
Financial market assessment

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An important part of CBI feasibility and appropriateness is a functioning financial market. Therefore, a financial market assessment should be conducted to answer the following:



3.4.1 Macro-level assessment

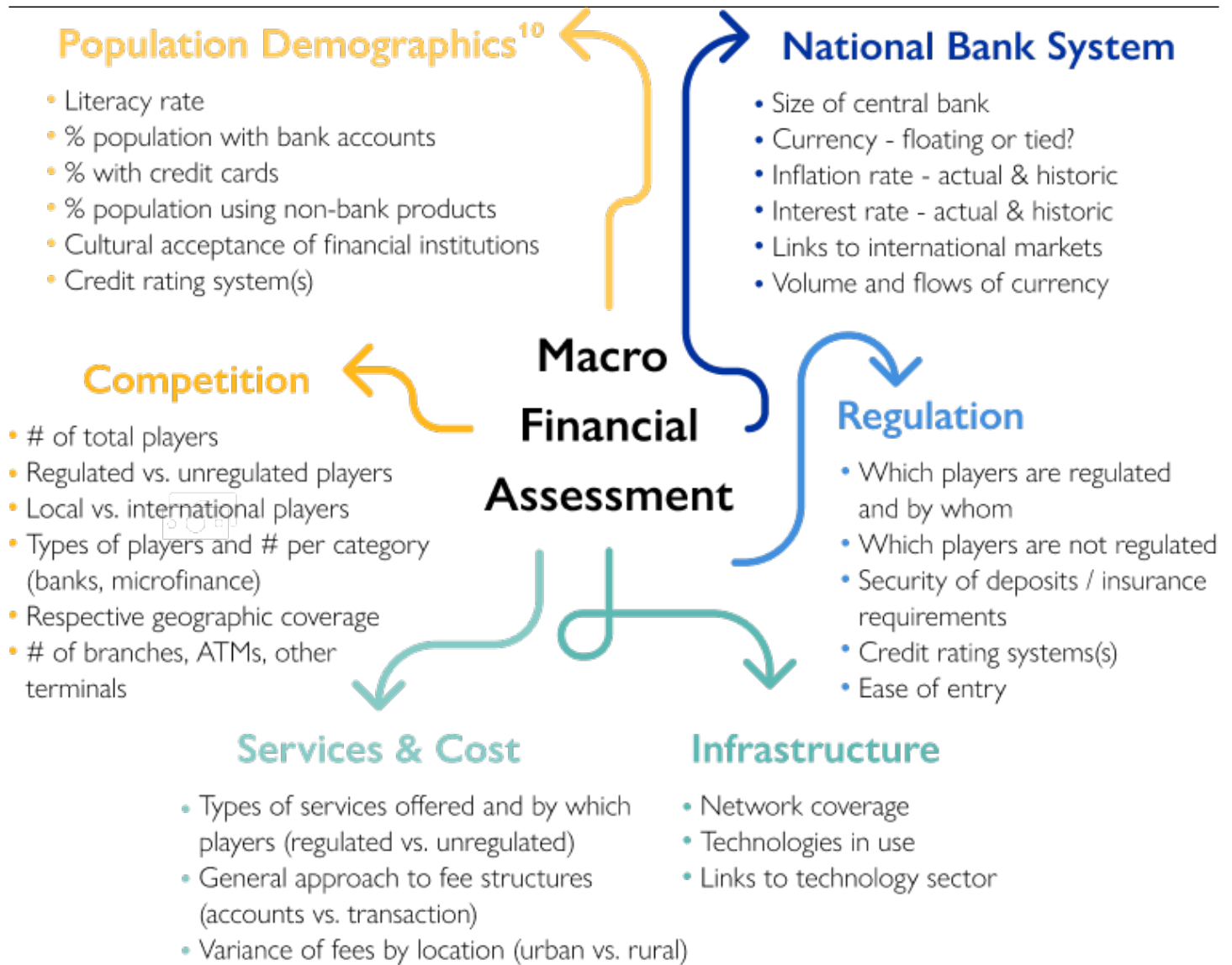
Can the country's financial sector support the large transfers of cash needed to undertake CBI operations? Are there any delivery mechanisms which cannot be supported?

The purpose of the 'macro financial market assessment' is to provide an overview of the country's financial sector and how well it functions, where and to what extent it is present through physical branches or technological networks, and any specific risks or advantages that it poses. This information will assist the country office in determining whether the country's financial sector can support the large transfers of cash needed to undertake cash and voucher operations, and it is a first step towards identifying potential financial service providers. **This assessment should be done by finance staff or similar roles within the resource management units.**

The macro-level assessment will provide a first key output:

- **A report summarizing the strength of the country's financial systems and infrastructure.** The process for evaluating specific service providers can only be started if it has been determined that the financial sector is able to support a cash or voucher project.

Figure 4: Macro-Financial Assessment: Things to Consider



Adapted from the e-learning module "[Core CVA skills for Supply chain, Finance and ICT staff](#)", developed by the Fritz Institute and the CALP Network, in collaboration with the International Rescue Committee.

3.4.2 Micro-level assessment

Which financial service providers are equipped to provide the necessary services to deliver CBI for each feasible delivery mechanism? Are there any delivery mechanisms for which there are no potential partners?

The purpose of the 'micro financial assessment' is to score individual financial service providers

(FSPs) in order to indicate which ones could be potential partners. Service providers are evaluated based on information that they are requested to provide during a Request of Expression of Interest.¹¹ **This assessment should be done by procurement/logistics staff.**

Service providers that have a sufficiently high score can then be further evaluated using the financial strength assessment, a more in-depth process that highlights any weaknesses in the FSP operations or holdings, by reviewing credit ratings, audit opinions and key financial strength ratios. This step **is a requirement** because it “screens” potential FSPs and will exclude any that might pose a risk to IOM’s programme or funds.

The micro-level assessment will provide a second key output:

- **A list of service providers** that meet initial qualifications to warrant inclusion in the roster (or shortlist) of organizations. Details of the services of the short-listed service providers will also support budgeting and cost-efficiency analysis. Depending on the value of the programme, a procurement process can be launched.

The selection of financial service providers shall be done in accordance with the relevant procurement process.



Caution: When working through the competitive bidding process, start as soon as possible as this **will take time!**

3.4.3 Financial service provider assessment

This financial service provider assessment will show if it is possible to contract services in advance. It is important to know if the service provider has the services needed, that the company is reliable enough to deliver, and if there are any major risks that should be noted in advance.

During the competitive contracting phase, many more details are required in order to determine the best service provider, how implementation and distribution will work, and what clauses must be included in the contract. Gathering more information during the assessment phase will smooth the way for contracting later in the project cycle, as well as provide better information for the modality choice.

The financial assessment overlaps with the Information and Communications Technology (ICT) assessment, so it is possible to conduct only one assessment to cover both financial service providers and ICT providers. Consider your use of KOBO/Open Data Kit (ODK) here also.

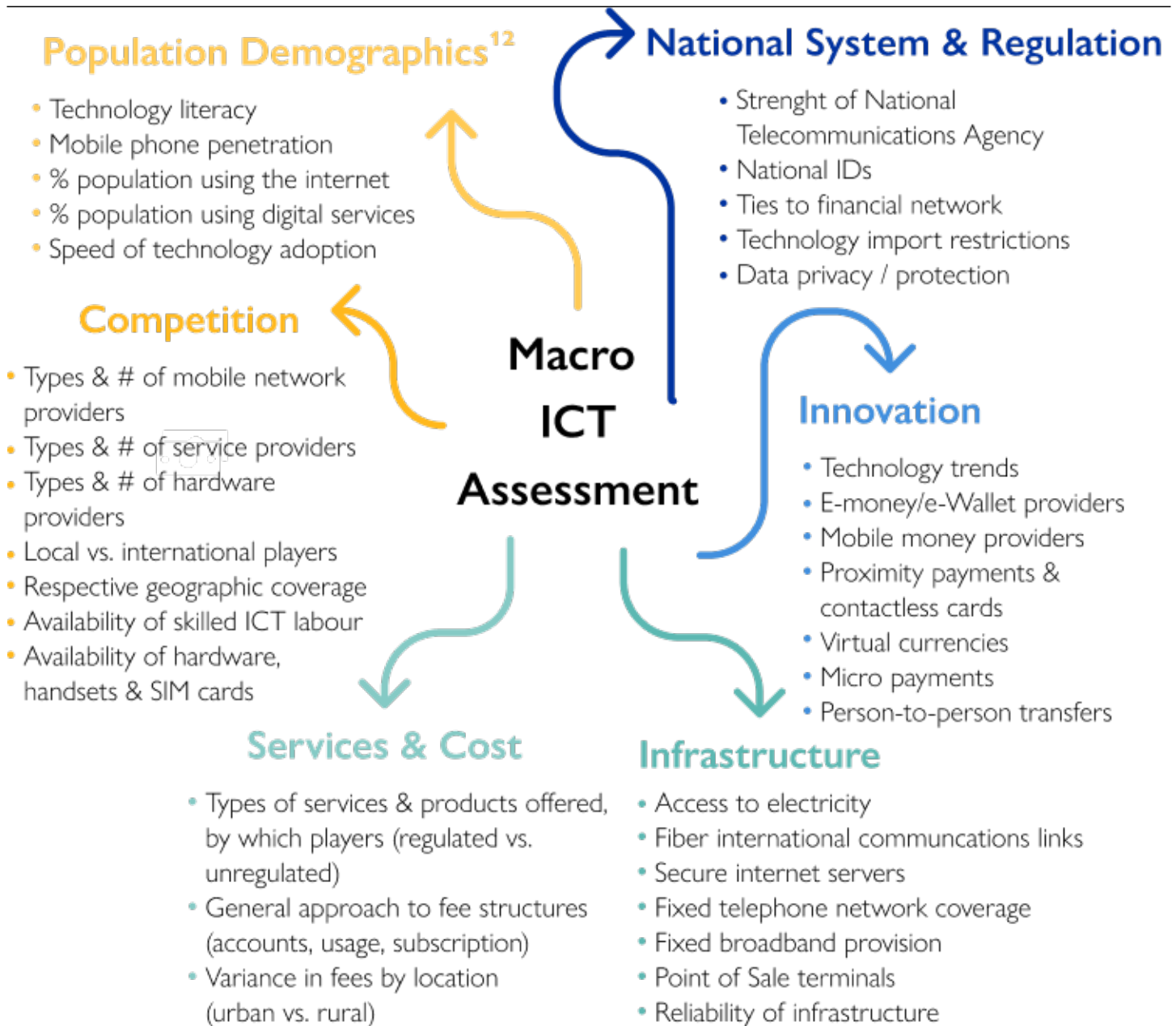
[Assess FSP capacity checklist](#) [Mapping service providers template IN/168 Rev \(2\) IOM Procurement Manual IN/284 Changes to Procurement Implementing Partners Selection and Related Contracting Procedures](#)

3.4.4 Voucher-related assessments

Using vouchers requires additional information to be gathered regarding traders. During assessments for a programme that uses traders, you should conduct focus group discussions and/or interviews with market representatives, key informants and traders to understand their capacity to scale up, e.g. how many people they typically serve per day and what their normal turnover is in a week. The purpose of gathering this information is to understand traders' capacities, experience and willingness to partner with IOM to implement a voucher programme. Select traders through a transparent community-based process to ensure that the selected traders are acceptable and accessible to beneficiaries. Use traders that are closest to beneficiary locations.

[Roadmap for Vouchers](#)

Figure 5: ICT Service Provider Assessment: Things to Consider



Adapted from the e-learning module “[Core CVA skills for Supply chain, Finance and ICT staff](#)”, developed by the Fritz Institute and the CALP Network, in collaboration with the International Rescue Committee.

¹⁰ Population demographics information/analysis should be disaggregated by age and gender to the extent possible.

¹¹ An advertisement to identify vendors that wish to participate in a forthcoming solicitation.

¹² Population demographics information/analysis should be disaggregated by age and gender to the extent possible.

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