



# Markets in crises and transitions

## London expert roundtable

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### Introduction

Humanitarian action increasingly involves markets and attempts to build or strengthen connections with market actors, including businesses inside and outside of crisis-affected contexts. Given the increasing emphasis being placed on markets, the Humanitarian Policy Group (HPG) at the Overseas Development Institute (ODI) has launched a two-year research project on 'Markets in Crises and Transitions'. The study, which includes field work in Mali and Pakistan, examines the following questions:

- How do markets and businesses adapt during crises, and what determines their ability to function or not during and immediately following crises?
- What influences the extent to which people derive resilience, or become vulnerable, as a result of market activity during crises?
- How does humanitarian aid affect markets in crises, and what impact does this have on different households?

As part of this project, HPG organised a one-day roundtable in London which brought together researchers and practitioners whose work relates to market analysis, market linkages, market-focused research and livelihoods in crises and humanitarian response. It aimed to address what is already known about markets and livelihoods in crises, what policies and programmes are being utilised by policymakers and practitioners and what research is still needed to further develop market-linked interventions.

[Markets in crises and transitions](#) is a research project explored by the [Humanitarian Policy Group](#) as part of the 2013 - 2015 Integrated Programme.

Through research in Pakistan, Mali and beyond, and by bringing together experts who work on this topic, good practice and lessons learnt regarding approaches to market analysis and market-linked programming will be analysed to better inform future work in this field.

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## Progress and gaps

The roundtable participants emphasised the growing attention that aid agencies, the private sector and governments in crisis-affected contexts are collectively paying to markets in humanitarian crises. Each of these three types of stakeholders is addressed below, alongside a discussion of gaps which apply to multiple stakeholders.

### *Humanitarian organisations*

As part of this renewed attention to markets, participants highlighted the myriad initiatives and studies that their organisations are currently pursuing. For instance, the World Food Programme (WFP) is about to publish a study on the direct and indirect impacts of its voucher programme in Jordan, which resulted in new market activity and increased fiscal revenue for the Jordanian government, among other outcomes. Other participants mentioned the work that the Logistics Cluster conducts in analysing the supply chain during crisis for humanitarian purposes, with the aim of integrating this analysis for a better understanding of commercial supply chains. Oxfam has initiated pre-crisis market analyses as part of preparedness plans in West Africa.

The increasing use of market analysis to inform humanitarian assistance has led to the development of new tools and training. Participants noted that multiple tools are currently in use by different actors with little consensus around what would be key ingredients of good market analysis. The Cash Learning Project (CaLP) recently published a document attempting to set out minimum requirements for market analysis, but has not promoted a particular tool. One participant highlighted that, despite these initiatives, unease persists regarding economic analysis among many humanitarians. Several participants felt that this unease could be partly overcome by developing market-related questions and indicators which non-market specialists would be comfortable integrating into broader needs assessments and project planning frameworks. Some organisations, taking a more direct approach, have invested in training staff working in emergencies on market analysis tools.

While noting the research and new tool development underway, many noted that significant gaps remain. Participants mentioned that, since the Indian Ocean tsunami in 2005, many more organisations integrate market analysis into their programming, thus creating challenges for coordination. For instance, in the response to Typhoon Haiyan in 2013, coordination between these different actors and their approaches to markets emerged as a major issue. Coordination is not only needed in conducting market analysis but also in analysing and aggregating their data and findings. There is a need for the outcomes of market analyses – and underlying evidence, where feasible – to be shared more consistently among humanitarian actors. Yet participants noted that there is currently no single organisation or coalition in charge of coordinating market analyses despite the strong role being played by WFP and other organisations.

The coordination challenge has not, however, gone overlooked. One participant highlighted that an effort to coordinate better on market analysis was seen in the Kivus in the Democratic Republic of Congo. Another participant noted that there is an effort to better coordinate data at the global level on price monitoring; coordinating and aggregating this sort of data would be valuable in and of itself, and it would also allow international actors to initiate in-depth analyses when significant changes are evident in the price data.

On a different level, participants felt that humanitarian stakeholders still do not measure or take into account the aggregate impact of humanitarian assistance on the market both through the humanitarian supply chain and through cash and voucher interventions. Some organisations monitor their impact on local markets, while many do not or are unable to do so despite the crucial role that aid agencies often have in markets and the private sector.

### *Market actors*

Several participants felt that engagement with different market actors – from local businesses to multi-national companies – was another significant challenge facing market-linked humanitarian action. The participants felt that there is little knowledge about how businesses, business associations and chambers of commerce prepare for and respond to humanitarian crises, how they analyse crises

situations and how they respond. Even basic information, such as how local businesses communicate with each other during crises or how they gather data on markets, remains poorly understood in the humanitarian community. Many participants felt that limited understanding of market actors posed a major challenge given that aid agencies were often poorly equipped to collaborate with or take advantage of businesses' capacities.

For example, one participant mentioned that working with businessmen engaged in cross-border trade in Syria and Jordan might be the best way to facilitate the flow of life-sustaining cash and resources into Syria. Aid agencies may not need to work with those cross-border businesses; instead they could learn from their approaches to logistics, negotiating access and distributing goods in insecure areas. However, some felt that caution was needed in understanding the protection implications of working with or engaging with businesses in places such as Syria that may be involved in illicit cross-border activities or that may be involved in financing one or several parties involved in the conflict.

More broadly, participants felt that aid agencies could benefit from market monitoring and analysis which local businesses, major corporations and business associations undertake on a routine basis. While humanitarian organisations and businesses are both undertaking similar types of analysis, there is no clear framework or mechanism – with appropriate safeguards and oversight – to help them share information before, during and after crises.

In other cases participants felt that businesses could themselves meet the needs of affected populations, particularly where they have a minimal level of remaining resources or access to vouchers or cash programming. For instance, one participant noted that some multinational companies intervened to help re-establish small vendors affected by Typhoon Haiyan given that they played a crucial role in helping food and beverage companies to reach their customers. This allowed affected communities to access goods in local shops, helping several thousand households restore their livelihoods and helping to create an enabling environment for cash programming. However, participants asked whether humanitarian and/or development agencies, as part of the preparedness and

resilience agendas, ought to ensure that businesses are able to bounce back quickly after crises, and what implications this might have.

### *Governments in crisis-affected contexts*

Participants noted that, like market actors, the governments of crisis-affected contexts are often overlooked as part of the humanitarian community's shift towards markets. Yet governments have a crucial role as policymakers and regulators of markets, and several state institutions in crisis-affected contexts directly intervene in markets. Government policies can have a significant impact on markets. The 2010 food crisis in Chad, for instance, was regarded by some as a consequence of the government's price-setting policy. In Pakistan, on the other hand, government agencies such as the Earthquake Reconstruction and Rehabilitation Authority (ERRA) intervened to coordinate markets and set standards during the 2005 earthquake. ERRA closely monitored the price and availability of selected goods on local markets in affected areas, instructing businesses to restock when prices rose due to scarcity. Yet, despite the crucial role of government decisions on markets (and, accordingly, on vulnerable and affected populations), humanitarian agencies have only very rarely targeted their advocacy efforts at governments in crisis-prone areas to guide their policies and interventions.



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### *Cross-cutting and conceptual gaps*

Lastly, participants felt that a number of broader gaps also applied. These primarily related to aid agencies but were also deemed common among governments, the private sector, researchers and others.

- Sporadic market analysis – rather than a more continuous form of data collection and analysis – is not able to catch rapid market changes. This calls for more investment in more consistent and continuous market monitoring, including by leveraging new technologies and the proliferation of mobile devices.

- While market analysis is now conducted more systematically, gaps remain in systematically implementing interventions in line with the analysis. That is, aid agencies and others may not fully understand how to act upon particular analyses or understand where a change in the market could or should trigger a response among humanitarian organisations, governments and others.

- The use of economic analysis, as opposed to more basic price monitoring, remains rare. Hence, aid agencies and others are unable to understand their return on investment (and how this return is affected by, for instance, partnerships with market actors or a greater emphasis on resilience). One participant felt that a more quantitative, econometric approach could help maximise the efficiency and impact of each dollar, as is increasingly the norm in the development community.

- Some participants pointed out the need to include power analysis in understanding market relations. This should also include a gender dimension as often men and women have very specific roles in the supply chain and crises may affect their ability to fulfil these roles.

- Another gap highlighted by participants was the role of the demand side in causing market failure. The supply chain is often analysed but the demand side is less often included. Some participants pointed out that the second version of the MIRA included the demand side and household dimension in relations to markets.

- Participants felt that the role of remittances should be reflected more strongly in market analysis. The humanitarian implications of remittances should be better captured and

linked to people's resilience. Some participants highlighted that remittances can play a role both at the household level and at the level of traders.

- The analysis of markets will increasingly need to adjust to the changing humanitarian landscape, including the growth of humanitarian crises and needs in urban settings; at present many market-linked humanitarian approaches still take a rural context or small town setting as their explicit or implicit starting point.

- Participants also noted the need to better understand the link between ongoing social safety net systems and market-linked humanitarian interventions, an issue reportedly being examined by Oxfam, WFP and the World Bank.

### **Implications of market changes for people, households and livelihoods**

While the preceding section primarily relates to aid agencies, governments and the private sector, the roundtable repeatedly returned to the most important stakeholder: crisis-affected populations. Hence, the discussion turned to the impact of crises, humanitarian action and markets on affected people, households and livelihoods. Yet, given the limited evidence on the relationships between markets and their implications for the livelihoods of affected populations, little consensus was achieved. One participant argued that there is a need to better understand the cost-benefit outcomes between markets and people's livelihoods. Another suggested the Household Economy Analysis (HEA) model as a way to approach the relationship between markets and livelihoods. For instance, Oxfam's work in West Africa on pre-crisis markets looks at determinants of livelihood options and links humanitarian action to longer-term development work.

The roundtable also elucidated the need to view individuals, households, livelihoods and markets as an integrated unit of analysis rather than separate domains to be approached through distinct analyses. For instance, Mercy Crops reportedly implements a project in northern Kenya in which grants are targeted at businesses – which act as suppliers and credit providers in many contexts – rather than at households. The recipient businesses were thus able to continue with their livelihoods – making



goods available on local markets – and continue providing credit to affected households. Such examples raised interesting possibilities as well as questions about, for instance, strengthening the hand of powerful market actors in locations marked by inequality.

Several participants questioned whether working with and through markets led to an increasing focus on business owners and those households with enough resources to meet their needs through markets (as opposed to those without land ownership who are reliant on daily agricultural wage labour, for instance). The most vulnerable are often hard to reach through market-based interventions or through direct livelihood support due to the lack of ownership of productive assets and non-participation in the labour market. Such segments of the population may be best reached through social protection measures and safety nets. According to some participants, market-focused interventions might miss out on the poorest segment of society and that they should, thus, be utilised in combination with more traditional forms of humanitarian assistance.

### **Filling the gaps: new research and analysis**

There are a number of gaps in knowledge regarding markets, crises and humanitarian action. These were identified as potential issues to be further examined in the course of the HPG research project on ‘Markets in Crises and Transitions’. Following are the most consistently mentioned issues, though this document necessarily cannot capture the full richness of the participants’ discussions and recommendations. Recommendations focus on future research

rather than on programmatic or policy work directly.

- Power analysis – Markets involve resources and power, and commercial activities and power structures often overlay social and political hierarchies. At times markets are an equalising force, while in other cases they may be an incarnation of power relations and socio-economic inequalities. The 2010 floods in Pakistan were reportedly exacerbated by land management and construction plans among business elites in Sindh governorate; hence, how should humanitarian agencies interact with markets controlled by many of those same figures?
- Intra-household decision-making – Intra-household dynamics concerning markets and livelihoods are rarely captured in analyses. For instance, women may play a major role in purchasing some goods, while men may have responsibility for other elements of a household’s interaction with the market. In Mali, for example, the production role may fall to men, but marketing is done by women. It is important to understand these internal dynamics when seeking to target household livelihoods.
- Socio-economic status and market relations – Households with differing socio-economic statuses often interact with markets in distinct ways, purchasing different amounts or types of goods from markets. Aid agencies need to understand how these different population subsets draw on markets to have the greatest possible impact.

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- Cross-sector analysis and interpretation – Market analysis is becoming increasingly complex and is increasingly relevant to multiple sectors. The complexity of multi-sectoral market analyses means that analyses may focus only on a single sector; where multi-sectoral analyses are conducted, the data maybe so rich that it is difficult for aid agencies to analyse and develop corresponding interventions.

- Acting on analysis – As noted above, market analysis is often designed and undertaken by specialists, but the analysis and corresponding programming often relies on managers and generalists with less of a grounding in markets. Hence, there is a need to study how organisations are using and acting upon (or not) the increasing volume of market analysis which is being generated.

- ‘Good enough’ market analysis – Likewise, aid agencies and others will be better placed to act on market analyses when they have only the crucial data rather than the myriad forms of market data which could ultimately be collected and presented to decision-makers. Hence, it is worth asking: what is ‘good enough’ when it comes to market analysis in different contexts and sectors?

- Reaching the poorest through or apart from markets – Markets often involve populations with at least a minimum level of resources or income, and may exclude the most vulnerable. However, this general statement does not necessarily hold true in all cases, and there is

a need to study how markets can draw in the most vulnerable crisis-affected households.

- Role of businesses – participants asked how aid agencies, governments and others may be able to learn better from businesses’ own approaches. For instance, many wondered how businesses analyse markets using particular tools and frameworks or more informal indicators and systems. Or what sorts of analyses do multinational companies use when determining whether it is advantageous or not for them to invest in kick-starting particular markets? Once they have analysed available data, how do businesses in fact help markets to resume or recover? How do businesses approach contingency planning and the broader question of resilience (albeit in differing terms)? Likewise, how do businesses relate to one another both formally through associations and chambers of commerce or more informally?

- Coordination and information-sharing – Several participants noted a need to better understand how information concerning markets, livelihoods, affected populations and the private sector is being shared by aid agencies, businesses, government agencies and others during crises. What innovations have been developed or could be developed to generate truly coordinated or inter-operable forms of analysis? How could the aggregate impact of multiple assistance programmes on particular markets be better captured and the analysis better coordinated and used?





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HPG is dedicated to improving humanitarian policy and practice through a combination of high-quality analysis, dialogue and debate.

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Front cover image: Vegetable traders in Gourema market, Mali  
Page 3 image: Medicine man in Gourema village, Mali  
Page 5 image: Fabric trader in Bandiagara market, Mali  
Page 6 image: Women petty traders in Bandiagara market, Mali  
Page 7 image: Livestock trader with his horse in Gourema village, Mali

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In conclusion, several participants noted that markets are not static or coherent objects but rather complex organisms involving thousands of businesses, a nuanced regulatory environment, unique cultures, visible and invisible relationships, historical and familial dimensions, political and power relations, lengthy supply chains and countless other factors. Hence, greater interlinked analysis, coordination and cooperation between different actors is needed to fully understand and analyse complex market dynamics in crises and to be able to turn that analysis into market-cognisant programming.