



Adopting a Market-based Approach to Boost Energy Access in Displaced Contexts

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March 2019



Contents

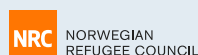
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About the Moving Energy Initiative

The Moving Energy Initiative (MEI) is working to achieve access to clean, affordable and reliable energy among displaced populations by:

- **Working with humanitarian agencies and donors** to change policies and practices based on evidence from practical projects;
- **Working with the private sector** to design and implement innovative market-based solutions;
- **Improving the evidence base** through original research and the demonstration of new approaches tried and tested in camps and host communities; and
- **Cooperating with host governments and national NGOs** to improve energy security among both local and refugee communities.

The MEI is a collaboration between Energy 4 Impact, Chatham House, Practical Action, the Norwegian Refugee Council (NRC) and the Office of the United Nations High Commissioner for Refugees (UNHCR), with funding from the UK Department for International Development (DFID).



Summary

- Development of long-term energy solutions in displacement settings tends to be perceived as investment that falls outside the remit of emergency responses. In addition, when emergency energy supply measures are implemented they often result in expensive, unreliable and unhealthy energy provision for those in protracted or recurrent crises.
- There is widespread agreement among humanitarian and development experts that an effective refugee response should include long-term development solutions as well as emergency relief.
- The energy access imperative is more pronounced when considering the need for effective energy distribution in practically all camp activities and basic necessities: pumping and treatment of clean water; heating and cooling for food storage and cooking; energy for livelihood activities; and provision of light for schooling, hospitals and the prevention of violence against women and children.
- Minor shifts in household energy use to basic solar lighting options and non-wood fuels would save \$303 million annually on refugee fuel costs.
- Within refugee contexts in Kenya and Burkina Faso, the MEI sought to examine opportunities to use market interventions, rather than in-kind distributions, to improve clean energy access over the long-term and test the delivery of market-based approaches.

Preface

The Moving Energy Initiative (MEI) has garnered insights and lessons that are widely applicable to interventions in various protracted displacement situations. This paper is based on interviews with the MEI project delivery teams in Burkina Faso, Kenya and the UK, as well as project evaluation consultants from IMC Worldwide. It also makes use of MEI project materials and current literature on markets, energy access and protracted displacement contexts.

This paper evaluates the market-based approaches adopted in the MEI projects in Kenya and Burkina Faso. It articulates how such commercial strategies can be applied to the delivery of energy in displacement settings and compares this to real world examples, highlighting areas for improvement for practitioners and donors in future programming.

This paper should be read in conjunction with the publicly available learning briefs and output documents produced for the MEI research projects in Kenya and Burkina Faso, which provide detailed overviews of each research project.¹ Though MEI project data are limited – due primarily to an insufficient period of time between implementation and evaluation – it is possible to utilize market systems theory to infer the suitability and potential sustainability of these approaches.

The first section of this paper provides an overview of the energy access imperative in protracted displacement settings as well as the rationale for considering market-based approaches for energy provision. The second and third sections of the paper reflect on the experience of adopting commercial approaches in the delivery of energy in refugee camps.

¹ Boodhna, A. and Vianello, M. (2018), *Pioneering Market Systems for Energy Access in Humanitarian Settings – The Case of Burkina Faso*, Moving Energy Initiative, London: The Royal Institute for International Affairs, <https://mei.chathamhouse.org/file/2427/download?token=vt2XbNQe> (accessed 12 Dec. 2018).

1. Energy Access and Markets in Protracted Displacement Settings

The energy access imperative in protracted displacement contexts

This paper looks at the protracted displacement contexts in which the Kenya and Burkina Faso MEI projects took place: Kakuma camp complex² and Goudoubo refugee camp. For this project, energy demand in such camps is categorized as public use, consumptive use, and productive use (see Table 1).

Table 1: Categories of energy demand by consumer type in refugee camp settings

Public use (infrastructure)	Generation and distribution of energy for shared facilities such as electricity for street lighting, back office administration, communication services, healthcare services and clean water provision.
Consumptive use (household cooking, lighting and small-scale power)	Energy catering to household lighting, heating and cooking needs through service-based off-grid solutions or energy products (e.g. solar lanterns, LPG fuel and firewood).
Productive use (commercial and light industrial)	Separate from camp operations of shared facilities/services, these are the energy requirements for income-generating activities such as cooking by street-food vendors, mobile phone charging kiosks and pasteurization of milk for dairy goods.

Source: Compiled by the author.

To date, the energy requirements in camp environments have largely been deprioritized relative to other survival necessities, such as shelter, water, food and livelihoods. Although some progress has been made in putting energy on the agenda in displacement contexts, the topic is still often 'lost' as a cross-cutting theme running through multiple humanitarian clusters.³

No one cluster wants to claim responsibility for delivering energy to a camp and the MEI teams in both countries found it difficult to know where to position themselves within field operations to gain influence.⁴

² Kakuma refugee camp consists of four sub-camps or zones (Kakuma I–IV). In the context of this paper, the term 'Kakuma complex' also includes the nearby Kalobeyei integrated settlement.

³ Interviews with MEI project team members in Burkina Faso and Kenya in 2018; Clusters are groups of UN and non-UN humanitarian organizations in each of the main sectors of humanitarian action. The cluster approach is designed to strengthen system-wide preparedness and technical capacity to respond to humanitarian emergencies, and to provide clear leadership and accountability in the main areas of humanitarian response; Humanitarian Response (undated), 'What is the Cluster Approach?', <https://www.humanitarianresponse.info/en/about-clusters/what-is-the-cluster-approach> (accessed 31 Jan. 2019).

⁴ Interviews with MEI project team members in Burkina Faso and Kenya in 2018.

Traditionally, energy goods and services have been delivered directly by aid agencies to refugees through in-kind distributions or service provision. In general, the energy options provided in camp settings for the vast majority of refugees globally meet only Tier 0 level cooking and lighting standards.⁵ Of households in Goudoubo and Kakuma I, 99 per cent and 86 per cent, respectively, have Tier 0 or Tier 1 cooking and lighting energy access.⁶ Within the camps, simple solar products are common, but they meet only basic needs and, without a grid or mini-grid system, agencies continue to spend excessive amounts on powering centralized facilities with diesel generators.⁷ MEI research has found that in Kakuma I sustained accessibility was the key concern of inhabitants rather than the range of energy options, as stark energy access disparities exist between refugee households within the camp.⁸ Energy is also of critical importance to the livelihood opportunities of refugee and host populations that rely on the energy sector's functionality to accommodate new business opportunities or increased production.

Energy systems tend to be perceived as a long-term investment outside the remit of emergency responses but 'inadequate energy supply measures introduced as interim stopgaps in emergency circumstances can, over time, entrench expensive, unhealthy and inefficient processes'.⁹ It is estimated that the annual energy expenditure of a displaced household of five people is approximately \$200,¹⁰ culminating in an estimated global annual energy cost of \$2.1 billion.¹¹ This cost is primarily met by refugees with limited livelihood options to pay for expensive goods and services. As a result, households use negative coping mechanisms (such as selling scarce food for fuel) to meet their energy needs.¹² Furthermore, lack of access to clean energy markets limits the energy options of displaced households and compromises their health (e.g. increased use of firewood leading to indoor air pollution), safety (e.g. risk of violence when searching for firewood) and environment (e.g. destruction of local wood or bush land for firewood) as they find other means of meeting their needs.¹³

Given that each woman interviewed talked about either personal experiences or knowledge of sexual and/or physical attacks while collecting firewood in the bush [in Kakuma, Kenya], the urgency of removing this risk is clear.¹⁴

Improved energy access could address all of these issues, and MEI work has shown that refugees are willing to pay for clean and energy efficient technologies. Phase I of the MEI demonstrated that even minor changes to clean energy use (e.g. moving households

⁵ The multi-tier framework for energy access classifies energy services from Tier 0 (no service) to Tier 5 (full service) and associated service characteristics with the different levels; Bhatia, M. and Angelou, N. (2015), *Beyond Connections: Energy Access Redefined*, Energy Sector Management Assistance Program, Washington, DC: World Bank, <https://openknowledge.worldbank.org/handle/10986/24368> (accessed 31 Jan. 2019); Lehne, J. et al. (2016), 'Energy services for refugees and displaced people', *Energy Strategy Reviews*, pp. 13–14, <https://doi.org/10.1016/j.esr.2016.08.008> (accessed 31 Jan. 2019).

⁶ Corbyn, D. and Vianello, M. (2018), *Prices, Product and Priorities: Meeting Refugees' Energy Needs in Burkina Faso and Kenya*, Moving Energy Initiative, London: The Royal Institute for International Affairs, <https://www.chathamhouse.org/sites/default/files/publications/research/2018-01-30-meeting-refugees-energy-needs-burkina-faso-kenya-mei-corbyn-vianello-final.pdf> (accessed 31 Jan. 2019).

⁷ Lehne, J. et al. (2016), 'Energy services for refugees and displaced people'.

⁸ Rosenberg-Jansen, S., Njoki, E. and Okello, A. (2017), *The Lived Experience of Energy and Forced Displacement: Kakuma Refugee Camp, Kenya*, Practical Action, <https://policy.practicalaction.org/resources/publications/item/the-lived-experience-of-energy-and-forced-displacement-kakuma-refugee-camp-kenya> (accessed 31 Jan. 2019).

⁹ Lehne, J. et al. (2016), 'Energy services for refugees and displaced people'.

¹⁰ In Dadaab refugee camp in Kenya this equates to 24 per cent of household income, though this may differ in each displacement context.

¹¹ Lehne, J. et al. (2016), 'Energy services for refugees and displaced people'.

¹² Ibid.

¹³ Bradley, T. and Meme, J. (2017), *Baseline Report on Violence Against Women and Girls in Kakuma Refugee Camp and Kalobeyei Settlement, Kenya*, M&E Services to Moving Energy Initiative Phase II, Internal Document, Moving Energy Initiative, IMC Worldwide.

¹⁴ Ibid.

from Tier 0 to Tier 1 energy-use levels through solar lighting options and non-wood fuels) would save an estimated \$303 million globally on annual fuel costs, before considering the non-financial benefits.¹⁵

In Goudoubo, two-thirds of residents indicated a willingness to pay for cooking solutions... [aggregating to a market value] of \$270,000 per year. In Kakuma I, more than one-third of residents expressed a willingness to pay for quality household solar products, indicating a market worth some \$300,000.¹⁶

Such incremental changes are viable and within the grasp of agencies to deliver. The crucial issue is how to make these changes without leaving behind host communities or fuelling inequalities and hostilities between the two communities.

There is a requirement to develop strategies to manage operational and local resources to meet the long-term needs of displaced and host populations for whom the end of displacement is neither inevitable nor prescriptive. Market-based approaches may provide adaptive and long-term mechanisms to meet these needs.

Increasing energy access through market-based approaches

Markets are a key institution in people's lives and are the principal means by which they access goods, services and incomes. Aid agencies can undermine market systems if they do not consider established markets in their planning. In worst case scenarios, inadequate planning may weaken a population's access to basic goods, services and income-generating opportunities.

The aim of a market-based approach in the humanitarian sector is to work within market systems during a crisis to support access to affordable, quality goods and services that are critical to the survival of vulnerable populations. Not only does this reduce the risk of undermining local recovery but it can also be more cost-efficient and better targeted than traditional humanitarian programming to meet individual needs.

By facilitating the development and commercialization of reliable, affordable and clean energy products tailored to refugees [in Kigoma, Tanzania] there are significant positive spillover effects for non-refugee rural communities.¹⁷

The provision of energy through a market-based approach offers an alternative that challenges perceptions of market viability within displaced populations and the role of humanitarian actors in providing energy goods and services within camp environments. It facilitates the inclusion and empowerment of refugee and host communities to develop markets and deliver tailored solutions to meet local needs. This approach also provides the opportunity to investigate the efficiency and practicableness of strategies developed for delivering assistance to remote displaced and host populations.¹⁸ A market-based approach to meeting refugee needs also supports the UNHCR 2017–21 strategic plan to deliver the

¹⁵ Lehne, J. et al. (2016), 'Energy services for refugees and displaced people'.

¹⁶ Corbyn and Vianello (2018), *Prices, Product and Priorities: Meeting Refugees' Energy Needs in Burkina Faso and Kenya*.

¹⁷ Rivoal, M. and Haselip, J. A. (2018), 'Delivering market-based access to clean cooking fuel for displaced populations the Kigoma region, Tanzania: a business plan', United Nations Environment Programme and Technical University of Denmark Partnership, http://orbit.dtu.dk/files/144864187/LPG_market_creation_plan_for_refugees_in_Tanzania.pdf (accessed 31 Jan. 2019).

¹⁸ Ibid.

Comprehensive Refugee Response Framework, in which the agency aims to bring together development and private-sector actors to address ‘immediate and longer-term needs of refugees and host communities, and in supporting them to become resilient and self-reliant’.¹⁹

Given the importance of finding new ways to address poor energy access in protracted displacement contexts, the MEI project sought to test the applicability of market-based approaches to deliver low-carbon energy access in humanitarian settings.

What is an energy market?

An energy market facilitates the exchange of goods (such as fuels, cookstoves, lamps, torches and batteries) or services (such as electricity through grids and LPG refilling services) between a buyer (the demand side) and seller (the supply side).²⁰ The exchange could be in return for a transaction of currency or of another form of value, such as information, status and power.

These exchanges do not happen in isolation. Other factors aid the process and influence the quality, price and accessibility of the goods and services exchanged. These can be categorized as either supporting functions (assets, skills, information) that inform and sustain the exchange, or rules in the shape of either formal (regulation, standards, policy) or informal (social norms, values, beliefs) controls that define the incentives and behaviours of market actors. Market actors are the individuals, institutes and organizations that deliver and pay for the exchanges, supporting functions and rules that comprise the market system.

Figure 1 provides an example of an energy market system facilitating the exchange of solar lanterns. Visualizing in this way can help practitioners to understand, simplify and articulate the major influences in a complex market system.

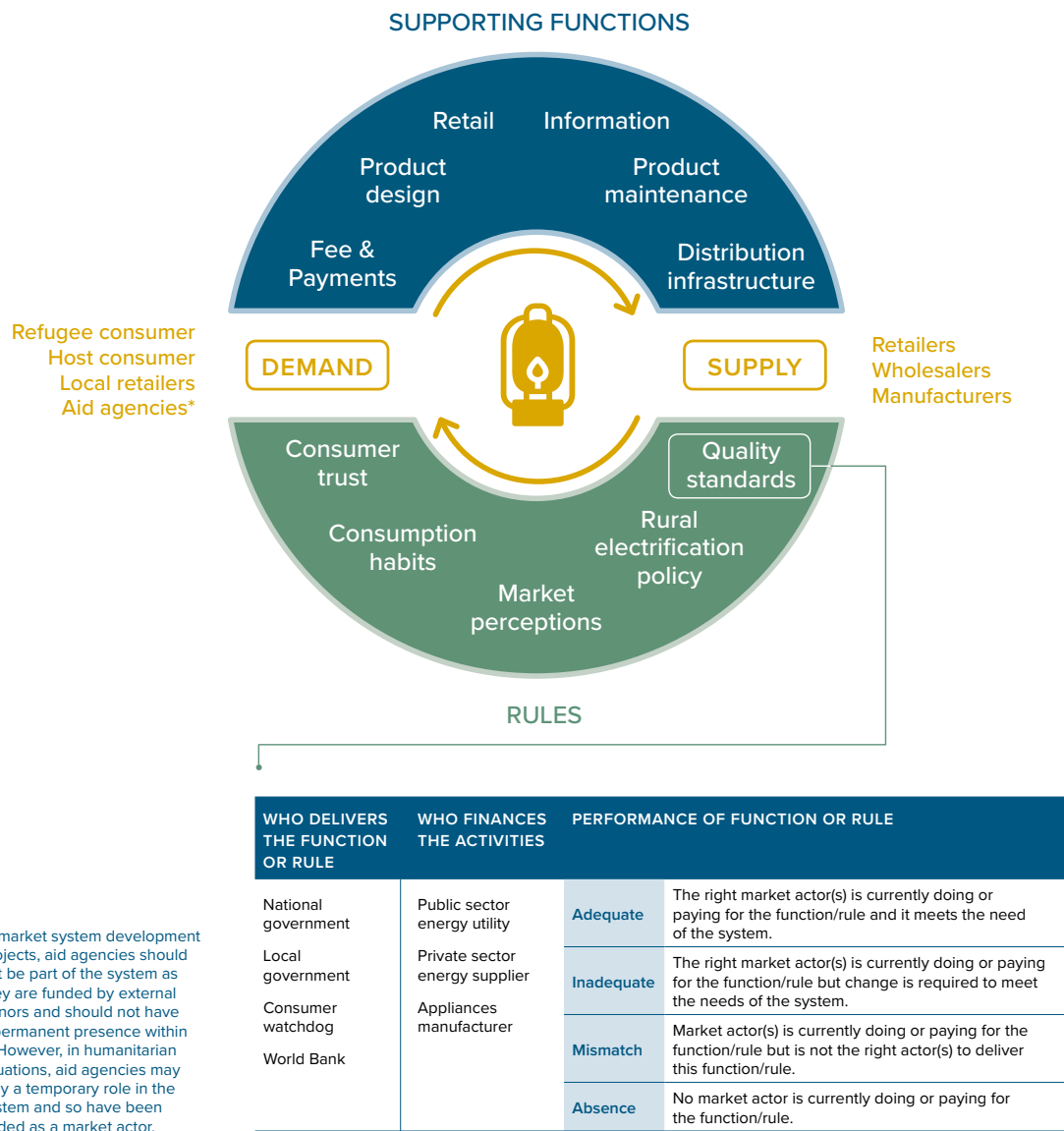
Further market analysis can help identify performance constraints that exist within the supporting functions and rules that could inhibit an effective exchange of goods and services (in this example, the solar lanterns) to the detriment of the target group.²¹ In Figure 1, the ‘quality standards’ section provides an example of how performance constraints could be categorized to inform intervention designs. Within a development context, performance constraints would likely be part of the ‘status quo’. A humanitarian crisis could exacerbate or cause further constraints in the system. As such, each market system operates in two modes: normal mode and crisis mode.

¹⁹ Office of the United Nations High Commissioner for Refugees (2017), *UNHCR’s Strategic Directions 2017-2021*, <http://www.unhcr.org/5894558d4.pdf> (accessed 31 Jan. 2019).

²⁰ The buyer may not be the user/consumer of the item (e.g. the main income earner for a household may pass the item to someone else to use).

²¹ This could be buyers or sellers and is determined by the project specifications and by those who benefit the most from such interventions to drive large-scale, systemic change..

Figure 1: An example of an energy market system – the supporting functions and rules that enable the exchange of solar lanterns between suppliers and consumers



Source: Adapted with permission from Springfield Centre (2015), *The Operational Guide for the Making Markets Work for the Poor (M4P) Approach*, <https://www.enterprise-development.org/wp-content/uploads/m4pguide2015.pdf>.

Opportunities for engaging with markets in humanitarian and development settings

In humanitarian crises, agencies and practitioners can use an understanding of market systems to inform their role in supporting local markets that are failing or underperforming (e.g. by purchasing supplies locally) without compromising their future recovery (e.g. by creating parallel competing services).

In periods of stability, development practitioners can also use an understanding of market systems to address constraints that may inhibit the inclusion of the poor and most vulnerable in their activities. Aid agencies can do this through a market systems development (MSD) approach to support change in the behaviour of market actors. This approach allows agencies to stay outside of the system to reduce distortion and any dependency on them. Alternatively, some agencies can choose to become a market actor, directly delivering a function or supporting it indirectly (through grants, knowledge and other resources) to strengthen the system, although this can create dependency on aid.

At present, there are more than 21.3 million refugees in protracted displacement situations. On average a refugee is displaced for 10.3 years²² and the average age of an inhabitant in a refugee camp is 18 years old.²³ There are risks associated with protracted crisis situations undermining institutional recovery if a 'return to normalcy has been replaced by the normalcy of crisis'.²⁴ Continued provision of goods and services through a small number of aid agencies is not only costly, it can also create unethical artificial and paternalistic power relations between suppliers, camp coordinators and refugees in terms of choice and access to goods and services. It can also distort market systems to the point of collapse should aid agencies leave these areas if the systems have grown to be dependent on the functions they supply.

Protracted displacement puts humanitarian actors in the difficult position of having to manage the symptoms of a crisis, in a constrained environment (the host market system) over lengthy time horizons. The protracted displacement context is not easily solved by the humanitarian practitioners' market-based programming framework or the development practitioners' MSD approach – a resolution requires a mix of these two approaches. The main challenge is delivering a market intervention appropriate to improving the lives of refugees within the constraints of the humanitarian operational and programmatic environment. Development solutions aimed at improving energy provision have tended to focus on national energy access, neglecting those people who fall outside national strategies, such as the displaced.²⁵ Development actors and private-sector companies working on the provision of energy have valuable experience to contribute to meeting humanitarian challenges, but their ability to participate can be hampered by programmatic constraints (such as the limited time frames and applicability of donor financing) and the willingness of host governments to consider long-term policy and infrastructure decisions that are inclusive of refugees.²⁶ In fact, the challenges of improving energy access for local populations have discouraged governments from prioritizing energy access for refugees. As a result, in these situations, host governments defer to external actors such as development organizations. These factors create a complex environment in which to determine the most appropriate type of market-based approach to deliver and how to improve clean energy access in refugee camps.

²² Zetter, R. (2016), 'Protracted Displacement – Setting the Scene', International Organization for Migration, 21 December 2016, http://weblog.iom.int/protracted-displacement-%E2%80%93-setting-scene#_ftn2 (accessed 6 Feb. 2019).

²³ Grafham and Lahn (2018), 'The Costs of Fuelling Humanitarian Aid'.

²⁴ DuBois, M. (2018), 'The New Humanitarian Basics', London: Overseas Development Institute, <https://www.odi.org/sites/odi.org.uk/files/resource-documents/12201.pdf> (accessed 6 Feb. 2019).

²⁵ Grafham, O., Lahn, G. and Lehne, J. (2016), 'Energy solutions with both humanitarian and development pay-offs', *Forced Migration Review*, 52, <https://www.fmreview.org/solutions/grafham-lahn-lehne> (accessed 6 Feb. 2019).

²⁶ Harild, N. and Christensen, A. (2010), *The development challenge of finding durable solutions for refugees and internally displaced people*, World Development Report 2011, World Bank, <http://documents.worldbank.org/curated/en/852361468155969675/The-development-challenge-of-finding-durable-solutions-for-refugees-and-internally-displaced-people> (accessed 6 Feb. 2019).

2. Comparing Delivery Approaches

This paper focuses on work conducted in Phase II of the MEI project. In Burkina Faso's Goudoubo camp, the project took a more facilitative, MSD approach to the diagnosis, design and delivery of interventions. The objective was to address cross-cutting constraints common for multiple products and services in the energy sector and to facilitate systemic change for the whole sector rather than a single business or product. The MEI mapped these constraints through extensive stakeholder engagement exercises and developed specific actions to mitigate them, such as providing marketing material to link retailers with their prospective consumers. However, there is a risk that such changes in the market system take too long to appear and the desired impact for the target group may not be realized within project timeframes.

Although direct and indirect support can quickly deliver impact at the target-group level, such support may compromise the sustainability and scalability of the intervention once MEI funding ceases.

In Kenya's Kakuma camp complex, the project focused on addressing the constraints for a specific type of energy product and looked to further develop local market systems. The original intervention designs were narrow, although some intervention activities had wider applications that benefited other energy market actors. For example, in delivering the Kakuma MEI work, Energy 4 Impact (E4I) partnered with other aid agencies to jointly market energy products and services, and to deliver other supporting functions, e.g. training and credit facilities for local retailers. These interventions were delivered through a combination of direct and indirect support – E4I would either temporarily perform the function, specifically in delivering activities to strengthen the skills of businesses operating in the camps, or finance other actors to perform the function. Although direct and indirect support can quickly deliver impact at the target-group level, such support may compromise the sustainability and scalability of the intervention once MEI funding ceases.

The following sections document the processes of the two projects in Goudoubo and Kakuma camps, from programme strategy and planning to intervention delivery and measuring impact. For each stage, there is a comparison of the MEI actions, an analysis of the lessons learned, and suggestions of how to successfully implement MEI activities.

Defining a clear impact objective

Given the plethora of energy requirements in a camp – public, consumptive and productive use – it is hard to know where to focus efforts to have the most impact for a displaced (and potentially a host) population. MEI workstreams had teams in each country working across multiple entry points to the energy market systems. However, the generic objective of 'increased clean energy access' gave little indication of what they wanted to achieve in each specific context.

A clearer impact objective from the start may have helped the teams determine how and where to focus – sector or product – to deliver the most impact (financial, social, environmental, political), rather than from the outset trying to deliver improved clean energy access in all demand areas for all target groups (producers, workers or consumers). A clearer impact objective may also have made it easier to position the project within existing humanitarian clusters and to articulate its value to other agencies more easily. Table 2 provides an example of impact objectives for the three main areas of energy demand within the camp environments.

Table 2: Potential impact areas for different energy consumer categories

Demand	Impact objective	Rationale
Public use (infrastructure)	Increase access to basic services by encouraging clean energy use for camp operations.	Increasing clean energy use will decrease overall costs of energy provision and increase supply and reliability for camp operations, resulting in overall increased access to basic services (healthcare, education, communications, water pumps, street lighting) and associated benefits to refugees.
Consumptive use (household cooking, lighting and small-scale power)	Raise incomes by increasing household clean energy use among the target group.	Improved quality of life due to increased clean energy use may result in increased incomes (or decreased outgoings), for example, due to energy/fuel cost savings, better health and more time for income-generating activities.
Productive use (commercial and light industrial)	Increase incomes of the target group by addressing energy constraints in high-priority livelihood sectors.	Identifying high-priority livelihood sectors will have a broader impact than focusing on improving livelihoods of energy retailers.

Source: Compiled by the author.

Table 3 shows additional parameters in the MEI project strategy that could aid market selection and intervention design in future.

Table 3: Parameters for energy access programme design

Parameter	Influence on MEI activities	Considerations for future projects
Target group	<p>The refugees in the respective camps were the target group for all interventions.</p> <p>For Kenya, the approach to market interventions centred around the refugee camp. However, in Burkina Faso, having identified an overlap of energy needs between host and refugee communities, the team chose to integrate the host population into the target group, which created a larger market potential for investment. This was also as a result of the camp sizes with the refugee population being much larger in the Kakuma camp complex.</p>	<p>Define the target group in the impact objective</p> <ul style="list-style-type: none"> • Which target group has the potential to meet the impact objective? • Is the target group a producer, worker or consumer? • Does the target group include the host population? <p>Vulnerability is not exclusive to the displaced, with host populations potentially having the same (or worse) living conditions. Widening the target market to include the host population may also help address political and hostility issues and market perception and viability (see Table 5).</p>
Energy tier	<p>Although transitioning to clean energy in refugee camps will deliver the most impact, a transition between energy tiers was not stated clearly in the MEI impact objective. If the impact objective is dependent upon reaching a certain energy standard, this needs to be clear as it will guide the intervention options that can be pursued.</p>	<p>Define the energy-tier transition requirement in the impact objective</p> <p>If the market is not currently supplying clean energy products, then market analysis can find out why it is not delivering them in the first place in order to find the root cause and resolve this.</p> <p>Addressing these causes may take longer than the time frame or budget of some humanitarian interventions. Therefore, clearly stating an aim to increase the energy tier in the impact objective may better guide intervention designs to meet interim energy needs with lower tier energy solutions while considering, and not compromising, the impact of interventions designed to improve the energy tier in the long term.</p>
Gender	<p>An MEI-commissioned baseline report identified workstream activities that could address key concerns about violence against women and girls (VAWG) in the Kakuma camp complex. However, rather than including these in an impact objective, VAWG considerations were vaguely integrated into the project analysis and delivery as a 'do no harm' consideration for project activities, without a clear understanding of what this meant for intervention design.</p>	<p>Define whether addressing VAWG is a primary impact objective</p> <p>The impact objective shapes market selection. If decreasing VAWG was an impact objective, the baseline analysis suggested that improvements in street lighting, non-wood fuels and energy for female-livelihood activities would have likely had more impact than household lighting interventions (which were ultimately delivered by the MEI in Kakuma). VAWG considerations can also be sequenced in later phases of market development work once key market constraints have been addressed.</p>

Source: Compiled by the author.

Setting clear expectations through programme structure

Phase I of the MEI sought to identify the key issues regarding energy access in displacement contexts. This informed a programme of eight workstreams (WS) in Phase II related to knowledge generation and testing to address the issues identified.²⁷ Testing of market-based approaches to improve energy access fell within WS7, which is the focus of this paper. That said, it is important to understand how the other WS may have affected its delivery.

Table 4: MEI workstreams

WS1	Dissemination and research of energy access and management for displaced people in order to raise the profile of the issue.
WS2	Energy management and development processes to create tools for policymakers and project teams to manage energy effectively.
WS3	Fund development and technical assistance to increase appropriate and sustainable investment in energy interventions in humanitarian settings through a dedicated financing facility or otherwise.
WS4	Site-specific integrated analysis of available energy resources and baselines of energy use across the three sites to create a blueprint for achieving access, efficiency and carbon targets at project sites.
WS5	Infrastructure management contracts explored to identify the best options for energy provision in camp settings.
WS6	Low-carbon energy projects to develop ideas in camps to demonstrate possible low-carbon options.
WS7	Launch of energy market development projects related to low-carbon solutions.
WS8	Designing a large-scale non-wood concession with the private sector to create a viable market opportunity for deployment at scale of a non-wood-based cooking solution.

Source: Compiled by the author.

Upon reflection, the country project teams felt that the programmatic set-up caused issues for their market-based approach as the siloed workstreams created confusion in terms of:

- The presence of other workstreams narrowing options for WS7 activities;
- Whether there was a different impact objective for each workstream; and
- Sending mixed incentives/expectations to market actors (on the demand and supply side) and aid agencies regarding engagement approaches to delivering energy interventions.

²⁷ Lahn, G. and Grafham, O. (2015), *Heat, Light and Power for Refugees: Saving Lives, Reducing Costs*, Moving Energy Initiative, London: The Royal Institute of International Affairs, <https://www.chathamhouse.org/sites/default/files/publications/research/2015-11-17-heat-light-power-refugees-lahn-grafham-final.pdf> (accessed 5 Feb. 2019).

Informing market-sector selection and intervention design

Market selection

The Burkina Faso and Kenya projects conducted an extensive amount of market research to determine the energy requirements for their respective camp and to map the energy market system, including extensive work on the demand-side characteristics to prove the willingness of refugees to pay.²⁸ The analysis helped coordinators to understand the broader contextual considerations of each camp, which assisted market-sector selection and intervention design (see Table 5). These contextual considerations include:

- Relevance: can the sector effect change within a large enough target group?
- Opportunity: is there an opportunity for improved performance in that sector?
- Feasibility: can this project effect change needed within the defined project parameters?
- Distortive influences: are there current or historical distortions in the system that could impact the design or success of any future market interventions?

Intervention design

A key challenge for many market-based projects is making full use of market analysis to inform the design of recommended interventions. This is often due to a lack of capacity, time and understanding of complex quantitative and qualitative data. As such, interventions risk falling back on more traditional, well-known approaches and avoiding innovation.

For the MEI projects in Burkina Faso and Kenya, not enough time has passed to assess the appropriateness of the interventions. Although the projects used market analysis in intervention designs,²⁹ more rigorous documentation of the decision-making process throughout the project (rather than at the end of the project) would be useful for evaluation purposes and for informing future intervention design.

²⁸ Corbyn and Vianello (2018), *Prices, Product and Priorities: Meeting Refugees' Energy Needs in Burkina Faso and Kenya*.

²⁹ Refer to the learning briefs for details on individual intervention activity designs.

Table 5: Conceptual considerations influencing market-sector selection and intervention design

Context	Goudoubo	Kakuma	Market-sector selection and intervention design considerations
<p>Crisis: This influences the degree of required support depending on the stage of the crisis, the state of the market system and the longevity of the crisis.</p>	Protracted displacement	Protracted displacement	<ul style="list-style-type: none"> • What is the expected timeframe for the displacement? • Are the displaced within a market in crisis or a chronically constrained but normally functioning market system? • Does the host community have surplus capacity to deliver energy to refugees without compromising its needs? • What risks are associated with creating host-population dependency in energy or livelihoods on the refugee economy?
<p>Energy market maturity: This influences the adaptability and risk appetite in the market, opportunities for clean energy, the need to look beyond local markets and the tactics needed to engage market actors.</p>	Immature energy market system in the Sahel. More mature energy market in population hubs.	Thin energy market system in Turkana but more advanced than the Sahel. Thicker energy market in population hubs. Kenya is an innovation hub for new energy and payment technology.	<ul style="list-style-type: none"> • Who are the main market actors delivering energy in the area? • What energy-market opportunities exist outside of the local market area? • Why are market actors not investing in the area? Has it always been this way? • Are there any historical political and economic issues that may be inhibiting the market?
<p>Population size: This influences the viability of the market for public- or private-sector investment in the area.</p>	<p>10,000 refugees in Goudoubo camp, reaching 34,000 when combined with nearby camps.</p> <p>138,000 host population in nearby Dori and surrounding villages.</p>	<p>187,000 refugees in Kakuma camp complex.</p> <p>60,000 host population in Kakuma town.</p>	<ul style="list-style-type: none"> • What is the size of the host population compared to the refugee one? • Are there similar energy requirements/needs for the host and refugee communities? • Are there any inequities in energy access (availability, quality, cost) between the host and refugee communities? • What share of the market is likely to be transitory? • What share of the market has disposable income? • Does the size of the market de-risk the investment for market actors? • Does the size of the market offer scaling potential?

Adopting a Market-based Approach to Boost Energy Access in Displaced Contexts

<p>Location: This influences the supporting functions and rules required for a market system.</p>	<p>Remote, rural. Dori is 235 km from the capital.</p>	<p>Remote, rural. Kakuma is 700 km from the capital.</p>	<ul style="list-style-type: none"> • What energy options exist for remote areas? • What infrastructure constraints exist for the market? • Do interactions exist between rural and urban energy markets?
<p>Political/cultural reception: This influences the rules of the system and the interactions between key market actors.</p>	<p>More relaxed attitude to refugee presence.</p> <p>There is hostility between host populations and refugees regarding local resource carrying capacity.</p> <p>Government is receptive to MEI's market-based approaches in the area.</p> <p>There is trade and movement between host and refugee populations.</p>	<p>Encampment policy and fees for movement and work/business permits restrict movement and working options.</p> <p>Where refugee working restrictions are relaxed, extortion is an issue.</p> <p>There is hostility from host populations claiming rights for work over refugee populations.</p> <p>Limited government interest in MEI work.</p> <p>Hosts can trade goods with camp residents. Refugees can only trade within the camp.</p>	<ul style="list-style-type: none"> • Are local governments favourable to supporting refugee economies? • What are the interactions between the host and refugee populations? • Are local actors permitted to enter the camps? • Are refugees allowed to interact with host communities? • How much reliable income can host and refugee communities generate? • How dependent on cash-transfer programming (CTP) are refugee populations?
<p>Aid: This influences perceptions of the market and creates doubt regarding its viability and conflicting interventions. Behaviour change can result in a sense of entitlement, creating challenges for market interventions.</p>	<p>Camp opened 2012.</p> <p>CTP and in-kind distributions of many products (including energy).</p> <p>Fears that paying for items with savings will render refugee CTP eligibility void.</p>	<p>Camp opened 1992.</p> <p>CTP and in-kind distributions of many products (including energy).</p> <p>Expectation of payments to hosts/refugees to attend training and marketing events.</p>	<ul style="list-style-type: none"> • What energy products/services have historically been (and are currently) provided in-kind or as a subsidy to local populations? • What expectations do suppliers to camps (goods, services, labour) have in terms of prices, quality of service and availability of stock? Is this more inflated than normal market prices? • Is there any evidence of a sense of entitlement or a wait-and-see attitude from the demand or supply side? • Are there any other uses or purchase characteristics of consumers influenced by the humanitarian presence? How does this influence uptake/use of goods/services?

Source: Compiled by the author

Intervention delivery approach

Energy market constraints

The market systems analysis for projects in both countries identified constraints across the same supporting functions and rules, which inhibited the exchange of clean energy goods for household use in Goudoubo and Kakuma. These constraints were addressed differently in each case but the generic intervention areas that both teams focused on were the same.

Table 6: Constraints in the energy market system for Burkina Faso and Kenya

Constraints	Action required
Perceptions	Challenge negative/unproductive aid community and local market actor perceptions of the energy market system's viability within the area (for host and refugee populations).
Network/market linkages	Demonstrate market linkages and relationships within the system for different market actors unable to normally access these networks through lack of capacity, influence or knowledge.
Marketing	Support information flows between supply- and demand-side actors through marketing activities that showcase a variety of alternative, quality energy products and services available through the local market.
Retail	Create retail opportunities to access advertised goods and services directly from the retailer rather than through aid agencies.
Access to finance	If local finance mechanisms already exist, address perceptions that aid agencies should fulfil the financing function for consumers and suppliers.
Quality assurance	Improve the quality of retailers and after-sales support to improve the customer experience, which could fuel future demand, even in low-income markets, given that willingness and ability to pay is highly dependent on customer satisfaction.

Source: Compiled by the author.

Intervention activities and different approaches

The Burkina Faso project, delivered by Practical Action, took a facilitative, light-touch, indirect delivery approach. The agency searched out market actors and aided their inclusion in the MEI process without providing upfront incentives to encourage involvement. It adopted a self-selection process in which the market actors would be incentivized by the opportunity for investment once certain market constraints had been addressed (e.g. access to finance or market perceptions).

To minimize its direct involvement in the market system, Practical Action only chose to deliver activities requiring one-time, catalytic interventions (e.g. funding and facilitating networking events with market actors to address perceptions of market viability). The aid agency did not interact directly with refugees or the host community, keeping a low profile and encouraging local actors to lead interactions. Local market actors were encouraged to deliver any intervention activities that would need to be continuously performed in the market system (e.g. marketing of energy products). Practical Action only provided temporary support to these market actors in the form of finance, knowledge and coaching.

Direct or indirect intervention approaches need to be carefully considered as they may create distortions or dependencies in the market, which obstruct long-term change.

The Kenya project, delivered by E4I, took a more balanced delivery approach. E4I chose to take on a role in the market and perform the activities that it had the skills and experience to do (regardless of the longevity of funding to continue these activities post-MEI, or whether other market actors could have done this instead). For the functions E4I could not perform, it identified market actors to deliver the function, with incentives on financial and non-financial support to market actors.

On the one hand this mobilized resources in a shorter space of time, but on the other hand it potentially:

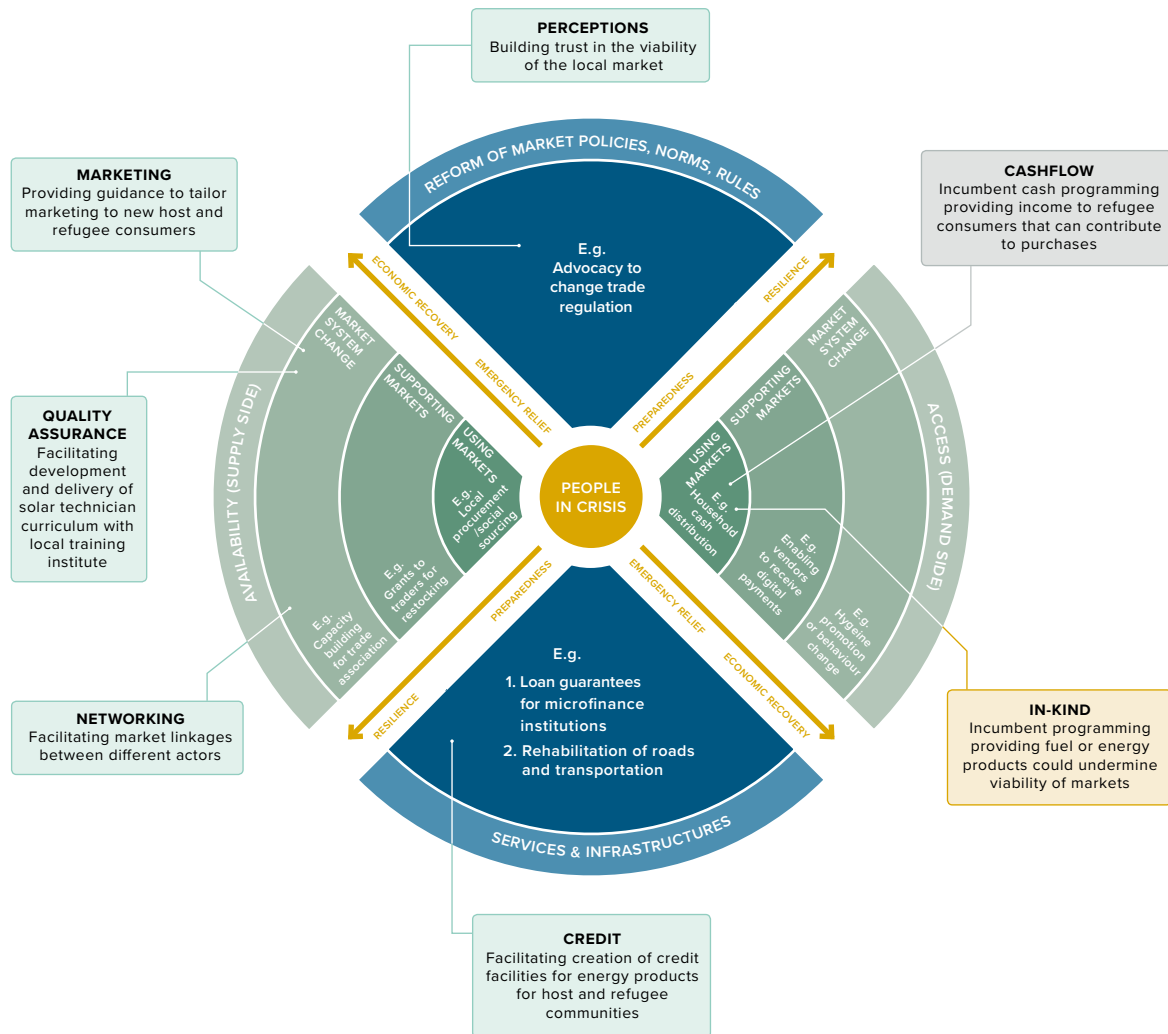
- Drew market actors to a location and customer segment that they may have little familiarity or incentive to engage with, which could foster hostility from local, smaller market actors; and
- Set expectations that market actors would receive support regardless of whether it was required and minimized the possibility of market actors moving into that market through their own 'self-selection' process.

Figures 2 and 3 demonstrate the ways in which the respective intervention activities of each project fit within the humanitarian market-based programming framework.

In Kenya, intervention activities take a temporary direct or indirect delivery approach. In a crisis, temporary interventions are used to fill in for market actors or functions, such as if a business was destroyed in the crisis or because the supplier cannot access warehouses or transport goods. However, protracted displacement settings constitute neither an acute crisis nor a temporary state. As such, direct or indirect intervention approaches need to be carefully considered as they may create distortions or dependencies in the market, which obstruct long-term change.

In Burkina Faso, intervention activities all fall within the market system change segment of the market-based programming framework. The only interventions that take a crisis-based approach are those stimulating a demand-side response from refugees to ensure they can interact with the market.

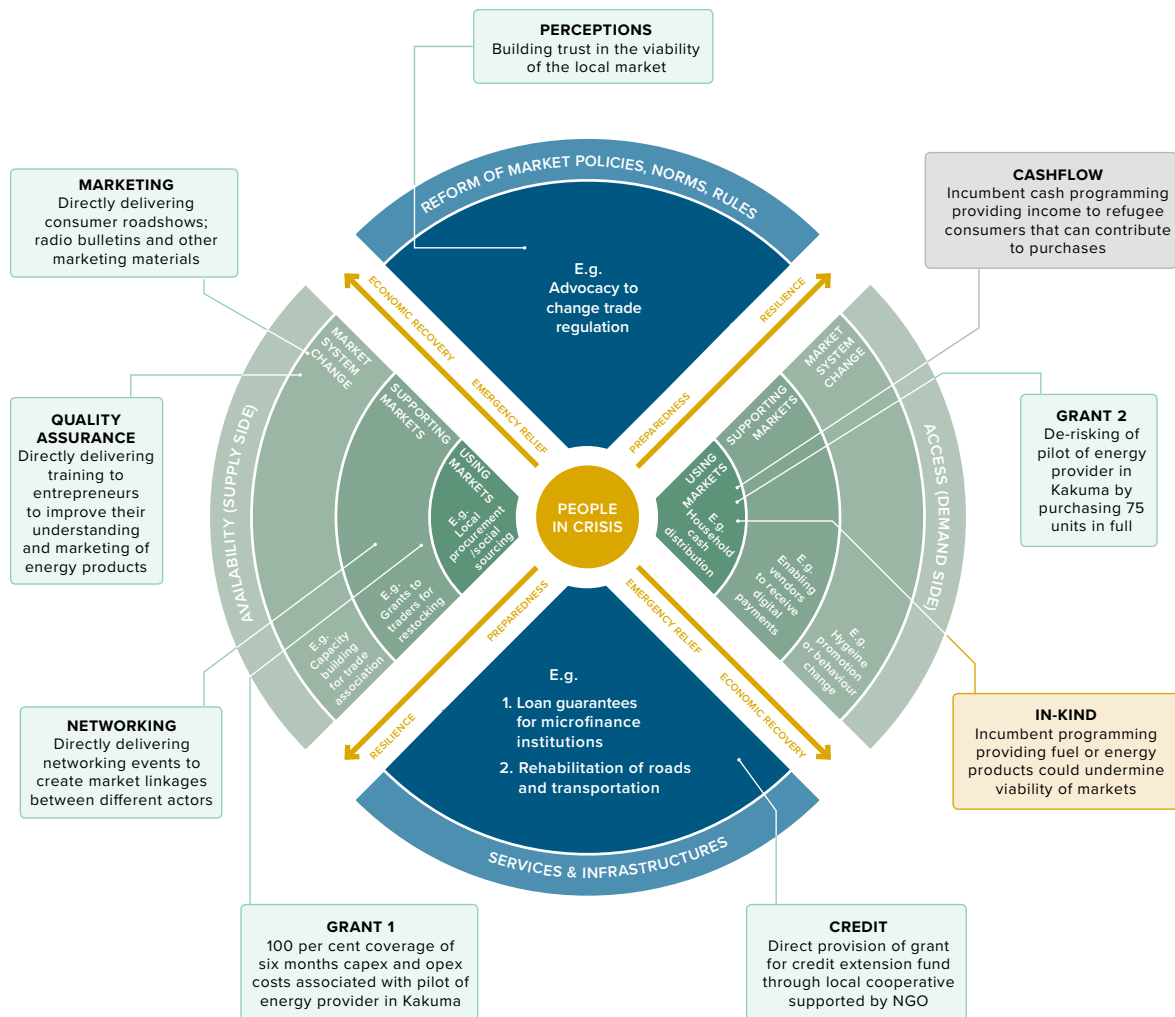
Figure 2: Kenya WS7 activities within the market-based programming framework



- MEI market-based intervention
- Contributory non-MEI intervention
- Conflicting non-MEI intervention

Source: Adapted with permission from Catholic Relief Services (2017), *Updated Market-based Programming Framework*, <http://www.cashlearning.org/downloads/mbp-framework2may2017final-2.pdf> (accessed 11 Mar. 2019).

Figure 3: Burkina Faso WS7 activities within the market-based programming framework



- MEI market-based intervention
- Contributory non-MEI intervention
- Conflicting non-MEI intervention

Source: Adapted with permission from Catholic Relief Services (2017), *Updated Market-based Programming Framework*, <http://www.cashlearning.org/downloads/mbp-framework2may2017final-2.pdf> (accessed 11 Mar. 2019).

Different approaches

The two working cultures of the agencies – E4I and Practical Action – influenced their approach to MEI activities in Kenya and Burkina Faso. Both used the same language when discussing MSD but defined the concept differently – one saw it as a means to change the entire market system, while the other saw MSD as a means of making smaller changes at strategic points in the system. It is not uncommon for agencies to have different methods, but these differences present a risk that can negatively impact project outcomes and lead to misunderstandings. However, varied approaches also create an opportunity to identify factors that may cause seemingly similar projects to have different results, likely reasons for these different results include:

- **Misconceptions of MSD approaches and the role of the implementing agency.** It can be difficult to understand how to remain visible and relevant when taking a market-based approach in a project. Practical Action is an agency that has been delivering MSD projects for many years. As a result, it was more confident in working in this unfamiliar context and was happy to facilitate the market system as it views itself as an outsider. Meanwhile, E4I has established itself as a market actor in Kenya's energy market system to deliver functions such as business strategy, financing and training, as such it is more difficult for it to act as a facilitator.
- **Assumptions of market confidence.** Due to Kenya's technological and financial innovation strength, the MEI team assumed the market would easily 'crowd in' and improve access to clean energy goods in Kakuma once proof of concept was demonstrated. In Burkina Faso, the MEI team worked in a less mature energy market and thus looked further into cross-cutting (systemic) opportunities for addressing constraints for many energy products/services in the market rather than just one specific product, including market entry points with the host community.
- **Time to realization of impact.** It takes time to facilitate activities and realize impact using market-based approaches. The reduction of the MEI's timeframe to deliver and measure impact may have also affected project approaches, particularly if there were challenges in identifying and supporting market actors to change behaviours.

Measuring impact

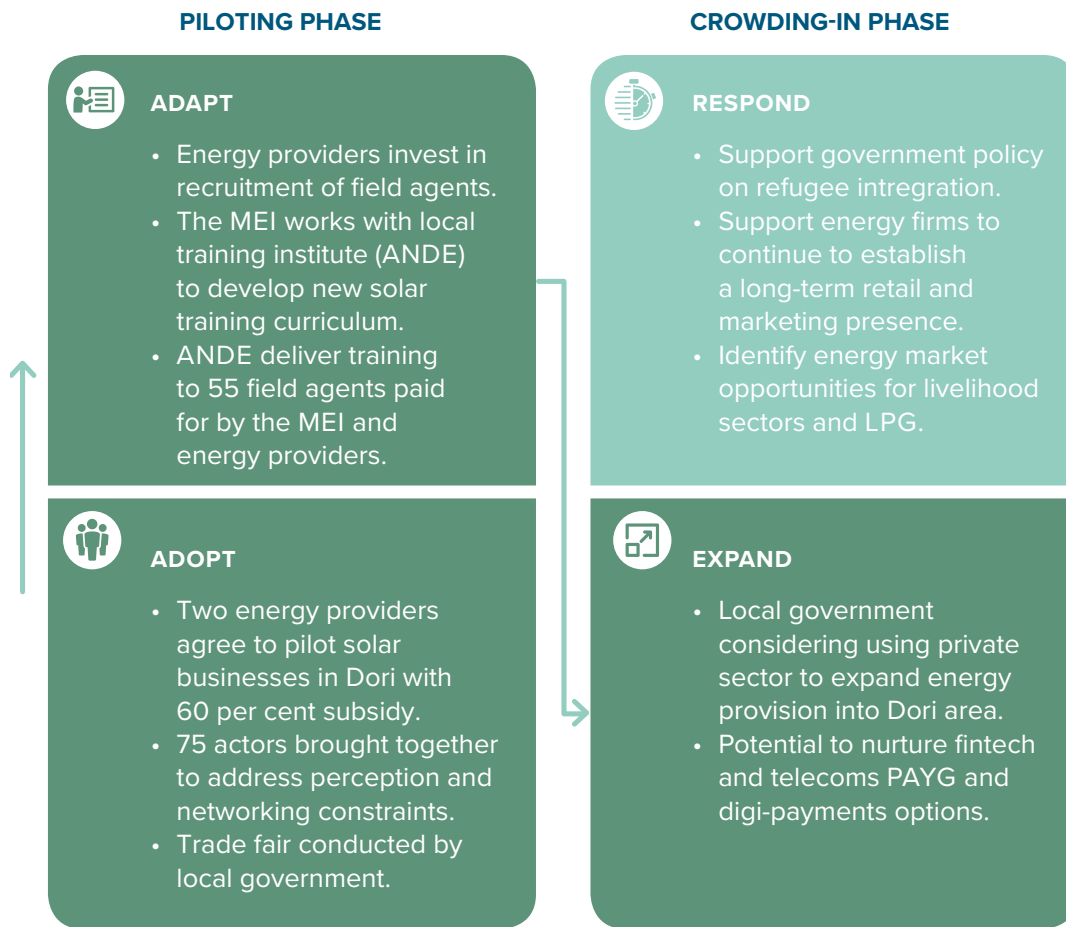
Predicting sustainability and scalability in intervention design

It is too soon for the MEI to precisely measure the relative effectiveness of each project compared to non-market-based interventions in bringing about sustainable change.

However, a useful tool that may help predict the sustainability and scalability of the interventions is the 'adopt, adapt, expand, respond' (AAER) framework used by MSD practitioners in development contexts.³⁰ The cycle of sustainability and scalability moves from adopt to adapt through to expand and respond. The AAER can be used to predict the outcome of the intervention and whether, in the case of the MEI projects, the change is sustainable. This enables practitioners to pre-empt potential sustainability challenges and to take pre-emptive action to 'tweak' interventions to address sustainability issues.

³⁰ The Springfield Centre (2015), *The Operational Guide for the Making Markets Work for the Poor (M4P) Approach*, 2nd edition.

Figure 4: Goudoubo MEI project AAER framework



Potential host and refugee market: approximately 172,000.

There is evidence suggesting that some changes to the market system introduced by MEI projects are sustainable, but this requires further investment to respond to unforeseen factors and to incentivize crowding-in by other actors following proof of concept.

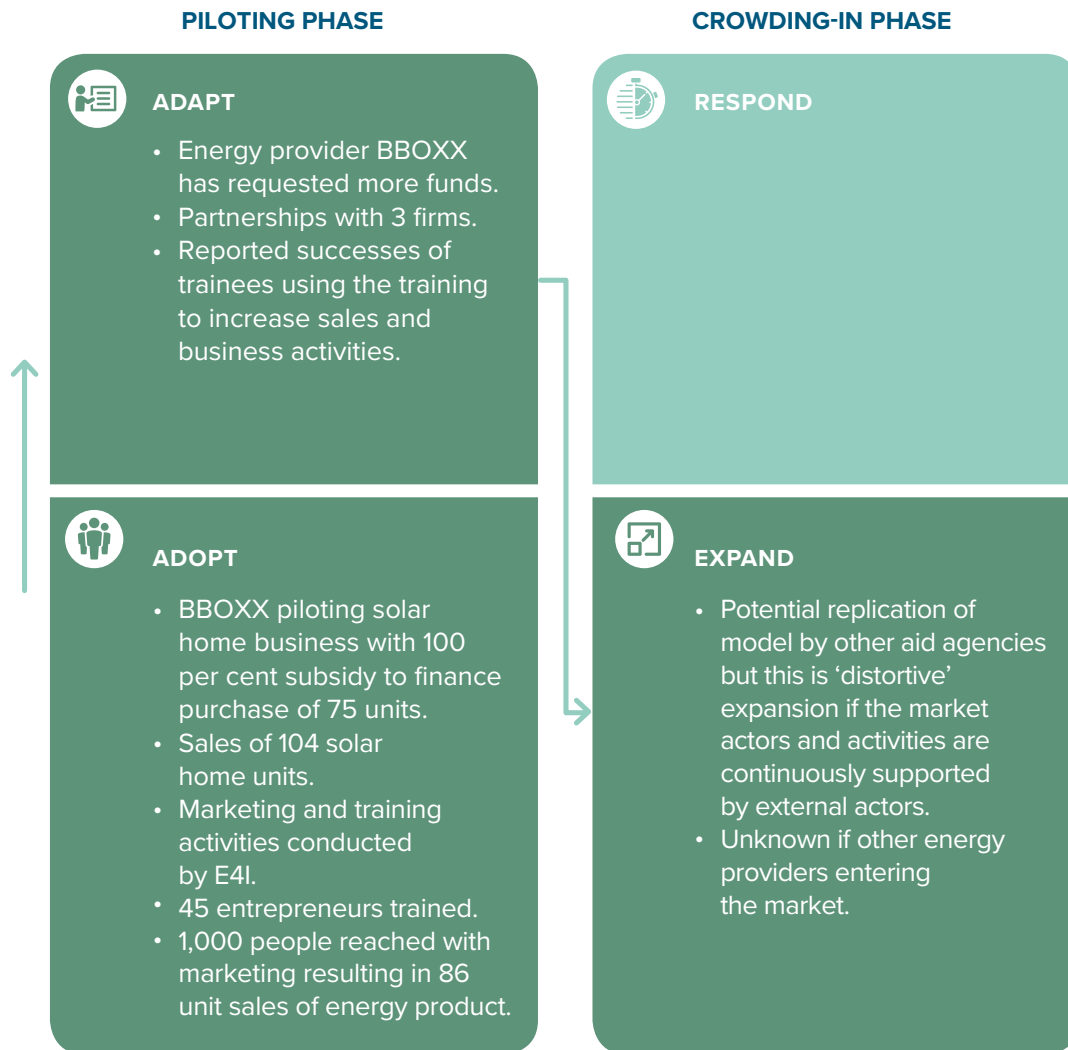
Critically, once Practical Action had facilitated a change in the perception of the Goudoubo energy market’s viability, thus de-risking investment, the energy providers Nafa Naana and BETA invested resources into business opportunities there.³¹

Sales numbers are not relevant in this context as the project was designed to test the appropriateness of an MSD approach.

All interventions are designed to be adopted and adapted by local market players, and so, despite taking longer to deliver large target impact numbers, there is potential for the improvements to be sustained.

³¹ Out of the original 10 market actors identified, the two that eventually invested in pilots in Dori and Goudoubo are subsidiaries of parent companies that could mitigate the risk of investment in these areas. However, provision of modelled proof of concept may now further de-risk investment by smaller market actors.

Figure 5: Kakuma MEI project AAER framework



Potential host and refugee market: approximately 250,000

There is little to suggest that MEI market-based activities in Kakuma will continue at the end of MEI project funding. Uptake of basic piloting of activities has been limited and there is no discernible change in the behaviour of market actors.

Although it may appear that proof of concept is successful and replicated by others using similar models in the camp complex, this is often directly dependent on aid agency assistance and doesn't demonstrate 'crowding-in'.

Sales volumes are negligible relative to the market size and the time frames of intervention activities (6–9 months).

Training, marketing and credit-provision activities are dependent on aid agencies and will be limited to the extent of project and funding timeframes.

Key considerations for different interventions in Kakuma:³²

Retail: is the project addressing the right constraint, or supporting the appropriate market actor, to encourage crowding-in?

- At the end of six months, MEI-supported BBOXX sold 104 solar home system (SHS) units (75 of them bought through MEI funding). This figure is low in relation to the potential market size. BBOXX has requested further MEI funding, which indicates that the current rate of sales is not commercially viable.
- Are other suppliers interested in investing in Kakuma following these interventions?³³
- Does the prospect of potential expansion of the electricity grid and LPG network disincentivize investors?

Training: who is best placed to deliver training in Kakuma?

- Training was conducted by a local partner already involved in livelihood training in Kakuma, with E4I providing support on energy specific topics and additional mentoring services after the training sessions.
- There are successful examples of training interventions that could offer lessons for market interventions. For example, the Katalyst programme offers training to improve incomes for farmers in Bangladesh by incentivizing wholesalers, rather than educational institutes, to regularly train retailers on the latest quality standards and farming practices to increase awareness among customers. These customers would then demand that farmers improve their practices and crop yields, which increased retail sales and overall sales as well as the reputation of the wholesale brand.

Marketing: who is best placed to carry out marketing activities in Kakuma?

- The MEI marketing exposed over 1,000 potential consumers to new energy products, but resulted in limited immediate sales of only 86 products at the events themselves. Additional sales were made through retail outlets following the marketing campaigns but the marketing reach and sales conversion rate are relatively small compared to the market size. Who will be incentivized to continue conducting marketing activities once aid funding is removed? Are the market actors willing to invest in marketing or will they wait for aid agencies to do it?

Livelihood creation: is this really a project for improving livelihood opportunities?

- While livelihood opportunities were created the number of jobs was small in terms of providing improved livelihoods at scale through traditional MSD approaches. However, recognition needs to be given to the job opportunities offered through BBOXX's operation (24 individuals employed) and the livelihood opportunities created in Burkina Faso.

³² For key considerations for different interventions in Goudoubu see MEI (2018), 'Case Study – Carrying out a Market Study Focus Group in Burkina Faso', case study, <https://mei.chathamhouse.org/file/2276/download?token=az710ah5> (accessed 11 Mar. 2019).

³³ Another four SHS companies have started operations in Kakuma after the MEI's work with BBOXX, supported by another development organization.

Monitoring intervention activities and measuring their impact

MSD interventions are designed to deliver a behaviour change in the market system (such as by empowering market actors to supply a refugee camp through field agents). However, it is challenging to measure whether behaviour changes have happened and if they are sustainable.

In addition, it may take several behaviour changes within the market system to realize the project’s goals for the target group and the overall initiative. This is particularly important where interventions may benefit others, such as the host community, before the target group and there is a need to justify this to donors (as happened in Burkina Faso).

Therefore, projects need mechanisms to monitor results over time to see if desired changes are realized. This information allows projects to tweak interventions as is necessary if the expected changes do not materialize or if unforeseen external factors cause disruption.

One method of measuring the impact of interventions is through logframes. These are quite broad in their approach, in that they reduce intervention activities to high-level poverty impact outputs, often ignoring the importance of the sequencing of events in achieving outcomes and over-simplifying the process. They also encourage agencies to accelerate some of the recommended changes (e.g. by delivering interventions themselves) to achieve desired outputs more quickly. This can circumvent the ‘natural’ path market actors need to implement changes in a more sustainable way.

Our M&E [monitoring and evaluation] frameworks only measured indicators of activities undertaken rather than monitoring for the impact of those activities in incentivizing change in the market. Thus, it was hard to assess overall success.³⁴

The MEI has not documented its intervention activities in results chains, which has impacted its ability to communicate the effectiveness and logic of its approach, and the overall progress of the project to achieve sustainable change. The project used logframes to examine the outcomes of MEI interventions (see Table 7).

Table 7: MEI logframe for WS7 (correct as of August 2018)

WS7 MEI logframe output indicator	Goudoubo	Kakuma
Number of people (refugees and host community), community facilities and enterprises with improved energy access in Kakuma and Goudoubo camps.	<ul style="list-style-type: none"> • 25 market actors (NGOs, private sector, government, community, research, media, finance) aware of market-based solutions for renewables and refugee access. • Two networking sessions bringing together market actors. • One catalogue of energy products available in Burkina Faso. • One market-information report on Dori and Goudoubo produced by local mayor’s office. • One market-exposure visit to Dori and Goudoubo for energy firms. • Two energy firms piloting market-engagement activities. 	<ul style="list-style-type: none"> • 104 SHS units sold. • 45 enterprises with enhanced business skills. • 18 enterprises selling renewable technologies. • Over 1,000 people made aware of the benefit of renewables.

³⁴ Interviews with MEI project team members in Burkina Faso and Kenya in 2018.

For projects in long-term market-based programming that require ad hoc support to meet their impact objectives, articulating theories of change through intervention-level results chains provides a clear path of causality from activity to impact via behaviour changes in the system.

3. A Successful Operating Environment

MEI project findings

Does the MEI work show a clear pathway to improved energy access in protracted displacement contexts?

The simple answer is no, but the MEI work shows there is an opportunity for doing things differently. Both projects demonstrated it is possible to successfully challenge the status quo in terms of intervention activities in the field. The MEI results also show that there is a viable energy market in humanitarian settings previously considered inaccessible.

It is not possible at this stage to determine whether the projects will deliver long-term change in clean energy access, although certain indicators in the AAER framework (figures 4 and 5) suggest possible positive outcomes. More time and investment are needed to nurture and sustain the intervention activities (marketing, indirect and direct support, business training and mentoring) implemented with a view to create an evidence base for when agencies should directly intervene to provide aid.

What is an acceptable improvement in clean energy access in protracted displacement contexts?

Practitioners must be pragmatic in protracted-crisis contexts as to what can realistically be achieved. This should involve debating what is considered 'good enough' or satisfactory in these contexts in terms of positive interventions to improve energy provision.

Where markets can play a role in the provision of goods and services to people in need, market practitioners should advocate a market-based approach over in-kind delivery of goods and services. As even at a basic level there are tangible benefits of such an approach. For example, procuring goods locally as opposed to importing them from agency warehouses abroad has wider positive impacts.

This paper has discussed the complexity of creating programmes for environments that straddle the humanitarian and development contexts. Contextual and programmatic drivers continue to constrain achievable possibilities in displaced contexts and the operational readiness of the implementing partner (and the camp authorities) can place further limitations on the project. These factors have a big impact and are often conflated.

What can aid agencies do to support market-based interventions?

Aid agencies and donors need to actively consider their role in maintaining the progress of market-based interventions instigated by projects such as the MEI. Prior to delivering an energy project in a protracted displacement setting, aid agencies and donors should identify:

- Whether other projects are conducting activities to instigate a behaviour change in the market, which are yet to produce tangible results.
- Whether there are ongoing intervention activities that need support and further commitment to achieve their goals before starting new projects. At the same time, they need to accept that other initiatives are working in the market system and that coordination among actors is key to avoid mixed signals. For example, a lack of coordination was seen when a corporate philanthropic foundation donated energy appliances in Kakuma during the MEI project. With the best intentions, the foundation donated 36,000 solar lanterns in Kakuma camp, which were distributed to refugees while the MEI was implementing projects to improve access to solar energy products through market-based interventions. As a result, the MEI had to shift its intervention to focus more on larger SHS to support income generation.
- Whether other non-energy related market-based projects will have an impact on the donor's project and how to manage this. For example, in-kind distributions of food may create expectations for in-kind distributions of energy products.

Supporting the legacies of MEI projects

Although the MEI projects in Burkina Faso and Kenya have ended, the outcomes of their activities to create sustained behaviour change among market actors will need support to sustain the project outcomes. Market actors and aid agencies can achieve this by adopting the following:

Market-aware decision-making without compromising adaptive programming

Coordinating within camps was a challenge for both country teams. Constant turnover of core decision-making staff within the camps and confusing cluster development networks made it difficult to navigate camp networks and establish key factors in the success of the MEI projects. In addition, most practitioners had a limited understanding of market-based approaches and of the energy sector, which meant continuous re-education of key decision-makers was an issue.

The lack of understanding and ability to position the MEI in key decision-making forums at the field level exposed the project to risks of being undermined by non-MEI interventions or camp processes. Field-based humanitarian practitioners may not need to deliver market analysis or related interventions but they should have some basic appreciation for the need of market-based approaches and that these extend beyond simply procuring supplies from local private manufacturers or cash programming. Practitioners should be able to identify points at which engagement with market experts may be required prior to action. This would require a basic level of market-aware decision-making.

It should be noted that although collaboration and integration within the camps' operational processes and networks were deemed challenging by the MEI teams in both countries, the lack of integration also offered the benefit of flexibility. MEI teams were able to deliver their projects with limited scrutiny and bureaucracy as a result, which supported the style of adaptive management required for iterative market-based interventions. As the push for more market-based approaches

in the humanitarian sphere gathers momentum, it is important to consider how to continue to foster an environment conducive to market-based programming within traditional operational standards, tools and processes.

In Burkina Faso one of the partners highlighted that MEI was the best ‘donor’ that they had ever had due to the flexibility of their approach and ‘light’ reporting requirements.³⁵

Clear articulation of the impact objective and theories of change

The onus is not just on camp coordinators and donors to be market aware in their decision-making to facilitate better collaboration and coordination. Project teams need to be able to clearly and simply articulate their impact objective in the camp context and their theories of change. As such, key stakeholders will be able to identify if and where they can contribute to active interventions, and help avoid conflicting activities that may undermine previous interventions.

Creation of low-maintenance monitoring and evaluation (M&E) and response activities

It is often assumed that projects with long-term sustainability objectives require long-term and costly management. However, market-based interventions only require basic monitoring to keep track of project progress.

Supply-side actors can often provide enough information on sales and market penetration to indicate whether projects are on track or require further analysis to ascertain progress. A field presence may also not be required if camp coordinators are market aware and can identify and alert project staff if external influences are likely to have an impact on projects. Setting up the M&E information flows for low-cost maintenance should be considered from the outset of the project, and project teams should be designed so that they can be reactivated and respond to changes as and when required without need for a permanent on-site presence.

Development of flexible funding models to create small, diverse and non-permanent teams to deliver projects in this context

The project teams in Kenya and Burkina Faso had a few core team members that were not permanently based in the implementation areas. This core team included diverse skills and experiences, with a market systems specialist, an energy expert and a local fixer. The teams did not need a permanent presence in the field as they were looking to deliver the majority of intervention activities through established market actors. However, it may have been useful – given the absence of market systems understanding at the field level within existing humanitarian structures – to have a full-time coordination and communication role to more closely safeguard interventions and respond to changes in the market environment.

Organizations considering delivering market interventions should strategically design the team to match the project. For example, if the activity is a light-touch, market-systems change project, the team should be relatively small, temporary and barely visible after the initial market assessment. Activities should not be branded to reduce any signalling of aid involvement in the market.

³⁵ Interviews with MEI project team members about project performance evaluation in Burkina Faso and Kenya in 2018.

Funding commitment in humanitarian and development programming

Changes to funding meant that the MEI project did not immediately transition into Phase III, which included plans to research possibilities for scaling up interventions. As a result, some interventions that may have continued to support positive target-group objectives have since ceased. It also means there is no support for building interventions to improve crowding-in around certain activities. In addition, insufficient time has passed to observe and demonstrate positive changes in the system resulting from market-intervention activities.

It is difficult to make the argument for using market-based approaches when an innovative project set up to deliver them suffers from funding and time limitations. Long-term thinking and funding in this context have been compromised and, if humanitarian or development practitioners are going to try and adopt market-based approaches in protracted displacement contexts, greater support from donors is needed to help bridge the funding complexities between humanitarian and development programming.

Conclusion

The MEI projects in Burkina Faso and Kenya have provided the perfect opportunity to take risks and showcase the potential for a different development approach. The MEI's research – from energy market assessments to intervention delivery – has shown that there is a case for improving energy access for displaced populations and their hosts through market-based approaches.

Although the overall objectives of the projects have yet to be realized, there are many useful lessons for any sector working on market-based approaches in a protracted displacement context.

Importantly, the MEI has not only articulated the intervention activities conducted in each country, but also assessed the contextual, operational and programmatic factors that influence their successful design and delivery. These lessons are often lost as the humanitarian and development sectors try to find the perfect market-intervention activity (noting that there will never be a 'one size fits all' intervention), but they are important in facilitating success.

Sharing practical experience and delivering training to support practitioners in designing and delivering optimum market interventions, although valuable, will be ineffective if they are working in an operating environment that will ultimately undermine these efforts.

It is futile to try to deliver market-based approaches in isolation in a constantly changing, protracted-crisis context that is heavily distorted by the activities of other aid agencies. Sustaining the outcomes of any market-based intervention will be contingent on effective communication and decision-making by others in the aid sector.

Multi-stakeholder forums should use the results of the MEI projects to facilitate difficult discussions on what is an acceptable outcome in protracted displacement contexts, on how aid agencies position themselves throughout the crisis life cycle, and on how this affects the role, coordination and collaboration of agencies.

These lessons should be shared with markets or energy practitioners, donors and operations staff – such as those in M&E, the supply chain, finance and communications – to understand the organizational and process requirements that are needed to facilitate changes.

Glossary

It is important when discussing market approaches to use consistent terms to minimize confusion or conflation. This paper uses standardized terminology from widely used publications on market-based approaches for the humanitarian and development sector.³⁶

AAER framework: The four elements that define the level of market system change are ‘adopt, adapt, expand and respond’. The cycle of sustainability and scalability moves from adopt to adapt through to expand and respond. At each stage of the AAER framework, practitioners can ask themselves questions to assess the sustainability of their project outputs.

Cash-transfer programming (CTP): This refers to all programmes where cash (or vouchers for goods or services) is directly provided to beneficiaries (a demand-side intervention). In the context of humanitarian assistance, the term is used to refer to the provision of cash or vouchers to individuals, households or communities, and not to governments or other state actors. CTP covers all modalities of cash-based assistance, including vouchers. This excludes remittances and microfinance in humanitarian interventions. The term can be used interchangeably with cash-based interventions and cash-based transfers.

Core function: The exchange between providers and consumers by which goods and services are delivered at the heart of a market system.

Crowding-in: The process of stimulating market players to react to the system-level changes instigated during the piloting process, which can result in greater impact breadth (e.g. the number of those benefitting from the changes) and depth (e.g. the level of change in the system).

Distortion: A distortion is a by-product of an intervention – e.g. government policy or aid support – that aims to protect or improve the well-being of a portion of market actors. Poorly delivered interventions can create distortions (e.g. perverse incentives) contrary to what is required for market players to uphold and build upon changes, which undermine the future efficiency or sustainability of the system changes and overall outcomes for the target group.

Facilitator: A development agent/agency seeking to stimulate market system change, who remains outside of the market system. In developing market systems, facilitators actively avoid distorting those systems and must be conscious not to make market players reliant upon their continued presence.

Intervention: A defined set of temporary activities.

Interventions, market-using: Providing temporary direct support to market actors, or other entities that make up a market system, so that users have access to a sufficient supply of goods, services or income, and/or so that users can meet the needs of people in crisis.

³⁶ Springfield Centre (2015), *The Operational Guide for the Making Markets Work for the Poor (M4P) Approach*; Catholic Relief Services (2017), ‘Updated Market Based Programming Framework’, <http://www.cashlearning.org/downloads/mbp-framework2may2017final-2.pdf> (accessed 19 Feb. 2019); and The Cash Learning Partnership (undated), ‘Glossary of Cash Transfer Terminology’, <http://www.cashlearning.org/downloads/calp-updated-glossary.pdf> (accessed 19 Feb. 2019).

Interventions, market-supporting: Providing direct support to market actors, or other entities that make up a market system, to restore or build a sufficient supply of goods and services that meet the needs of people in crisis.

Interventions, market systems change: Facilitation of interventions that aim to facilitate a permanent change in the way core functions, supporting functions and rules perform that ultimately improves the participation of target groups within the market system.

Market: A set of arrangements by which buyers and sellers exchange goods or services (the interaction of demand and supply).

Market system: A multi-function, multi-player arrangement comprising the core exchange, supporting functions and rules by which goods and services are delivered, shaped by a variety of actors.

Market actors/players: Organizations or individuals in the private or public sector, civil society/ community groups, social enterprises, representative organizations, academic bodies etc. that are not sustained by donor finance.

Market analysis: A diagnostic process and variety of tools to understand how a system works and why it fails to serve the needs of the target group prior to intervening in it.

Market-based approach: All types of market interventions with the common thread of working within local market systems to facilitate access to affordable and quality goods and services that meet the needs of target groups (as well as to protect the livelihoods of those dependent on these exchanges).

Market systems development approach: A set of principles, frameworks and good practices that guide analyses of market systems and developmental interventions that bring about change within them.

Market-based programming framework: Utilized by humanitarian actors, this presents different types of market-based interventions that can be appropriate across the disaster life cycle (from response to recovery), highlighting the relative and appropriate depth of humanitarian engagement within the market across the different intervention types.

Protracted displacement situation: When 25,000 or more refugees of the same nationality have been in exile for five years or more in a given asylum country.

Results chain: A model showing the chain of causality through which a programme's activities lead to projected benefits. Results chains are tailored to specific interventions and are consequently more detailed than a strategic framework (containing the output, outcome and impact logframe).

Rules: Formal and informal controls that define the incentives and behaviours of market players.

Supporting functions: Context- and sector-specific functions that inform, support and shape the quality of the core function exchange.

Tier levels: Access to electricity is measured based on technology-neutral multi-tiered standards where successive thresholds for supply attributes – capacity, duration, reliability, quality, affordability, legality, and health and safety – allow increased use of electricity appliances. Tier 0 is the lowest performance against the standard with no access to electricity and Tier 5 is the optimum.³⁷

Thin markets: Markets that are relatively uncompetitive, in which there are few market players and/or a large number of ‘absent’ supporting functions and rules to support and govern the exchange of goods and services.

³⁷ Bhatia and Angelou (2015), *Beyond Connections*.

About the Author

Katie Whitehouse is an independent consultant with many years experience working in the private sector and in humanitarian and development organizations. Her particular focus is on creating new businesses to tackle current and future societal challenges.

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Cover image: A shop selling fabric and electronics inside the Dagahaley Camp, one of five camps that make up Dadaab, the world's largest and oldest camp for refugees.

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ISBN 978 1 78413 328 3

Design by Soapbox, www.soapbox.co.uk

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Charity Registration Number: 208223