

# Water Markets, Cash and Drought Resilience in Somaliland



Women fetching water in Ceel midgaan village. Oxfam installed water desalination system and kiosks. Photo: Petterik Wiggers/Oxfam

<b>TYPE OF MARKET BASED PROGRAMMING</b>
Community Cash Grants to Support and Strengthen Water Markets
<b>TECHNICAL SECTOR</b>
Water, Sanitation and Hygiene (WASH)
<b>COUNTRY</b>
Somaliland/Somalia

## Water Markets Exist, Everywhere

In Somaliland/Somalia and other countries in the Horn of East Africa over the past 30 years, the most common response to critical water needs during severe dry seasons and droughts has been humanitarian water trucking. Water trucking has been funded and led by humanitarian agencies, government, diaspora and other private companies. However, **market assessments led by Oxfam have found that communities serviced by humanitarian water trucking often already have water markets in place** for the buying and selling of water locally. Humanitarian led water trucking disrupts and works against these existing water markets and in addition has proved to have several major shortcomings including;

- Cost efficiency of humanitarian water trucking
- Creation of parallel water trucking markets, as opposed to supporting existing markets

- Changes existing credit and debt relations between the community and informal water vendors.
- Risk of misuse or diversion of funds through water trucking contracting
- Time required to set-up water trucking programs (procurement requirements)
- Challenges in monitoring and ensuring transparency
- (Potentially) driving up the price of water during dry and drought seasons

This has driven Oxfam to look for **alternative solutions that support and strengthen existing water markets**. In response, Oxfam and partners (Candlelight and Havoyoco) have piloted market-based approaches using cash transfers to address critical water needs. These modalities have been explored as a result of the **water market analysis and assessments** which inform the design of each phase of the program.

## Cash to Access Water (CAW)

### Two Approaches

Oxfam and partners have piloted two market-based approaches to meet water needs in Somaliland. One, a community level cash transfer to water management committees to collectively organize water for the community. And two, a household level cash transfer for water for households to individually organize water for their community.

Community discussions, field visits and monitoring reports completed in four communities in Sool and Sanaag ( Fadihyar, Docolaha, Oog – IDP 3 and Oog – IDP 1) where these two approaches were piloted confirmed that both modalities are appropriate, but for different contexts. Where there **is no existing water market on site, the community level transfer to water management committees** has proven to be a strong mechanism to support the establishment of a water market and is the modality preferred by the community. Where there **is a water market on site, the household level cash transfer** has proven to

be a strong mechanism to support the exiting market and is the modality preferred by the community.

Both modalities, community and household level cash transfers, have been found to **meet the objective of meeting critical water needs safely** during droughts and severe dry seasons. There is a preference for household level cash transfers but in cases where there is no water market on site the community level cash grant to **water management committees can be used as a first step to support the establishment of a water market on site**. In both cases, household or community level cash transfers, Oxfam ensures there is water storage capacity, either through an Oxfam installed tank or community birkads, is on site and that water quality at the community and household level is monitored.

### Key Considerations

Oxfam's pilot programs on cash to access water (CAW) have found that **MBP is an appropriate, effective, efficient and**



Women fetching water from community water kiosks in Ceel migaan village. Photo: Pablo Tosco/Oxfam



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## Community Discussions: Why do you prefer market-based approaches (cash) to accessing water?

1

**Flexibility and Quantity** to meet water needs, when water is needed. Water needs are not equal every day, women and men reported that cash transfers provide them flexibility to buy more water one day and less another as need by their household.

2

**Freedom** to purchase water directly from preferred vendors. Cash transfer strengthen relationships and purchasing power with water vendors and build social capital.

3

**Market support** to strengthen the existing markets for water. In 3 communities privately owned birkads started buying and selling water on behalf of the community.

4

**Cost-efficiency** is reported to be higher when households purchase water directly. This was confirmed in Post Distribution Monitoring which found that the household level water access increased from 2 to 5 liters per person per day when cash was provided to the household to buy the water directly.

**accountable way of meeting water needs.** To ensure quality and safe programming, **CAW requires the use of different modalities for different contexts and a strong risk analysis.** Key considerations include;

- **Gender** and women within the community. Well-designed CAW programs can empower women and other marginalized groups by providing an opportunity to control resources. Programming must be informed by a strong gender analysis of risks and opportunities.
- **WASH Complimentary Programming.** CAW requires that there is safe water storage capacity on site at the community and household levels, activities to ensure water treatment at the household level and public health promotion and awareness.
- **Market assessments and monitoring.** CAW programs are informed by water market assessments. Water price monitoring is required to monitor any potential impact on prices and ensure that value of cash transfers

are adjusted (if needed) based on the price of water.

- **Payment systems.** Cash transfer programming requires financial service providers, like mobile e-transfer companies in Somaliland, are present, reliable, cost-effective, familiar to the communities and accountable.

### What's Next

#### Standardizing Cash to Access Water (CAW)

Oxfam recognizes that the CAW approach is relevant to contexts across East Africa and the Horn of Africa and is with Oxfam's humanitarian approach.

Oxfam is developing standardized guidance on Cash to Access Water programming. This guidance will be ready in early 2020 and used to inform Oxfam's and partner WASH programming across the region. The guidance will also be available to other WASH and cash actors.

*"Before the cash to access water program I had to walk far with a wheel barrel to collect water two times a day. I am old and cannot carry the water back. Once I fell and broke a tooth. Now I can access the water at the front of my house, and don't need to carry large amounts of water to and from my house and can just take what I need" Casha Jama*

