



TAKING MARKET ANALYSIS BEYOND THEORY:

Practices that facilitate the use of market information in humanitarian programming

Photo: Ned Colt/IRC | Afghanistan



INTRODUCTION: BRIDGING THE GAP BETWEEN THEORY AND PRACTICE

Market-based programming is now widely considered best practice in humanitarian contexts, especially among food security and livelihoods actors. Humanitarian thought leaders largely agree that working through local markets can help vulnerable populations to meet their needs in a way that also benefits local economies and the broader populations that rely on them, and increasingly encourage the adoption of different types of market-based programming, ranging from more traditional emergency relief to activities to help market systems recover from shocks. As with any type of program, a good understanding of context is key to designing an appropriate intervention. For market-based programming in particular, contextual analysis must consider the capacity and constraints of local markets.

Emergency market analysis and ongoing market monitoring facilitate this understanding. A growing number of humanitarian standards and donors require that program design be informed by market analysis, and there are numerous tools, designed for a general humanitarian audience, to facilitate market analysis and monitoring. Despite this, both processes are still conducted inconsistently, and even when they are employed, the information gathered isn't always used to shape programming.¹ This failure to consistently consider markets in program design means that humanitarian actors may be missing opportunities to deliver aid in a way that fosters the broad economic health of disaster-affected communities, and to modify assistance based on changing conditions on the ground. In some cases, emergency programming implemented without consideration of local markets can actually impede market recovery. This gap between what we know we should be doing and what we actually practice suggests a need to reflect on how we currently approach emergency market analysis to see how we can do it more effectively.

Although strong examples of emergency programming that considers and responds to local market dynamics are out there, they are few in number, and there is no consolidated review of these programs to inform good practice. Under the *Improving the Uptake of Market Analysis* project, a USAID/OFDA-funded effort that IRC is conducting in partnership with Mercy Corps and



This brief is intended to encourage readers to reflect on how they could better facilitate the use of market information in the programming that they support and to inspire them to try out some new approaches for accomplishing this.

¹ For example, a 2014 IRC report that examined 40 EMMA studies found that only 58% of the assessments had informed program design. (International Rescue Committee, 2014. EMMA's Impact on Program Decision-Making. Unpublished.)

CRS, the IRC reviewed existing market-responsive programming in order to extract and synthesize best practices. This was done via a qualitative approach that included a rapid literature review and 16 key informant interviews, relying on interviewees' personal perspectives to assess to what extent market data had been used to inform program design.

In this brief, we present an overview of the practices and other findings that emerged from the



Meredith Hutchinson/IRC | Jordan

research, along with some of the case studies that illustrate them. This brief is intended to encourage readers to reflect on how they could better facilitate the use of market information (and more broadly speaking, any relevant contextual data) in the programming that they support and perhaps to inspire them to try out some new approaches for accomplishing this. The practices presented here are intended to be informative but not exhaustive or prescriptive; not all of them will be appropriate in every context, and given the sector's relative inexperience with these

practices, there is still a need to build the evidence for how they can be most effectively applied.

What is emergency market analysis?

Broadly speaking, **market analysis** refers to the process of gathering and using information about markets to inform decisions. It can mean many different things and can be conducted in countless contexts and for very different reasons.

Among the many types of market analysis, **emergency market analysis** is distinct in that it is used in humanitarian contexts, normally in order to determine whether and how relief interventions (which provide lifesaving goods and services to disaster-affected people) should work through local markets (i.e. by providing cash transfers or vouchers, or through local procurement) and/or otherwise support local markets.

Emergency market analysis as defined in this paper is most commonly used to help determine (1) whether humanitarian assistance can be supplied through local markets, for example through cash-transfer programming or local procurement; (2) whether and what type of assistance local market actors and potentially other aspects of the market system need in order to be able to supply key goods/services to the crisis-affected population; and (3) the value, frequency and mechanism of assistance to be provided, when a decision has been made to implement a cash or voucher program.

GENERAL FACTORS INFLUENCING THE UPTAKE OF INFORMATION IN THE HUMANITARIAN SECTOR

Through the course of the research, it became clear that good practices alone are not enough to ensure that market information is used in programming. A number of other, more general, factors that either facilitate or impede the uptake of market information are at play as well. Because they help to shape the enabling environment for all of the best practices, they are briefly discussed here, before we present the specific practices identified in this research.

Factors facilitating uptake:

- **The “people factor”:** The individuals involved throughout the market analysis process need to understand why market data is important, communicate clearly and have the confidence and capacity to contribute to decision making.
- **Quality of market analysis:** Findings should be presented clearly, supported by sufficient evidence and a well-documented methodology.
- **Sufficient resources,** namely time and funding, must be in place to support a robust analysis process (including training) and subsequent market monitoring, and to allow for the continuity of staff and programming to see that findings are put to use.
- **Targeted dissemination of market analysis findings** as enabled by elements such as a multi-agency team, a deliberate dissemination strategy and timely, articulate, succinct communication to stakeholders in decision-making roles.

Factors impeding uptake:

- The **aversion to changing types of programming and ways of making decisions,** often stemming from habits of thought and inherent biases at the individual level and from fixed priorities and parameters set by donors, governments and implementing agencies at the organizational level.
- The **disproportionate requirements for justifying and documenting cash programming,** which encourage some agencies to deliver assistance in kind regardless of its appropriateness and sometimes forego market analysis entirely.
- **Programmatic hurdles,** including the promotion and perception of market assessments as time- and resource-intensive undertakings requiring highly specialized leaders; a lack of in-country ownership of market assessments; inadequate attention to markets in pre-crisis contexts and the limited knowledge and capacity in market analysis among field level practitioners and beyond the food security and livelihoods sector.

GOOD PRACTICES TO SUPPORT THE USE OF MARKET INFORMATION IN HUMANITARIAN PROGRAMMING

Don't wait until a crisis strikes to think about markets

Market information should be gathered in pre-crisis times to inform future emergency programming, disaster risk reduction programming and market support interventions.

Emergency contexts are often very hectic for humanitarians, who are under pressure to conduct initial assessments, design responses and deliver assistance quickly. Emergencies are generally not the ideal time to introduce staff to the concepts of why markets are important and how to analyze market information. In addition, conducting market analysis exclusively in post-crisis contexts promotes the idea of reactive market-based programming, focused on helping markets to recover from the impacts of crises, while neglecting potential actions that could be taken prior to a crisis that could help markets to better withstand shocks in the first place, with benefits for the people who depend on them for survival.

In contexts where specific crises can be reasonably anticipated, humanitarians should aim to gather market information in pre-crisis times to inform future emergency relief, disaster risk reduction programming and market support interventions. Pre-crisis market analysis and monitoring can enable an understanding of baseline contexts and thereby reduce the need for lengthy market assessments when crises occur. In addition, pre-crisis market analysis can help teams to develop confidence in collecting and using market data, increasing the likelihood that they will do this efficiently and effectively when crises actually happen.



Tyler Jump/IRC | Philippines

Preparedness in Action: *Mercy Corps in Ethiopia*²

Launched in late 2012, the Pastoralist Areas Resilience Improvement through Market Expansion (PRIME) project is a five-year USAID-funded effort led by Mercy Corps, designed to increase household incomes and enhance resilience to climate change through market linkages in Ethiopia's dry land areas. The first six months of the PRIME project involved undertaking detailed analyses of seven market systems. The analyses were used to inform programming, identifying both humanitarian activities that could be used in case of a future emergency and development activities to establish, develop and build resilience in key market systems on which the vulnerable pastoralist communities relied.

During this analysis, the team discovered that animal fodder, a vital input for pastoralists during periods of drought, was almost exclusively accessed through government distributions rather than through markets. In hopes of setting up a more resilient system, Mercy Corps took steps to essentially develop a market system for animal fodder, by identifying retailers and linking them with wholesalers. When drought hit not long after, Mercy Corps then partnered with these retailers in a fodder voucher scheme. Though only two of the retailers continued to sell fodder after the voucher project ended, this initial effort paved the way for a larger response during a subsequent drought that involved commercial destocking and veterinary voucher activities along with the distribution of cash for fodder and other needs.



Ask the right questions to the right people

The scope of market analysis is broad enough to encompass formal and informal influences on both market supply and demand and as such ensure a more comprehensive understanding of market supply chain dynamics.

Data is collected from a range of market actors (including consumers) within the market system.

In recent years, humanitarian agencies have done an admirable job of making market analysis more accessible to the average practitioner. A growing pool of toolkits and guidance documents break down the process step by step, in many cases providing easy-to-use worksheets that help users select which market places and commodities to survey, interview traders and determine what type(s) of assistance local markets can support.

While this is by and large a positive development, with it comes a risk of oversimplifying the market analysis process. Practitioners may focus too much on markets' capacity to deliver key items in the quantity needed and thereby miss crucial pieces of information, often related to less visible elements of the market environment (formal and informal institutions, norms, rules and trends,

² Karri Byrne (independent), personal communication; and the research brief [Driving Resilience: Market approaches to disaster recovery](#) (authors Sarah Ward, Alison Hemberger, and Sasha Muench), September 2017

including power dynamics among market actors) and key infrastructure, inputs and services that influence how markets function. In addition, analyses that focus on market places within a narrow geographic area without also considering what is happening at the national or regional level may result in an incomplete picture of the factors influencing market performance. On the other hand, humanitarians should focus on the data that is needed to make specific programmatic decisions to ensure that valuable time and resources are used wisely. Setting the appropriate scope for market analysis is therefore key.



Ezra Millstein/IRC | Jordan

Knowing *what* to ask is only part of the puzzle. It's equally important to be strategic when selecting interviewees. While most market assessments and monitoring exercises logically focus on traders, other stakeholders (notably consumers) can provide valuable complementary information to paint a more comprehensive picture of markets. Speaking to both female and male market actors offers a more holistic understanding of the often invisible dynamics that influence how people interact with markets. In some cases, engaging the right key informants with a broad understanding of local markets can be an efficient way of gathering information, potentially reducing the need to conduct large numbers of lengthy trader interviews.

Soliciting Consumer Perspectives: *CRS in the Middle East*³

Prior to setting up a non-food item (NFI) voucher program in the Middle East, CRS held focus group discussions with the target population as part of its needs assessment, where sub-groups organized by gender and residency status were asked about which market places they preferred to shop at and which ones they could access safely. It found that men were typically able and willing to access more insecure markets than were women, but also that overall, households preferred to travel to a variety of larger, more distant markets that offered greater choice, rather than shopping in the nearest market places (which CRS had assumed).

Based on this information, CRS decided to include vendors located in both smaller, local markets as well as those based in larger market places in the voucher program, to accommodate beneficiaries' preferences while also respecting their security concerns.

³Megan McGlinchy (Catholic Relief Services), personal communication

Involve the right people in market analysis

The market analysis process engages diverse team members beyond just programs staff, including decision makers and field-level operations personnel, all of whom understand the rationale for collecting market data.

Humanitarian and development actors collaborate on market analysis to better understand baseline contexts and the aggregate impact of the humanitarian response on markets, share information when emergencies occur and support the design of responses that take into consideration key aspects of the market system.

To date, emergency-focused programs staff at field level have typically been responsible for conducting humanitarian market analyses, with relatively minimal engagement of other actors. This may not be the most efficient approach. For example, other stakeholders, such as development actors, or finance and logistics staff, often have existing, in-depth understanding of

how local markets function and how to engage with them. Harnessing the knowledge of these actors could potentially save assessment teams time, provide higher quality, more nuanced information than is often gathered in a rapid market analysis and possibly support the development of response options that span emergency and recovery contexts. Further, not engaging key decision makers (such as senior management team members) and supply chain staff, in market analysis can make it harder to turn recommendations into reality, especially when those recommendations conflict with organizational priorities and policies, for example regarding procurement.



Gregory Matthews/IRC

development actors. These different actors need not all participate equally in the exercise, but should engage at strategic moments depending on their role within the organization and on when their input is expected to be most useful. At a minimum, all team members should understand why the market analysis is being conducted and what decisions it will help to inform.

Leadership from Logistics: *IFRC*⁴

The International Federation of Red Cross and Red Crescent Societies (IFRC) is taking steps to systematize the inclusion of both logistics and programs staff in emergency market assessments. Currently, market assessments to determine the feasibility of cash transfer programming are predominantly led by program staff, while logistics staff have been responsible for market assessments focused on local procurement, resulting in some duplication of effort. The IFRC is working towards rectifying this by integrating the two types of assessments into a single comprehensive analysis. Given logistics' comparative experience in market analysis, the approach should allow logistics to lead the assessment, with the participation of programs staff.

Engaging Decision Makers and Development Actors: *Oxfam in Zimbabwe*⁵

In 2016, Oxfam conducted a pre-crisis market analysis (PCMA) of several water, sanitation and hygiene (WASH)-related market systems in Harare, with the aim of designing market-based programs to better prepare for and respond to recurring waterborne disease outbreaks. Members of Oxfam's country-level leadership team participated in the planning stages of the assessment and at various points later in the exercise. The engagement of the country leadership enabled recommendations from the resulting report to be incorporated into Oxfam's contingency plan for Zimbabwe.

In addition, Oxfam involved key actors from WASH-related businesses and the development sector throughout the process, from the initial scoping workshops through data collection and response analysis. The perspectives of these actors helped the humanitarian-dominated team to consider the need for resilience building with market actors and the implications of humanitarian interventions on development work. The recommendations that the group ultimately produced reflect this, addressing elements of traditional emergency relief activities and resilience-focused interventions aiming to reduce structural vulnerabilities to disease outbreaks.

⁴Megan Bassford (IFRC), personal communication

⁵Katie Whitehouse (independent), personal communication

Work strategically with other agencies to collect, analyze and manage data

Market analysis findings are shared in coordination meetings to enable a micro and macro understanding of markets within the implementation context and appropriate response analysis.

Private sector or specialized service providers play an increased role in market assessments and monitoring.

Coordinating the collection and management of market information (or any kind of data, for that matter) across agencies can be a huge challenge. Although agencies often require similar types of market-related information, their exact data needs may vary, based on their geographic regions and sectors of operation. Meanwhile, many organizations have their own internal approaches to assessments and market monitoring, making for data sets that cannot always be easily interpreted or compared across organizations.

Very often, these challenges mean that the collection and management of market information is not coordinated across agencies. This often results in duplicated efforts – for example, when multiple agencies are simultaneously monitoring prices of many of the same items in the same market places. Meanwhile, this lack of coordination means that agencies *without* the resources to collect data themselves may not be able to access information that other organizations have already gathered, information that could help them to design more market-sensitive programming. Finally, this lack of coordination often means that agencies look only at limited data sets focused on their immediate sectors and geographic areas of operation, whereas a more coordinated approach to managing data across agencies and sectors might reveal broader trends in markets with important implications for programming, or reveal glaring knowledge gaps.



Peter Biro/IRC | Liberia

Though it may require some time, effort and shifts in ways of working to establish, coordinated data collection and sharing can ultimately save organizations valuable time and resources and potentially lead to higher quality, more comprehensive market information being available to all of the humanitarian actors in a given context. Coordination can be as simple as making sure that the findings and recommendations from market analyses are shared during relevant working group meetings, or as

complex as developing common market monitoring tools and data platforms that are utilized by multiple agencies involved in a response. In addition, coordination may involve humanitarian agencies making the decision to rely on service providers who specialize in the collection and analysis of market data (in contexts where they are well established) rather than to conduct primary data collection in every case.

Not Reinventing the Wheel: ACAPS and Save the Children in the Philippines⁶

Typhoon Haiyan struck the Philippines in November 2013, impacting around 16 million people and triggering a massive humanitarian response. In November and December, around ten humanitarian agencies conducted assessments that focused partially or primarily on the status of local markets in the wake of the typhoon. In January 2014, the Assessment Capacities Project (ACAPS), an independent agency specializing in providing timely information and analysis to support humanitarian responses, produced a massive review of all of the secondary data already available that might be relevant to humanitarian stakeholders. The review suggested that local markets were by and large functioning and that they could support cash transfer programming (CTP) if implemented with some moderation. Save the Children's team in Eastern Leyte reviewed the report and determined that they did not need to conduct a market assessment of their own, since sufficient information on market capacity had already been gathered. This saved them valuable time and allowed them to quickly launch CTP, bringing urgently-needed assistance to typhoon survivors.

Multiple Agencies, One Harmonized Approach: FEWS NET in Nigeria⁷

The Famine Early Warning System Network (FEWS NET), a USAID initiative, develops market analyses, price bulletins, emergency alerts and food security forecasts for humanitarian relief stakeholders around the world. To develop such products, FEWS NET relies on a number of data sources, most significantly government data. In Nigeria, however, the national government did not have an adequate system in place for market data collection and analysis, while FEWS NET's own data collection capacity was limited to a relatively small geographic region. To help fill this gap, FEWS NET, with support from USAID and WFP, developed a harmonized methodology for market data collection and a guidance sheet. Both were shared with USAID's in-country partners, who were encouraged to adopt the methodology and share data with FEWS NET on a monthly basis for aggregation. The tools were also shared with non-USAID partners via the cash and food security working groups.

Though this effort is relatively new, multiple agencies have already adopted the harmonized data collection approach, resulting in a broader set of data that can more readily be synthesized and compared. This dataset also enables FEWS NET to recognize larger-scale patterns and trends, such as market-related changes in the conflict-affected Northeast, where food prices have become notably higher than in the rest of the country and where food imports have overtaken food exports because of declining agricultural production. Humanitarian agencies operating in Nigeria can access these data upon request to FEWS NET, allowing them to have a more comprehensive picture of what is happening in markets throughout the country than they would be able to capture on their own.

⁶[Philippines Haiyan Response: A multi-sector review of the use of market analysis and the design and implementation of CTPs](#) (authors Isabelle Pelly, David de Wild and Camila Inarra), April 2015

⁷Ruco Van der Merwe (USAID Food For Peace), personal communication

Make the most of market monitoring

Market monitoring data is collected via mobile devices and automatically analyzed in data management systems, making it available for faster decision making. The use of shared platforms for market information facilitates the interpretation of data.

Market monitoring is comprehensive and goes beyond price monitoring, while price monitoring is conducted for a small, representative set of commodities.

Adaptive management is employed, enabling the program team to adapt the response based on evolving market conditions.

Perhaps because it is relatively straightforward, monitoring the prices of critical goods is quite a common practice among humanitarian agencies, arguably done with more regularity than pre-programming market analysis. Because prices are sensitive to changes in market dynamics, in theory they allow humanitarians a window into the health of the economies of the communities where they are working, and an opportunity to design new or adapt existing programming in order to support, rather than harm, local markets. However, as actually practiced in many cases, price monitoring ends up being a lot of work in exchange for limited utility. Many organizations track the prices of nearly-endless lists of commodities in multiple market places on a biweekly or monthly basis. This represents a great deal of staff time, especially when paper data collection and manual data entry are used. Often this means that little time is available for anyone to actually analyze

the data in time for it to inform decision making. Further, even when price data is analyzed, it can be tricky to know what its implications are for new or existing programs. Finally, even those decision makers who determine that some kind of program modification is needed based on price data (such as a shift between different types of assistance) may find themselves unable to enact the needed change because of inflexible donor or organizational policies.

Despite the flaws of price monitoring as often practiced, it offers humanitarian organizations an incredible opportunity



Tara Todras-Whitehill/IRC | Greece

to really begin to understand local market dynamics. This is because it is typically conducted by field staff, it involves regular visits to local market places and interactions with vendors, and it is embedded in routine programmatic activities. That said, it should be done with pragmatism to

avoid the pitfalls mentioned above. Collecting data via mobile devices can save a huge amount of time, and carefully designed mobile forms can catch data errors mid-collection, leading to data sets that require less “cleaning.” Utilizing data management systems to automate analysis makes it much easier for staff with limited time to identify, interpret and act upon changes in local markets. Teams should also be strategic and relatively sparing when determining which commodities’ prices to track, rather than trying to gather data for an exhaustive set of items. Further, teams conducting market monitoring should consider gathering thoughtfully-selected non-price indicators alongside price data to facilitate a more comprehensive picture of market dynamics. When designing monitoring systems, teams should determine thresholds for each indicator and specific actions to be taken when those thresholds are reached, to enable faster, more confident decision-making. Projects that have built-in flexibility to accommodate programmatic adjustments during implementation likewise support market-responsiveness. Flexibility can be achieved by negotiating with donors to allow for changes in the type (e.g., between in-kind and cash-based) or the value of assistance if market conditions change significantly during the project implementation period.

Enabling Adaptive Management: *CRS in the Middle East*⁸

CRS has worked to apply the guidance from its 2015 Price Monitoring, Analysis and Response Toolkit (MARKit) in various contexts. In the Middle East, where CRS is supporting displaced people’s access to both food and non-food items through vouchers and in-kind assistance, the team has drawn on the toolkit to identify a minimal number of representative items for price data collection, to better understand the cause of observed price fluctuations and to determine when to adjust the value of vouchers to provide beneficiaries with consistent purchasing power despite changing prices.

In addition to price information, the team also routinely collects basic information on the quantity and availability of items to better understand local market capacity, and on the security situation in order to assess the relative risks of different interventions. A scale of 1 to 4 is used to quantify the supply of items. In some cases, the resulting data has triggered follow-up assessments, which have led to a shift in type of assistance. For example, when monitoring data indicated that markets in rural villages had more capacity to supply a range of food items than was initially assumed, CRS began implementing assistance via vouchers in these villages rather than in-kind. However, in response to increasing security risks, CRS has also switched from vouchers to in-kind assistance.

⁸Megan McGlinchy (Catholic Relief Services), personal communication

Acknowledgements

This document is an output of the *Improving the Uptake of Humanitarian Market Analysis* project, a USAID/OFDA-funded effort led by IRC in partnership with Mercy Corps and CRS. It was written by Emily Sloane based on research conducted by a consultant team including Helene Juillard, Lili Mohiddin and Lauren Weiss. The full-length research report, *Improving the Uptake of Humanitarian Market Analysis: Best Practice Report*, is available at <https://rescue.box.com/s/dcfenzht3f1wzdjhfd3p7lcux06huely>.

This document was made possible by the generous support of the American people through the United States Agency for International Development (USAID). The contents are the responsibility of the IRC and do not necessarily reflect the views of USAID or the United States Government.

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