

# Market Analysis Tools in Rapid-Onset Emergencies

## Phase One Report

A desk review of existing market analysis tools  
in relation to  
Oxfam's needs and capabilities

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# 1 Introduction & Background

## 1.1 Why Analyse Markets in Emergencies?

Markets are a ubiquitous feature of the fabric of most people's everyday lives. Even in rural areas most people, and especially the poor, rely on market systems<sup>1</sup> to provide food, essential goods and services, access to paid work and mechanisms for selling their produce. Most livelihoods in low-income countries are thus enmeshed with markets.

In emergency situations, market systems (e.g. trade networks) may be severely impaired or altered, but rarely disappear. They may take on important resilience-related roles: such as re/de-capitalising key livelihood assets (such as livestock and jewellery), supplying essential commodities and cash injections (loans).

Humanitarian contexts can be very dynamic with affected population needs changing quickly over time. There are at least five reasons why it is valuable for humanitarian agencies to rapidly assess and understand markets in emergency situations:

- a. Markets may offer a fast, cost-effective and empowering way to respond to people's priority needs  
The increasing use of cash-based interventions, in place of in-kind commodity distributions, is testimony to the role which markets can play in humanitarian responses. In the right circumstances, cash transfers (as grants, cash-for-work, vouchers etc.) can be both more cost-effective and more empowering for recipients<sup>2</sup>. Market assessment is required to find out what capacity markets have to respond to cash programmes without them causing inflation, and what interventions could strengthen markets' response
- b. Inappropriate relief responses can do further major damage to market systems  
The damage which market systems suffer in emergencies – either directly, or as a result of reduced local purchasing power - can be exacerbated by the impact of inappropriate humanitarian responses. Prolonged in-kind relief creates disincentive effects that can undermine local markets by driving traders away or out of business. Excessive injections of cash can cause inflation. Getting the 'response analysis'<sup>3</sup> right depends on understanding market functions and capacities. Early market analysis can help ensure that less damage is done to indigenous market systems by relief programmes.
- c. Market 'behaviour' can indicate whether or not relief responses are working as intended  
The way that local markets respond to humanitarian interventions (whether cash or in-kind) can be an important indicator of whether the relief is working as intended. By monitoring local market prices, for example, agencies can discover whether in-kind distributions are undermining traders, or cash-based interventions are inducing an adequate supply response.
- d. Market recovery is a necessary aspect of livelihood rehabilitation and food security  
The rehabilitation of market systems is a crucial aspect of the transition from relief to livelihood recovery – restoring people's access to essential goods, employment and services. In terms of food security, a better understanding market dynamics can encourage emergency responses that actually strengthen markets' capacity to avoid food crises in the future.<sup>4</sup> Moreover, Oxfam in particular, needs to ensure that its humanitarian responses are coherent with the longer-term (Aim 1) programmes of support for sustainable livelihoods. Early market analysis can help ensure that the best use is made of opportunities to promote sustainable recovery

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<sup>1</sup> The concept of a "market system" is defined in section 2.1 below

<sup>2</sup> See [Adams L., 2007](#)

<sup>3</sup> See [Barrett C., Lentz E. & Maxwell D., 2007b](#)

<sup>4</sup> See [Donovan C., McGlinchy M., Statz J. & Tschirley D. 2005](#)

e. Crises in market systems can also be opportunities for improvement and reform

To the extent that emergencies disrupt established market systems – by removing key players or important assets, altering structures and relationships – they may create unusual opportunities for transformation: for ‘building back better’. The way that humanitarian responses take account of issues of market power, equity and access, can contribute to these processes or undermine them.

## 1.2 Objectives & Terms of Reference

This report was commissioned by Oxfam’s Emergency Food Security and Livelihood (EFSL) team as part of a larger exercise to develop a market analysis toolkit for rapid-onset emergency situations. The impetus for this arose from the recognition by Oxfam, other humanitarian agencies and donors that the impact of interventions upon markets has been insufficiently assessed in the past.

The wide-spread increase in cash-based responses (e.g. following the Indian Ocean tsunami, and the Pakistan earthquake of 2005) has prompted greater interest in market analysis by humanitarian agencies, such as WFP, Save the Children, CARE and Oxfam. Assessments revealed that damage to markets varied significantly, with many markets still able to supply affected zones. Oxfam and Save used this information to justify innovative responses such as credit schemes for retailers.

However, the tools and methods of market analysis are not systematic or well-established. Currently, the team variously uses external expertise (consultants), personally learned methodologies, or adapts a market mapping tool used by Oxfam Sustainable Livelihoods team<sup>5</sup>. A more consistent and formalised Oxfam ESFS approach will, it is felt, enhance the team’s capacity.

The full Terms of Reference are attached in [Annex 1: Terms of Reference – Emergency Market Analysis](#). The overall purpose of the work – initially in two phases - is to contribute to more appropriate Emergency Food Security and Livelihood interventions by

- improving Oxfam’s capacity to analyse markets in emergency situations,
- developing a market monitoring tool adaptable to different contexts and interventions, and
- adopting a market analysis tool that provides more appropriate response options

The final output of the work is intended to be a emergency market analysis and monitoring tool to facilitate Oxfam EFSL’s decision-making about humanitarian responses. This should facilitate the basic steps, decisions and tasks faced in the initial two or three weeks of an emergency response:

- Assess the impact of the crisis or disaster on relevant markets, and evaluate their residual functionality / capacity to meet basic needs
- Estimate the probable outcomes (e.g. on prices, supply response) of a range of different pre-configured short-term humanitarian responses on these markets
- Decide which interventions are the most appropriate responses in the short-term (i.e. have the greatest potential to protect life and livelihoods of affected populations)
- Identify and assess opportunities to adapt (or elaborate) these humanitarian interventions in ways which maximise long-term benefits (e.g. contribute to rehabilitation of markets)
- Establish practical mechanisms for early monitoring of the impact of the humanitarian response on key markets (e.g. prices for food, materials, transport)

Meanwhile, the objective of the initial desk-based research (phase 1) described here is to provide:

1. **An overview of Oxfam market information needs and capabilities** for market analysis in emergencies to be used in the identification of an appropriate analysis tool.
2. **A desk review of existing emergency market analysis tools**
3. **An outline of the final output expected from phase 2**, sketching the format and scope of the emergency market analysis tool envisaged for EFSL. .

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<sup>5</sup> Based on Practical Action framework described in [Albu M. & Griffith A. 2006](#)

### 1.3 Methodology for Phase 1

- Desk review of published literature on market analysis in emergencies, and grey literature shared with us by other organisations including WFP SENAC, Care, Save the Children, Mercy Corps, ODI, FEWS NET. See the [References](#) at the end of this report

Since market analysis in emergencies is a relatively new endeavour, field-tested tools are not yet available for assessment. Nonetheless, many organizations recently released or are in the process of developing tools to be used in an emergency context, especially Save the Children UK, World Food Program, and CARE.

- Desk review of Oxfam internal documents – particularly
  - i. emergency response procedures / protocols
  - ii. market assessments conducted in previous rapid-onset and chronic emergency situations
  - iii. evaluations of Oxfam emergency responses (particularly cash-based) in various situationsSee the [References](#) at the end of this report
- Informal interviews with Oxfam GB staff in Oxford, at regional programme management level and in the field. See [Annex 2: Lists of Interviewees & other contributors](#) for details
- Informal interviews with key informants and expert advisers identified by Oxfam EFSL and others in humanitarian response organisations around the world. See [Annex 2: Lists of Interviewees & other contributors](#) for details

Interviews added a flavour of the reality on the ground following an emergency and the realm of the possibility pertaining to emergency market analysis.

- Established web-based workspace for our advisors at [www.dgroups.org/groups/oxfamarketools](http://www.dgroups.org/groups/oxfamarketools) for document sharing and a group email archive. This is not a formal steering committee yet, although it could evolve into this in the second phase.
- Participated in new discussions about rapid market analysis tools with US-based NGOs, that started in June 2007, coordinated by InterAction at the behest of USAID OFDA

## 2 Oxfam’s Practices & Capabilities in Emergency Market Analysis

### 2.1 Defining Market Analysis for Emergencies

The word “market” has a various meanings in different contexts, so it is important to be clear about terminology. We are using ‘market’ to refer to the set of institutions, rules, structures and supporting functions that enable and shape exchanges or trade between producers, consumers, traders and other intermediaries. The ‘market’ in this sense is complex system with many diverse actors. It has tangible physical components (roads, ports, warehouses, shops, communications infrastructure) and intangible social institutions (laws and social rules, protocols, social relationships and enforcement mechanisms).

Market analysis in this third sense, is about understanding these complex market-systems. In the context of rapid-onset emergencies, such analysis is needed first to comprehend the impact of an emergency-inducing shock (hurricane, earthquake, conflict etc) on the market-system, and second to predict how the market-system will react to various alternative humanitarian intervention responses.

Making sense of market-system complexity is assisted by having a conceptual framework to order knowledge systematically. Suitable frameworks which we can draw upon already exist. Typically they comprise three main elements: i) the transactions (or value-chain) between buyers and sellers; ii) supporting functions and services, and iii) the institutional environment. These dimensions are discussed in detail in [Annex 3: Defining “Market Analysis” for Emergencies](#).

In a rapid-onset emergency situation, the initial focus of interest will falls on those critical market-systems which might help affected populations meet their priority emergency needs: for example, markets for food, clothing, shelter-construction, water and sanitation. A market-system perspective will also encourage humanitarian teams to consider critical supporting functions, such as transport and financial services. This is discussed further in Section [3.1](#)

### 2.2 Oxfam’s Market Assessment Practices and Capabilities

#### 2.2.1 Oxfam’s Humanitarian Response – Structure & Guidelines

When rapid-onset emergencies occurs, the pattern of Oxfam’s Humanitarian Department response is governed by the following classification scheme:

- Category 1: Large-scale high-profile disaster (e.g. Asian Tsunami, Kashmir Earthquake)
- Category 2: Major disaster (e.g. Mozambique floods)
- Category 3: Localised disaster (floods, droughts)

In Category 1 and some category 2 emergencies, Oxfam assigns Humanitarian Support Personnel (HSPs) to emergency sites and coordinates with regional and country offices to organize relief efforts. Humanitarian advisors based in the UK provide advice and guidance to field staff, while field program managers make decisions, use whatever tools are available and implement relief efforts. Oxfam is seeking to transfer full responsibility for humanitarian response to its Regional Management Centres in Nairobi, Pretoria, Dakar, New Delhi, Bangkok, Lima and Mexico by 2009.

Oxfam EFSL’s responses are informed by their Food Security Assessment Guidelines<sup>6</sup>. These are based upon the internationally-accepted SPHERE guidelines<sup>7</sup>, which revolve around assessments of immediate and future threats to life, health and livelihoods.

Four types of food security assessments are outlined in the guidelines:

- Initial assessment (from 2 - 5 days)
- Rapid multi-sectoral / assessment (5 - 21 days)
- In-depth assessments (3 - 6 weeks)
- Nutritional surveys (3 - 6 weeks)

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<sup>6</sup> [Oxfam, 2007](#)

<sup>7</sup> [SPHERE, 2004](#)

Our interviews with Oxfam HSPs and field staff revealed that in practice only the rapid/multi-sectoral assessments tends to be consistently used. Assessments typically examine food availability, changes in food security, coping strategies among different livelihood groups, nutritional status, the general humanitarian response thus far and Oxfam's capacity to respond. They involve a variety of staff including public health promoters, water & sanitation technicians, food and nutrition specialists, local program managers, HSPs seconded from Oxfam GB, and other local specialists. Household checklists adapted to the local context are used, as well as interviews with key informants and secondary data.

In theory some elements of market analysis already exist in current guidelines related to rapid emergency assessment. In particular, questions of food availability measure pre-crisis food balance sheets, seasonal and annual price trends, market proximity to affected populations, disaster impact upon markets, terms of trade, etc. Demand is gleaned from household assessments measuring livelihoods/assets and the degree to which they depended upon the market pre-crisis.

However, limited guidance is provided on how to measure price changes of key staples before and after the crisis and changes in the terms of trade. They suggest visits to markets and interviews with traders, transporters and government officials. What is really missing in the current analysis, however, is how to use all this information to understand the market structure and how to base program interventions around this knowledge.

### **2.2.2 Time Frame and Resources**

Rapid-onset emergencies require that quick decisions. In major emergencies (cat 1 or 2), HSPs are normally dispatched within the first few days. Increasingly, the assessment teams tend to be multi-disciplinary and use tools from Oxfam's guidelines to assess the situation and immediate needs.

Financial resource allocation decision processes start almost immediately, usually on the basis of only very basic information available. Once teams complete assessments, Oxfam generally manages to get funds to where they are needed reasonably quickly. Delays or inadequate financial resources were not reported as major concern during our interviews.

A more common and overriding constraint for Oxfam tends to be human resources on the ground. There are rarely sufficient personnel to do in-depth food security, nutrition or household surveys. Often time for such assessments is in competition with the priority given to addressing transparently urgent needs of disaster-affected individuals. Staff involved in some Oxfam programmes<sup>8</sup> reported that better assessment processes were achieved by dedicating different teams of staff separately to assessment and response activities.

### **2.2.3 Experience with Market Analysis in Rapid-Onset Emergencies**

Recent rapid assessments have begun to incorporate some degree of market analysis, specifically in Pakistan (earthquake 2005), Aceh (tsunami 2004), and Haiti (mudslides 2004).

After the Pakistan earthquake, a multi-disciplinary team assessed the situation in the worst affected areas – Manshera and Hazara. Using the Sphere guidelines, the report detailed food availability, primary production, income and employment and access to markets. The market section assessed the infrastructure and the impact of the earthquake. They determined that traders needed cash vouchers to restart their activities, roads and bridges needed to be repaired and cleared of debris and a hydroelectric plant repaired.<sup>9</sup>

Oxfam examined<sup>10</sup> the impact of imported food aid on markets in Aceh shortly after the tsunami. They discovered widespread resale of food aid, and the fact that an existing grain marketing board (BULOG) had actually had sufficient surplus and capacity to address emergency needs. As a result of food aid,

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<sup>8</sup> E.g. during the response to Typhoon Durian in Philippines (Nov 2006)

<sup>9</sup> [Brass J., 2005](#)

<sup>10</sup> [Winahyu R. & Acaye R., 2005](#)

local traders experienced a significant drop in sales. They concluded that the commodity markets had been well established prior to the tsunami, that general rice stocks and the supply chain were largely unaffected by the disaster, and thus a cash or voucher program would have been preferable.

The rapid in-depth assessment<sup>11</sup> by Oxfam Haiti following a devastating hurricane in south-east Haiti in 2004 exhibits the most thorough market analysis completed soon after a disaster. The team assessed the crop system pre-crisis to establish agro-ecological zones, average yields, land tenure practice, etc., then reviewed the impact of the mudslides on the farming system. By reconstructing the former market chain, assessing the flow of cross-border trade, market prices by interviewing key informants – traders, transporters/ middlemen (“Madame Sarahs”), the team used this information to build a market map<sup>12</sup> and illustrate how the mudslide had affected various aspects of the market system. This directly led to successful market-orientated support interventions.<sup>13</sup>

#### **2.2.4 Market Analysis Challenges in Practice**

Interviews with Oxfam staff in UK and various country and regional offices provided us with a flavour of what is really happening related to market analysis and its practical application. It is clear that these challenges are not confined to Oxfam, but represent a more general picture of humanitarian contexts.

##### Challenges related to capabilities and organisational culture

- During rapid-onset situations, human resources are stretched, time is precious and staff experience many competing priorities for their time
- Skills and experience of interacting with traders and other market actors to extract information are limited. External market expertise is not readily available to bring in either
- The purpose and value of market analysis is not widely appreciated. Usually, no-one is around with a market-orientation to champion market analysis and interpret results.
- Quick decisions – responding to obvious symptoms, tend to be valued over exploration of underlying causes
- Monitoring of the impact of humanitarian interventions in general (not just on markets systems) is weak or has a low priority
- Teams lack knowledge to satisfactorily specify their needs and the outputs required from external market experts, so ToR are not well constructed.
- Reports were sometimes therefore too technical, with difficult to interpret econometric models
- Without a uniform, systematic market analysis tool there is no consistency in assessment reports, making comparisons and learning from experience very difficult
- Where studies were conducted, they often reported too late to influence the intervention decisions, or recommendations failed to provide direction on what to do with this knowledge

##### Challenges related to information availability and reliability

- The economic contexts in which emergencies occur are highly diverse
- Very rarely is formal information available about the structure / functioning of markets prior to emergency onset
- In first few weeks, potential local informants are too preoccupied with survival to offer much help
- Teams rarely know where or how to seek previous existing information from governments, agencies, private sector
- Such official information as exists is often highly imperfect
- Teams may not appreciate the value of tacit market knowledge of local staff

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<sup>11</sup> [Cristóbal I., Huertas E., Creti P. et. al. 2004](#)

<sup>12</sup> See section 3.3 below for details of ‘market mapping’ tool used, based on [Albu M. & Griffith A. 2006](#)

<sup>13</sup> [Creti P. 2006](#)

The problems with existing market analyses summarised above amplifies comments from staff regarding broader issues within Oxfam related to institutional culture, data collection, analysis and interpretation, monitoring changes and impact, and communication and influence.

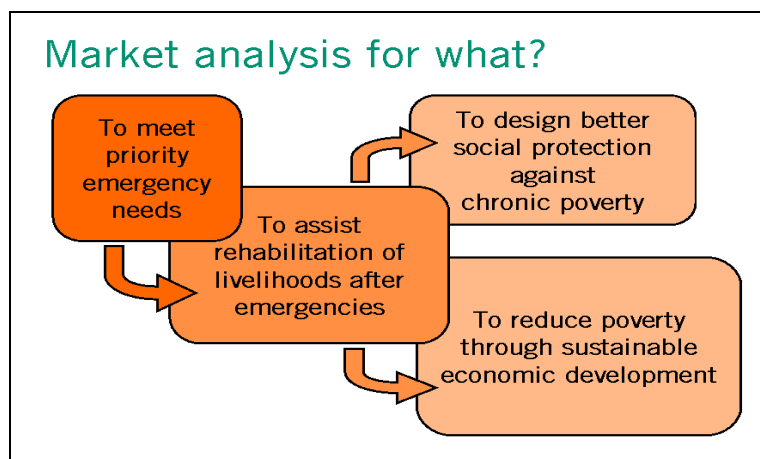
These issues, which represent some of the practical challenges to Oxfam’s adoption of market analysis tools in rapid-onset emergency situations are described in more detail in [Annex 5: Practical Challenges of Adopting Market Analysis Tools](#)

### 3 Market Information Needs and Tools

#### 3.1 Defining the Scope of Market Analysis

For the purposes of this report, it is useful to make some clear distinctions between the different purposes for which market analysis is needed. We can distinguish four categories:

1. Market analysis as a means of better addressing priority needs in rapid-onset emergencies.  
This is principal focus of this report (ToR in [Annex 1: Terms of Reference – Emergency Market Analysis](#)): concerned with the ability of critical market-systems to respond to increases in purchasing power, and the potential for quick-impact market rehabilitation efforts. However, since relief responses impact on longer term recovery processes, there is inevitably some overlap between this category and ...
2. Broader analysis of market-systems for the purposes of rehabilitating livelihoods after emergencies  
This type of market analysis examines how people’s livelihoods have been impacted by a disaster, so that rehabilitation and recovery programmes can be designed. This type of market analysis may or may not involve the same market-systems as above.  
This in turn overlaps with and leads into two further categories of market analysis...
3. Market analysis for the purposes of designing better social protection measures for the most vulnerable in contexts of recurrent chronic emergency (e.g. long-term cash transfer programmes)
4. Market analysis for the purposes of designing better programmes of sustainable economic development (a.k.a making markets work for the poor)



Oxfam’s development programmes (Aim 1 and the new Vulnerable Livelihoods strategy work) touch on these last two categories, and there are certainly benefits to be gained from sharing and consistency in some tools and approaches. A toolkit for humanitarian programmes needs to be focused on their main purpose (no. 1) while not losing awareness of the links to longer-term work.

### 3.2 Market analysis to help meet priority emergency needs

Much of the current impetus for doing market analysis in emergencies stems from recognition of the deficiencies of distributing food aid as a default response in crises<sup>14</sup>. Market analysis is sought primarily to enable agencies to decide **if and to what extent**, cash-based interventions could substitute for food distributions. The ‘food aid versus cash’ type decision tree tool<sup>15</sup> being developed for CARE exemplifies this: it essentially aims to help determine: a) whether cash interventions are a better response than food aid, and b) if food aid is needed, whether this is better procured locally, or shipped from abroad. Similarly for non-food commodities, exploration of market analysis tools often reflects the same decision logic.<sup>16</sup>

The intrinsic logic here is that if local markets are not functioning well in a rapid-onset emergency, then food or commodity distributions must be needed. Therefore the scope of market analysis envisaged is essentially confined to assessing how well local markets are likely to respond to increased demand: i.e. will there be an adequate supply response without excessive price rises? Less priority is attached to exploring how key markets have been impacted by an emergency – and therefore whether anything can be done rapidly by humanitarian agencies to help them recover.

In our view, Oxfam staff aspire to a market-analysis perspective that is broader in scope than this, for two reasons. First, Oxfam is not heavily invested in food aid programming, so has more flexibility to consider other responses. The decision framework in Oxfam’s Cash Transfer Programming booklet<sup>17</sup>, for example, points to various intervention options, such as: lobbying government on food policy; supporting traders to recover; restoring infrastructure and providing transport services. This is about tackling the immediate causes of local market failure, as well as mitigating its symptoms.

Secondly, due to the influence of longer-term development thinking<sup>18</sup> within the organisation, Oxfam’s humanitarian teams are seeking a more integrated emergency approach; one that considers non-food needs and livelihood recovery of affected populations alongside immediate food security. Various non-food markets may have a critical role in this, either because they provide a supporting function to local food markets or because they directly address affected population’s urgent needs.

These considerations imply that, alongside an assessment of how well local food markets are functioning, the scope of Oxfam’s market analysis would (ideally) aim to include

- a. Analysis of certain critical non-food markets, alongside local food markets
- b. Assessment of the impact of the emergency on these critical markets
- c. Appraisal of Oxfam’s opportunities to effect quick-impact market rehabilitation

Which markets might matter in meeting priority emergency needs? (potential examples)			
Consumption Markets		Markets for sale of produce & assets	Markets that support market functioning
Food markets	Non-food markets		
Staple Crops	Shelter Materials	Labour	Financial Services
Substitution Crops	Toiletries / Sanitation	Cash Crops	Transport Services
	Personal Travel	Livestock	Other Business Services
	Agricultural Inputs	Jewellery etc	
	Veterinary Services		

<sup>14</sup> The inappropriate delivery of food aid to Lebanon during the July 2006 war was one example cited

<sup>15</sup> [Barrett C., Lentz E. & Maxwell D., 2007a](#)

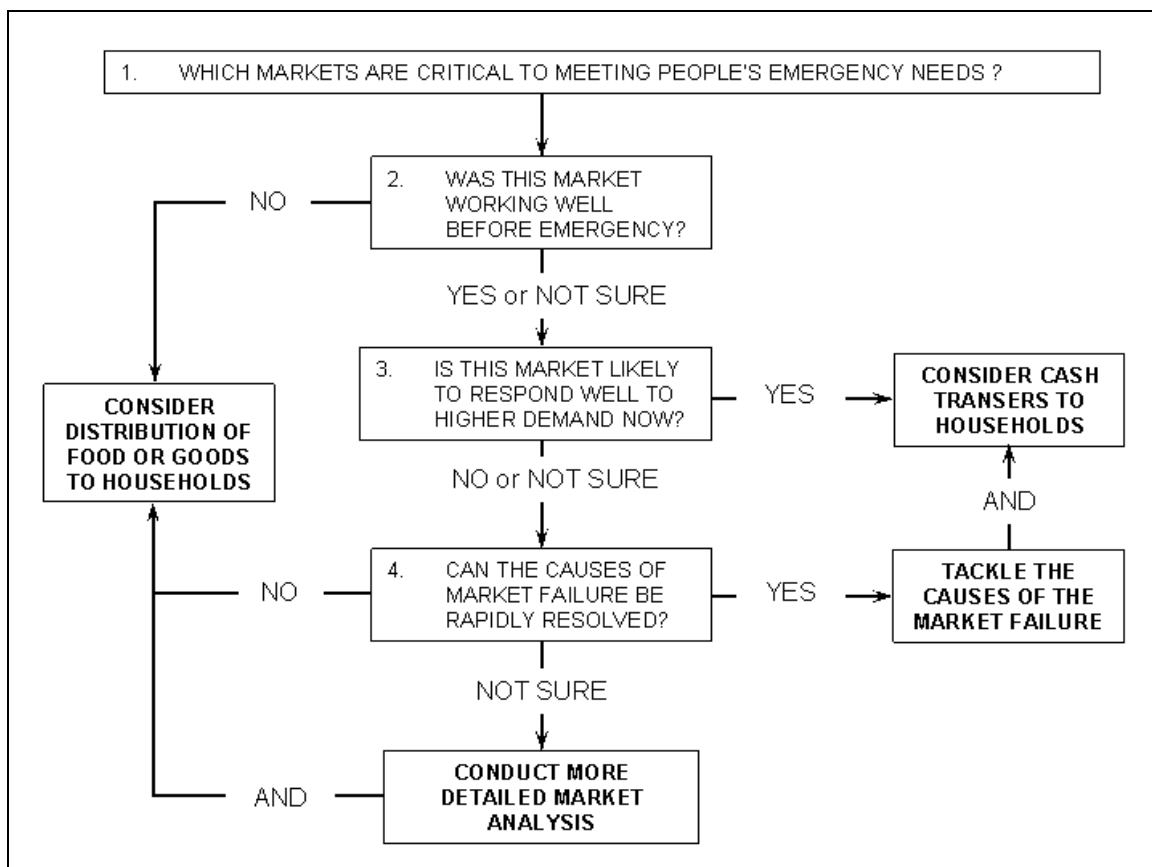
<sup>16</sup> [OFDA, 2007](#)

<sup>17</sup> [Creti P. & Jaspars S. 2006](#) Figure 1 on page 22

<sup>18</sup> Represented for example by Oxfam GB Aim 1’s draft Strategy on Sustainable Livelihoods 2007-10

If these observations are valid, the decision process facing Oxfam’s rapid-onset emergency response managers looks something like this:

**Figure 1: Decision Process for Oxfam EFSL**



A more thorough exploration of these questions, their interpretation and some of the detailed questions or issues which they imply, is provided in [Annex 6: Suggested Decision Process in Rapid-onset Emergencies](#).

### 3.3 Review of Existing Market Analysis Tools for Emergencies

The rising profile of market analysis in an emergency context is most evident in the numerous efforts undertaken by various humanitarian organizations and World Food Program. Most of these tools are in the development stage, but directly relevant to Oxfam’s endeavors.

Detailed descriptions and analysis of the tools summarised here are provided in [Annex 7: Review of Existing Market Analysis Tools](#)

#### 3.3.1 Save the Children UK: Market Assessment in HEA

Save the Children UK recently developed a market assessment tool to complement the Household Economy Approach (HEA). Rather than a separate study, it is intended to be “an integral component of understanding the household economy and in gauging how changes in the wider economy translate into household effects.”<sup>19</sup> It focuses field staff’s attention on the minimum set of market information required for use with HEA.

The HEA market tool contains three primary stages: baseline, hazard and outcome analysis, and response, along with a step by step process. The practical application of this tool and its human resource requirements are as yet untested. Nonetheless, it contains many elements relevant to Oxfam

<sup>19</sup> Market Assessment in HEA – Annex – see [Adams L., 2007](#)

EFSL's Market Information needs. The tool addresses all of the four decision points outlined in section [3.2 above](#).

The key attributes from the perspective of Oxfam's needs are:

- It uses existing HEA to garner info on household demand and introduces supply factors to an emergency needs assessments.
- Good training materials and questionnaires/checklists to guide assessment teams
- Includes tips on how to determine market flows and mapping
- Provides overview of response options and when these should be used based on the market analysis.
- Describes economic terms and their relevance to market analysis, ie user-friendly for field staff.
- Provides typologies for disaster and other shocks and how markets are normally affected
- Clear guidance on how to determine if traders will respond to demand changes.

On the other hand, there are limitations for Oxfam in terms of the relatively complex and demanding nature of the HEA approach which may not translate well to rapid-onset emergency situations. It relies on food balance sheets which are often inaccurate, and may not answer key questions concerning market competitiveness, restrictions to movement of goods, and the risks of inflation.

### **3.3.2. WFP Strengthening Emergency Needs Assessment Capacity (SENAC)**

WFP's Strengthening Emergency Needs Assessment Capacity (SENAC) project examines the role of markets in emergencies and the effect of food aid on markets. Rather than develop a tool, per se, WFP intends to incorporate market analysis in its primary reports e.g. the Comprehensive Food Security and Vulnerability Analysis (CFSVA) Under SENAC auspices, Michigan State University have developed recommendations for Emergency Needs Assessments.

MSU suggested the need for a pre-crisis market profile for countries prone to rapid-onset emergencies, as well as incorporating market analysis in its existing assessments. These profiles cover four main issues: aggregate supply, meso-level functions (traders), aggregate demand, and policy. When a shock occurs, the market profile is intended to shed light on the pre-crisis market structure. To date, market profiles have been completed in nine countries.<sup>20</sup> This process is well under way and integration of market analysis in WFP assessments will be implemented during 2007.

The key attributes of WFP's market profiles from the perspective of Oxfam's needs are:

- Market profiles will present an accurate picture of the pre-crisis situation, information normally unavailable, ie link profiles to emergency needs assessment
- They will assess the potential responsiveness of the private sector to increases in demand following an emergency, and address the importance of regional markets and integration between markets.
- There are useful questionnaires and checklists available to assessment teams
- WFP proposes to create a website with tools, guidance, and data resources available to field offices.

On the other hand, the data on which market profiles will rely (e.g. food balance sheets) are often weak. Response analysis is still likely to be directed heavily towards food aid as a preferred response (studies will not be independently verified). No case studies exist to fully assess how the process will work during emergencies, and it is still unclear whether tools and website data proposed will be public or how WFP will work with other humanitarian agencies.

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<sup>20</sup> [Donovan C. & McGlinchy M., 2006](#)

### 3.3.3. CARE Decision Tree Tool for Food Markets

CARE's Decision Tree tool is designed to assesses how markets respond to a crisis; its impact on institutional and physical infrastructure of food markets, transportation, processing and storage facilities, and background about the agricultural system pre-crisis.

The CARE tool is ambitiously generic: it is intended to be relevant for chronic, sudden or complex crises. It addresses two fundamental questions: are local food markets functioning well? and if not, is there sufficient food available in nearby markets to fill the gap (i.e. through local procurement)? The tool also stresses the importance of monitoring following interventions after emergencies.

CARE's initiative is very recent: the papers<sup>21</sup> were published in May 2007, and no practical application of the tool have been published yet. The human resources and timeline required to undertake the analysis are unclear but appear to require an economist and substantial local staff assistance over several weeks. As the tool is currently proposed, the following attributes are relevant to Oxfam:

- The methodology balances supply and demand elements of emergency food needs assessments.
- It addresses the importance of regional markets and integration between markets.
- It also assesses private sector responsiveness following an emergency to increase in demand
- Emphasizes the importance of early warning systems and includes a strong monitoring component.

On the other hand, CARE's decision tree tool is concerned mainly with food aid as a response, and excludes other markets (labor, materials, etc.) Significant human technical and financial resources may be required to carry out the assessments, and it relies for its technical rigour on pre-existing data (household surveys, historical food price series) which will often be weak or unavailable. The tool does not include actual questions / checklists to guide staff involved in gathering information.

In short, the Decision Tree tool will be difficult for Oxfam to adapt for practical use in rapid onset situations given the challenges discussed earlier (section [2.2](#))

### 3.3.4 USAID Bellmon Analysis

Bellmon Determinations are a specific type of market analyses required of US NGOs applying for resources from the monetisation of Title II food aid. They assess possible disincentive effects of food aid by reviewing commodity sectors, food needs, price effects, government policy, and consumption patterns. The Bellmon's thirty year track record is unique as an established market analysis tool for assessing local markets in the context of food aid. Although Bellmon has not been in used in a rapid-onset emergency context, it contains many elements relevant to the decision process facing Oxfam managers. A wealth of best practices are available from actual reports and workshops.

Completing a conventional Bellmon Analysis requires moderate experience with markets, logistics and strong research/analytical skills. A national-level analysis including field surveys and report writing, takes three to six weeks, depending on size of country, It requires an experienced consultant and local staff member, though local enumerators can be employed to collect market prices if this data is unavailable.

The key attributes of Bellmon analysis from the perspective of Oxfam's needs are:

- It has over thirty years of practical use
- It assesses market structure using traders as key informants, and can be completed in a relatively short time frame
- Examines government's involvement in agricultural markets, tariffs, policies, etc.
- Examines the critical role of cereal imports & changing consumption patterns.
- Analyzes food prices, and provides overview of existing food aid.

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<sup>21</sup> [Barrett C., Lentz E. & Maxwell D., 2007a](#) [Barrett C., Lentz E. & Maxwell D., 2007b](#)

On the other hand, Bellmon is predominantly a supply-side analysis only, and no precedent exists for its use as an emergency market analysis tool. It focuses exclusively on food aid decisions rather than alternate types of market support, and does not examine market integration problems within borders. It relies on data that may often be weak or unavailable. No training materials are available.

### 3.4 Review of Other Relevant Market Analysis Tools

The small enterprise and private sector development fields have over the past twenty years developed a range of tools for analysing value-chains and market systems. Although these are focussed on completely different purposes from that of meeting emergency needs, they provide a good source of tools and methods for engaging with traders and other market actors; for conceptualising market systems and communicating findings.

Further descriptions and analysis of the tools summarised here are provided in [Annex 8: Review of Other Relevant Market Analysis Tools](#)

#### 3.4.1 Clients First! A Rapid Market Appraisal Toolkit, Helvetas Swiss Assoc for Intern'l Cooperation

Helvetas' Rapid Market Appraisal Toolkit is a manual<sup>22</sup> targeted to staff of rural business development services to quickly assess the market potential of particular agricultural products. While the approach is intended for a development context, its straightforward approach using informal interviews with key informants in the commodity supply-chain offers very useful tools for assessing market systems.

The Helvetas toolkit would be valuable in addressing elements of decision 2 and 4 in the proposed decision process. By mapping the market thoroughly, the tool allows its users to understand the role of actors in the market and the supporting functions which governs its function and if it is competitive. With this information, users can identify bottlenecks in the market chain and subsequently rectify the situation. Excellent training materials outline the steps to complete an RMA. The material was developed for use by rural-based organizations, thus straightforward and easy to use.

Unlike many of the other tools described here, Helvetas provides users a recommendation on the structure of the team and proposed timeline to complete an RMA. They recommend a "multidisciplinary" team composed of *outsiders* (individuals knowledgeable about research methodology and economics) and *insiders* (local stakeholders, such as retailers). The duration of the RMA depends on the number of market systems assessed, but Helvetas suggest 50-70 person-days over 3-4 weeks.

#### 3.4.2 Sub-sector and Value-chain Analysis Methods (e.g. Action for Enterprise)

Subsector analysis was first described and applied by enterprise development practitioners in the early 1990s as a way of identifying markets in which there are opportunities to help poor small and micro-enterprises grow. It is intended to be diagnostic, as opposed to merely descriptive. It starts from a recognition that poor producers operate as participants in complex economic systems, and involves studying the networks of relationships linking suppliers, processors, transporters and traders in ways that connect producers with final consumers of goods and services.

The early subsector manuals were overly analytical and prescriptive, but since then much work has been done and experience gained about implementing practical and pragmatic methods. One of the leading agencies in this is Action for Enterprise (AFE)<sup>23</sup> who now provide a range of down-to-earth guidelines and tools for field practitioners.

Although the AFE tools are not directly applicable to analysing markets in rapid-onset emergencies – they share with the Helvetas tool above the value of describing practical ways to engage with market-system actors such as traders, suppliers and retailers. The quantitative aspects of these tools – which

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<sup>22</sup> [Joss S., Schaltenbrand H. & Schmidt, P. 2004](#)

<sup>23</sup> [www.actionforenterprise.org](http://www.actionforenterprise.org)

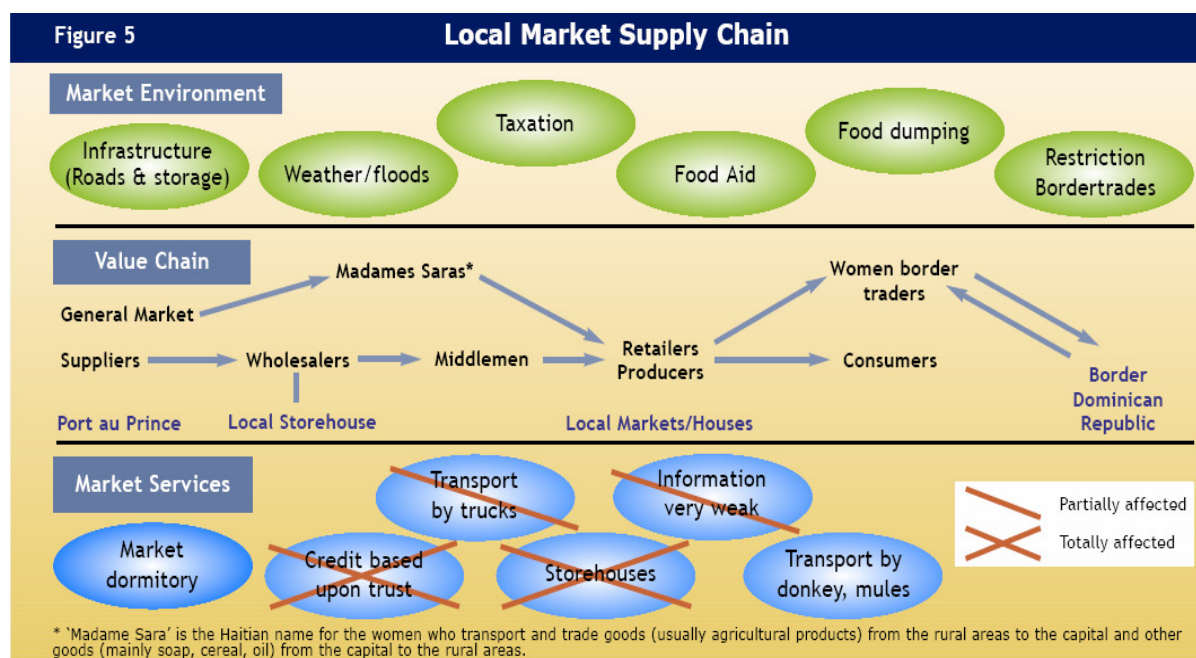
examine prices and profit-margins along value-chains are also relevant, and can be incorporated in the market-mapping approaches described below.

Oxfam GB's Aim 1 Programme have adopted some of these tools into a standard 'enterprise and markets approach' which is illustrated in the diagram in [Annex 8: Review of Other Relevant Market Analysis Tools](#)

### 3.4.3 Practical Action's Market Mapping Tool<sup>24</sup>

Practical Action's market map framework is intended to serve two purposes. For decision makers, it is a conceptual framework for understanding the institutional environment in which market actors (producers, suppliers, traders, consumers) operate. For field staff, it is a practical and participatory tool, that can be used to represent and communicate knowledge about specific market systems. It therefore plays a key role in linking information gathering to interpretation and decision-making.

The basic conceptual framework – with three components similar to that described in section [2.1](#) – was adapted by Oxfam's market access team and is now widely used. It strongly influenced the innovative ad-hoc method used in the 2004 emergency market analysis in south-east Haiti described earlier.<sup>25</sup>



The market map has proved to be a very useful way to visually represent and succinctly communicate knowledge about specific market-system' actors, operations, contexts and needs to different stakeholders. It also has important value as practical way to record and represent qualitative monitoring information about how the structure and performance of markets systems is evolving in the aftermath of a disaster.

### 3.4.4 MEDA Market Research Toolkit (forthcoming)

MEDA (Mennonite Economic Development Associates) are in the process of publishing a market research toolkit<sup>26</sup>, designed specifically in response to practitioners requests for practical resources that assist them in the design, implementation, and monitoring and evaluation of sustainable market development programs that integrate disadvantaged communities into viable value chains.

<sup>24</sup> [Albu M. & Griffith A. 2006](#)

<sup>25</sup> [Cristóbal I., Huertas E., Creti P et. al. 2004](#)

<sup>26</sup> [Miehlbradt A. & Jones L., 2007](#)

The toolkit focuses on qualitative research tools that have been found to be particularly useful in underdeveloped value-chains, for getting information from smaller enterprises, for understanding market players' behaviours, and for developing the details of project design. This is likely to make the tools highly relevant to Oxfam's needs, even though not developed for rapid-onset emergency contexts.

### **3.5 Market Information Resources**

A variety of information is available to assist emergency response teams at Oxfam to start the research process prior to arriving in a disaster zone, and additional secondary information in the country to help answer key questions about the market. This information is broken down by key areas including: agricultural production, household demand, and market and price surveys.

Detailed descriptions of these resources are given in [Annex 9: Market Information Resources](#)

#### **3.5.1 Agricultural production**

Some basic research online and a review of existing reports can reveal production levels of key subsistence crops in an emergency zone. The FAOSTAT database is the foremost resource to measure a country's production for the last five years for target crops. In some countries, regional bodies track food balance sheets (e.g. CILLS in West Africa). In some of the most vulnerable, food insecure countries, USAID's FEWSNET collects data on food production, rainfall pattern and often chart food economy zones, including levels of food insecurity.

The general situation of the agricultural production system may be revealed from various reports. For food insecure countries, WFP and FAO collaborate to produce the Crop and Food Supply Assessment Mission (CFSAM) report. Another component of food availability includes the level of imports and food aid. Import figures are normally maintained by customs and available upon request. Food aid figures are available from WFP's PRRO (Protracted Relief and Recovery Operation). Information on WFP actual food aid deliveries and local purchase programs are available from commodity and logistics staff at the country office

#### **3.5.2 Household demand**

In many cases, national governments carry out comprehensive national household surveys measuring an array of indicators. Much of this data could be used to inform Oxfam about household demand, if available. NGO's also carry out such surveys prior to implementing programs and collect additional information when they measure impact against baseline indicators. Such surveys tend to be more localized based on the most food insecure zones, but may have direct relevance if a rapid onset emergency occurs in this region.

#### **3.5.3. Market and price surveys**

In the next few years, more analyses are likely to be available, such as WFP's market profiles in emergency-prone zones. Prior Bellmon Analyses are an excellent resource as an overview of the market and especially data on trader interviews. FEWSNET has a Trade and Market Strategy which it will begin implementing in 2007. The organization intends to increase knowledge on trade and markets pertaining to food security, particularly related to its early warning system.<sup>27</sup>

The availability of time series data for a variety of goods varies by country. One standard used globally includes the Consumer Price Index (CPI) which is an index of retail prices measuring changes in the weighted average of prices of a basket of goods or services. Where this information is not available, various market information systems may exist to track prices of agricultural commodities, livestock, etc. in local markets throughout the country. Some good examples of this include: FoodNet in Uganda and Rwanda ([www.foodnet.cgiar.org](http://www.foodnet.cgiar.org)), RATIN in East Africa ([www.ratin.net](http://www.ratin.net)), HAP in Haiti ([www.haitihap.org](http://www.haitihap.org))

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<sup>27</sup> [Bonnard, P., 2007](#)

### **3.6 Recent Developments (July 2007)**

#### **3.6.1 OFDA support for inter-agency collaboration on Rapid Market Analysis Toolkit**

OFDA is seeking to support the development of a toolkit for field officers (especially generalists) to be used for conducting rapid market assessments following a disaster. In OFDA's view recent research and guides cover the questions and issues that need to be addressed in this kind of rapid market assessment. However, what remains to be developed are actual tools (questionnaires, surveys, instructions, etc) that could be used by field officers, especially generalists, to answer these questions. OFDA would therefore like to support the creation of a Rapid Market Assessment Toolkit.

In June 2007, OFDA asked InterAction (the US equivalent of BOND) to coordinate inter-agency collaboration on this initiative. As a result of this initiative, IRC have developed a proposal to create an advisory committee to supervise a consultant who will take existing work and develop a market assessment tool. This tool will then be field tested and evaluated - working with advisory committee members to do this. A training and communications package will be developed also. Advisory committee will meet quarterly.

#### **3.6.2 RHVP's initiative possibly with David Tschirley at MSU**

RHVP are interested develop a tool that will help decide when market and logistic conditions are right to enable cash to be confidently used as a social transfer (primarily long term predictable social protection environments but perhaps also in emergency responses as well).

Therefore focusing on the need for improved market information systems and how this links to RHVP's ongoing efforts of strengthening vulnerability assessment and analysis (VAA) methodologies and outputs. This also includes a strong element of capacity building amongst VAA practitioners, which is presently being facilitated through the African Centre for Food Security at the University of KwaZulu-Natal (SADC's identified Regional Centre of Excellence)

In relation to the VAA component, a main emphasis is placed on developing and/or strengthening methodologies which will ultimately provide improved information on the design of appropriate policies and response mechanisms (e.g. safety nets, cash transfers, social protection, etc.) Thus, a priority is being placed on assisting practitioners & policy makers in deciding when market and logistic conditions are suitable to enable cash to be confidently used as a social transfer. RHVP's emphasis is on long term predictable social protection environments, but not excluding emergency contexts.

#### **3.6.3 SEEP Network initiative with USAID MIP funding (provisional)**

The Small Enterprise Education and Promotion (SEEP) Network<sup>28</sup>, via funding from USAID's Microenterprise Office, will develop a set of guidelines on economic development and livelihoods for donors and practitioners operating in the "relief to development continuum": that is in post-conflict, conflict, natural disaster and other crisis settings.

This continuum spans economic interventions from cash-for-work and asset replacement immediately during or following a crisis, to microfinance and market development interventions, which continue beyond the stabilization phase of a crisis. The goal of the guidelines will be to promote better practices in relief and development interventions during and after crises. The guidelines will be developed through a collaborative process, soliciting input and case studies from SEEP members and others. The guidelines will be developed in close coordination with the Sphere Initiative, with the intent to influence the new section on livelihoods anticipated in the 2008 version of the Sphere guidelines.

The program is anticipated to begin in July 2008. The guidelines will be developed via a three stage process: (First) establishment a practitioner task force (July-August 2007); development of guidelines (September 2007-July 2008) and dissemination (July-November 2008).

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<sup>28</sup> [www.seepnetwork.org](http://www.seepnetwork.org)

## 4 Conclusions / Recommendations for Phase II

*“there is a tendency to over complicate and mystify market analysis and assume that ‘market experts’ are needed, when the basic questions are actually quite straightforward and could be tackled by anyone with a willingness to go and talk to some people.”*

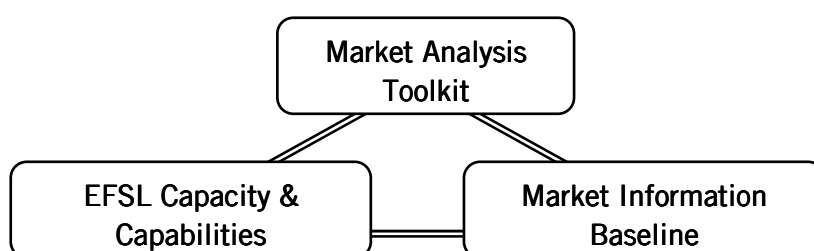
*(Paul Harvey, ODI, 2/5/07 email)*

Oxfam EFSL’s goal is that better analysis of markets in early stages of emergency response will lead to superior humanitarian programming decisions (i.e. more relevance, cost-effectiveness, impact)

Having a rapid market analysis toolkit is only one element of achieving this goal.

The other two key complementary elements that underpin any toolkit are:

- i. Having market profiles / baseline information about the emergency location to refer to
- ii. Having staff who are trained, motivated and resourced (have time) to use the toolkit



Although the ToR for this work principally refer to the “toolkit”, we need to also refer to the implications for Oxfam EFSL’s human resource capabilities, its investment in training and capacity-building, and the systems of disaster preparedness that might underpin market baseline information

### 4.1 Scope and rigour – what questions will the market analysis toolkit address?

Much of the recent interest in market analysis in emergency contexts, centres on the issues raised by using cash-based responses in lieu of conventional food and commodity distributions.

The principal and urgent question in this context is:

- How will markets respond to the use of cash to increase recipient’s effective demand for food or other goods?

This question boils down to analysis of issues such as:

- will there be a sufficient supply response?
- will price rises simply shift the access problem onto a different group?
- are cash interventions a cost-effective way to ensure food / commodities reach affected groups?

This kind of analysis amounts in essence to an assessment of whether markets can be used efficiently to substitute for conventional commodity distributions. Increasingly however, even agencies as relief-orientated as WFP, are being encouraged to look beyond this sort of deficit-driven focus<sup>29</sup> and “broaden assessments and monitoring... to include livelihoods and the broader processes, institutions and policies that affect them”<sup>30</sup>

For Oxfam - an agency that explicitly aspires to greater coherence between its short-term humanitarian relief and longer-term livelihood development practices, the scope of market assessment toolkit should be broad enough to also at least consider the questions:

- How can essential markets be supported so that they respond better to increases in effective demand during the relief response period (e.g. as a result of cash transfers)?

<sup>29</sup> IPC briefing on need for departure from deficit-driven modes of assessment, [FAO, 2006](#) p4,

<sup>30</sup> [Young H., 2007](#) *Disasters* Vol 31(1)

- How essential markets can be supported to recover their resilience as the emergency diminishes / enters a rehabilitation phase? Or at the very least, how can we avoid further disrupting markets?

This question boils down to analysis of issues such as:

- which markets are most important to affected populations?
- how have these markets been affected by the emergency (and relief response to date)?
- what interventions in the immediate relief phase could bolster market recovery / rehabilitation

As this report has indicated (section 2.2.4), even in the best of circumstances, Oxfam EFSL teams tend to operate under severe constraints of time, market analysis capabilities and information. An essential, but immensely challenging criterion for a useful EFSL market analysis toolkit is that it is workable under these constraints. The fact that we are proposing Oxfam need to 'broaden' the scope of market analysis then, might appear contradictory.

We suggest that the aspects of a toolkit's breadth of scope, and the depth or rigour of its analysis, can be usefully disentangled. In fact, by seeking a broader and more qualitative, but less rigorous understanding of markets, emergency teams might even be liberated from unrealistic expectations about technical, quantitative rigour which some of the more econometric market analysis tools aspire to achieve. In our view, these expectations are inappropriate in most rapid onset contexts, partly because the information required to make such tools work is simply unavailable, but also because they 'alienate' and discourage field staff from using their common-sense knowledge and appreciation of markets to inform decision-making.

## 4.2 Market Analysis in two Stages

It is quite clear from our work so far that analysis of markets to meet priority needs in rapid-onset emergencies is not a 'single' event. We consider two distinct stages are probably essential, although these need to be supported by other intervening activities. The use of a staged response to emergencies is potentially controversial: it has significant implications for the way Oxfam manages resource allocation. However it is already emerging in practice in some emergencies, with good results. For various internal political reasons, this is seen as good moment to advocate for staged approaches.

The following outline gives a first impression of what such market analysis 'process' might look like. The closest existing experience we have found that matches this proposed approach is that undertaken by Oxfam in Haiti following the hurricane and mud-slides in 2004.<sup>31</sup> The suggestions here extend and build on this experience.

### **Stage A: Initial rapid market assessment phase**

**Initial rapid market surveys** - in weeks 1 – 2 (indicative), leading to

**Interim response decisions** – in weeks 2 – 3 (indicative)

**Early monitoring** of market behaviour (as soon as response interventions begin)

The stage represents the first iteration of the decision-process shown in [Figure 1](#). It is intended to enable provisional emergency decision-making, and lays the foundation for subsequent in-depth analyses.

It is unrealistic to conceive that any very significant change or increase in effort involved in assessment methods during the initial two weeks of a rapid onset emergency, would be accepted in practice. So the rapid assessment phase would represent essentially incremental changes on existing practices.

We envisage:

- Integration of market related questions with other (multi-disciplinary) assessments of priority emergency needs of affected households
- Use of dedicated assessment teams, using tools tailored to local context and crisis scenarios

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<sup>31</sup> [Cristóbal I., Huertas E., Creti P. et. al. 2004](#)

- Informal interviews with traders and other available market actors / informants to construct preliminary market maps, for each of the most critical markets identified
- Largely qualitative, with focus on households and key market actors (e.g traders)
- Outputs include preliminary mapping of the most critical market systems

These tasks would be less onerous for generalist staff if the questions for households and traders have previously been tailored to fit the most plausible emergency scenarios for that region / country.

We envisage that in some emergency situations, these preliminary assessments combined with background (ex ante) knowledge about the local economy, may give response managers sufficient confidence to proceed with small emergency cash-distributions (e.g. as happened to good effect in Philippines after Typhoon Durian, without any significant market analysis<sup>32</sup>)

As critical markets are identified, and provisional responses are being implemented, early monitoring of market behaviour to reveal any adverse impacts on market systems, and provide data for subsequent in-depth analysis would be essential. Collecting data is only half the challenge in this: establishing ownership' of monitoring process is important to ensure data is interpreted and used to influence decision-making.

### **Stage B: In-depth market analysis phase**

**Preparation** for in-depth analysis - co-ordination of information, people and agencies

**In-depth market analysis** - in weeks 4 – 7 (indicative) leading to

**Medium-term response decisions** – in weeks 6 – 8 (indicative)

The stage represents a second iteration of the decision-process shown in [Figure 1](#). It is intended to enable medium-term emergency decision-making and response strategy. We envisage:

- Led with external expertise, focussed on critical market-systems and coordinated / complementary with other agencies
- Methods contextualised to situation: no blueprint
- Outputs orientated to response management decisions
- Quantitative methods, if quality of data adequate
- Focus on market rehabilitation options, as well as cash-versus-commodities decisions
- Includes some consideration of medium-term perspective (towards livelihood recovery)

The value / utility of in-depth analysis will depend greatly on the quality of preparation work. During these first critical weeks, humanitarian staff tend to be pre-occupied with initiating immediate relief responses; the situation of both affected populations (and response teams) remains 'chaotic' and it is unrealistic to envisage in-depth analysis of markets. Nevertheless, some market analysis related activities are necessary to prepare for more in-depth analysis.

We envisage this involves such tasks as:

- Developing clear & relevant terms of reference for the exercise leader
- Building contacts with key market actors and other informants
- Coordinating analysis plans with other agencies
- Updating preliminary market maps as situations evolve
- Researching other external information resources in order to broadening knowledge-

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<sup>32</sup> [Springett S. & Creti P., 2007](#)

### 4.3 Implications / Plans for Phase 2 of toolkit development

The detailed tasks or components identified in relation to each stage of the toolkit are summarised here:

<p><b>For stage A</b></p> <p>Initial Rapid Market Assessments</p>	<p><b>Initial rapid market assessment</b> toolkit</p> <p><b>Provisional market-rehabilitation and response</b> suggestions</p> <p><b>Early monitoring</b> guidelines</p> <p><b>Pilot testing RMA tools</b></p> <p><b>Development of training</b> materials</p>
<p><b>For stage B</b></p> <p>In-depth Market Analysis</p>	<p><b>Terms of reference</b> guide / templates for expert led</p> <p><b>Preparatory research</b> advice</p> <p><b>Co-ordination with other agencies</b>, protocols &amp; advice</p> <p><b>Country / regional market-analysis planning</b> guidelines / strategy</p> <p><b>Further refinement of training</b> materials</p>

Given the scale of the work envisaged, and the fact that some elements of Stage B go beyond the original ToR; it looks like it will be sensible to tackle the two stages independently. Phase 2 would therefore be concerned with Stage A, and a third phase would address the Stage B components.

#### 4.3.1 Developing the ‘initial rapid market assessment’ (Stage A) toolkit

##### Tasks Prior to Pilot Testing

1. **Surveys tools** (in general terms)
  - Identify most essential information required from household surveys
  - Identify most essential information required from surveys of traders / other market actors
  - Describe methods for conducting informal focus groups etc. with traders
  - Prepare advice on how to identify the markets most critical for meeting priority needs.
2. **Market-system mapping guide**

Prepare guideline for devising and using preliminary market-system maps of critical markets
3. **Provisional market-rehabilitation and response guide**
  - Compile suggestion lists of swift market-rehabilitation interventions to respond to ‘typical’ market-system problems
  - Link guidelines to established relief and cash-based intervention advice, where swift market-rehabilitation is not possible / not necessary
4. **Typology of emergency situations**
  - Identify a typology of emergency contexts e.g. possible using a matrix such as this:

	<b>Type of Shock</b> (e.g. Earthquake, Hurricane, Flood, Sudden-conflict etc.)				
<b>Prior Economic Context</b> (e.g. Urban, Rural Integrated, Rural Marginal etc)					

*This is just one example of matrix parameters. Others might include geographical location (i.e. typologies for different Oxfam regions), climate and seasonal factors. This will generate a large number of diverse emergency “contexts”.*

*This will be linked into the Knowledge Map categories being used by Laura Hammond.*

- In each case, describe the most plausible scenarios for market systems in that emergency context. E.g. what tends to happen to markets in economically marginalised rural areas when major floods occur.
5. **Tailoring the survey questions, methods and the suggested market-recovery interventions** to a limited number (to be decided) of these diverse contexts.
- Select the most important information needs, and translate these into context-specific common-sense survey questions which can be used by generalist staff.
  - Ditto, the survey and mapping methods
  - Ditto, the suggestion lists of swift market-rehabilitation interventions
- For piloting purposes, the 'tailoring' process may have to be largely left until it is known where pilot testing is to be conducted i.e. as an appropriate emergency situation arises – see 7 below*
6. **Guidelines for early monitoring** of market behaviour, considering in particular
- Develop guidance sheets on simple methods of monitoring prices (& volumes?) of key commodities / services (including how to triangulate data)
  - Devise an advice manual about how to interpret price data in meaningful ways
  - Include advice on how to maintain simple qualitative monitoring of market behaviour (e.g. using the preliminary market maps)
7. **Tailoring the monitoring methods** above to a (limited) number of the contexts identified above. Select the most plausible monitoring methods for each scenario, and adapt the guidelines so that they can be understood more easily by generalist staff operating in that type of context.

#### **Pilot Testing the Stage 'A' Tool – in two (or three?) emergency situations**

8. **Tailoring the provisional tools / questions** to the pilot emergency situation.
- As described above (4, 6), survey tools, methods and advice will have to be quickly adapted to suit the specific emergency context in which an opportunity for pilot testing is identified.
9. **Orientation of field staff.**
- Oxfam staff who will be conducting the pilot testing on the ground, will have to be given a very rapid orientation in the provisional RMA tools.
10. **Shadowing the pilot exercise.**
- One of the consultants will need to be on hand to shadow and advise the staff during the pilot tests, and capture lessons from the exercise as it is conducted.

#### **Tasks After Pilot Testing the stage 'A' Tools**

11. **Develop a 'process' guideline**
- Write a guideline explaining how the knowledge outputs of these RMA tools could be integrated into Oxfam's management and decision-making processes during emergency responses
12. **Design training materials**
- Prepare training materials for Oxfam staff: particularly country staff, HSP's, regional advisors and humanitarian coordinators.
- This process will need to involve a specialist 'trainer', such as Oxfam have used for production of other training materials / curricula.*
13. **General awareness-raising / internal-advocacy for EFSL**
- Support EFSL to raise the profile of market-analysis in emergencies within Oxfam, for example by provide advice to the EFSL team and presentations to internal Oxfam meetings.

### 4.3.2 Building Oxfam’s capabilities for ‘in-depth market analysis’ (stage B)

For Stage B, the in-depth market analysis, Oxfam will usually require specialist expertise in market analysis or economics to lead the process. This expertise might in future be drawn from within Oxfam’s regional or head-office staff, but it will often require an external consultant. In either case, humanitarian teams will benefit from training or guidance to

- a. help define and articulate clearly what they want to know, and
- b. put these needs into unambiguous terms of reference,

so that the outputs of ‘expert-led’ processes are highly-relevant and targeted to the decisions which programme managers / coordinators need to make.

At the same time, Oxfam can not expect to realise the maximum benefits from brief exercises led by ‘outsiders’ (i.e. people without detailed local knowledge of market in the emergency zone) without previously investing in both long-term and immediate preparation.

Immediate, local preparation, during the few weeks between stage A and B of an emergency is concerned with

- a. identifying and securing or contracting suitable ‘outside’ expertise to lead in-depth analysis
- b. compiling whatever background literature, knowledge and data can be found about the critical markets identified in initial rapid market assessment
- c. collating and interpreting any monitoring information from Oxfam’s own efforts since the initial rapid assessment
- d. identifying, contacting and possibly briefing key local informants in those critical markets
- e. negotiating any coordination with other humanitarian agencies planning similar assessments.

Long-term preparedness, at country or regional level, is concerned with

- a. building a contact-base of country / regional experts to lead in-depth analyses
- b. establishing a database of sources of market information, profiles and analyses
- c. building up & maintaining market profiles of the most critical / vulnerable market systems in areas where rapid-onset emergencies are most likely to occur
- d. building collaborative relationships with other humanitarian and development agencies, who also need, use or might commission market analyses in emergencies.

### Outline of Phase 3 Components

#### 1. **Phasing of in-depth market analysis**

Develop indicators / guidelines for recognising when emergency situations are sufficiently ‘stable’ to enable an in-depth market analysis to be undertaken

#### 2. **Terms of reference for consultants / advisors**

Draw up ToR templates and guidance for Oxfam staff involved in contracting outside expertise, on how to identify and articulate their market analysis needs, and specify the type and format of outputs required.

#### 3. **Preparatory research advice**

Write a guideline to help HSPs and country staff search for, identify and collate relevant background information, reports etc. that could inform the in-depth analysis

#### 4. **Market profile examples and guidelines**

Prepare guidelines for regional offices, using real examples, of how to build up useful market profiles of potentially critical markets in areas where rapid-onset emergencies are most likely

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## Annex 1: Terms of Reference – Emergency Market Analysis

24th April 2007

*This piece of work shall be undertaken in 2 phases. Although this TOR relates to Phase 1, as the two phases are linked, references to Phase 2 are also made. Phase 1 shall focus on the identification of market information needs as well as a desk review of existing emergency market analysis tools. Phase 2 is dependant on the findings of Phase 1.*

### Introduction:

The range of Emergency Food Security & Livelihood implementation tools used by Oxfam have diversified in recent years and include cash transfer projects as well as more traditional in-kind interventions. There is a growing awareness in Oxfam and the humanitarian community of the need for more appropriate responses, particularly in relation to impact of humanitarian interventions on markets.

Markets are critical for the poor, who rely on them not only as consumers and producers, but also for a range of services (such as the provision of credit, price information etc.)

In humanitarian contexts, markets play an equally valid role in re/de-capitalising key livelihood assets (such as livestock and jewellery), accessing essential food and non-food items (either through credit or purchasing) and cash injections (loans). However, humanitarian disasters often result in a time-bound impairment of market function and trade networks. The depression of local purchasing power due to the loss of livelihoods and income sources can be exacerbated by collapsing demand due to prolonged in-kind humanitarian relief. The re-establishment of market systems can play a vital role in the rehabilitation of an area – it's access to essential goods, employment and associated services.

Humanitarian contexts can be very dynamic with affected population needs changing quickly over time. Good situational and market analysis is an essential pre-requisite to ensuring contextual understanding and identification of the most appropriate and timely responses. Oxfam Emergency Food Security and Livelihood (EFSL) team capacity to understand markets in emergency contexts requires further investment to enhance the team's ability to identify appropriate intervention opportunities. This is not only to provide affected households with the most appropriate assistance, but also, where possible to support rehabilitation of key market systems important to livelihoods and businesses in local economy.

Currently, the EFSL team does not have market analysis tools for use in emergency contexts. The team utilise external expertise (consultants), personally learned methodologies, adapt tools used by Oxfam Sustainable Livelihoods team<sup>33</sup>, or often just do the best they can with the expertise at hand.

Some of the key questions facing field EFSL practitioners in an emergency context include:

- How can Oxfam assess the capacity of a market to meet the identified needs of an affected population through a planned cash intervention?<sup>34</sup>
- Is it possible to predict impact of such interventions (positive and negative) on markets?
- Following an emergency, how can Oxfam identify key interventions to rehabilitate markets for critical food or non-food consumption or markets that provide employment or trade?
- Would it be possible to identify such opportunities over time considering rehabilitation trends and increases in local purchasing power?
- How can rapid appraisals be made at the emergency stage which ensure emergency interventions (such as cash for work) can be designed to support (and not undermine) existing long-term interventions?
- What are the key indicators to monitor throughout the course of an intervention?  
i.e. to evaluate the impact and where possible share learning on what has worked?

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<sup>33</sup> Based on Practical Action framework [Albu M. & Griffith A. 2006](#)

<sup>34</sup> See "Cash Transfer Programming in Emergencies" edited by [Creti P. & Jaspars S. 2006](#)

### **Overall Purpose of this work (Phase 1 & 2):**

The purpose of this work is to contribute to more appropriate Emergency Food Security and Livelihood interventions by

- improving Oxfam’s capacity to analyse markets in emergency situations,
- developing a market monitoring tool adaptable to different contexts and interventions, and
- utilizing a market analysis tool that provides appropriate response options based on analysis findings

This will enable Oxfam to a) better identify where and when cash interventions are possible, (b) better identify responses that would strengthen and rehabilitate markets and (c) identify emergency responses more conducive to longer-term livelihoods impact.

The tools and learning developed in this piece of work would be applied to existing and future Oxfam Humanitarian programmes.

Learning will be taken from countries with pertinent past and/or existing emergency responses and cash programming. The developed tool would be applied to existing and future emergency responses. These countries may include Kenya (Turkana), Malawi and Haiti.

### **Operational Focus of the work**

The assignment will focus on the **urgent decisions concerning key markets** (e.g. for food, materials, transport, credit) involved in meeting the basic needs of affected populations, which Oxfam EFSL team face in the **first two or three weeks** after an emergency situation is declared.

The consultants should focus in particular on emergency situations in which **little or no background information** (i.e. market baseline data) or established market intelligence mechanisms are available on these markets. Such situations include both rapid-onset emergencies, and slow-onset situations in which more thorough market analysis was not possible to prepare for the anticipated crisis.

The assignment will **NOT address market analysis needs in situations of chronic, recurrent crisis**, where Oxfam has long-term programme investments in strengthening vulnerable livelihoods (as described in the new Oxfam GB Aim 1 Strategic Framework paper).

If appropriate, however, the consultants should consider extending the scope of the work in Phase 2 to include rapid market analysis tools and guidance to Oxfam EFSL teams involved in **preparing for anticipated crises** which fall outside the scope of the vulnerable livelihoods strategy.

### **Outputs of the Work**

**The final output** of the work (Phase 2) will be a **emergency market analysis and monitoring tool** to facilitate Oxfam EFSL’s decision-making about humanitarian response in the first three to four months of an emergency.

Oxfam EFSL team’s current conception of the basic steps, decisions and tasks faced in the initial two or three weeks of an *market-integrated* emergency response, is as follows. The tool should facilitate these steps:

- A. Assess the impact of the crisis or disaster on relevant markets, and evaluate their residual functionality / capacity to meet basic needs
- B. Estimate the probable outcomes (e.g. on prices, supply response) of a range of different pre-configured short-term humanitarian responses on these markets

- C. Decide which interventions are the most appropriate responses in the short-term<sup>35</sup> (i.e. have the greatest potential to protect life and livelihoods of affected populations<sup>36</sup>)
- D. Identify and assess opportunities to adapt (or elaborate) these humanitarian interventions in ways which maximise long-term benefits (e.g. contribute to rehabilitation of markets)
- E. Establish practical mechanisms for early monitoring of the impact of the humanitarian response on key markets (e.g. prices for food, materials, transport)

The precise format and scope of the tool / guidelines / training module etc will depend on the intermediate outputs of the desk review and information needs analysis to be conducted as phase 1. It could be a newly developed or modified tool, as appropriate.

Consistency with Oxfam policies is necessary and with existing Market Analysis tools used by the Sustainable Livelihoods team would be an advantage for Oxfam.

The immediate output of the work (Phase 1) will consist of:

- 1) **An overview of Oxfam market information needs and capabilities** for market analysis in emergencies to be used in the identification of an appropriate analysis tool.
- 2) **A desk review of existing emergency market analysis tools** summarising, for example: (a) the contexts in which the tools have been applied  
(b) key questions that the tools answer  
(c) technical rigour  
(d) strengths and weaknesses (e.g. transferability / technical knowledge required)  
(e) availability of training and awareness raising materials.
- 3) **An outline of the final output expected from phase 2**, sketching the format and scope of the emergency market analysis tool envisaged for EFSL. This should outline the kind of skills, experience or training likely to be required of Oxfam staff who use the tool.

### Target Audience

The main users of this tool include EFSL teams, at international and local staff at Oxford, Regional, Country and Programme levels. This will be defined more specifically in phase 2 – e.g. general humanitarian staff (including decision making and PM etc), staff with general food security knowledge, or whether it requires staff with specific market-analysis skills.

### Core activities of the Market Analyst Consultant/Methodology:

The core activities that the consultant will undertake include:

#### In Phase 1

- a) Undertaking analysis to better understand:
  - What the Oxfam EFSL market information needs are (with specific reference to identified cash intervention market related questions)
  - What is currently being done to meet these needs
  - The information gaps that need addressing and,
  - What opportunities exist to meet these needs either through developing existing tools and applying those used by other organisations.
  - Oxfam staff capabilities to undertake such analysis.

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<sup>35</sup> We discussed the possibility of the analysis identifying potential interventions according to the context. Context A = responses 1,2,3... Context B = 4,5,6 etc

<sup>36</sup> It will be important to define EFSL's goals, considering there may be trade-offs between different population groups, or short / long-term outcomes

EFSL team members, regional advisers and programme decision makers will be consulted in this phase. Where possible face-to-face meetings will be organised, however, it is envisioned that the majority of communication will be by phone or email.

- b) Participating in the establishment of a Steering Group and liaising with key stakeholders such as key Oxfam staff and Steering Group and external agencies.
- c) Undertaking a desk review of existing emergency market analysis tools used by Oxfam EFSL team, other humanitarian organisations and consultants. The Steering Group should provide a valuable source of information as well as contacts
- d) Leading meetings/ workshops where necessary.

#### In Phase 2

- e) Develop or adapt (if necessary) a tool for market analysis and ongoing monitoring that would meet the information needs of the EFSL team.
- f) Fieldwork to carry out pilot assessments to validate the use of the developed/ adapted tool.
- g) Further engagement with the Steering Group and key stakeholders for their involvement in the tool development/ adaptation.
- h) Leading meetings/ workshops where necessary.

#### **Steering Group**

The formation of and consultation with a Steering Group should add value to work undertaken, as group members should add depth to the analytical and discursive process. Potential members will be identified in the early stages of the project and could include: FEWSNET USAID, Mercy Corps and WFP and various appropriately specialised independent consultants.

Potential activities of the Steering Group include: sharing key contacts, information of existing market analyses tools, challenges and solutions, and lastly providing feedback on developed outputs.

#### **Management line**

As the project lead, Lili Mohiddin will provide direct support to the consultant for the duration of the piece of work. Additional support will be available from Adele Fox (Project Officer), additional EFSL advisers, Steve Jennings and/ or David Bright (Sustainable Livelihoods) and the Steering Group.

#### **Time period and total number of days**

Phase 1 is estimated to take approx 40 days.

The exact number of days required to undertake Phase 2 will be based on the findings of Phase 1. It is estimated that the full duration of this piece of work will last approximately 1 year, to accommodate the piloting of the tool and the various prerequisite meetings.

The consultant would ideally be available to work on the project from April 2007.

#### **Skills and competencies**

- Relevant background and professional experience in market analysis.
- Working knowledge of food security and assessment methods in emergencies at a field level.
- Working knowledge of NGO Humanitarian assistance food security and livelihood projects.
- Strong conceptual and analytical skills and ability to think strategically, methodically and innovatively.
- Good communication and interpersonal skills. Capacity to communicate (in oral and written form) ideas to non-technical staff.
- Sensitivity to gender and cultural differences.

## Annex 2: Lists of Interviewees & other contributors

### List of Interviewees / Contributors (Existing and Former Oxfam Staff)

Richard Acaye	Oxfam	Humanitarian Support Person
Jonathan Brass	Oxfam	Regional Advisor / HSP
Pantaleo Creti	Oxfam EFSL	Livelihoods & Food Security Advisor
Josephine Hutton	Oxfam	Humanitarian Coordinator
Roman Majcher	Oxfam	Project Manager, Aceh
Claudie Meyers	Oxfam	Food Security Coordinator, Kenya
Leo Nalugon	Oxfam	Livelihood Programme Coordinator
Silke Pietzsch	ACFE (formerly Oxfam)	Food Security Coordinator
Robert Tabana	Oxfam	Food Security Advisor, Zambia
Heloise Troc	Save the Children (formerly Oxfam)	Livelihoods Coordinator
Frederic Vignoud	Oxfam	Cash Programming Officer, Kenya

### List of Interviewees / Contributors (Other Advisors)

Lesley Adams	Save the Children	Consultant
Mary Atkinson	British Red Cross	Food Security & Livelihoods Adviser
Patricia Bonnard	FEWS NET	Senior Markets and Trade Advisor
Henk-Jan Brinkman	World Food Program	Chief, Economic Analysis
Cynthia Donovan	Michigan State University	Assistant Professor, International Dev
Sophie Dunn		Consultant
Tracy Gerstle	SEEP Network / PHI	Consultant
Karri Goeldner	Int'l Rescue Committee	Head of Economic Recovery and Development
Laura Hammond	Reading University	Agricultural & Food Economist
Thabani Maphosa	World Vision Intl	Director, Program Development
Alessandro De Matteis		Consultant Economist
Mary Morgan		Economic Development Consultant
Jennifer Nyberg	FAO (formerly FWP)	Trade & Markets Division
Michael O'Donnell	Save the Children	Food Security & Livelihoods Advisor
David Rinck	USAID Kenya	Agro-enterprise Adviser
Tony Stitt	USAID OFDA	
Carol Ward	Mercy Corps	Emergency Programme Manager

### Annex 3: Defining “Market Analysis” for Emergencies

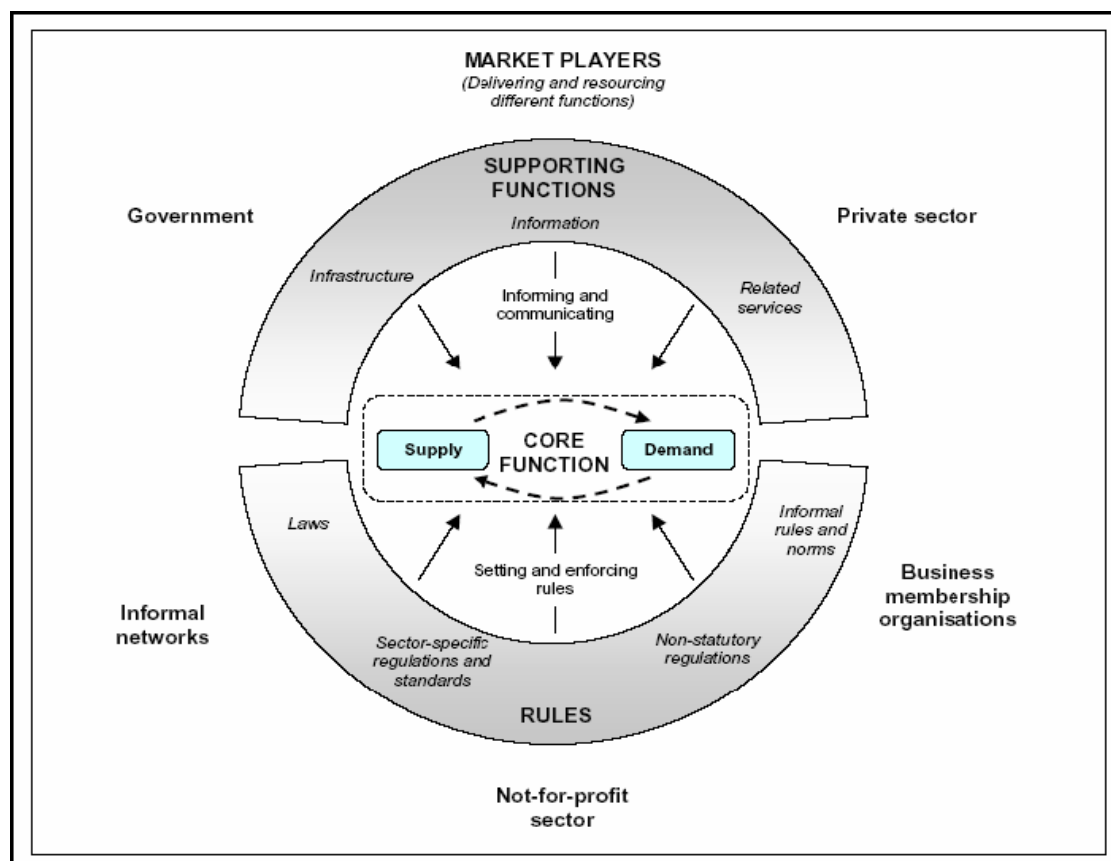
The word “market” has a various meanings in different contexts, so it is important to be clear about terminology. In common parlance, a market confusingly means both the ‘location where goods and services are exchanged’ (as in *market-place*) and also the ‘effective demand characteristics for a particular product’ (as in *market-share*).

A third and broader use of ‘market’ refers to the set of institutions, rules, structures and supporting functions that enable and shape exchanges or trade between producers, consumers, traders and other intermediaries. The ‘market’ in this sense is complex system with many diverse actors. It has tangible physical components (roads, ports, warehouses, shops, communications infrastructure) and intangible social institutions (laws and social rules, protocols, social relationships and enforcement mechanisms).

Market analysis in this third sense, is about understanding these complex market-systems – in order to firstly comprehend the impact of an emergency-inducing shock (hurricane, earthquake, conflict etc), and secondly predict how the market-system will react to humanitarian intervention responses.

Making sense of market-system complexity is assisted by having a conceptual framework to order our knowledge systematically. In the fields of enterprise and private-sector development, suitable frameworks already exist which we can draw upon. Typically they comprise three main elements: the core transactions or value-chain; supporting functions and services, and institutional environment.

#### A conceptual framework for describing market-systems <sup>37</sup>



Source: [De Ruijter de Wildt M., Elliott D. & Hitchins R., 2006](#)

<sup>37</sup> M4P is an acronym for “Making Market Systems Work For The Poor”.

### Three dimensions of a market system

- 1) At the centre of any particular market system are transactions between buyers and sellers of a specific service or commodity. These transactions can be as simple as an exchange between two individuals (e.g. wages for labour), but more often they involve a sequence of interrelated transactions (a supply chain).
- 2) The core transactions functions in a market system are underpinned by a range of supporting functions and services that include everything from public infrastructure (e.g. roads), to market information (e.g. about prices, demand) and privately-provided services (e.g. transport, finance).
- 3) Finally, all these relationships and functions are governed to some extent by formal and informal rules (institutional environment) which determine behaviour and practices, shape relationships, generate and provide information, knowledge and incentives. Rules range from statutory laws and regulations, through industry-specific standards, to informal arrangements and cultural norms (such as gender roles).

Finally, as well as the market actors engaged in the core transaction(s), a market-system framework recognises a diversity of other stakeholders with varying roles, capacity, influence and competing interests in shaping the market system rules and functions. Ideally all of these aspects need to be incorporated in a sound analysis of how a particular market system worked before a rapid-onset emergency, how it might have been affected by the shock that created the emergency situation, and how it might be supported to recovery from that shock.

## Annex 4: Oxfam’s Experience of Market Analysis in Chronic Emergencies

For slow onset and chronic emergencies, such as drought in Red Sea State, Sudan, Turkana, Kenya, and Zambia, Oxfam commissioned independent consultants to do a market analysis to recommend program interventions and/or evaluate the feasibility of cash transfers.

In 2004, Oxfam conducted a livelihood and market assessment in Red Sea State, Sudan, a chronically food insecure region, to design interventions to improve pastoralists’ access to markets. The market assessment used primary and secondary data to chart the market structure for livestock and grain. They analyzed road conditions, transport costs, storage capacity, village, main and regional markets, prices, and terms of trade (barter). The consultant suggested market support interventions for livestock, grain, employment and non-market interventions.

The Turkana, Kenya market study<sup>38</sup> was a significant departure from other studies in that it employed econometric models to measure traders’ willingness to trade, prices and profit margins, and market integration. A total of 252 traders participated in the survey which investigated their margins, constraints to trade and responsiveness to price changes. Prices in areas where Oxfam had cash for work (CFW) interventions were compared with others in the district and nationally, to monitor inflationary effects. The study also gauged traders’ perceptions about CFW, particularly in comparison to general food distributions. He concluded that CFW’s impact on inflation was limited. The study findings encouraged Oxfam to focus on market interventions to stimulate investments and business opportunities, and to target the markets in Turkana which were already most integrated. Since road infrastructure was routinely cited as a major constraint by traders, it proposed improvements in road infrastructure, though outside Oxfam’s purview.

In an effort to avert looming famine, Oxfam began a five-month cash transfer program for 13,500 households in Mongu and Kaoma Districts, Zambia in October 2005 on the basis of vulnerability assessments. Qualifying households received cash, equivalent to a typical food aid ration. Two months into the program, researchers from University of Zambia conducted a market study<sup>39</sup> to identify which markets would respond to the new effective demand, collect baseline data on their functioning, develop a monitoring tool and identify threshold indicators of supply failure. Researchers used secondary data sources, household/market surveys and developed commodity flow maps. The report recommended areas where the cash transfers were likely to work well by establishing the necessary market conditions and suggested safeguards and contingency measures for operating the program.

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<sup>38</sup> [De Matteis A., 2006b](#)

<sup>39</sup> [Bwalya S. M. & D’souza P., 2006](#)

## Annex 5: Practical Challenges of Adopting Market Analysis Tools

### Institutional culture

Increasingly, Oxfam EFSL staff are seeing market analysis as an important priority, but given its modus operandi for emergencies and structure on the ground, the practical implementation and application of knowledge gained from market analysis is a major challenge.

Many interviewees noted insufficient personnel on the ground in rapid onset situations. Despite this significant constraint, the circumstances and management place a very high priority on responding quickly, even with limited information. Many Oxfam veterans, echoed by representatives from other humanitarian organizations, described that experienced staff and advice are rarely available in the right place at the right time. Perhaps for obvious reasons, individuals with a private sector or markets background are scarce in the humanitarian field.

Though only about 25% of programs have begun to address market analysis needs, many staff expressed great interest in the development of an easy to use tool. However, some Oxfam managers / coordinators have unrealistic expectations about the potential of a market analysis toolkit to be easily incorporated in current rapid or integrated assessments.

Further, it is also clear that many front-line personnel will struggle to appreciate the value of such a tool, particularly given Oxfam's strong community-focused philosophy. Most field staff are experienced in community approaches while the market analysis and monitoring requires a different skill set. These skills can be taught, but this requires substantial investment and staff time. Respondents had different perspectives on how to address this issue, some advocate the need for a full-time market analyst, while others insist that all staff should have these skills so that they can see the immediate relevance to their programs, and most importantly, their beneficiaries.

### Data Collection

As outlined in the previous section, Oxfam's existing Food Security Assessment Guidelines have only limited advice about market analysis. Existing methods, practices and skill in this arena are equally limited. Most interviewees agreed that market analysis should be incorporated into the rapid assessment along with sufficient training and staff. Recent guidelines on cash transfer programming highlight the need for market analysis and provide some guidance. However various staff noted that the new cash guidelines provide little help for staff on how to make more subtle or complex judgements. (e.g. How well are markets integrated? Are there restrictions on the movement of goods?).

Culturally, see above, interviewees described a strong tendency for market analysis to be perceived as an "arcane art" that is beyond the remit of generalists. However, when this idea is unpacked a little, it also becomes clear that local staff in their own communities, actually possess a wealth of knowledge about how particular markets function and who the key players are (traders, wholesalers, transporters, bankers, etc.). This knowledge is significantly underutilized at present. Critical to exploiting this knowledge, is ensuring that staff understand the rationale for collecting and compiling market data and information. This also encourages a greater level of accuracy and staff motivation.

In many countries and zones where recurrent emergencies are frequent, a great deal of information about markets exists in the hand of other agencies and national institutions. In general, Oxfam's humanitarian responses lack 'disaster preparedness' systems for researching and compiling relevant information from food security studies, market analyses, crop reports. (see section 3.2) Often, there is no awareness of these information resources or secondary data, let alone the time and space to digest and incorporate their contents into decision-making. There may be useful roles for both HSPs (as part of preparation for departure to emergency situations) and Oxfam's regional offices and partners (in the longer term), to undertake background research in anticipation of emergency situations.

### **Monitoring Change and Impact**

The fluid nature of emergencies requires refinement to management plans through constant monitoring. While an initial market analysis can serve programming needs well, cash programs, in particular, require an extra degree of market and price monitoring to gauge the impact upon the economy. One complication of the Malawi cash transfer program was the absence of both an initial market analysis and price monitoring. In this case, maize production was largely affected by the drought in 2005 and supplies from Mozambique were lower than average years. During this period, maize prices nearly tripled, making the cash transfer inadequate for households.<sup>40</sup>

Respondents indicated that current monitoring methods and their practical objectives are not well developed or clear to staff. As a result monitoring ends up assuming a low priority. When most consider monitoring in a market context they gather weekly price information. While this is useful, additional types of monitoring are required, and more fundamentally: guidance about how to use price data once it is collected. One respondent noted that the local context based on livelihoods should determine which markets are monitored, as well as examining a range of products which may serve as substitutions and consequently affect food security.

### **Analysis and Interpretation**

It is one thing to collect substantial data about markets – prices, volumes, traders etc., but another to actually decipher their meaning so as to make relevant and timely recommendations about programmatic decisions. Existing market studies and feedback from staff suggest that there is a lack of good quality guidance on how to analyze and interpret market information to inform response analysis. In practice, timely analysis and interpretation of data following rapid onset emergencies is quite rare. Many Oxfam staff reported significant delays or complete breakdown in practice of the

This may indicate that Oxfam places a low priority on market analysis and further complicated by limited staff capacity in this field and poor integration between those who collect data and those who analyze it. Many respondents agreed that the absence of market baselines make a rapid market assessment post disaster relatively superficial. They suggested that much more needs to be done in this area by Oxfam's long-term development teams to collect this information, especially in disaster-prone locations. WFP intends to develop more sophisticated market profiles, thus Oxfam should take advantage of efforts by other institutions and the host government in the event that they were unable to collect this information or did not have a presence in the country previously.

### **Communicating and Influencing Decisions**

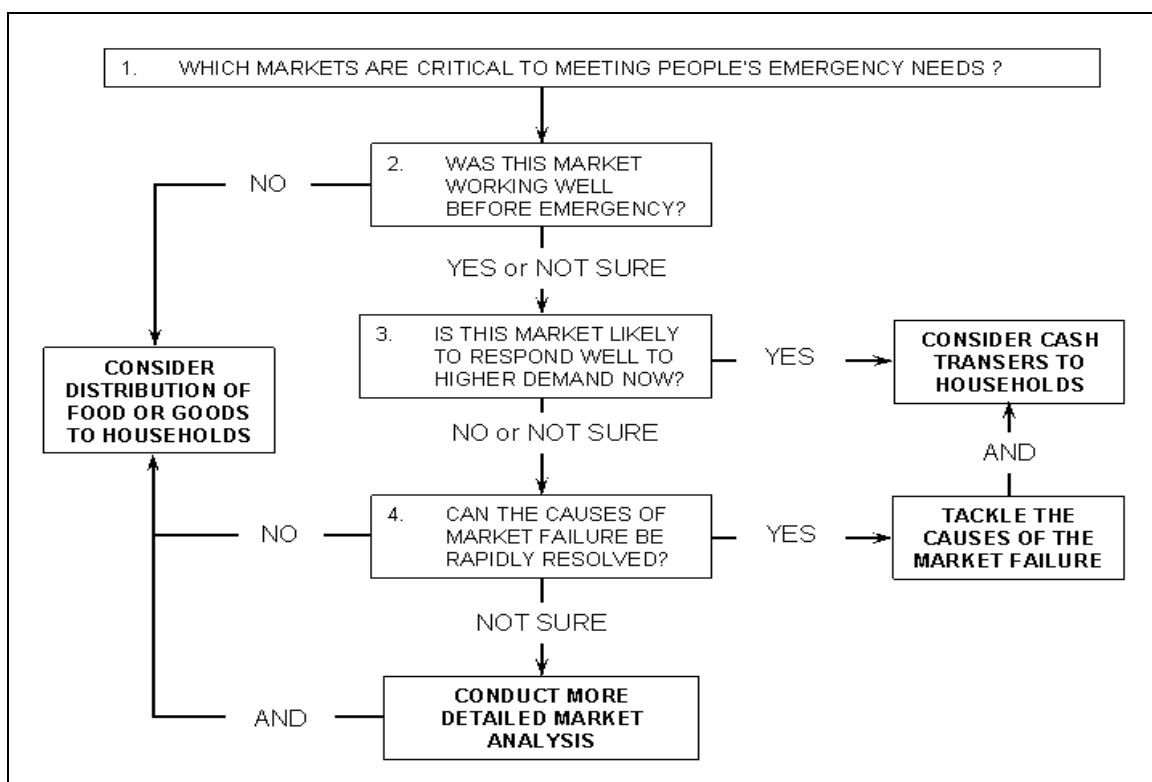
Incorporating market analysis in rapid assessment is one challenge, but using this information and monitoring feedback to effectively communicate and interpret this to decision makers is another critical aspect. HSP's interviewed stressed the need for developing a simple assessment tool. Equally, decision-makers need concise, easy to interpret data to make what may be split second decisions. Though many of the market analyses prepared for Oxfam have been extremely well-researched and written, regional directors noted that some were too elaborate and contained cryptic recommendations or beyond Oxfam's response capacity. Additionally, a strong current exists within the organization to improve coordination with other humanitarian agencies, taking advantage of economies of scale and perhaps shared responsibility in market analysis. The timing is auspicious since many organizations hold the same objectives and consequently developing market analysis tools.

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<sup>40</sup> [Savage K. & Umar E., 2006](#)

## Annex 6: Suggested Decision Process in Rapid-onset Emergencies

The decision process facing Oxfam’s rapid-onset emergency response managers looks something like this:



### Explanation:

- Q.1 A market is assessed as ‘critical’ on the basis of information about the urgent needs, the livelihood strategies and the likely vulnerabilities of emergency-affected households.
- Q.2 A market that was ‘working well before’ means one which operated at adequate volumes, was reasonably competitive, and was accessible before the emergency to affected populations
- Q.3 A market that ‘responds well to higher demand’ means one that is still physically accessible to affected populations and can source & distribute sufficient food or other goods without excessive rises in prices.
- NB: for labour markets, and markets for livelihood outputs, produce and assets, the question is reversed. I.e. is it able to continue absorbing supply without a collapse in prices.
- Q.4 ‘Market failure’ occurs where there are constraints or disruptions which significantly limit market actors (i.e. suppliers, traders) capabilities or incentives to respond to increased demand. These constraints may be physical (infrastructure damage), financial (lack of credit) or institutional (risks and uncertainty, policy-related disincentives)

The time available for quickly resolving market failures obviously depends on the context. Acute food insecurity might mean that only a few days is available to get local food or transport markets working again. On the other hand, several weeks might be available to restore markets for livestock or agricultural inputs.

Uncertainty is a significant factor in this decision tree. Frequently response managers will not have black and white answers to go on. This raises the uncomfortable (for some) proposition that rather than intervene blindly, it may sometimes be better to simply explore the situation more carefully.

Behind each of these four fundamental decisions lie a number of more intricate questions, and it is these which a market analysis toolkit for emergencies need to directly address in order to help emergency response managers make these basic choices above.

Decision Question	Desirable Market Information
<p><b>1. Which markets are critical to meeting people's emergency needs?</b></p>	<ul style="list-style-type: none"> <li>• An assessment of people's urgent basic needs and likely vulnerabilities as a result of the emergency</li> <li>• Identification of markets where were (or are) most relevant in meeting these basic needs or mitigating these vulnerabilities</li> <li>• Identification of markets on which people's livelihoods were most dependent in longer term (considering both input &amp; output markets)</li> </ul>
<p><b>2. Was this specific market working well before the emergency arose?</b></p>	<ul style="list-style-type: none"> <li>• A mapping of the actors (market structure) and their roles in this critical market 'system' before the emergency?</li> <li>• Information about other supporting functions and rules / institutions that were important factors in this market's performance.</li> <li>• Data on the volumes and prices at different points in the supply chain, and times of year (seasons)? Also indications of how integrated with neighbouring markets they were.</li> <li>• An assessment of how competitive price-setting behaviour is.</li> <li>• An analysis of how affected households' interacted with this critical market before the emergency? (i.e. access, % of their needs met, substitution options, seasonal factors, financial relationships)</li> </ul>
<p><b>3. Is this specific market likely to respond well to higher demand now?</b></p>	<ul style="list-style-type: none"> <li>• An assessment of how the emergency has disrupted the structure, institutions and supporting functions of this market?</li> <li>• An assessment of how the emergency has impacted on the way households interact with this market (including accessibility)</li> <li>• Data about volumes and prices, compared to before, or compared to spatially distant areas</li> <li>• An analysis of traders / suppliers / importers expectations, incentives and capabilities to bring in sufficient food, goods etc from neighbouring markets</li> <li>• Estimates of how steeply prices are therefore likely to rise if demand is stimulated (the shape of the local market supply curve)</li> <li>• Identification of key market indicators that can be readily monitored to detect market responses to changes in demand</li> </ul>
<p><b>4. Can the specific causes of market failure be rapidly resolved?</b></p>	<ul style="list-style-type: none"> <li>• A description of the most significant bottlenecks, constraints or other factors underlying the market's inability to respond well to higher demand</li> <li>• Proposals about what interventions would be effective in tackling these market constraints, and practicable for Oxfam to implement</li> <li>• Estimates of how quickly and how thoroughly these solutions would work</li> <li>• Identification of key market indicators that can be readily monitored to detect market responses to interventions</li> </ul>

In relation to Decision 3 above (is the market likely to respond well to higher effective demand?) a large number of supplementary questions or issues are implied by these information needs. OFDA's concept note<sup>41</sup> usefully illustrate this:

**Questions / Issues – as summarised in the OFDA concept note, May 11**

Good and Services

- Which markets need to be analyzed (based on what the priority goods and services are)?
- Are the priority goods and services available in sufficient quantities and at reasonable prices?

Affected Population

- Where will people go to buy goods if they are given cash? Are markets open in the affected area, and do affected populations have access to them? If not, are markets open near the affected area, and would they be accessible?
- What are people likely to buy if provided with cash? Where did they buy these goods before the disaster? Are they likely to buy the goods and services identified for intervention?
- To what extent did households depend on markets prior to the crisis?

Wholesalers / Traders

- How have markets been affected by the disaster (damage to transport routes and warehousing, disruption of movement to and from the affected region, loss of stocks, death of traders)?
- Would traders respond to an increase in demand? If so, how quickly?
- Are the markets competitive? What is the approximate ratio of sellers to buyers?
- Are the markets integrated or segmented?

Government

- Will government policies affect availability of goods and services?
- Are there restrictions on the movements of goods and services?

Prices

- What is the risk of inflation?
- What percentage of the entire population in the affected area would the CBI target? What percentage of the overall cash economy would the proposed cash distributions represent? What is the ratio of proposed cash distributions to other cash inflows, such as remittances?
- What is the normal seasonal pattern of prices, and how is the disaster likely to impact on prices? If prices are rising, is this happening throughout the region, or just in locations of CBIs?
- What is an acceptable price-range for a commodity (adjusted for seasonality and post disaster shortages)? What is the contingency plan if prices rise above this range (increasing cash distribution amount, switching to in-kind assistance, market support)?

Credit Markets

- How do debt and credit markets function, and what is the likely impact of a cash injection?

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<sup>41</sup> [OFDA, 2007](#)

## Annex 7: Review of Existing Market Analysis Tools for Emergencies

### A7.1 Save the Children UK: Market Assessment in HEA

Save the Children UK recently developed a market assessment tool to complement the Household Economy Approach (HEA). Rather than a separate study, it is intended to be “an integral component of understanding the household economy and in gauging how changes in the wider economy translate into household effects.”<sup>42</sup> It focuses field staff’s attention on the minimum set of market information required for use with HEA.

The tool contains three primary stages: baseline, hazard and outcome analysis, and response, along with a step by step process.

Steps	Description	Data and Survey Tools
1. Livelihood Zoning	Map markets (usually food crops and livestock) to determine access	Interview households & traders to create a ‘market and commodity flow map’ for each staple good
2. Wealth Breakdown	Identify market relationships between different groups	Record household information about assets owned or borrowed
3. Food, income expenditure and Quantification	Assess household reliance upon markets & how they function	Identify and monitor key markets, assess five years commodity price data vs. household prices, market chain analysis using maps – commodity flows for good/bad year
4. Problem Specification	Determine how impact of shock affected market prices and quantities exchanged	Collect current market prices against previous year(s) trends Interviews with traders
5. Coping Capacity & Response Strategy	Identify market-related limits of coping strategies	Household interviews, labor market assessment, current market prices, trader interviews
6. Scenario Outcome	Calculate deficits created by shock	Price monitoring
7. Response Analysis	Choose intervention based on findings	WFP’s Emergency Food Needs Assessment: food balance sheets, supply/demand maps, market integration, market chain analysis, Oxfam decision algorithm towards food aid, cash, vouchers and/or market support strategy

Source: [Adams L., 2007](#)

The practical application of this tool is as yet untested. Nonetheless, it contains many elements relevant to Oxfam EFSL’s Market Information needs. The tool addresses all of the four decision points (1 – 4) outlined in section 3.1.

Using households as a starting point and Save’s well-established HEA methodology, practitioners can quickly identify which markets matter most to disaster-affected households and the degree to which they relied upon these markets in the past. Secondary data is also emphasized, such as price trends, food balance sheets, etc., to provide a picture of the pre-crisis situation. Related to market impact of the crisis, both households and traders weigh equally. Market mapping informs the structure and

<sup>42</sup> Market Assessment in HEA – Annex – see [Adams L., 2007](#)

commodity flows for key household goods. Save the Children adopted the decision tree algorithm originally proposed by Oxfam for deciding whether to distribute cash or food.<sup>43</sup>

Some tips provide staff guidelines on monitoring markets to determine the impact of interventions. A useful glossary of economic terms and their relevance to market analysis assists field staff to understand more complicated concepts. The document is not clear about the type and number of staff required to do the analysis, nor how long it should take. Some of the economic tools presented in the task may require an economist and statistician to work with field staff. Since the work is quite new, the tool has never been used for a rapid onset emergency.

The following table delineates relevance of the proposed tool:

Relevant Attributes per Oxfam Objectives	Limitations per Oxfam Objectives
1. The analysis uses Save's existing HEA to garner info on household demand and introduces supply factors to an emergency needs assessments.	1. The tool has not been field-tested
2. Combines rigorous primary and secondary data.	2. Unclear on human resources required and timeframe
3. Good training materials and questionnaires/checklists to guide assessment teams <b>(did not have copy of annexes with trader questionnaire)</b>	3. Lacks key indicators to predict likely impacts of interventions.
4. Introduces a high degree of economic & statistical rigor to market analysis and the assessment process.	4. Lacks guidance on the importance of price seasonality
5. Includes tips on how to determine market flows and mapping <b>(ref: Guide 6, but did not have a copy for review)</b>	5. Complicated nature of approach may not translate well to emergency situations.
6. Provides overview of response options and when these should be used based on the market analysis.	6. Largely focused on commodity sectors, transport and credit untouched
7. Describes economic terms and their relevance to market analysis, ie user-friendly for field staff.	7. Does not stress the importance of socio-cultural influences on the market (e.g. clans)
8. Provides typologies for disaster and other shocks and how markets are normally affected	8. Lacks information about regional supply/cross border trade/informal markets
9. Clear guidance on how to determine if traders will respond to demand changes.	9. Does not answer key questions: Is market competitive? Restrictions to movement of goods? What are the risks of inflation?
	10. Relies upon Food balance sheets which are often inaccurate.

## A7.2 WFP Strengthening Emergency Needs Assessment Capacity (SENAC)

In 2005 World Food Program initiated an effort to strengthen its emergency food security assessments through the Strengthening Emergency Needs Assessment Capacity (SENAC) project. Among other key themes, SENAC examines the role of markets in emergencies and the effect of food aid on markets. In the last two years, twenty market profiles and market-related cases were completed and various

<sup>43</sup> [Creti P. & Jaspars S. 2006](#)

workshops held to establish a common purpose within WFP and externally on the issue. Rather than develop a tool, per se, WFP intends to incorporate market analysis in its primary reports, specifically the Comprehensive Food Security and Vulnerability Analysis (CFSVA), its Emergency Food Security Assessment Missions (EFSA) and Crop and Food Supply Assessment Missions (CFSAM) conducted jointly with FAO and Food Security Monitoring Systems (FSMS).<sup>44</sup> WFP collaborates with Michigan State University to carry out economic research linked to the examination of markets during crises.

World Food Program's efforts in this arena are extremely relevant to Oxfam. In terms of general goals, defining elements address all decision questions outlined in 3.1. Where the two agencies are likely to diverge, however, is in the flexibility to use a range of responses. Regardless of the outcome of SENAC, WFP is more likely to use food solutions albeit using better targeting, increase its local food purchasing schemes where possible and to a limited degree, experiment with cash transfer programming.

One critical component of WFP's process will be to establish market baselines in emergency-prone areas to inform its post-disaster assessments. Though this process has not begun, WFP started conducting more detailed market studies post emergency. After the Pakistan earthquake, WFP attempted to reconstruct the market prior to the disaster to determine its interventions.

The main objectives of this Pakistan study were to:

- Understand local market structure in earthquake-affected areas
- Interpret a trader survey in affected areas to analyze prices & market issues (transport costs, credit & marketing margins)
- Validate preliminary findings and propose market recovery in near term and potential effects of food aid on local markets
- Use market analysis to inform program decisions
- Recommend ways to monitor markets in affected areas

After designing a survey tool, a team of 25 enumerators collected information from key informants, completing purposive sampling of 213 traders in seven districts. The final report was very rigorous given its field sampling techniques and country background data with price trends, production figures for the affected regions, market characteristics. Between the sizable field survey and the analysis involved, the report would have taken several weeks to complete and the involvement of an economist and a statistician, not to mention significant ground and air logistical support to access areas that had been cut off.

In addition to this practical example, Michigan State University developed recommendations for Emergency Needs Assessment and was involved in editing existing assessments to incorporate market analysis components. MSU suggests the need for a pre-crisis market profile for countries prone to rapid-onset emergencies, as well as incorporating market analysis in its existing assessments. To date, market profiles have been completed by economists and other specialists in nine countries detailing the strengths and weaknesses within the country and the region.<sup>45</sup> The market profiles include four primary components: Aggregate supply, Meso-level (Traders), Aggregate Demand, and Policy. The market profile will contribute to various aspects of WFP's work in a country, namely in the preparation of its Comprehensive Food Security and Vulnerability Analyses, ongoing food security monitoring, and early warning system. Once a shock occurs, the market profile sheds light on the pre-crisis market structure to assist in the preparation of an Emergency Food Security Assessment (EFSA). During emergency response, markets would have been a critical component of WFP's assessments from the onset and ostensibly inform activities.

A representative from WFP-Rome noted that the process is well under way and that many of the elements of the current research, particularly integration of market analysis in assessments, will be

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<sup>44</sup> Report of WFP-SENAC meeting at Subiaco, Italy in Jan 2007. [Brinkman H. & Herlinger W., 2007](#)

<sup>45</sup> [Donovan C. & McGlinchy M., 2006](#)

implemented in 2007. Based on WFP’s proposed structure which will prepare market profiles and incorporate market analysis in existing assessments, the relevance of WFP’s entire approach against Oxfam’s objectives can be analyzed.

Relevant Attributes per Oxfam Objectives	Limitations per Oxfam Objectives
1. Reports will balance supply/demand elements of emergency needs assessments.	1. Decision process directed more heavily to food aid as a response.
2. Combines rigorous primary and secondary data.	2. Very significant human, financial resources required to produce profiles & assessments.
3. Market profiles will present an accurate picture of the pre-crisis situation, information normally unavailable, ie link profiles to ENA.	3. No extant case studies to fully assess how the process works during emergencies.
4. Assesses the potential responsiveness of the private sector to respond to an increase in demand following an emergency.	4. Studies will not be independently verified, thus, may not be objective, particularly for response analysis.
5. Addresses the importance of regional markets and integration between markets.	5. Food Balance Sheets and other data for which market profiles will rely are weak, though decisions may be based upon these.
6. Proposes that market price monitoring will contribute to early warning system.	6. Technical rigor is also a weakness because specialists will be required to do this work rather than local staff.
7. Market profiles will help WFP avoid overestimations of food aid needs during emergencies.	7. Unclear whether tools and website data proposed will be public and how WFP will work with other humanitarian agencies.
8. Useful questionnaires and checklists available to assessment teams	8. Primarily focuses on commodity markets, ie labor, materials & other markets are not assessed.
9. Introduces a high degree of economic & statistical rigor to market analysis and assessment process.	
9. Proposes training for field and technical staff in basic economic concepts and market analysis.	
10. Proposes that existing assessments include market analysis elements vs. new unfamiliar tool , ie linkage between households & market.	
11. Propose that a website will be developed with tools, guidance, and data resources available to field offices.	

### A7.3 CARE Decision Tree Tool

The emergence of cash-based programming in emergencies prompted CARE to hire Christopher Barrett (Cornell) and Dan Maxwell<sup>46</sup> to develop a Decision Tree tool to better inform its interventions. The proposed tool will assess how markets respond to a crisis, the impact to institutional and physical infrastructure of food markets, transportation and processing or storage facilities, and background

<sup>46</sup> Authors of ‘Food Aid After Fifty Years’, [Barrett C. & Maxwell D. 2005](#)

about the agricultural system pre-crisis. The tool is intended to be used for slow, sudden or complex crises. The defining elements of CARE’s decision tree fit neatly into the version proposed herein by asking similar questions (1-4) to determine response.

The tool uses two fundamental questions, and a subset of related issues to inform the organization’s emergency response to decide upon food aid (local/regional or imported) or cash assistance.

<i>Questions</i>	<i>Data and survey tools</i>
<b>Are local markets functioning well?</b>	
Are food insecure households linked to markets?	Household survey data, FGD, key informant interviews
How much additional supply can food traders supply at/or near current costs?	Create local supply curve, track prices in distant vs local markets, transport credit, calculate import parity price, assess how disaster affected transport costs & access
How will local demand respond to transfers?	Economic tools of demand analysis
Do local traders behave competitively?	Study market structure, interview traders
Do food insecure households have a preference over the form of aid?	Household surveys
<b>Is there sufficient food available to fill the gap?</b>	
Where are viable prospective source markets?	Identify candidate markets with surpluses, calculate transport, tariffs, gov’t barriers etc.
Will agency purchases drive up food prices excessively in source markets?	Develop supply curves
Will local/regional purchase affect producer prices differently than transoceanic shipments?	

**Source:** [Barrett C., Lentz E. & Maxwell D., 2007a](#)

The tool also stresses the importance of monitoring following interventions after emergencies. Ideally, this would include improved early warning along the FEWSNET model, and then ongoing assessment of market conditions, prices (commodity, transport, etc.), supply chain, security, transparency and political situation.

CARE’s initiative is very recent: the decision tree and accompanying background paper<sup>47</sup> was published in May 2007. Thus no practical application of the tool exists. Furthermore, the human resources and timeline required to undertake this analysis are unclear. Despite this guidance, the data and survey tools recommended appear to require an economist and substantial local staff assistance over several weeks, not to mention ongoing monitoring for the early warning system pre-crisis and ensuing months after the disaster. As the tool is currently proposed, the following point are relevant to Oxfam:

<b>Relevant Attributes per Oxfam Objectives</b>	<b>Limitations per Oxfam’s Objectives</b>
1. Reports will balance supply/ demand elements of emergency needs assessments.	1. Decision tree directed more heavily to food aid as a response, and excludes other markets (labor, materials, etc.)
	2. Significant human and financial resources may be required to carry out the assessments.

<sup>47</sup> [Barrett C., Lentz E. & Maxwell D., 2007a](#) and [Barrett C., Lentz E. & Maxwell D., 2007b](#)

2. Combines rigorous primary and secondary data.	3. No extant case studies to fully assess how the process works during emergencies.
3. Assesses private sector responsiveness following an emergency to increase in demand	4. Studies will not be independently verified, thus, may not be objective, particularly for response analysis.
	5. Pre-existing data which CARE will rely upon is weak, though decisions may be based upon these.
4. Emphasizes the importance of early warning systems.	6. Due to technical rigor, specialists required to do this work rather than local staff.
5. Addresses the importance of regional markets and integration between markets.	7. The tool does not include actual questions staff can ask to garner information for decision tree elements.
	8. Primarily focuses on commodity markets, ie labor, materials & other markets are not assessed.
6. Includes a strong monitoring component.	9. Demand assessment assumes that household surveys will be available – they usually are not
7. Introduces a high degree of economic & statistical rigor to market analysis and the assessment process.	10. Market integration assessment relies upon the availability of historical market food price series
	11. Limited guidance on how to do a “market map” or supply chain analysis
	12. Lacks guidance on how to assess port, road, storage and rural infrastructure.
	13. The Decision Tree tool difficult for some field staff to comprehend and adapt for practical use.

#### A7.4 USAID Bellmon Analysis

Concerns over the potential disincentive effects of food aid prompted US Congress to pass the Bellmon Amendment to PL-480 Title II food aid programs in 1977. A Bellmon Determination recommends an appropriate importation level for each commodity analyzed based on findings and considers the Usual Marketing Requirement (UMR) to ensure that a monetization has no negative impact on international trading patterns. NGO’s applying for Title II food aid resources to implement 3-5 year development projects (MYAP or SYAP) must assess possible disincentive effects of food aid by reviewing commodity sectors, food needs, price effects, government policy, and consumption patterns. For existing programs, NGO’s must assess the distribution effects of Title II commodities upon the market biannually. If a determination reveals that the sale or distribution of certain commodities pose a substantial disincentive to domestic production and marketing, food aid should be avoided or curtailed. The analysis also confirms if adequate storage facilities are available in the recipient country to prevent the spoilage or waste of the commodity.

The Bellmon’s thirty year track record is unique insofar as no other bilateral or multilateral food aid donor, including the World Food Program, have maintained an established market analysis tool for assessing local markets in the context of food aid. Since NGO’s are required to complete this analysis to secure Title II funding, a wealth of best practices are available from actual reports and workshops. Though the Bellmon has never been in used in an emergency context, it contains elements relevant to the decision tree tool posed herein. Specifically, it touches on Decision Questions 2 & 3 given its assessment of the macro-structure of primary markets and the potential impact of demand and supply linked to the import of Title II food aid commodities.

Completing a Bellmon Analysis requires moderate experience with markets and familiarity with USAID Regulation 11, logistics and strong research/analytical skills. An analysis for a small country can be completed in three weeks (e.g. Burundi) whereas larger, more complex markets (e.g. DRC or Afghanistan) may take up to five or six weeks, including both field surveys and report writing. An

experienced consultant and local staff member are sufficient to carry out the survey, though local enumerators can be employed to collect market prices if this data is unavailable. The key elements in the report include:

- Agriculture Sector Overview
- Government Macroeconomic & Agriculture Policies Affecting the Food Sector
- Marketing Systems
- Role of Food Aid
- Disincentive Analysis for Specific Commodities (Food balance sheets, etc.)
- Feasibility of Monetization or Distribution
- Port Facilities, Storage and Transport
- Usual Marketing Requirements

The report combines secondary data and interviews with key informants, including large wholesalers, small retailers, government representatives, NGOs, FAO, WFP, regional organizations (e.g. CILLS in West Africa), freight forwarding companies, banks, agricultural research institutions, farmers, cooperatives, etc.

The recent outcry about tied food aid by Oxfam and other international organizations has brought something of a dark cloud to both Title II food aid and the legitimacy of the Bellmon Analysis. Rather than throw the baby out with the bath water, the Bellmon's thirty years of practical use should be examined for its relevance in the context of developing an emergency market analysis tool.

Relevant Attributes per Oxfam Objectives	Limitations per Oxfam Objectives
1. Thirty years of practical use.	1. A predominantly supply-side analysis.
2. Combines primary & diverse array of secondary data.	2. Substitution effect related to food aid is not assessed.
3. Can be completed in a short time frame.	3. The impact of regional trade, especially informal, is not assessed.
4. Assesses the market structure using traders as key informants.	4. Bellmons are carried out by NGO implementers, thus are not objective. (this is changing now)
5. Examines government's involvement in agricultural markets, tariffs, policies, etc.	5. Data is generally poor or unavailable, but recommendations based on this.
6. Examines the critical role of cereal imports & changing consumption patterns.	6. Guidance on monetization or distribution level from USAID is lacking, ie what percentage of the market for monetization or distribution commodities is ideal?
7. Analyzes food prices.	7. Primarily a macroeconomic study.
8. Provides overview of existing food aid.	8. Market integration analysis missing.
9. Determines disincentive for commodities based on primary & secondary data.	9. No precedent as an emergency market analysis tool.
10. Includes easy to use import parity price tables.	10. Tool informs food aid decisions rather than alternate types of assistance.
11. Requires thorough analysis of port, road, storage and rural infrastructure.	11. Training materials are not available.

## Annex 8: Review of Other Relevant Market Analysis Tools

### A8.1 Clients First! A Rapid Market Appraisal Tool Kit, Helvetas Swiss Assoc for Intern'l Cooperation

Helvetas' Rapid Market Appraisal Tool Kit is a manual targeted to staff of rural business development services to quickly assess the market potential of agricultural products. While the approach is intended for a development context, its straightforward approach using informal interviews with key informants in the commodity supply channel offers an insight to assessing market chains. The RMA allows the organization to:

- Collect data about a particular commodity
- Identify market constraints and opportunities
- Identify and diagnose policy and regulatory problems requiring government, NGO and private sector analysis and attention
- Recommend interventions in commodity system<sup>48</sup>

The Rapid Market Appraisal tool would be valuable in addressing elements of decision 2 and decision 4 in the proposed decision tree. By mapping the market thoroughly, the tool allows its users to understand the role of actors in the market and the supporting functions which governs its function and if it is competitive. With this information, users can identify bottlenecks in the market chain and subsequently rectify the situation. Such market analyses have assisted dried apricot producers in Kyrgyzstan to more effectively market their products and Vietnamese pastoralists to sell more livestock to China.

Excellent training materials outline the steps to complete an RMA. The material was developed for use by rural-based organizations, thus straightforward and easy to use. Users are led through the following topics:

- Identifying objectives
- Reviewing Secondary data
- Tips on obtaining primary data through interview and observation
- Price monitoring
- Market mapping
- Time line tools (historical transect, seasonal calendar)
- Market flow diagrams
- Illustrating and analyzing collected data
- Preparation and format of final report

Unlike many of the other tools described herein, Helvetas provides users a recommendation on the structure of the team and proposed timeline to complete an RMA. They recommend a "multidisciplinary" team composed of *outsiders* (individuals knowledgeable about research methodology and economics) and *insiders* (local stakeholders, such as retailers). The ideal size of the group should be ten, split into three work-teams composed of 1 interviewer and 2 note-takers for exploratory work, and just two for topical work. The division of the work teams allows each to focus on a specific area of investigation and later contributes to productive information exchange during the debriefing sessions. Team members participate in a 3-5 day training workshop where participants learn about Rapid Appraisal techniques, outlining objectives and background from secondary data, and finally a visit to a local market to implement techniques followed by a debriefing. The duration of the RMA depends on the number of markets to be assessed, but Helvetas' experience reveals that they take 50-70 person-days over 3-4 weeks.<sup>49</sup>

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<sup>48</sup> [Joss S., Schaltenbrand H. & Schmidt, P. 2004](#)

<sup>49</sup> *Ibid*, pp. 16-17

The tool's relevance according to Oxfam's needs is summarized as follows:

Relevant Attributes per Oxfam Objectives	Limitations per Oxfam Objectives
1. Easy to use tool to guide local staff in preparing a market chain assessment	1. Predominantly a supply-side analysis
2. Excellent training materials	2. Intended for a development context, thus does not guide decision-makers to weigh food aid against cash transfers, vouchers, etc.
3. Field-proven technique	3. The tool does not assess the “bigger picture” of the market, ie macroeconomy
4. Uses primary and secondary data to determine findings & guides staff in the process of how to collect these.	4. The large team necessary to do the RMA may not be feasible in an emergency context.
5. Can be completed in a reasonably short time period.	
6. Emphasizes a team approach and ideal structure to ensure strong implementation	

## **A8.2 Practical Action's Market Mapping Tool<sup>50</sup>**

The Market Map framework is intended to serve two purposes.

For decision makers, it is a conceptual framework for thinking about the commercial and institutional environment in which market actors (producers, suppliers, traders, consumers) operate. For field staff, it is a practical and potentially a participatory tool, that can be used to represent and communicate knowledge about specific market systems.

Processes of elaborating the Market Map with participants in the market can also be important interventions in themselves - directly improving linkages and relationships between market-chain actors, and preparing the ground for introducing interventions / market support.

The Market Map is made up of three inter-linked components.

1. Market chain actors and their linkages
2. Enabling business environment factors (including policies and institutions)
3. Business and extension service providers (supporting functions)

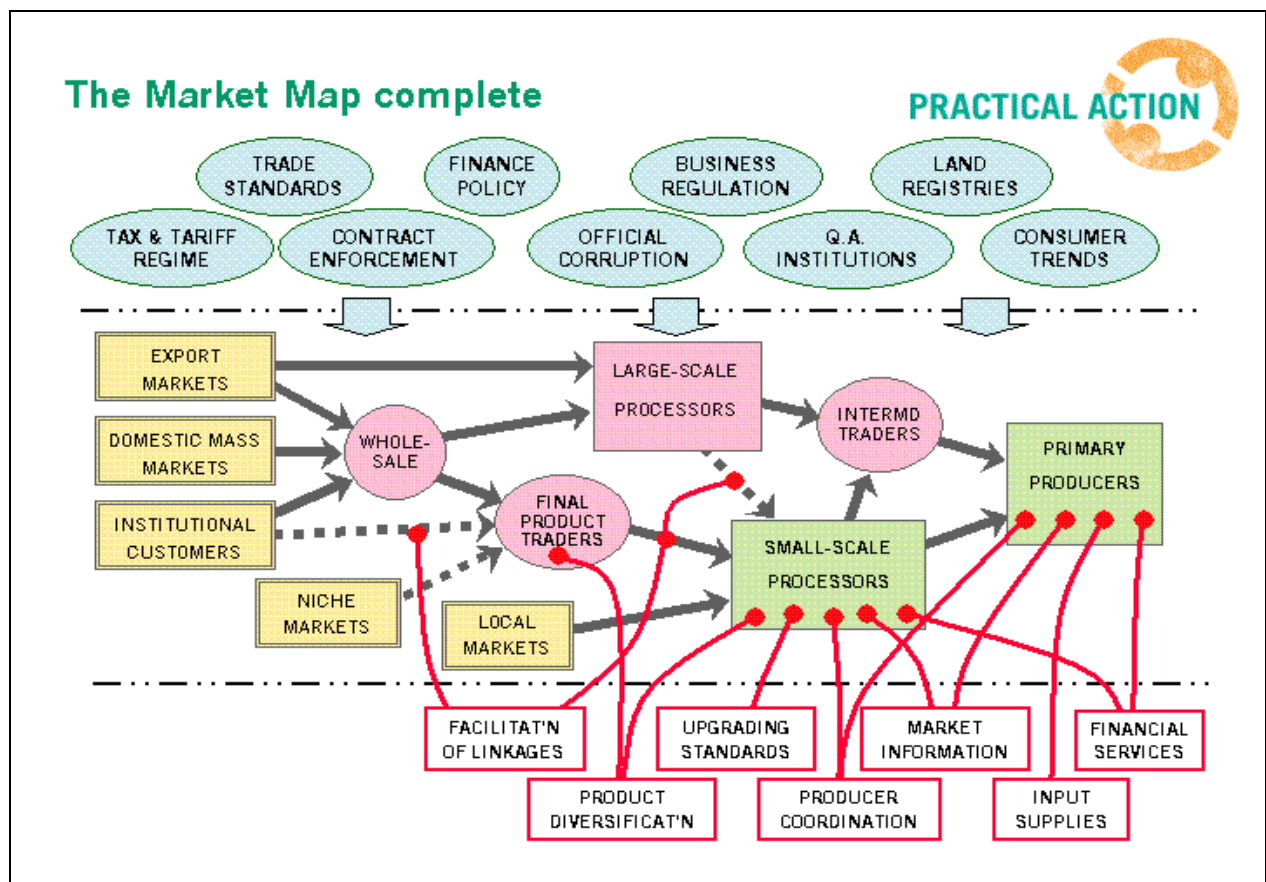
The central component maps the economic actors who actually own and transact a particular commodity as it moves through the market-system from supplier to final consumer. By better understanding the contribution each actor in the chain brings to the product, the aim is to identify inefficiencies, inequities and losses which could be remedied, or added-value which could be captured by poor producers particularly. While many market-chains are characterised by inequitable relationships between actors, a clear objective of the Market Map approach is to help stakeholders realise mutual benefits by improving the 'systemic efficiency' of the chain. Key to this is helping stakeholders become more aware of functions and processes along the chain that are needed to satisfy more lucrative or reliable markets.

The second component of the Market Map is a charting of the critical factors and trends that are shaping the market-chain environment and operating conditions, but may be amenable to change. These 'enabling business environment' factors are generated by structures and institutions that are

<sup>50</sup> [Albu M. & Griffith A. 2006](#)

beyond the immediate direct control of economic actors in the market-chain. The purpose of charting this business environment is to understand the trends that are affecting the entire market-chain, and examine the powers and interests that are driving change. This knowledge can help determine avenues and opportunities for realistic action, lobbying and policy entrepreneurship.

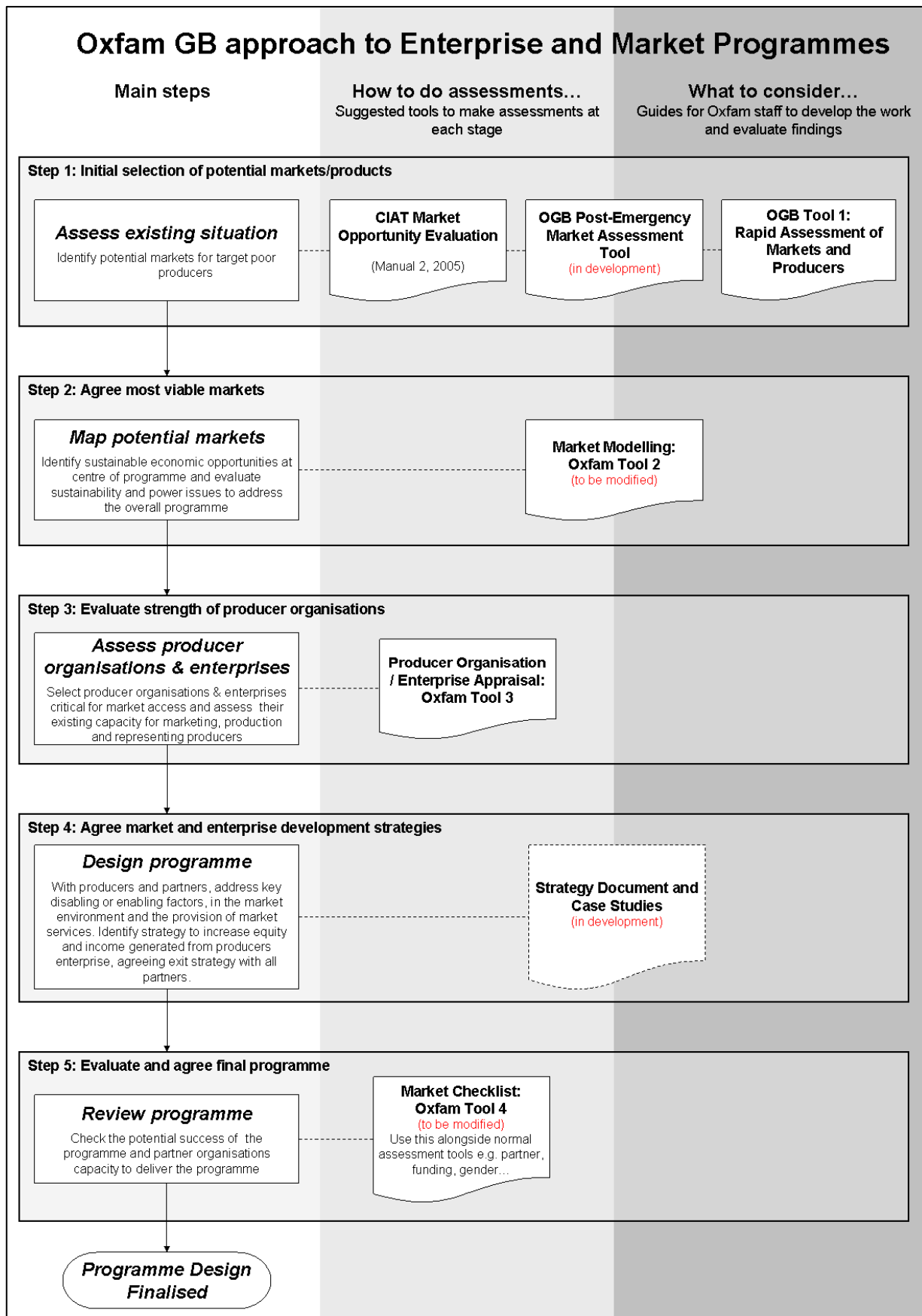
The third component of the Market Map framework is concerned with mapping these services that support, or could potentially support, the market-chain's overall efficiency. The range of services that can potentially add value is huge and include: input supplies; market information; financial services; transport services; quality assurance - monitoring and accreditation; technical expertise and business advice; veterinary services; support for product development and diversification. Mapping 'services ' involves identifying particular service needs and their locations within the market-chain in order to get an overall picture of the opportunities for using services to improve market-chain efficiency or equity. This mapping is a precursor to subsequently assessing the most appropriate mechanisms for delivery of services, in terms of outreach, sustainability and cost-effectiveness.



*Note: the map shown above is orientated from a producer perspective, rather than a consumer perspective*

The Market Map in its entirety has proved to be a very useful way to visually represent and succinctly communicate knowledge about specific market-chains' actors, operations, contexts and needs to different stakeholders.

A8.3 Oxfam GB Market Access Programme approach



## Annex 9: Market Information Resources

A variety of information is available to assist emergency response teams at Oxfam to start the research process prior to arriving in a disaster zone, and additional secondary information in the country to help answer key questions about the market. This information is broken down by key areas including: agricultural production, household demand, and market and price surveys.

### 3.3.1 Agricultural production

Some basic research online and a review of existing reports can reveal production levels of key subsistence crops in an emergency zone. The FAOSTAT database is the foremost resource to measure a country's production for the last five years for target crops. This user-friendly database allows the researcher to establish the timeline and crop parameters, and creates a table with these figures. Since comprehensive crop yield assessment does not occur often in developing countries, the figures are generally estimates. In some countries, regional bodies track food balance sheets (e.g. CILLS in West Africa). In some of the most vulnerable, food insecure countries, USAID's FEWSNET collects data on food production, rainfall pattern and often chart food economy zones, including levels of food insecurity.

#### Bilan céréalier national Prévisionnel de la Campagne 2004-2005

POSTES	RIZ	BLE	MIL,SORGHO MAÏS, FONIO	TOTAL
<b>Burkina Faso POPULATION AU 30/04/05</b>				<b>12 614 854</b>
<b>1. DISPONIBILITES</b>	<b>53 792</b>	<b>0</b>	<b>2 791 221</b>	<b>2 845 013</b>
PRODUCTION BRUTE (CAMP 2004/5)	95 168	0	2 967 334	3 062 502
PRODUCTION DISPONIBLE	52 342	0	2 522 234	2 574 576
STOCKS INITIAUX (AU 01/11/2004)	1 450	0	268 987	270 437
-STOCKS PAYSANS	0	0	234 796	234 796
-AUTRES STOCKS	1 450	0	34 191	35 641
<b>2. BESOINS</b>	<b>165 255</b>	<b>32 762</b>	<b>2 322 918</b>	<b>2 520 934</b>
NORMES DE CONSOMMATION(kg/hbt/an)	13,1	2,5	174,4	190
CONSOMMATION HUMAINE	165 255	31 537	2 200 031	2 396 822
STOCKS FINAUX (AU 31/10/2005)	0	1 225	122 887	124 112
+ STOCKS PAYSANS	0	0	66 716	66 716
+ AUTRES STOCKS	0	1 225	56 171	57 396
<b>3. EXCEDENT(+)/DEFICIT(-) BRUT</b>	<b>-111 462</b>	<b>-32 762</b>	<b>468 303</b>	<b>324 079</b>
<b>4. SOLDE IMPORT/EXPORT</b>	<b>223 654</b>	<b>44 840</b>	<b>-27 310</b>	<b>241 184</b>
IMPORTATIONS COMMERCIALES -2004/5	217 554	37 320	0	254 874
+ COMMERCANTS PRIVES	210 774	37 320	0	248 094
+ AUTRES IMPORTATIONS	6 780	0	0	6 780
<b>AIDES ALIMENTAIRES</b>	<b>6 100</b>	<b>7 520</b>	<b>8 642</b>	<b>22 262</b>
EXPORTATIONS PREVUES	0	0	35 952	35 952
<b>5. EXCEDENT(+)/DEFICIT(-) NET</b>	<b>112 192</b>	<b>12078</b>	<b>440 993</b>	<b>565 263</b>
<b>6. DISPONIBLE APPARENT/HBT(kg)</b>	<b>22,0</b>	<b>3,6</b>	<b>219,1</b>	<b>244,6</b>

Source: MAHRH/. DGPSA/ Direction des Préventions et D'Alerte Précoce (DPAP)

**Sierra Leone 2000-4 Cereal Production ( 000's MT)**

Crops	2000	2001	2002	2003	2004	Avg	%
Rice (milled equiv.)	104	163	222	234	257	<b>196</b>	75 %
Millet	4	9	11	31	31	<b>17</b>	6 %
Maize	9	10	16	16	16	<b>13</b>	5 %
Sorghum	8	15	19	62	62	<b>33</b>	13 %
<b>Total</b>	<b>125</b>	<b>197</b>	<b>267</b>	<b>342</b>	<b>365</b>	<b>259</b>	

Source: FAOSTAT/FAO Sierra Leone

The general situation of the agricultural production system may be revealed from various reports. For food insecure countries, WFP and FAO collaborate to produce the Crop and Food Supply Assessment Mission (CFSAM) report. The primary purpose of these Missions is to provide accurate, timely and credible information on imminent food security problems in a country or region so that appropriate actions can be taken by the governments, the international community, and others, to minimize the impact of the food emergency on the affected populations. In certain cases, the FAO team may also include additional experts in such areas as nutrition, trade and marketing, public health.<sup>51</sup> The reports include information on the socioeconomic context, agricultural sector, production yields, cropping season, food supply situation, prices of key cereals, etc. National governments often prepare similar reports on the general economy, capturing various sectors as well as agriculture, and often have a bureau of statistics. Many African countries have a Poverty Reduction Strategy Paper outlining the country's plan to combat poverty, and includes a great deal of data about food security and related topics. NGO's engaged in agricultural work report frequently to donors about the agricultural sector and their programmatic impact measured by various indicators.

Another component of food availability includes the level of imports and food aid. Import figures are normally maintained by customs and available upon request. Food aid figures are available from WFP's PRRO (Protracted Relief and Recovery Operation) which includes the organization's multi-year program in food insecure countries requiring food aid. Information on WFP actual food aid deliveries and local purchase programs are available from commodity and logistics staff at the country office

### 3.3.2 Household demand

In many cases, national governments carry out comprehensive national household surveys measuring an array of indicators. For example, every four years L'Institut National de la Statistique et de la Démographie (INSD) in Burkina Faso conducts household surveys. The survey includes: household characteristics, education, economic condition, health and nutrition, household assets, habitat & lodging, household expenses and revenues and the impact of a crisis, if applicable (e.g. Cote D'Ivoire crisis in 2003). Much of this data could be used to inform Oxfam about household demand, if available. In another example from Burkina Faso, the Ministry of Agriculture tracks household consumption of key foodstuffs, and the nutrient content in the Burkinabé diet. NGO's also carry out such surveys prior to implementing programs and collect additional information when they measure impact against baseline indicators. Such surveys tend to be more localized based on the most food insecure zones, but may have direct relevance if a rapid onset emergency occurs in this region.

Produits	Consommation Humaine	Consom/hbt	Norme	Taux couverture	Apport calorifique	Protéine	Lipide
<b>céréales</b>	3,637,636	288	186	155	2970	77	27
<b>Tubercules</b>	89,137	7	6	117	23	0.3	0

<sup>51</sup> <http://www.fao.org/giews/english/faq.htm>

<b>Oléagineux</b>	481,841	56	14	400	875	19	76
<b>Legumineuses</b>	485,922	3	7	43	30	2	0.5
<b>Legumes</b>	149,432	12	20	60	7	0.4	0
<b>Fruits</b>	37,553	3	6	50	4	0	0
<b>Sucre</b>	250,933	20	4	500	45	0.1	0
<b>Viande</b>	963,951	77	12	642	354	36	22
<b>produits laitiers</b>	159,966	13	18	72	17	1.2	0.5
<b>BOISSONS</b>	47,483	3	54	6	17.5	0	0
<b>Total produits végétaux</b>		<b>425</b>	<b>213</b>	<b>200</b>	<b>3971</b>	<b>98.8</b>	<b>103.5</b>
<b>Total produits animaux</b>		<b>90</b>	<b>33</b>	<b>273</b>	<b>371</b>	<b>37.2</b>	<b>22.5</b>

Source: « Bilan Alimentaire Ex-Post 2005 », Ministère de l'Agriculture, de l'Hydraulique et des Ressources Halieutiques, DGSA, Burkina Faso

### 3.3.3. Market and price surveys

As indicated above, many organizations are beginning to see the need for better market analysis to incorporate in existing assessments. In the next few years, more analyses are likely to be available, such as WFP's market profiles in emergency-prone zones. Prior Bellmon Analyses are also an excellent resource as an overview of the market and especially data on trader interviews. Helvetas' RMA tool has not been used in many locations, but a wide range of BDS tools may also be available (*Mike please include something here on these*). Various donors support initiatives to bolster market chains, thus reports from these projects may serve as another glimpse into the markets pre-crisis, if available. FEWSNET has a Trade and Market Strategy which it will begin implementing in 2007. The organization intends to increase knowledge on trade and markets pertaining to food security, particularly related to its early warning system. New tools will be developed to do market mapping, research, and integration analysis. Field staff will also be trained in these tools and available on the FEWSNET website. Market assessments will include key commodity network maps for food, livestock and labor, as well as an assessment of regional cross-border trade.<sup>52</sup>

Humanitarian reports in recent years stress the need for market analysis and provide some excellent guidance for this exercise in emergency contexts. Many of these documents include relevant questions and methods that field staff can use to assess the markets. Good examples include:

- Desk Review: Emergency Needs Assessments and the Impact of Food Aid on Local Markets, Cynthia Donovan & Megan McGlinchy, WFP SENAC, Dec. 2005
- Cash-Based Responses in Emergencies, Paul Harvey, ODI, Jan. 2007
- Cash Transfer Programming in Emergencies, Pantaleo Creti & Susan Jaspars, Oxfam, 2006
- Market Assessment and Trader Survey of Earthquake-Affected Areas of Pakistan-Administered Kashmir, Jennifer Nyberg, WFP Regional Bureau – Annex 5 “Trader Survey for Marketing and Price Monitoring”
- Market-Based Food Security Monitoring Tool, World Vision<sup>53</sup>

<sup>52</sup> Bonnard, P., FEWSNET, 2007

<sup>53</sup> This tool is used primarily to determine the level of food aid that is being sold on the market, as well as tracking commodity prices, livestock, labor rates, and agricultural inputs. Other elements of the

The availability of time series data for a variety of goods varies by country. One standard used globally includes the Consumer Price Index (CPI) which is an index of retail prices measuring changes in the weighted average of prices of a basket of goods or services. The index is normally used to measure changes in the cost of living. Where this information is not available, various market information systems may exist to track prices of agricultural commodities, livestock, etc. in local markets throughout the country. Some good examples of this include: FoodNet in Uganda and Rwanda ([www.foodnet.cgiar.org](http://www.foodnet.cgiar.org)), RATIN in East Africa ([www.ratin.net](http://www.ratin.net)), HAP in Haiti ([www.haitihap.org](http://www.haitihap.org)), etc.

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monitoring tool include: direction of food flow, effect of food aid on the market, and reason for livestock sales.