80% of displaced families lived in the homes and compounds of local host families who, although often extremely vulnerable themselves, are the first to provide assistance.

One of the most critical needs of families on the move is access to essential non-food items (NFI) to carry out daily activities. These activities include: clothing oneself, preparing and serving food, collecting and using water for washing and cleaning, carrying out livelihood activities, storing belongings and sleeping. The ability of displaced families, returnees and even some host families, to undertake these essential activities in dignity and security, is undermined by lack of access to essential items. NFI needs are particularly acute in conflict areas, where families flee with very few belongings and – although host families may share some of their resources such as food or cooking utensils – other items such as clothing and bedding are less likely to be shared.

Vouchers are exchangeable at the fairs for selected NFIs, including locally made pots, clothing and blankets. Posters show photos and price ceilings of the most popular items (Mangina, North Kivu province).
to flashlights. Depending on the total number of families to be served, the organizing agency sets up several days of fairs in a row, with anywhere between 300 and 700 families participating each day.

Where there might be concerns about vendors charging unfair prices, the organizing agency can set price ceilings on certain key items with representatives of the beneficiaries and vendors; however, bargaining is always encouraged. Selected vendors have to sign an agreement that lays out rules and responsibilities, including no guarantee of sale, respect of price ceilings (and sanctions should these not be followed) and modes of payment. In some instances, a complementary distribution of items such as plastic tarpaulin, jerry-cans, or female hygiene kits, is included, particularly in areas where the market is limited (in quality or quantity) or where the vendor prices for these items are too high.

In line with recommended Cluster practice for direct NFI distributions, adult women in the household are registered as the family’s primary beneficiary to attend the fair — although it is encouraged that she come with her spouse or another family member, to help transport the purchases home.

SCALING UP

Since the pilots, the NFI community in DR Congo has scaled up the use of the NFI voucher fair approach. Initially, humanitarian actors and the NFI-Shelter Cluster believed that while fairs were an innovative alternative to direct distributions, their scope would remain limited due to market capacity. This concern proved to be unfounded, as traders were able and willing to travel to remote areas to participate. They were also often more effective and resourceful than the best NGO logistics operations (renting small trucks, motorcycles, and even bicycles) in moving supplies to areas where a direct distribution would have been impossible. In addition, the smaller vendors often pooled resources to transport their merchandise to the fairs.

The NFI-Shelter Cluster actively promoted response analysis to inform programming by hosting multiple training and learning events, as well as by accompanying partners on the ground through “coaching visits”. Each year, provincial and national cluster coordinators and NGO co-facilitators conduct field visits to NFI fairs and the distribution sites of different organizations, to provide feedback and coaching on their activities. While direct distribution remains an essential part of NFI response in DR Congo, the Cluster has helped in training and supporting organizations to use the fair approach, reaching a point where all major international and national NFI actors now use voucher fairs, for at least some portion of their response.

EVOLUTION OF THE APPROACH

In the last few years, NFI actors have made significant progress in areas such as:

- **Collaborating** with food aid actors on joint NFI and food fairs;
- **Improving market and purchasing pattern analysis** to better determine an appropriate voucher value for affected zones, as well as to consider simultaneous distributions of certain items;
- **Promoting inclusion of locally made NFIs**;
- **Integrating new technologies** for improved data collection and analysis — particularly of purchasing patterns;
- **Piloting the use of electronic vouchers**;
- **Setting fair price ceilings**;
- **Experimenting with using vouchers in existing markets** (open market vouchers).

Another, more recent, improvement (which some of the major NFI actors have adopted) is adjusting the value of the vouchers by family size. Instead of the standard USD 75 per family, these NGOs now have three different voucher values:

1) USD 55 for families of 1-3 persons;
2) USD 75 for families of 4-6 persons;
3) USD 90 and up for families of 7 or more persons.

Post-fair monitoring has shown significant improvement in NFI Score-Card vulnerabilities, by using this approach, compared to the standard one.

Some actors have started looking at the option of moving to direct cash to meet NFI needs. Purchasing pattern analyses of organizations using unconditional cash transfers typically reveal 40%-50% of cash being used on NFIs. While unconditional cash to address NFI needs remains an option to explore, it may not be the best in all settings. A 2010 study of 1,688 families revealed that, in terms of availability, over 66% of beneficiaries indicated that items they purchased at the fairs were not regularly available at the markets where they would typically purchase NFIs. Indeed, vendors travelling from significant distances of over 100km to participate in the fairs, are often providing a range of choice that families would not find in their local markets.
STRENGTHS, WEAKNESSES AND LESSONS LEARNED

**STRENGTHS**

Driving the transformation was the recognition of the fair approach as a "win-win-win": for affected people, for humanitarian organizations and for the local economy.

- **Beneficiary preference.** Monitoring visits with assisted families have shown a significant preference for fairs over distributions. Having choice over one’s own assistance reinforces the dignity of beneficiaries, and was continually cited as an overwhelming advantage of the fairs. The concern that vendors might not be able to provide the quality and quantity to meet needs proved unfounded. In the same 2010 study of 1,688 families beneficiaries stated that 96% of items bought at the fairs were of very good or acceptable quality.

- **Cost savings.** With savings on logistics, transport, and warehousing, the fair approach is cheaper per family than an in-kind distribution. It also reduces the risks for implementing organizations, who are no longer responsible for the warehousing and security of NFIs before and during distributions. Recognizing the value for the beneficiaries of dignity and choice, as well as the value for money of their contributions, donors were also a catalyst behind the transformation. Humanitarian donors in DR Congo no longer accept proposals of a traditional distribution approach, if the organization has not demonstrated why a cash-based approach is not possible.

- **Local economy.** Thousands of local traders and producers of locally made NFIs have benefitted from participating in the fairs. Since the first pilots in late 2008, over USD 59 million has been injected into the local Congolese economy, by organizations using the fair approach. Monitoring with vendors shows how this secondary “impact” of fair programmes has created new employment, opened markets in new areas, and increased the capital and diversified merchandise of local traders.

- **Speed.** As the fair approach became more common, humanitarian organizations were also able to increase the speed of implementation, particularly in areas where they were able to draw upon vendors with previous experience in fairs. As of 2016, vendors in some areas were able to access NFIs for fairs and organize their logistics within less than a week (this can take up to three weeks in cases where vendors are not familiar with the fair approach).

**CHALLENGES AND LEARNINGS**

- **Scalability.** One important limitation of the fair approach is the scale. Experienced organizations can do a fair for up to 700 families in a day. This mainly depends on the time families are allowed to “shop” and the need to count the vouchers that vendors received, at the end of the day. Fairs normally happen between 10am and 3pm for these two reasons. Organizations usually do 3-4 days of fairs in a row, depending on the number of families to be reached. A well-organized distribution, on the other hand, can reach two to three times as many families in a day. Therefore, NFI distributions are still an essential part of the response in DR Congo – particularly for large-scale interventions, or in new areas, where there are few vendors with experience in the fair approach.

- **Market capacity.** While the dynamism and reach of the markets in DR Congo has surpassed expectations, there are areas where markets are not able to provide the quantity, scope, and quality of items needed. Strong market and response analyses are needed to enable NFI actors to choose the best modality between fairs, distributions, or a combination of the two.

- **Dishonest vendors.** Vendors may attempt to take advantage of beneficiaries, despite agreements and monitoring by staff, by not respecting price ceilings, or working with other vendors to fix a price and not allowing beneficiaries to negotiate.

- **Smaller vendors.** Local / smaller vendors, local producers and artisans sometimes do not have the legally required registration and tax documents. This can be mitigated by encouraging vendors who do have all their registration papers with authorities, to team up with smaller vendors and producers of locally made NFIs, to sell these items at their stands.

- **Restricted items.** There has been much discussion on when and how to put limitations on the types of items permitted at fairs, or whether organizations should set price caps on certain items, so as to ensure that they remain focused on basic needs – for example permitting items such as shoes, but not shoes which are priced over a certain amount. Monitoring has shown that families tend to spend vouchers on the same types of items as those found in a standard NFI kit. However, questions are raised on whether items like radios, plastic chairs, or small solar panels can be considered essential household NFIs. While the Cluster has developed some guidance, it ultimately remains an issue for each organization to examine with their donors and the communities they are serving, in consideration of the objective of their programme.

- **Use of the vouchers.** A small minority of beneficiaries have reported having difficulties in using the vouchers. This is particularly true for the elderly, or illiterate. It is critical to ensure that these beneficiaries are encouraged to come to the fairs with someone who can assist them. The organization should also have workers who can help accompany such beneficiaries at the fairs. The learning in DR Congo has been that there is never too much education and information sharing about using the vouchers.