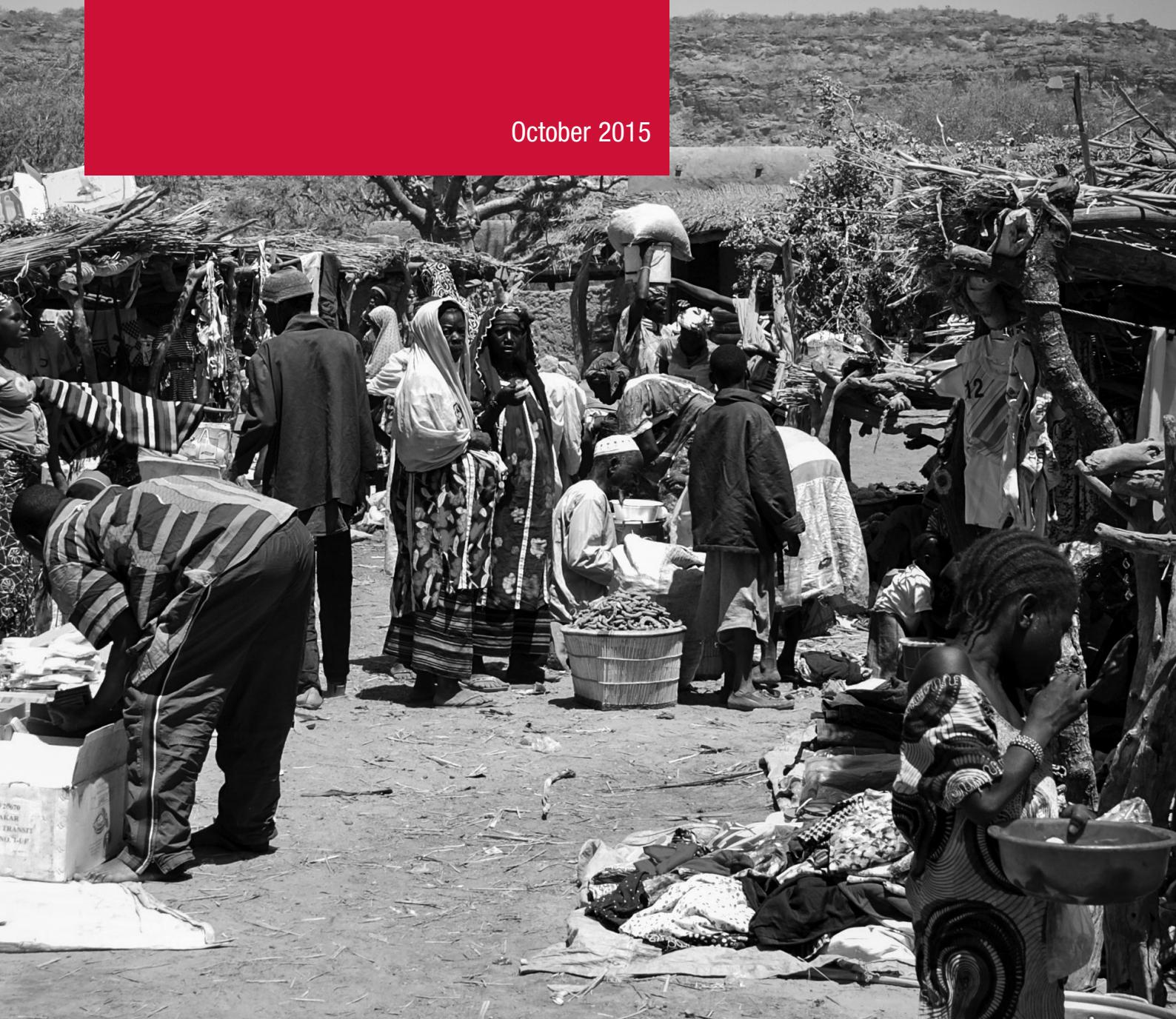


HPG Working Paper

Markets in crises: the conflict in Mali

Veronique Barbelet with Marthe Diallo Goita

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About the authors

Veronique Barbelet is a Research Fellow with the Humanitarian Policy Group (HPG) at the Overseas Development Institute (ODI).

Marthe Diallo Goita is an agro-economist and Programme Development Officer, Energy and Enterprise, at Christian Aid in Mali.

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Humanitarian Policy Group
Overseas Development Institute
203 Blackfriars Road
London SE1 8NJ
United Kingdom

Tel. +44 (0) 20 7922 0300
Fax. +44 (0) 20 7922 0399
E-mail: hpgadmin@odi.org
Website: <http://www.odi.org/hpg>

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Map of Mali



1 Introduction

Humanitarian agencies routinely conduct market analyses to inform decisions around transfer modality – cash, voucher or in-kind – with a strong emphasis on the availability and price of key commodities.¹ However, in the last few years humanitarian organisations have expanded their scope to incorporate supply chain analysis, value chain analysis and pre-crisis market mapping in an effort to strengthen their understanding of how markets function more broadly.² This study constitutes a continuation and reaffirmation of this trend. It asks whether a more sociological perspective can highlight changes and issues not captured by current approaches to market analysis, and what this might mean for humanitarian response. Is there a better way to analyse and understand how humanitarian assistance does or could interact with markets in order to maximise its positive impact, mitigate its negative impacts and enable interventions that support markets for the benefit of people affected by crisis?

This Working Paper explores the impact of the recent conflict in Mali on markets in the north of the country. It proceeds from the belief that humanitarian market analysis needs to become more sophisticated and more sensitive to a wider range of issues if humanitarian interventions are to support markets and help them function during crises. Many humanitarian organisations and agencies are aware of this, and are working to improve their market assessment processes. This study further makes the case, and supports this development. It revolves around three main questions: how did markets and market actors adapt during the crisis?; how far did people derive resilience, or become vulnerable, as a result of market activities?; and how

did humanitarian aid affect markets, and what impacts did this have on households?³

Whereas markets are often studied through micro- and macro-economic lenses, this study uses a qualitative research methodology to focus on the sociological aspects of markets.⁴ The research focused on two main commodities traded significantly in the regions affected by the conflict, namely millet and cattle. Although there were other candidates for study, including rice, fish and goats, these commodities were chosen because of their importance in the household economy and consumption profiles of Northern Mali.⁵

Field research for this study was conducted in March and October 2014 (separate studies have also been carried out in Pakistan and South Sudan). The research explored how the crisis affected market functioning, market relations and trade, focusing on changes between trade before, during and after the crisis. Similar to current initiatives by a number of NGOs on pre-crisis market mapping, the study did not seek to assess market functionality, and did not aim to provide quantitative evidence. Fieldwork was conducted in Bamako, Gao region (Gao, Ansongo, Forgho) and

3 For the purpose of this report, markets are understood as the physical and non-physical space where commodities are bought and sold. They are made up of actors, relationships and institutions in the largest meaning of the term (including rules, regulations and social expectations). Traders are one of many market actors. Their function in the market is to buy and sell commodities for the purpose of making profits.

4 The qualitative approach to this research was questioned and debated at length during a presentation of preliminary findings in Bamako to representatives of the government, INGOs, NGOs and UN departments working on markets. Such reactions highlight the main factor preventing a more holistic understanding of markets and the integration of a sociological approach to market analysis. Development and humanitarian actors see market analysis narrowly as requiring a quantitative approach.

5 Livelihoods in Northern Mali fall broadly into six groups: transhumant pastoralism, transhumant livestock rearing (agropastoralism), fluvial rice, millet, vegetable gardening and tourism. Millet is a significant part of the diet of pastoralist groups, and cereals in general, including millet, account for 80% of the consumption of agropastoral households; meat and meat products tend to be consumed by middle-income and richer households.

1 Common tools include the Emergency Market Mapping and Analysis (EMMA) toolkit and the Market Information and Food Security Response Analysis framework (MIFIRA), as well as bespoke tools such as that developed by the World Food Programme (WFP).

2 Pre-crisis market mapping is intended to assess how markets have typically reacted to past crises and shocks, thereby helping to identify interventions that could help markets function during crises. For more information on pre-crisis market mapping see <http://emma-toolkit.org/practice/pre-crisis-market-mapping-and-analysis>.

Mopti region (Mopti, Somadougou, Kona, Fatoma, Bandiagara). Each research trip was accompanied by roundtables to discuss the research project with key stakeholders in Bamako and to present preliminary findings.⁶ The paper is based on some 100 interviews with small, medium and large traders in millet and cattle, cattle owners, cattle herders, internally displaced people (IDPs) and host families. Interviews were also conducted with representatives of local authorities, government institutions, chambers of commerce, cooperatives and trade unions, as well as with humanitarian organisations working in the regions under study. A literature review supported the field research, alongside other information sources, including price data from the Observatoire du Marché Agricole (OMA).

The paper is in six sections. Following an overview of the conflict and associated humanitarian crisis, Section 2 sets out the key features of the millet and beef cattle markets in Northern Mali. Section 3 analyses the impact of the conflict on these two markets, and Section 4 sketches out some of the links between markets and livelihoods. Section 5 looks at the links between humanitarian assistance and markets. Section 6 concludes the paper by drawing out key issues emerging from the research and analysis.

1.1 Context: the conflict and humanitarian crisis

The conflict in Mali began in January 2012, when Tuareg rebels attacked Malian army posts in the north of the country. The following March a coup in the capital, Bamako, ousted President Amadou Toumani Touré. The root causes of the crisis include lack of economic development, governance failures and the influx of armed militias from Libya, combined with long-standing secessionist feeling in the north of the country and a growing Islamist trend in the Sahel and the Sahara (ICG, 2012; Tran, 2013). Mali's social fabric is maintained through complex inter-ethnic relations. The Tuareg rebellion and the growing Islamist trend has however created localised tensions between the Tuareg, Peuhls and Arab ethnic groups and other ethnic groups. Multiple armed groups have been active in the conflict,

⁶ The report of the first roundtable is available at <http://www.odi.org/events/3985-markets-mali-food-security-economic-growth-private-sector>.

in shifting alliances and coalitions. The main armed groups have been Ansar Dine and the Movement for Oneness and Jihad in West Africa (MUJAO), which has links with al-Qaeda's North African wing AQMI, and the National Movement for the Liberation of Azawad (MNLA), a mainly Tuareg secular secessionist group. Armed groups have been involved in illegal activities, including 'banditry, organized crime and illegal trade, including the trafficking of drugs, fuel and human beings' (Skons, 2013). In some areas, these illegal activities have become a significant part of the local economy.

At the outset the Tuareg rebellion expanded rapidly, taking control of the main cities in the north, Gao, Timbuktu and Kidal. However, the MNLA quickly began to lose territory to extremist factions, and by July 2012 all of Northern Mali was controlled by Ansar Dine and the MUJAO. These groups began moving southwards towards the capital, Bamako, reaching the town of Kona in Mopti region in January 2013, prompting the government to impose a state of emergency and call for assistance from France, the former colonial power. French military operations under Operation Serval led to an improvement in the security situation in Northern Mali, and by the end of January extremist forces had withdrawn and state control had been restored in major northern towns. The French handed over to a UN peacekeeping force, MINUSMA; a new president was elected, peace negotiations made some headway and the situation in the north seemed to stabilise. However, this apparent improvement did not last, and conflict intensified again in 2014.

Gao region was occupied by armed groups in early 2012. The MNLA confirmed its capture of Gao in March, but lost control of Gao and other northern towns to Ansar Dine and associated Al-Qaeda groups in June and July 2012. The following September Islamist groups attacked Douentza in Mopti Region, and in January 2013 rebels attacked Konna near the strategic town of Mopti. The French-backed Malian army recaptured towns in the north, including Konna and Gao in early 2013. Sporadic rebel attacks have since continued, including in rural areas around Gao town.

The humanitarian impact of the conflict has been severe. In 2012 OCHA estimated that 2.24 million people had been directly affected, including 366,000 displaced (OCHA, 2012). At the time of the study

in 2014, an estimated 1.9m people were severely food insecure (OCHA, 2014). Humanitarian actors responded to the crisis with the provision of food, non-food items and services: in 2014, for example, the World Food Programme (WFP) distributed around 91,000 tonnes of cereals, as well as cash and vouchers to almost a third of its 450,000 general food distribution beneficiaries (WFP, 2014).

The conflict coincided with a food crisis affecting some 5m people. Erratic rainfall led to poor agricultural seasons in 2010 and 2011, which meant that people were already struggling to cope with two consecutive years of low harvest and drought when the conflict began. According to WFP, the 2011 agricultural season could cover as little as

three months for some households and up to nine months for others, as opposed to between six to nine months in other years (WFP, 2012). Grain production declined by 20%, ‘setting the stage for an exceptional food crisis’ (WFP et al., 2012). Cattle were badly affected by the drought and the lack of good pasture led to livestock destocking in some areas. The poor harvest also affected the market, increasing prices: according to WFP, millet was up 60% against the five-year average, and sorgho 80% (WFP, 2012). People responded by switching to cheaper alternatives such as rice, which was less affected by the bad rains, and imports of grain increased (WFP et al., 2012). Traders made lower profits and were unwilling to hold stock due to high prices, and the number of active food retailers fell (*ibid.*).

2 Overview of the economy

2.1 Overview of the millet trade in Northern Mali

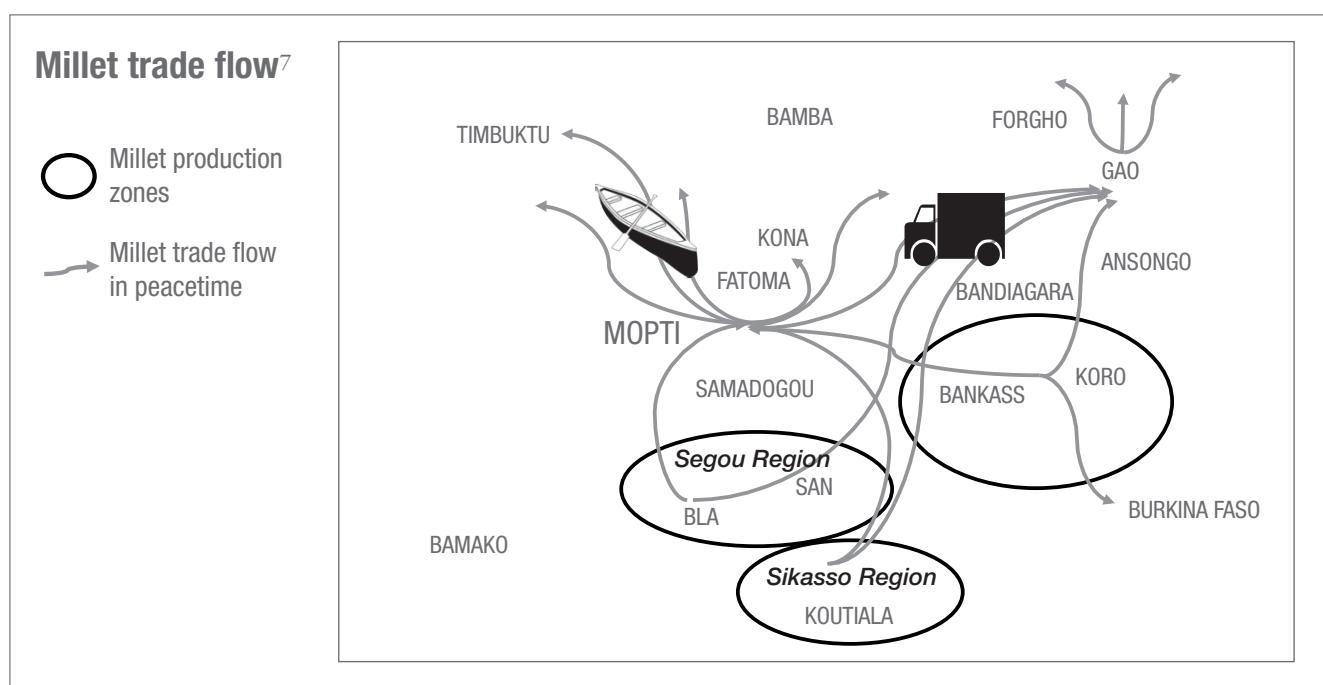
This section provides an overview of the commercial millet trade in the regions covered by this research. It provides the baseline and context to understand the changes and adaptations the market experienced during the conflict, which are outlined in the next section. While there is some literature and studies have been done on the cereal trade in Mopti Region, there is little or no literature on Gao, mainly because it is not a large production area for cereals, with the exception of rice, which was not a commodity the research focused on.

The main cereals produced in Mali are sorghum, maize, wheat, millet and rice. However, only an estimated 5% to 15% of producers can commercialise their harvest surplus (Diarra et al., 2011). Smallholder farmers sell their harvest, although not in surplus, in order to meet other expenses. This can represent

as much as 30% of the income of poor households. Supplies of cereals reached 6m tonnes in 2011, making Mali one of the largest cereal markets in West Africa (Diarra et al., 2011). In 2009–2010, 1.39m tonnes of millet were produced in the country, and only 0.11m tonnes were imported (Diarra et al., 2011).

2.1.1 Commercial/trade flows

Mopti Region is a strategic crossroads for the cereal trade, including millet (USAID, 2011). The region has a large surplus of good-quality millet from Séno, an agricultural area in the south of Mopti Region, and is well-connected to the second-largest production area for millet in Ségou Region. Mopti is located between these zones of surplus and the arid north, where millet and other cereals are traded. Millet from Séno in the south-east of Mopti Region, in particular Bankass and Koro, was regarded as high-quality, while millet from Ségou Region, in particular Bla and San, and Koutiala in Sikasso Region, is considered less pure and of lower quality. All the traders interviewed mentioned their preference for millet



⁷ These trade flows were identified through interviews during this research, and are linked to the study areas. Other flows, for instance between Mauritania and Kayes, are not included in this figure.

Table 1: Categories of trader

	Buy from	Sell where	Sell to	Trade towards	Gender	Quantities	Unit of measure	Terms of trade
Large trader	Production zones	Urban markets	Traders from the north Local medium traders	North	Mostly men	Large	Scales Kilogrammes	Generally credit with some cash between suppliers and traders and traders and clients Long repayment cycles (several weeks)
Medium trader	Production zones Large local traders	Urban and peri-urban markets	Traders from the north Local small traders Local consumers	North Local	Mostly men	Large, medium	Scales Kilogrammes	Credit and cash between suppliers and traders and traders and clients Short repayment cycles (weekly)
Small trader	Large and medium traders	Urban, peri-urban and village markets	Local consumers	Local	Mostly women	Small	Bol	Credit to buy from supplier Short repayment cycles (daily or weekly) Cash to sell to end consumer

from Séno as it was favoured by clients in the north. However, most traded in millet from both locations as it enabled them to provide millet at different prices, satisfying diverse consumer demand. Traders either sold to other local traders or consumers or to traders and consumers from further north, who use urban markets in Mopti and Gao as their main source of millet.

2.1.2 Actors in the millet market

While volumes traded to some extent define the category of trader (large⁸ (*grossiste*), medium (*demi-*

⁸ In this report, the term 'large trader' refers to the largest traders found on urban and semi-urban markets. There are a few very large traders in Mali (estimated at 12–15), mostly based in Bamako and trading throughout Mali and in neighbouring countries. Diarr et al. (2011).

grossiste) and small (*détaillant*)), the way trade is done is a much more accurate determinant.⁹

Large traders tend to directly source their millet from production zones (Ségou and Séno) to sell to urban markets. These traders sell to other traders from the north of Mali. From Mopti, millet is traded towards Timbuktu, including in villages along the River Niger between Mopti and Timbuktu. Millet is also traded between Mopti and Gao, although there is a direct trade flow between Gao and the production zones. These traders sell some of their millet locally to medium traders and consumers, but this accounts for a minimal portion of their trade.

⁹ Traders will commonly deal in all main cereal grains in addition to millet, including rice, sorghum and millet, and less commonly fonio and maize.

Large traders can deal in between 20 and 100 tonnes of cereal a month.

Medium traders also source their millet from production zones, but tend to sell more locally. Their role is to link the production zones to smaller traders and consumers in urban and peri-urban markets. In Mopti, medium traders represented a large portion of the market. The most successful medium traders were able to supply a few clients in the north of Mali, but mainly sold to small traders from urban, peri-urban and rural markets, and directly to consumers. Medium traders trade around 5–10 tonnes per month.

Smaller traders tend to source and sell their millet locally. They are most often women, who are seldom represented in other categories. Only one large trader interviewed was a woman, and she confirmed that few women had been able to reach that level. She explained that, when she started out, the cereal trade had been small-scale, but as it became more significant men started entering the market. She was able to become a large trader because she had started before men had joined the trade. Small traders only sell to consumers, not to other traders. They deal in smaller quantities and use a different unit of measure to trade, a *bol*, as opposed to using kilogrammes. Small traders traded in very small quantities, counted in the number of bags of grains sold per village fair. One small trader said that she traded 20–40 bags per fair.

Large traders in Mopti and Ségou are critical to the commercialisation of the market. These are the only traders who have enough cash flow to support the production and commercialisation of millet. They often give money to millet farmers to enable them to buy the necessary inputs and tools. They also pay for and organise the collection of millet from smallholder farmers and collect it in the main markets in San, Bla, Bankass and Koro; they also often finance transport from production areas to consumer markets (Diarra et al., 2011). It appears that production areas were not affected by the conflict in the north, either directly or indirectly. These areas would have served local purchases by institutional actors such as the Office of Agricultural Production of Mali (OPAM), for its food security reserves, and humanitarian organisations such as WFP,¹⁰ or served the export market given the lack

of domestic demand for cereals. Other actors in the millet trade include the government and international organisations. The government has two cereal banks: the Stock National de Sécurité (SNS) and the Stock d'Intervention de l'Etat (SEI).

2.1.3 Transport

Millet is transported by road, and by boat on the River Niger and its tributaries. Trade relations are particularly strong between Mopti and Timbuktu. Transport between Mopti and Timbuktu is by boat, while transport between Mopti and Gao tends to be by road. River transport is seasonal as the river is not deep enough during the dry season (roughly between October and April) to allow large boats to travel. Transport is then by road using a longer route. As the river recedes, smaller boats are used to transport cereals. Some traders own their own trucks, but most interviewed for this study did not, instead using independent transporters. In Mopti millet traders generally used a boat transporter with which they had a privileged relationship. Mutual trust is critical between traders and their transporters, who are often charged with bringing cash proceeds back to the trader from millet sold in the north, and traders tend to work with transporters with whom they have had long experience.

2.1.4 Millet prices and buying patterns

The cereal market is characterised by seasonal price variations (low prices following the harvest, commonly between October and November, and high prices in the lean season, between July and September) and an annual variation depending on rainfall patterns (Diarra et al., 2011). Price increases due to erratic rain or the lean season mainly affect the most vulnerable households, which rely heavily on the market to meet their basic food needs. Lower prices mean that producers' revenues fall.

Prices are also a function of buying patterns.¹¹ Large traders in production zones tend to buy millet at the lowest price after harvest. Producers typically have limited storage facilities, and sell their harvest quickly to repay debts accrued during the lean season. Traders with greater storage capacity have more flexibility in when they buy from producers and sell to other traders, and can keep commodities away from the

¹⁰ WFP purchases about 30% of its cereal needs locally in Mali (an estimated 35,146 tonnes of cereals in 2013; WFP (2013)). OPAM can purchase and store up to 135,000 tonnes of cereal, including 40,000 tons for its food security reserves.

¹¹ Studies have highlighted the role of leading markets in setting prices and how price data from these markets can be used to forecast food security and tell policy-makers when a future crisis can be expected. See Araujo et al. (2011).

market to force prices up. The aim is to buy millet after the harvest at a low price, store it until the lean season and then sell at a higher price, maximising profits and offsetting the cost of storage. However, this practice also means that higher prices on the market do not necessarily mean greater revenue for producers.

Better-off households tend to buy cereals in large quantities, and if possible only buy a few times a year. Poorer households rely on their own production or buy smaller amounts more frequently. This means that wealthier households are able to buy cereals when the market is most favourable, for example directly after the harvest, whereas poorer households are more vulnerable to seasonal price fluctuations, especially during the lean season when their own stock of cereals is finished. Cereal purchases are usually handled by men; women are given a budget called *l'argent ou le prix des condiments* to buy vegetables and spices.

2.1.5 Terms of exchange

The millet market is a credit market. All traders interviewed trade either partly or wholly on credit. This reliance on credit means that, for traders, the relationship between the people they buy from and

the people they sell to is critical. Larger traders in northern markets explained that they often pay traders in markets in production areas for half of the commodity, and get the other half on credit. These commodities are then sold to smaller traders in the north on a mix of cash and credit depending on the level of confidence between buyer and seller and the quantity traded. End consumers in the north buy millet for cash, though credit may be extended to long-standing clients.

The smaller the trader the faster credit is refunded. This is linked to the frequency of purchases: small traders buy every day or every other day; medium-sized traders buy every week or every other week; large traders tend to buy on a monthly or quarterly basis. Larger traders will pay back their credit on the next purchase usually every one to three months. Medium traders will often repay their credits weekly, and smaller traders daily or every other day.

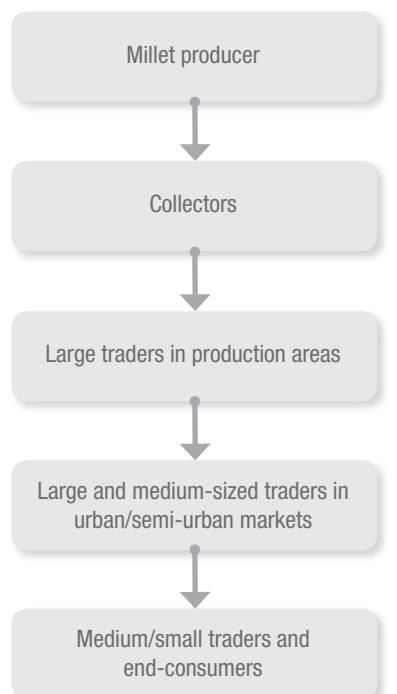
2.1.6 Taxes, banks and other institutions

Millet traders pay a yearly patent or tax to sell on the market. In Kona, one trader said he paid 32,000 Fcfa per year (\$52), and in Mopti a trader reported paying 62,800 Fcfa (\$103) annually. Other fixed costs for cereal traders include renting a shop and paying labourers to carry bags of grain. Banks are used to deposit and transfer money. In Mopti larger traders were part of a cooperative, though interviews did not shed light on the function of a cooperative or the benefits of membership. Cooperatives were set up as part of a political agenda in the 1970s and 1980s, but became more-or-less redundant following market liberalisation in the 1990s. Other actors mentioned being members of the chamber of commerce, which sees its role as an information-sharing forum and a convening space for traders and businesses, rather than having an advocacy function on behalf of traders. In general, market institutions seem not to have played much of a role during the crisis.

2.2 Overview of the beef cattle market in Northern Mali

The beef cattle market – the selling of live animals to other traders for the purpose of meat consumption as well as cattle rearing – is structurally very different from the millet market. This study focused on beef cattle; other livestock production in Northern Mali

A simplified commodity chain for millet



includes small ruminants (sheep and goats) and camels. Trade takes place all year round, with a peak season in January and February, when animals return to market towns from grazing during the rainy season. During the transhumance season, which coincides with the start of the rainy season and the end of the harvest season (July to December), farmers tend to buy small animals and fatten them up for sale when the market is slower. Most cattle sold in Gao and Mopti is for export to Côte d'Ivoire, Nigeria, Senegal, Burkina Faso and Guinea, with a small amount for local consumption.

There are four main markets: collection markets (*marches de collecte*), secondary markets (*marches secondaires ou de regroupement*), terminal markets (*marches terminaux*) and border markets (*marches frontaliers*), where trade is essentially for export (Kergna et al., 2011). At collection markets, cattle breeders sell their cattle to collectors, who facilitate purchases from small-scale farmers to bring to secondary markets. On the secondary markets, collectors sell the cattle to traders, who then become cattle owners (most traders have a dual role as cattle breeders and traders). Some of the cattle is bought as an investment in the herd, and some is for sale on terminal markets near large towns, where the main trade takes place. Terminal markets include exporters and foreign traders with significant purchasing power, who tend to buy large quantities, keeping prices high. Cattle markets also include wholesale butchers

(*chevillards*), who specialise in large-scale trade on urban markets, buying meat for butchering to be sold to end-consumers. Their function is to link small meat traders, slaughterhouses and cattle traders (Kergna et al., 2011). Market transactions are on a cash-only basis, transferred on the day of the transaction.

None of these actors actually trades themselves, instead entrusting their cattle to intermediaries (known in French as *intermediaires*, *courtiers*, *coxers* or *logeurs*) who negotiate the sale and return the proceeds to the owner. This function is seen as critical to ensure that the trade occurs in the best way possible: the intermediary is responsible for all aspects of the transaction on behalf of the cattle owner and the buyer, including ensuring that the cattle are healthy and negotiating the price. Intermediaries are paid between 1,000 Fcfa and 5,000 Fcfa per head (\$1.6–\$8.2) (Kergna et al., 2011). Another critical actor in the cattle market are cooperatives, which are responsible for the physical management of markets (guards, water, electricity and cleaning) and levying entry and exit taxes on cattle (*ibid.*). Herders are present before, during and after trading to care for the animals, and accompany livestock during transport, either on foot or in trucks. Transport on foot is mainly during the rainy season as the cattle can access ample amounts of food on the way. Trucking is more expensive and is considered more difficult for the cattle (*ibid.*).

Table 2: Actors in the cattle market

Actor	Market	Function
Cattle breeders	Collection markets	Commercialisation of cattle
Collectors	Collection markets Secondary markets	Facilitate movement of cattle from small farmers to secondary markets
Cattle traders/owners/breeders	Secondary markets Terminal markets	Investment in own herd and selling of cattle
Wholesale butchers (<i>chevillards</i>)	Terminal markets	Buy cattle to butcher and sell meat to end-consumers Link small meat traders, slaughterhouses and cattle traders
Exporters/foreign traders	Terminal markets	Buy large quantities and keep prices high, making the market more vibrant
Intermediaries	Terminal markets	Manage transactions on behalf of farmers and guarantee the quality of the transaction
Cattle market cooperatives	Terminal markets	Manage the physical market and collect entry and exit taxes
Herders	Terminal markets	Look after the cattle around the market

3 The impact of the conflict on the millet and cattle markets

3.1 The millet market

Although the conflict did not directly impinge on the main areas where millet is grown in surplus and sourced (Ségou region and south-east of Mopti region), the conflict affected the millet trade in a variety of ways, including changing the quantities traded and impacting on prices. Insecurity also had more subtle effects, for instance by disrupting key functions within the market, such as banks and local authorities. Any or all of these effects can have implications for vulnerable people, and for market-based interventions by humanitarian actors.

3.1.1 The multi-layered impacts of insecurity

According to interviewees for this study (traders, displaced people, transporters and others), the main factor disrupting the market was insecurity. In the first phase of the conflict, between the start of 2012 and the French intervention at the beginning of 2013, the MNLA in particular targeted wealthy members of the community in Gao, including cereal traders, and forcibly took money and goods from them in Gao market. Some traders in Bamba were forced to leave due to repeated raids by armed groups on their shops. Raiding on roads and waterways made transporting millet from the south to Gao riskier and more costly. Traders suffered direct economic losses, prompting some to scale back their business significantly and forcing others into bankruptcy. Traders from Gao interviewed in Bamako explained that losses of money and goods to armed groups had convinced them to leave. Insecurity also made suppliers outside of Gao region more reluctant to supply millet on credit.

Interviews revealed sharp differences in the impact of the MNLA and MUJAO in Gao. Whereas the MNLA was seen as looting markets of cash and goods, the MUJAO, which displaced the MNLA in July 2012, was described as implementing strict market governance based on what they perceived as Islamic market precepts. According to interviewees,

this included providing security for traders and their goods, allowing the market to run based on supply and demand, banning price speculation and implementing a no-taxation policy and a policy of nationalist exclusion to support local traders. Some traders felt that the MUJAO facilitated their trade, for instance by preventing Burkinabé traders from selling in Gao market. This reluctance to allow Burkinabés to trade may partly have stemmed from the lack of cultural and ethnic ties with MUJAO combatants; by contrast, Nigerians fought with the MUJAO and there are links between the MUJAO and the Nigerian armed group Boko Haram, which perhaps explains the larger presence of Nigerian traders in Gao.

Traders able to adapt to the new rules imposed by the MUJAO continued trading throughout the occupation. Ethnic ties and other pre-existing relationships between traders and armed groups made this easier. The order established by the MUJAO also restored confidence among suppliers in other parts of Mali, and more millet flowed into Gao on a credit basis. The MUJAO based their interaction with the market on the basis of a ‘moral economic policy’. Other armed groups such as the MNLA used their power to take advantage of market resources, stealing them or imposing high taxes. Armed groups not only interacted with the market locally, but also with trade flows more broadly. For instance, some armed groups favoured trade from Algeria. Commodities that could be sourced from Algeria, such as wheat flour, were not permitted to be transported from Mopti to the north. Only commodities that could not be sourced from Algeria were allowed, though traders reported having to pay informal taxes on the way north. Finally, while traders reported the presence of armed men along trade routes in the north, they did not face systematic looting of their commodities. Taxes had to be paid and threats were made against traders who did not want to or could not pay, but trade was possible.

The state of emergency the government imposed in Northern Mali in early 2013 also had damaging

consequences for the millet trade. The Malian army imposed curfews and periods of no or restricted movement on roads. These restrictions particularly affected small traders as they were not able to travel between urban and peri-urban markets to sell millet. Small traders often move on foot from one market to another, following weekly fairs' opening days, as well as travelling between their home village and the next urban or semi-urban market. Large and medium traders have shops, which ties them to a specific market. These traders buy from other markets, but often make their purchases by phone and transfer money through banks. Curfews and no-movement orders therefore had less effect on their ability to trade.

The Malian army required travellers to carry identity papers in order to screen for members of armed groups. Some traders by-passed this requirement by avoiding main roads, while others tried to acquire identity papers (most people in Mali do not own identity cards), leading to long waiting lists and the emergence of a parallel market, where people paid large amounts to secure their papers faster. Some traders belonging to ethnic groups associated with armed groups, such as the Peuhls, reported difficulties in physically accessing markets when the Malian army reinforced its presence in the north of Mopti region. Among other examples given by traders, a woman explained that she had to change the way she dressed to avoid being harassed by the military and access the market to sell millet. Further north in Gao, Arab traders and Tuareg clients stayed away from urban markets for fear of retaliation from the local population and the Malian army. Tuaregs, Peuhls and Arabs rely on markets for an estimated 90% of their calorie requirements, which suggests that a reluctance to use markets could have a significant impact on the ability of these communities to meet their food needs (Oxfam GB, 2009; EC, 2012). Tuaregs, Peuhls and Arabs relocated including across Mali's borders to Mauritania and Burkina Faso, where they could access food, and food assistance was distributed in the north, albeit with interruptions due to access constraints. There was no evidence of new markets being created to respond to the problems of market access faced by these particular ethnic groups.

Traders who had left the conflict zone monitored the security situation closely to see if and when it would be possible to restart trade. However, although security stabilised somewhat in 2014 and active fighting decreased, traders displaced to Bamako

lacked the funds to restart their trading activities in Gao, and most were struggling to repay debts. Paying back debts and replenishing cash reserves were deemed necessary to re-establish trust with suppliers. Although insecurity did not directly impinge on traders in Mopti, Mopti trades mostly with areas that were directly hit by the conflict and affected by large-scale displacement, meaning that many traders and consumers left the market. One trader's story exemplifies the challenges associated with such a decision. This trader, like many interviewed, was considering leaving because of high levels of debt and the significant slowdown in trade resulting from the conflict. However, he explained that leaving had social consequences as traders tended to see in a poor light those who closed their shops and left, and it was difficult to re-establish a position in the market and resume trading. Insecurity on roads and waterways increased the risks involved in trading between Mopti and other regions in the north, making traders reluctant to buy large amounts of millet. The number of actors trading from the north declined, as did the amount of millet traded.

Insecurity also disrupted the millet trade in other, more subtle ways. For instance, the departure of official authorities led to the suspension of taxes, though in some areas official taxes were replaced by higher informal levies imposed by armed groups. Institutions such as banks also left, which made transferring money to pay suppliers more difficult.¹² In Gao, the alternative was for traders to use transport companies to transfer money to suppliers, but the flat fee (irrespective of the amounts transferred) was Fcfa 50,000 (\$86), which was considered very high. Others transferred money by physically travelling to their suppliers themselves, but this was dangerous given frequent attacks on roads and waterways.

3.1.2 The usual suspects: quantity, quality and price

The most noticeable impact of the crisis on the millet trade was a reduction in the quantity traded in Mopti and Gao regions. According to one trader, the reduction in quantity was as high as 90%, from 50 tonnes of millet traded a month before the conflict to five tonnes a month at the time of the study.

¹² Larger traders use bank transfers to pay their suppliers as they do not travel to supply markets every time they purchase millet. Banks are also used to deposit money in traders' accounts. Banks are not generally used to access credit.

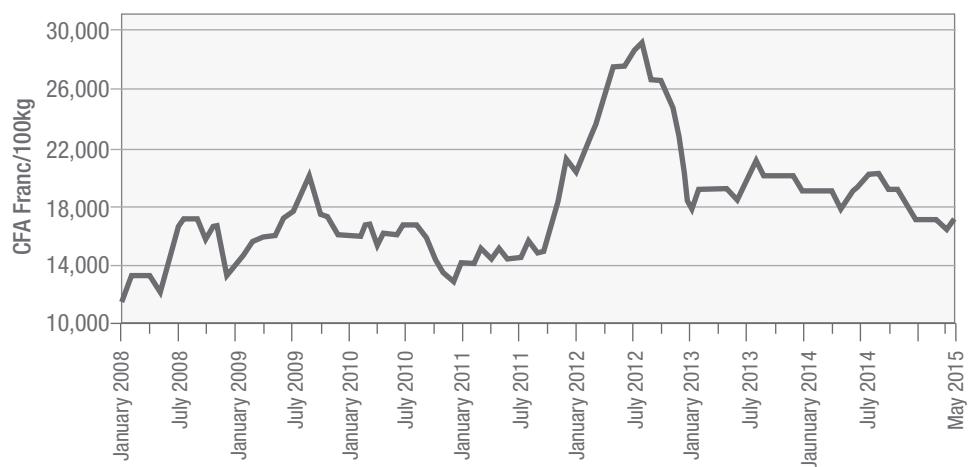
Some traders explained that displacement caused by the conflict meant that there were fewer people on markets buying millet. Others said that insecurity made movement too risky and northern traders were no longer coming to Mopti or Gao to buy millet.

There was no consensus on how the conflict had affected the price of millet. Some traders said prices increased, others that they decreased, and some said that they were unchanged. However, the majority view was that prices had increased as a result of the double shocks of drought and conflict, with the former having a greater inflationary effect than the latter. Those traders who felt that prices had increased following the start of the conflict put this down to several factors, including higher demand for credit due to lack of cash, informal taxes on roads and in markets, insecurity leading to increased transport costs

and difficulties in supplying markets, price speculation and poor production. Those claiming that prices fell pointed to the flooding of some markets by cheaper Algerian products, the distribution of food aid (see below) and the reselling of food aid at below market price. Some traders felt that reduced purchasing power among their customers constrained price growth, and some traders reported reducing their profit margins. For instance, among the losses reported by traders during interviews, one reported reducing the margin between purchase and sale prices from 25 Fcfa to 5 Fcfa per bag of millet sold – an 80% drop.

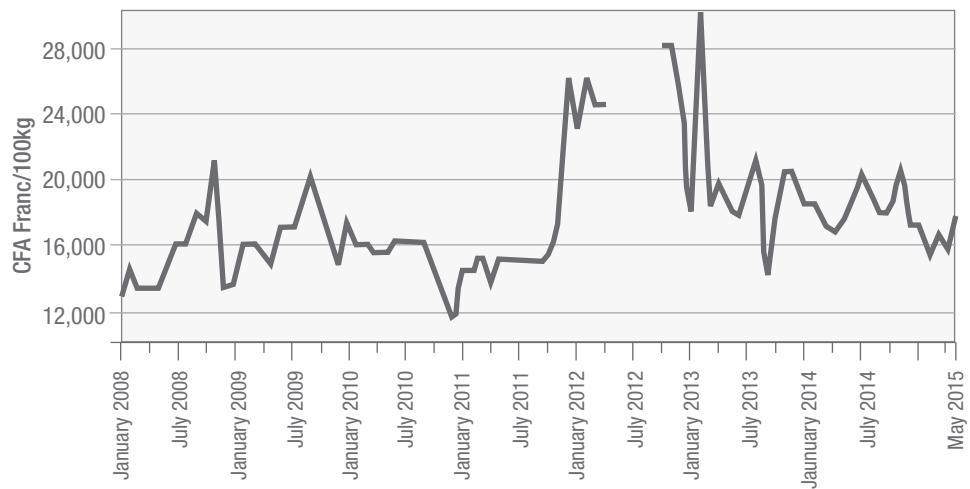
Price data collected by the Observatoire des Marchés Agricoles (OMA) over the last 20 years shows a steady increase in the price of millet, with peaks reflecting good or bad production years. Millet prices started to rise in September 2011 following the bad harvests in

Mopti millet (local), wholesale (CFA Franc/100 kg)



Source: Afrique verte – <http://www.afriqueverte.org>

Gao millet (local), wholesale (CFA Franc/100 kg)



Source: Afrique verte – <http://www.afriqueverte.org>

2010 and 2011. Inflated prices continued through much of 2012, possibly linked to the conflict. Following a good harvest in 2012 prices fell, though they remained above average. Similar price behaviour was observed in Gao, although price monitoring was halted due to insecurity and only partial information is available.

3.1.3 Credit

Although traders widely reported losses of commodities and reduced revenue, the most important losses were linked to unpaid credit. In Mopti, one trader reported losing 2m Fcfa (\$3,500). Another trader, in Gao, said that he had lost 5m Fcfa (\$8,600) in unpaid credits, and owed 3m Fcfa (\$5,200). The millet market relies heavily on credit: most traders buy and sell on a credit basis, typically paying 50/50 in cash and credit. The credit chain can have numerous links: from traders in the production zones to traders in Mopti and Gao; from traders in Mopti and Gao to traders further north; and from traders further north to end consumers. The conflict broke that chain of credit, mainly by displacing creditors.

Lack of credit had different implications for different types of trader. Contrary to the common assumption that smaller traders are most affected by a reduction in credit, the impact was in fact greatest for larger traders involved in longer credit chains in terms of numbers of links, geographical locations and repayment periods. Larger traders take higher risks by trading larger quantities, therefore playing with larger credits. These traders also have much larger debts to honour than medium-sized traders, who tend to have very short repayment times (on average a week), trade smaller amounts and trade more locally. Large traders owed credits to their suppliers and were owed credits from large and medium traders from the Timbuktu and Gao regions who had been displaced or killed, or who had lost their ability to trade. Medium traders did not report such losses: they do not keep stocks of millet and do not engage much of their own cash in the trade, tend to buy millet on credit, sell mostly for cash and pay back their credits within a couple of days. They also have a mixed clientele of locals and buyers from the north, which means that they lost only a portion of their client base, rather than most of their clients, as happened to larger traders.

While traders felt that the only way to restore their cash flow was through a bank loan, none of them had completed the process to apply for one. Some were worried about the process, while others were

concerned about the financial guarantees required. A few traders had interrupted the process as they did not want to put their assets at risk for a bank loan while the millet market remained so slow. It was clear from interviews that taking out a bank loan was considered a risk none of the medium and large traders on the Mopti Digue market were comfortable taking. It was unclear to what extent this perceived risk was linked to the fact that traders do not traditionally obtain credit through banks, preferring to borrow from each other when necessary. During the crisis, the financial difficulties faced by traders as well as a lack of confidence that the market would pick up meant that these arrangements collapsed.

3.1.4 Coping strategies and adaptations

Traders used different strategies and mechanisms to adapt to the consequences of the crisis for the millet market. Those traders best able to survive through the crisis traded multiple commodities apart from cereals, including imported products from Algeria and non-perishable goods. The fact that these traders mostly relied on local demand rather than trade across the north helped guarantee at least some sales, while insulating against losses due to unpaid credits. Those with other sources of revenue, such as herding, agriculture or transport, were also better able to survive. One common response was to look for opportunities in other parts of the country or in neighbouring countries. In Gao, a typical strategy involved switching to trade in Algerian-manufactured products, and several traders in Mopti reported selling millet at a reduced price or moving away from millet altogether and trading in other commodities, including animal feed, cotton, peanuts and cooking oil. Some traders also reported selling other assets, such as cattle. In Kona, some traders said that they reduced the length of their supply chain and limited the number of actors involved to mitigate risks, with medium traders buying directly from trucks from production zones.

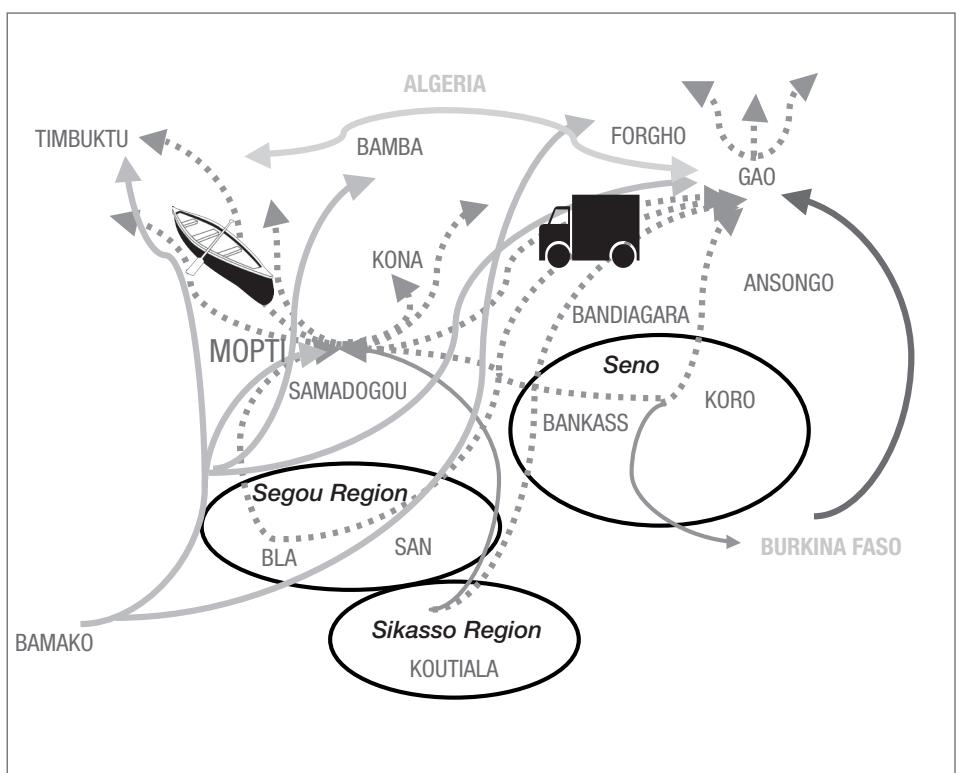
3.1.5 Market adaptation and changing trade flows

The main structural change to the millet market involved changes in trade flows. At the time of the study it was impossible to judge whether these changes were permanent or short term.¹³ Insecurity cut some

¹³ A study of the impact on trade of the ten-year conflict in Darfur conducted by the Feinstein International Center identified structural changes to some markets, including traders' profiles. See Buchanan-Smith et al. (2013); Buchanan-Smith and Fadul (2008); UNEP and Feinstein International Center (2013).

Mopti millet (local), wholesale (CFA Franc/100 kg)

- Millet production zones
- Millet trade flow in peacetime
- ↓ Slowdown in millet trade during conflict
- ↗ Humanitarian 'Trade flow'
- ↙ Increased trade of Algerian products
- ↔ New millet trade flow



NB: This map is based on interviews conducted in Mopti and Gao, and refers to the trade and supply routes for these areas. It is not a comprehensive map showing all millet trade and supply routes for northern Mali.

trade flows for limited periods, for instance between the south and Gao, and between Mopti and Timbuktu. The curfews and movement restrictions imposed by the Malian army between January and March 2013 were also seen as disrupting trade between the south and the north. One trader explained that she used to trade between Bandiagara and Fatoma but was unable to do so for two months as a result of the restrictions. The trader was able to resume trading thanks to the purchase of her millet stock by a village food bank, supported by the government. She then decided to trade first between Bandiagara and Mopti as these zones were safer; at the time of the study, in October 2014, she was trading as normal.

The fact that transporters were able to access the north when delivering humanitarian assistance demonstrates that physical access was only a marginal factor in the slowdown in trade. Much more significant was the displacement and loss of purchasing power of traders and end consumers. As discussed above, the losses that some traders experienced in Gao following taxation by armed groups meant that they were unable

to continue trading millet in the quantities they used to. Other obstacles to trade included lack of access to new credit, unpaid credit and lack of cash flow. Increased transport costs, partly due to higher fuel and food costs but mainly a result of informal taxes at checkpoints manned by armed groups, was seen as another cause of the slowdown in the millet trade. One truck owner explained that it cost him 200,000 Fcfa (\$330) per truck of cereals between Mopti and Gao, compared to 85,000 Fcfa (\$141) prior to the conflict. River transporters, who usually carry cereals from Mopti to villages and towns to the north, saw their activity greatly reduced.

Millet traders in Gao highlighted the increased availability of products from Algeria as another factor in the slowdown in the millet trade. The north of Mali has historically traded with Algeria and other neighbouring countries such as Niger, so the increase in trade flows should be understood as an expansion of an existing trade route, rather than a new trade flow. Algerian goods coming into Mali include wheat flour, pasta, tea, oil, sugar, soap and fuel. According to

traders, the low prices of staples such as wheat flower and pasta drew consumer demand away from millet. The increased influx of Algerian products noted by traders was directly linked to the conflict, as it led to the departure of local authorities including border authorities; while Algeria officially closed its border with Mali to prevent armed groups from using the border area as a safe haven and a source of supplies (RFI, 2013), this did little to stop cross-border trade. The border between Algeria and Mali is naturally porous and difficult to police given its length and terrain, while the absence of government authority meant that customs charges were not levied, making Algerian products cheaper than they had been prior to the conflict. Bribes to custom officers that used to be paid when official papers were not up to date or an illicit cargo was being carried were also no longer needed. According to traders in Gao, armed groups facilitated the transport of Algerian products. River transporters explained that they were not allowed to transport wheat flour or fuel from the south to the north as armed groups would threaten them, make them pay a fine and take goods and products from their barges in what appears to have been an attempt to protect trade from Algeria from competition from the south.

Traders in Mopti and Gao also reported the presence of Burkinabé traders in the Séno and selling in and around Gao region, including in Gao town. Traders in Mopti talked of the Burkinabés as ‘new actors’ on the market in Séno, although they have long bought millet in the Séno for sale either in Burkina Faso or in border towns in Gao region, and are hardly new entrants to these markets. With their loss of purchasing power, it may be that the Mopti traders were now ‘seeing’ the Burkinabés as they suddenly became a source of competition. This is reflected in the feeling of traders from Mopti that the Burkinabés were responsible for some of the price increases on the supply markets in the Seno. According to traders in Mopti, the Burkinabés were able to pay higher prices because they had access to funds from international humanitarian organisations through local procurement processes to assist Malian refugees in Burkina Faso. In contrast to the Seno, the arrival of Burkinabé traders in markets in Gao appears to be a new trend, perhaps encouraged by the lack of border controls, reducing the cost of cross-border trade, and the displacement of existing traders. It is not clear how much these traders were able to sell, or whether their activities would increase as displaced people return, or decrease as normal trade flows resume.

3.1.6 The impact of humanitarian aid: a new trade flow

One of the main factors blamed for the reduced trade in millet was the distribution of food aid in Northern Mali. While traders understood why assistance was needed, there was strong resentment towards aid distributions, which were seen as stealing clients away: many traders stated that the problem with food aid was that it was distributed directly to their main consumers, bypassing them in the process. There was also anger that the provision of food aid by outside actors sidelined traders’ self-perceived social role as the ‘first humanitarians’ (*‘les premiers humanitaires’*) (see Section 4 on the social role of traders in times of crises).

Traders, especially in Mopti, felt that humanitarian actors and the people they procured from had taken over a market that belonged to them. Some humanitarian organisations procured locally in the north, including from a few traders in Mopti and Gao. However, larger humanitarian organisations make their procurements outside Mali or centrally through tenders. WFP, for instance, procures about 30% of its food assistance in Mali. In 2013 that amounted to 35,146 tons of food worth over \$18m (WFP, 2014). WFP mostly procures in Mali through 12 to 14 very large cereal traders mainly based in Bamako. Local cereal traders in Mopti and Gao felt that they were not involved in this procurement process, even though the food distributed was intended for people who usually bought cereals from them. Traders from Mopti market were invited to join a voucher scheme for displaced people, and one local NGO procured locally on the Mopti Digue market to distribute cereals to IDPs. Traders reported a few local procurement initiatives in Gao. In general, however, cereal traders in Mopti said that they had not benefited from the humanitarian market. Humanitarian organisations have stringent procurement processes and requirements that many of these traders cannot meet, such as formal bank accounts and high financial guarantees. Local traders also lack the capacity to participate in tenders by organisations such as WFP.

Humanitarian organisations believe that procuring locally through a small number of very large traders gives them the best price, enabling them to reach more beneficiaries within a fixed budget. The views held by humanitarian organisations in Mali reflect current policy, which favours procuring more to deliver to a higher number of beneficiaries, rather than engaging with more traders to restore markets.

However, the limited pool of suppliers means that prices for both goods and transport are negotiated, rather than set by the market. Transporters confirmed during interviews that they charge international organisations a higher price for delivering humanitarian aid than they charge to transport traded goods. Some humanitarian organisations were aware of the discrepancy between what they paid for transport versus the market price for the same routes and commodities. Road transport seems to have been used much more systematically to transport aid than river transport, making the aid market much more lucrative for truck owners than boat owners. Unlike their counterparts in road transport, river transporters in Mopti reported being unable to access the aid market centred on Bamako, and felt that tenders were being secured by politically connected individuals not normally involved in river transport.

Market analyses by humanitarian agencies in general concluded that cash could be feasible in urban and peri-urban areas, alongside in-kind assistance for more isolated rural communities. Northern Mali is a cash economy, people generally had access to markets and the factors leading to disruption in trade were lack of cash flow for traders and lack of purchasing power for households. Yet in-kind distributions – the default response to chronic food insecurity in the region – remained the main method of delivery. According to humanitarian workers interviewed for this study, the lack of technical capacity to carry out cash programmes was a major hurdle. Another obstacle was the closure of banking institutions in the north. Orange Money, a mobile cash transfer system, was instrumental in facilitating cash and voucher programmes in some areas, although access to a bank was still required. Agencies were also wary about delivering cash given the links between markets and armed groups, and concerned that any cash injection might encourage illegal trafficking, suggesting the need to broaden the scope of market analysis to include sociological and conflict issues and other less economic aspects of markets.¹⁴ That said, local procurement through a limited number of very large traders, often linked to the political elite in Mali, potentially raises political economy issues and ethical concerns.

¹⁴ Issues around the politics of markets also emerged in the accompanying case study on South Sudan, where the use of political connections to gain access to foreign currency on preferential terms, for example for importing food, is an integral part of the rent-seeking behaviour that so often characterises a war economy.

The Common Framework bringing together food security actors in Mali concluded its market analysis by arguing that markets had not yet restarted their normal level of activity and could not respond to increased demand following large-scale cash transfers. It did not, however, explore how market-based interventions might help restore normal market activity.

3.2 The cattle trade

The consequences of insecurity for the cattle market were in some ways more severe than for the millet trade. Cattle markets in and around Kona, Douentza and Fatoma were closed for several months in 2012, either because gathering cattle in one area was deemed too insecure or because moving around was too dangerous. At the time of the study, in March and October 2014, these markets were functioning again, but carrying money between markets was still considered risky. As the cattle market is a cash market, traders tend to carry very large amounts on them. Some of the attacks carried out on traders travelling to and from market fairs were criminal in intent, taking advantage of the lack of state presence, while others were carried out by armed groups. Cattle owners and herders reported losing animals either because they had to flee attacks or because the animals had been killed.

The cattle trade also suffered from the movement restrictions imposed by the army in northern Mopti and around Gao, affecting both cattle rearing and grazing and making it difficult to bring cattle to market to trade. Peuhl herders, who were perceived, rightly or wrongly, as having taken part in the rebellion, were particularly targeted, being questioned, harassed and prevented from grazing their cattle. The presence of armed groups also had a negative impact on the cattle market. Although the market in Gao did not stop completely, insecurity due to the presence of and racketeering by armed groups restricted the movement of cattle to markets and across borders.

Insecurity and drought reduced access to fodder, leading to a general decline in the quality of animals presented on markets. Price speculation and limited supply made fodder expensive and hard to find. Insecurity also led foreign traders to desert the market, reducing demand, and a lack of local purchasing power and destocking – selling off animals in times of crisis – put further pressure on prices. The departure of foreign traders appears to have been a particularly

severe shock to the market: according to one trader, Burkinabés in Forgho would previously buy a head of cattle for between 200,000 Fcfa and 250,000 Fcfa (\$328–\$410), whereas at the time of the research in October 2014 local buyers were paying no more than 50,000–100,000 Fcfa (\$82–\$164) for the same animal. Another trader said that a head of cattle he used to sell for 200,000 Fcfa (\$328) could only be sold for around 150,000 Fcfa (\$246). Some traders interviewed said that in some cases prices had increased, though it was unclear why.

3.2.1 Market adaptation

Insecurity closed some markets, forcing trade to move to others not directly disrupted. This meant that at times collect markets turned into terminal markets. Trade also continued over mobile phones, with traders negotiating prices and then sending cattle and money on secondary dirt roads to circumvent insecurity on main routes. One avenue for recovery highlighted by traders and cattle owners was the use of intermediaries. Those who lacked cash or needed to rebuild their herd turned themselves into intermediaries on markets in order to obtain at least some revenue. The money earned is then used to buy small animals that can be fattened and resold, generating further revenue to reconstitute the herd.

Some cattle owners sent their herds directly to foreign markets, where prices were higher than on the local market, though traders interviewed said that returns were not enough to cover the high costs of transporting cattle to markets across the border. Others sent their herds south of the conflict zone or across the border to Burkina Faso, thereby keeping the cattle healthy and avoiding having to destock at a low price. In Mopti region, farmers complained about the presence of animals during the rainy season, when they are normally not allowed in farming areas. Some cattle herders reportedly paid armed groups for protection, while others had a relative join an armed group to guarantee the safety of the herd. As herders tend to be from the Peuhl ethnic group, this contributed to the perception that they had been involved in the rebellion, and partly explains their harassment at the hands of the Malian army.

There was a degree of solidarity between rich cattle traders and poorer herders and herders looking to reconstitute their herd following losses due to the conflict. Poorer herders are employed by richer cattle traders to look after their herds, creating some

interdependence between cattle owners of different sizes and statuses, and the two groups are not necessarily in competition as they trade on different markets (richer cattle traders are active on terminal markets, mostly for export, and poorer herders sell on collect markets). Despite help from richer traders, at the time of the study the number of cattle owners trading on the market was still below the norm, perhaps a sign that some cattle owners had not been able to reconstitute their herd to a level that would have enabled them to resume selling on the market. It may be the case that some smaller herders may never come back to the trade.

Some humanitarian organisations provided support in the cattle market. ICRC was highlighted as being active in supporting cattle herders, buying livestock from farmers at above the market price, providing them with some revenue to buy cereals and distributing the meat to vulnerable households (Martí, 2012). Beyond this, there was little mention of humanitarian assistance in terms of its effects on the cattle market, and no interviewees spoke of using food aid for cattle feed.

3.3 Trends in market changes

The different structure and nature of the millet and cattle markets meant that the conflict affected them in different ways. For both, however, the main disruptive factor was insecurity. The security dimension is typically understood as a physical access issue interrupting the supply to markets. Yet this research shows that physical access was a marginal issue: rather, insecurity caused a chain of interlinked consequences affecting markets in multiple ways. Other factors affecting trade included perceptions of armed groups' approaches to managing and regulating markets and the movement restrictions introduced in the north by the French and Malian militaries. Different locations were affected differently depending on their proximity to the conflict, though the web of connections between different locations within the market meant that the effects of insecurity were also felt in areas not directly touched. Thus, while the town of Mopti was not directly affected, the market there suffered significant damage.

For the cereal market, the most important impact of the conflict was the slowdown in trade. Because it is mainly a credit market the cereal market works on tight cash flows, and cash flow problems can be felt very quickly when trading activity declines. A large

Table 3: Impact of the crisis on the millet and cattle trades

	Millet	Cattle
Main impact	Reduced quantity sold and bought Cash flow loss	Loss of quality Main buyers – foreign traders – left due to insecurity
Strategies	Leaving to seek other economic opportunities; selling stocks at a loss; diversifying or trading new commodities	Destocking
Enabling factors	An injection of cash could re-establish the credit chain and support trade	Revenue can be generated without inputs by becoming an intermediary
Remaining challenges	Loss of working capital due to lack of cash flow	Until foreign traders come back quantity and prices will remain low

number of traders lost money because credits were not repaid, making it difficult for them to buy again as they themselves owed credit to their suppliers. Although traders largely blamed the slowdown on the arrival of humanitarian aid, loss of purchasing power was probably the more significant factor. Traders pointed to an immediate slowdown in the market for about two weeks after the arrival of humanitarian assistance, but local clients were already struggling before aid was distributed. Traders' hostility to assistance may rather be linked to the general expectation that, since they ran the market for cereals from the south, they should have been involved in food aid and trade with humanitarian organisations, and hence felt deliberately excluded from the 'humanitarian market'. A possible, though not yet observed, outcome of humanitarian agencies procuring through a small number of very large traders

may be the concentration and consolidation of the cereal trade.

The most important impacts on the cattle market were the declining quality of livestock, the disappearance of foreigners on the market and the depressive price effects of destocking. However, traders were able to maintain their liquid assets and used trans-border markets to buy up cattle. Many herders moved their cattle to safer and greener pastures south of normal grazing areas, limiting losses, and large traders enabled others who had lost assets to earn an income acting as intermediaries, helping them survive and enabling them to restart trade once the crisis has passed. However, unless security is re-established, enticing foreign buyers back to the market, prices will not return to normal levels.

4 Markets and livelihoods

Changes in the way markets function during a crisis can have important implications for the livelihoods of poor and vulnerable households. In Northern Mali, the poorer the household, the more reliant it is on the market to meet its basic needs. Interviewees consistently spoke of reduced purchasing power, greater reliance on credit and reducing expenses, including for food. These conversations also highlighted the social role of traders in providing cereals on credit in times of crisis. However, this safety net was stretched by the long duration of the crisis, and it was not clear whether households obtaining cereals on credit were accruing large debts that they would eventually have to repay, or whether there was a tacit understanding that cereals were being given on a charitable basis. Some traders interviewed mentioned that at times they gave out cereals on credit knowing that the recipient would not be able to pay it back. Further analysis is needed to fully understand the extent to which the most vulnerable can access credit, as opposed to more affluent households well networked into the trading community, who can take on the risk of higher debts.

The relationship between traders and people reliant on the market to access staple food such as millet is more complex than simply supply and demand. For instance, the Bozo community in Mopti relies on cereals accessed through credit to allow them to fish up and down the River Niger. As they sell their fish they repay these credits to cereal traders in Mopti. Similarly, some rice producers explained that their agricultural work and farming activities are sometimes financed by large traders on the market, who provide them with the cash to buy seeds and agricultural inputs against a set price for their production after the harvest. This is rarely in favour of the producers, who must agree to a below-market price to access the financing scheme. This demonstrates the pivotal, and not necessarily positive, role of large cereal traders, not only in their own market but also in other commodities, such as fish and rice.

As would be expected, decreased purchasing power due to the impact of the crisis on livelihoods was the main factor changing people's relationship and terms

of exchange with the market. Interviewees in the village of Kona, which was attacked in early 2013, reported that the presence of unexploded ordnance restricted access to their fields, and the livelihoods of people reliant on transporting goods by river from Mopti to the north suffered from reduced trade, the absence of tourists to take on the river and insecurity. Fishermen from the Bozo community reported being unable to fish north of the river because of insecurity and the loss of their boats and nets as they fled the north. Bozos tend to inherit their boats, which they repair every year, but if boats are bought this is normally on credit. Nets and hooks are also purchased on credit. If lost, fishermen are unable to get further credit to buy replacements because they are still repaying the previous credit.

Hosting displaced people added to the pressure on households and increased indebtedness. The majority of displaced people joined relatives across Mali. In Mopti and Kona, some households hosted up to five times more people than normal. Displaced people came with little in terms of money or ability to sustain themselves, leaving it up to hosting households to provide for their needs. Purchasing staple food such as millet on credit became the main strategy to sustain the household, increasing indebtedness.

However, most households used a combination of tactics to deal with the difficulties they faced. One common source of help was from family members who had left Northern Mali to find work elsewhere in the country or abroad. The system of '*jeunes à l'aventure*' is used by most poor families in rural areas of Mali, whereby young people leave home to get work and send money back to their families. Households with family members outside of the regions affected by the conflict maintained their purchasing power and the same terms of exchange on the market. People displaced to Bamako able to send help back to their families in the north did so. One trader from Bamba, who had been displaced to Bamako after losing everything in an attack on his shop, explained that he sent money via Orange Money from Bamako to his usual cereal supplier in Mopti, who in turn sent cereals to his family, which was still in Bamba. This

trader was working in a small shop in Bamako that belonged to a member of his family. He had recently been able to repay all his debts to his supplier, who had continued providing cereals to his family.

The Bozo community relies on the river between Mopti and Timbuktu for their livelihood, predominantly fishing, transporting goods and people and boat-making. Bozo families tend to live in camps up and down the river to facilitate their work, while keeping a village base in Mopti where their children and wives usually stay, preserving and selling the fish the men bring back. These communities adapted in three main ways. Their children worked, mostly collecting mud for brick-making and picking up fish residue from the market to sell or eat. Women said they depleted their assets, especially clothes and cooking utensils, and men diversified their sources of income, becoming porters on the market, cultivating rice and making bricks. However, these were seen as very negative alternatives as not working on the river is considered out of character for a Bozo.¹⁵

In rural areas around Kona, women said that, during crises, they did small jobs such as selling condiments. Men tended to provide the main source of income through the production of cereals, cattle and fish, while women tend gardens and sell the produce on the market. During the conflict men were unable to continue providing from their usual livelihood sources; at the peak of the crisis in 2012, women were unable

¹⁵ One interviewee stated: 'Un Bozo qui cultive, c'est que ca ne va pas' ('a Bozo farming means something is going wrong').

to garden or sell condiments, and instead engaged in petty trade, buying vegetables on credit, selling them for a small profit, paying back the credit on the same day and using the profit to buy seeds to replant their gardens. Money saved from selling products from their gardens could be used to restart the household's main livelihood activities, which men were responsible for. Women highlighted the importance of trust in obtaining credit, defined as trust in their trading ability: if a woman was known to be able to make a good profit, guaranteeing that credits would be paid back, her chances of accessing credit to buy commodities was much higher.

It was while talking with women in rural areas that researchers encountered *tontines de femmes* or revolving savings and credits for the first and only time. These are very common ways women organise themselves in West Africa. Every week or month women provide a set amount of cash to a revolving fund which provides the women with access to what is essentially a loan or credit. A different woman benefits each round. Women around Kona highlighted that during crises these revolving funds do not work because some women are unable to provide the required amount of cash.

One limitation of the research was that it did not include millet-producing areas, so it was not possible to know how the changes in the market evident in the north affected millet producers. This highlights the difficulty of following long commodity chains to fully understand the repercussions of market changes on vulnerable households, including smallholder farmers and producers.

5 Markets and humanitarian organisations

Market analyses conducted as part of the humanitarian response to the conflict in Mali focused largely on the feasibility of conducting cash and voucher interventions, the ability of markets to sustain such interventions, and the capacity of markets to act as a source of in-kind aid. With some exceptions,¹⁶ analyses were not designed to identify why markets were not functioning or responding to the needs of the most vulnerable, what was preventing markets from functioning and identifying whether and how humanitarian organisations could implement programmes to help restore markets. This is not to say that analysis of this type does not exist: multiple market analyses and assessments have been done in Mali over the years, and there is a wide range of literature on the subject. Academic studies have looked at the liberalisation of the agricultural market, value chains, the role of the government in responding to market failures and using price monitoring to predict food security crises (see e.g. Araujo et al., 2011; Diarra et al., 2011; Kergna et al., 2011). Agencies including the Permanent Interstate Committee for Drought Control in the Sahel (CILSS), WFP, the Food and Agriculture Organisation (FAO), the Famine Early Warning Systems Network (FEWSNET) and Oxfam carry out yearly systematic analyses to monitor market changes, the effects of shocks on markets and the impacts of shocks on poorer households. Pre-crisis market mapping aims to analyse how markets have reacted to past shocks, such as droughts and floods, identifying the changes and adaptations markets experience and the possible market-based interventions that humanitarian organisations could implement.

Some of this work filtered through into the emergency market analyses humanitarian organisations carried out in Northern Mali during the conflict. However, this did not result in creative market-based programming during the emergency response, nor did it prompt agencies to look further into how and why markets were changing. Instead, humanitarian organisations in Northern Mali considered the market narrowly as a delivery mechanism for humanitarian assistance, rather than as a mechanism people rely on for their livelihoods. Although market analyses arrived at similar findings as this research regarding the more subtle sociological dimensions of markets, such as the importance of trust between traders and the role of credit in enabling people to continue accessing food in the lean season, this knowledge was not used because the purpose of the analysis was to assess the feasibility of doing a cash programme.

By focusing on the relationship between cash and markets, market analysis also risks overlooking the potential impacts of in-kind assistance. None of the market analyses conducted in Northern Mali looked at this, begging the question why in-kind assistance does not merit the same scrutiny as cash or vouchers, and leading one to ask how humanitarian organisations can properly evaluate whether cash and vouchers would be feasible and desirable when they do not evaluate whether in-kind aid is doing more harm than good for the people agencies are trying to support. Thus, while market analyses in Northern Mali all mentioned the role of credit as a safety net for vulnerable households, none looked at whether in-kind assistance was undermining this support mechanism by making it more difficult for traders to restart trade and provide credit to vulnerable households.

¹⁶ Save the Children linked its analysis with the possible impact of cash on market activity, and WFP's market analysis looked at the potential of local procurement in Mopti as a way to support local markets. Save the Children (2013); WFP (2013).

6 Conclusion

This study argues for a proactive approach that goes beyond analysing the state of markets in a crisis – essentially whether they are functioning or not, without trying to understand the reasons why – to analysing what has changed, why and what the implications are for vulnerable households. This would enable humanitarian organisations to identify entry-points for market-based programming. In Mali, potential entry-points included the broken credit chain, the lack of cash flow for traders and the low purchasing power of communities. The question then becomes making the humanitarian case for a market-based intervention – how addressing these issues ultimately helps the people humanitarian actors want to support. New approaches to integrating market mapping assessments as part of preparedness allow some of this analysis to be done prior to a crisis, so that time, staff and funding capacity are not diverted away from rapid life-saving interventions. Indeed, while this study argues for a more holistic and sophisticated approach to market analysis in crisis, the lack of time and expertise available in the midst of an emergency operation may be a significant obstacle to such analysis. However, the crisis in

Mali has now been going on for several years, and organisations are no longer working in emergency mode. For the specific case of the millet trade in Northern Mali, analysis that sought to understand why the market slowed down and what the obstacles were to a resumption of market activity would conclude that the key problems were cash flow and the credit chain, suggesting the need for more cash programming, instead of, or at least alongside, in-kind aid. Whether this would be beneficial to the vulnerable populations at the heart of humanitarian organisations' mandate is a separate question.

Markets are critical for people's livelihoods in normal times and in crisis. Linking the way markets change during crises to the implications of these changes for affected people would help humanitarian organisations identify entry-points for market-based interventions that do not simply use the market as a delivery mechanism, but seek to restore the market in ways that support affected populations. Existing market-based safety nets, such as giving millet on credit in times of crisis, could be fruitful avenues to explore for different types of market-based programming.

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Humanitarian Policy Group
Overseas Development Institute
203 Blackfriars Road
London SE1 8NJ
United Kingdom

Tel. +44 (0) 20 7922 0300
Fax. +44 (0) 20 7922 0399
E-mail: hpadmin@odi.org
Website: <http://www.odi.org/hpg>

Cover photo: Market day in Garoulé market, a village located on the plains below the cliffs of Bandiagara, Mali.
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