



Markets in crises and transitions

Mali expert roundtable

Bourema Kone, Veronique Barbelet and Irina Mosel

Introduction

The Humanitarian Policy Group (HPG) of the Overseas Development Institute (ODI) collaborated with the Institut d'Economie Rurale (IER - Rural Economy Institute) and Christian Aid to organise a roundtable on Markets in Crises and Transitions on 4 March 2014 in Bamako, Mali.

The roundtable was part of HPG's research on markets in crises and transitions. It brought together market players, experts on market studies and operational agencies.

The following goals were set:

- to facilitate an ongoing process of reflection by market actors and experts on ways to analyse and understand the impact of crises on markets and the implications for people affected by crises;
- to identify current knowledge of the manner in which markets adapt during crises and the implications of these changes on affected people; and
- to reflect on how markets are analysed during crises.

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

Market changes and adaptations in crises

HPG's research relates particularly to the recent conflict in Mali. The participants agreed that Mali has seen many different crises, including numerous rebellions and severe food crises. Different crises have different impacts on markets. Participants identified several impacts through anecdotal observations, market research and monitoring by institutions such as the *Système d'Alerte Précoce* and the *Observatoire des Marchés Agricoles*. One participant argued that not only have there been market crises during the conflict, but also the creation of a crisis market. Another warned of the difficulty in differentiating between the impact of the recent conflict in Mali and the crisis of underproduction due to low rainfall in recent years.

One participant noted the importance of understanding that Mali is at the crossroads of several ecosystems: the Mediterranean, the Sahel and the Sahara. Other participants emphasised the importance of cross-border trade flows. It was also noted that there are illicit markets in firearms, illegal migrants and drugs. Relations with Mauritania, Algeria and Niger should be taken into account in understanding how markets are structured in northern Mali. The conflict also caused the departure of local authorities, facilitating illicit trade in the north of Mali.

Several participants referred to changes in trade flows. Trade from Algeria was officially suspended and the border closed during the conflict. Supply flows from the south of Mali towards the north were also stopped due to insecurity. Trade to and from northern Mali and Mauritania and Niger has, for some, replaced the north-south flow. A similar phenomenon was noted by participants in relation to the 2002 crisis in Côte d'Ivoire, which affected the livestock market. Merchants could no longer use regular routes, and returned through Ghana. In addition to changes in trade flows, certain physical markets, such as the livestock market in Fátoma, ceased operating for several weeks because of the conflict. One participant added that livestock traders met in other, more secure markets.

Under normal conditions certain commercial exchanges are made on credit. For many, this credit could not be honoured because of the suspension of trade between the north and the south. This left merchants in debt and created mistrust among market players. One participant noted that it would be interesting to know if humanitarian aid was used to reimburse debts between retail merchants and households. One participant added that this lack of confidence could also be linked to conflicts between groups such as Touaregs and Arabs.



Many felt that prices had increased during the conflict. However, others indicated that border areas benefited from the flourishing refugee camp market in neighboring countries, and that these areas have not necessarily seen prices rise.

Banks and financial institutions were closed during the conflict. This created liquidity problems as well as a lack of access to credit for traders. Some participants raised the problem of agricultural inputs and seed markets. It was noted that these markets were halted during the conflict with significant impact on household livelihoods as well as the crop outputs.

Besides the insecurity that blocked trade flows and led to the shutdown of several markets, decreased household revenues was also recognised as a cause of the reduction in trade flows and increased debt among merchants.

Participants also noted that crises could change the relationship between market players. For example, the international food price crisis in 2008 triggered the Rice Initiative (Initiative Riz), a project to improve the rice sector in Mali by enabling rice producers to produce more and better quality rice through improved seed quality and other targeted interventions. One intervention led to the formation of rice producer cooperatives, increasing the bargaining power of producers in the market. However, rice traders used their bargaining power with the government to increase the quantity of subsidised imported rice. This demonstrated the impact that a crisis can have on relations between market players.

The roundtable concluded with a discussion on the impact of population displacement on markets. In particular, it would be valuable to see whether the reestablishment of markets was slowed down by displacement, whether there have been new entrants to the marketplace and whether displaced people who had returned were able to safeguard their productive commercial capital.

Vulnerability and responsiveness of markets during crises

The discussion focused on two principal themes: the adaptability of market players and the adaptability of markets.



Participants noted that merchants and producers are directly affected by crises. However, some have the financial flexibility to adapt. The point was raised that some merchants have social capital and connections with the conflict parties that allow them to survive. Others have been unwilling to adhere to the strict religious rules that have been imposed in the north prohibiting speculation. Wholesalers also have ties to banks and to the state, which provide them with a financial safety net during crises. Networks of wholesalers often span the border between Niger and Burkina Faso, which insulates them from localised crises.

Some areas and markets were able to survive thanks to their geographic situation. In particular, while places such as Timbuktu and Gao saw a large increase in prices, border areas have been able to adapt by taking advantage of trade between Mali and neighbouring refugee camps.

Populations, households and markets

The discussion focused on the lack of support and inputs for agricultural production. Certified seeds were not sold or distributed during the conflict. The use of non-certified seeds had a negative effect on crop outputs. Participants asked if displaced people had lost their production capital, or if some had the capacity to start activities again upon their return. Displaced people from Kidal and Timbuktu asked for support for income-generating activities.



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

Front cover image: Rice retailers in Bandiagara market, Mopti, Mali © Irina Mosel / Humanitarian Policy Group

Page 2 image: Market day in Garoulé market, Mopti, Mali © Irina Mosel / Humanitarian Policy Group

Page 3 image: A woman trader brings produce from a surrounding village to Bandiagara town, Mopti, Mali © Irina Mosel / Humanitarian Policy Group

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Overseas Development Institute
203 Blackfriars Road
London SE1 8NJ

Tel +44 (0)20 7922 0300
Fax +44 (0)20 7922 0399

Participants pointed to solidarity mechanisms in Mali, noting that most displaced people were taken in by families rather than settling in camps. People adopted several survival strategies. Displacement itself was the principal survival strategy. There was also an exodus towards the south in search of work in the mines. Some moved around with their livestock to protect their production capital. Some households had their livestock stolen by rebels. Some of the displaced who managed to return rented their fields to obtain the money necessary to buy the tools, seeds and inputs required for the growing season. Others loaned their children to livestock owners to look after their herds in exchange for a few head of cattle.

Consequences of humanitarian interventions on the market

The discussion addressed two subjects: the impact on markets of the international presence (humanitarian and military) and the impact of aid.

It was noted that real estate costs in Gao increased to the same level as in Bamako. The cost of food increased as well. Some think that this is a direct cause of the presence of the international community, including humanitarians, the French military operation Serval and MINUSMA.

The group welcomed humanitarian money transfer initiatives as a way of revitalising the market. Humanitarian assistance in the form of supplies inevitably causes a decrease in market demand. Money transfers are considered a good way to increase market flow. Others feel that there is a lack of knowledge around how to use this new tool. Producers are vulnerable market players and should be helped by humanitarian action. It was also noted that market research is conducted on an individual basis and that the impact and feasibility of money transfers cannot take into account the total market demand of MINUSMA and Serval, for example. One player cannot know the impact of all humanitarian interventions and the general international presence on the market. Participants also noted that there is a lack of information in the marketplace caused by the cessation of monitoring activities by the Observatoire des Marchés Agricoles and other institutions.

Conclusion

In conclusion it was noted that the discussion initiated by the roundtable is relevant in helping people affected by crises, above all because knowledge of the ways in which markets adapt during humanitarian crises remains limited. The roundtable brought anecdotal evidence to the discussion and highlighted the need for more systematic research in this area. It was noted that the roundtable also demonstrated the difficulties in keeping up with changes arising from crises when the local authorities and monitoring and warning systems are directly affected.