



No. 1.6 Market Analysis—an essential part of emergency assessments

Why analyse markets in emergencies?

In humanitarian contexts, certain market systems (“critical markets”) play an important role in livelihoods, enabling the affected population to access essential food and non-food items, income and loans through the purchase of items or the sale of key livelihood assets such as livestock and jewellery.

The **recovery of market systems can play a vital role in the rehabilitation of an area**, enabling access to essential goods, employment and associated services. Therefore, understanding how markets function and identifying the interventions that can facilitate trade, can help in identifying measures to alleviate the negative impacts of shocks.

Market analysis can determine which response (cash or in-kind transfer of resources) would be most appropriate to avoid or reduce potential market distortions such as high rates of inflation. Also, monitoring prices and understanding the implications of their fluctuations on households gives us an insight into area’s food security status.

Market systems matter to poor and vulnerable households as they are heavily relied upon for their livelihoods.

What is the EMMA (Emergency Market Mapping and Analysis) Toolkit?

EMMA is Oxfam’s emergency market analysis tool, developed by Practical Action in 2009. The tool **allows us to analyse critical markets for all sectors** (including shelter, water and sanitation, and food security and livelihoods) **post-emergency**.

EMMA uses a number of tools, including the market map, seasonal calendar and response frameworks to collect and analyse data. Visual tools such as the market map provide to decision-makers a clear illustration of the market context pre- and post-shock. EMMA can be used to analyse supply markets (such as humanitarian needs) and income markets (for income generation).

Originally developed for non-technical staff, *EMMA is a pick-up-and-use tool and should be employed after a general assessment that identifies what affected populations need, when and for how long.*

In summary, market analysis allows:

- More appropriate interventions by assessing the feasibility of responses;
- Identification of a broader range of response options;
- Promotion of self-sufficiency and reduction of dependence on outside assistance;
- Facilitation of economic recovery and development;
- Identification of advocacy issues (e.g., changes in assistance, policy etc.); and,
- Analysis of the impact of interventions (such as food aid) on markets.



Fig. 1: Lambaro, the largest traditional market in Banda Aceh after the tsunami (Credit: Jim Holmes/OXFAM)

Box 1: What is a market system?

“A market system is a network of producers, suppliers, processors, traders, buyers, and consumers that are all involved in producing, exchanging, and consuming a particular item or service. The system includes various forms of infrastructure, input providers, and services. And it operates within the context of rules and norms that shape this system’s particular business environment.”

“Market systems play a vital role in supplying critical goods or services to ensure survival and protect livelihoods, both in the immediate aftermath of a disaster and in the longer term. Before, during, and beyond any crisis, emergency-affected women and men also depend on market systems as sources of income and remuneration.”

SOURCE: Albu 2010 “Emergency Market Mapping and Analysis” Practical Action Publishing.

As part of its development, EMMA was piloted in Haiti (during hurricanes in 2008), Kenya (during post-election violence in 2008), Myanmar (during Cyclone Nargis in 2008) and the IDP crisis in Pakistan (2009), and then applied in a number of emergencies, including earthquakes in Haiti (2010) and Indonesia (2009).

How do you analyse markets?

Before using EMMA an **assessment must be done to identify the critical markets** (i.e., what items are most in need) **and the potential volumes of need** (i.e., the gap). There are ten analytical steps in EMMA that take you from preliminary data preparations and market selection, through to mapping and response analysis. (For more information, see the EFSL FAST tool and other resources below.)

The market mapping tool is central to market analysis. Market maps are drawn for the baseline and also post-shock contexts (see Figure 2). By using a market baseline, EMMA allows the analyst to understand pre-shock market functioning; therefore allowing the analyst to understand if an intervention is within the market's normal capacity.

The map identifies areas where more information is needed, and helps to determine whether or not a market functions sufficiently well for a particular type of intervention.

Data on volumes, competition, market services and market environment are added to the map, giving an holistic market analysis. This allows the analyst to identify various non-traditional emergency interventions and entry points; e.g., supporting traders with transport costs, road clearance, advocacy (related to credit interest rates or repayment timescales), and so on.

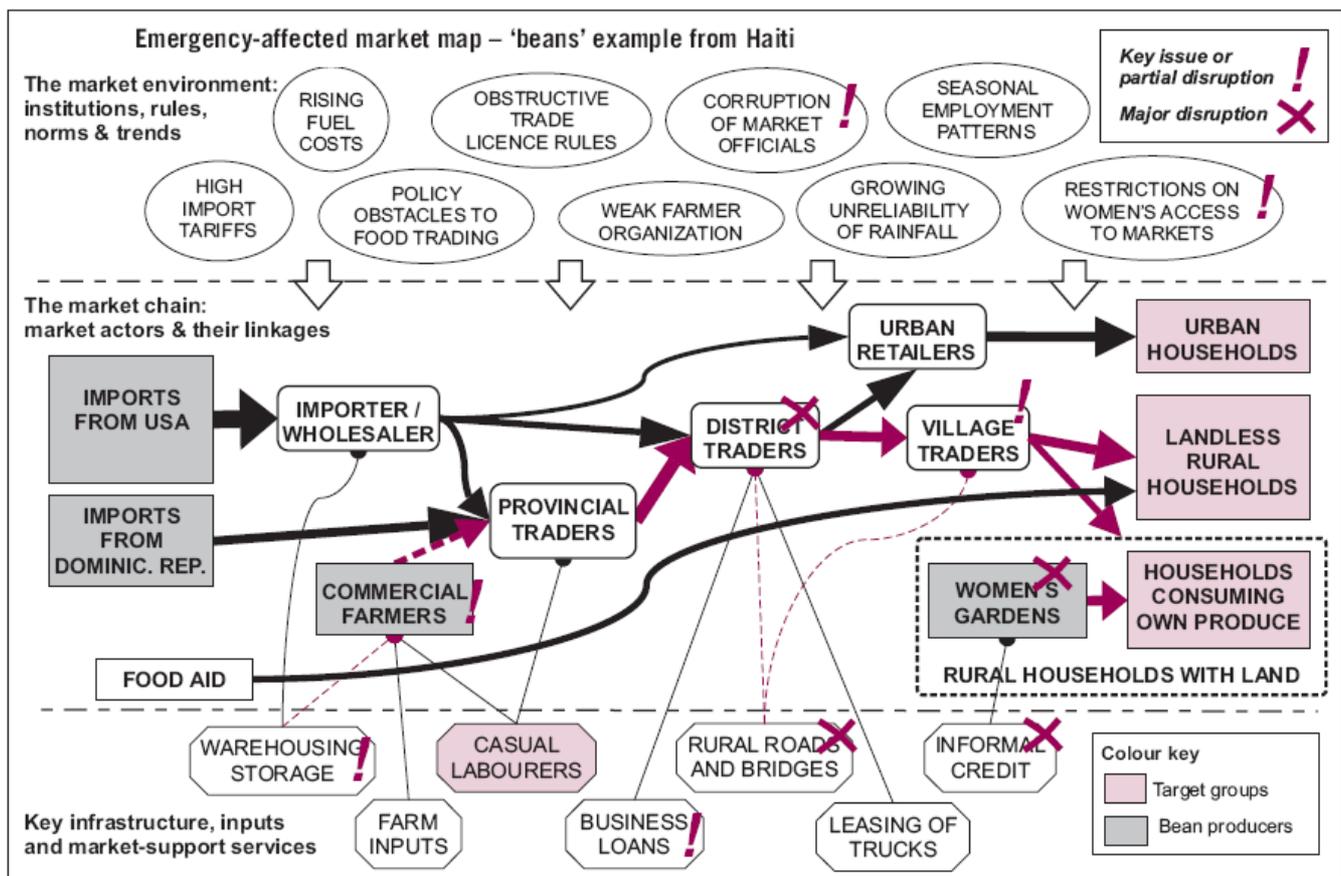


Fig. 2: A market map showing baseline and post-shock market functioning. This helps the analyst assess whether an intervention is within a market's normal capacity (SOURCE: Albu 2010 *ibid*)

Analysts typically need to consider following questions during analysis:

- Market scale-up. Can the markets (and their capacity to replenish their stocks) scale-up to meet the needs required? What can organisations do to support this scale-up?
- Terms of trade. What are the terms of trade (is it cash or barter)? Which does the majority of the affected population use? To what extent has this changed following the disaster?

- **Accessibility.** What levels of accessibility exist in terms of infrastructure, distances to the markets (ensure that seasonal changes are included – in the rainy season, many markets are not accessible) and marginalisation (ethnicity, gender, etc.)? Are some groups unable to access the market? What can be done to enable access?
- **Past shocks and market response.** How did the market respond to previous shocks? What lessons could be learned? What key policies affect market rehabilitation? Can these be addressed through advocacy? For example, does government post-disaster compensation also target small traders?
- **Prices of essential items (food and non-food) and their pre- and post-shock comparisons.** Does the price of essential items match household capacity to meet these needs?
- **Pricing policy.** Who determines the prices of goods sold? Are there restrictions/ cartels/ inappropriate government policies that could be addressed through advocacy?
- **Security considerations.** Are there any security considerations that affect how markets function or people's access to the markets? Can these be overcome?

Box 2: Identifying appropriate responses using EMMA decision process and core logic

The decision process *core logic* can be summarised in three, relatively simple questions:

1. **Baseline situation:** How well did this market system work before the emergency? I.e. to what extent did it meet normal needs? How inclusive and accessible was it? How efficient, reliable, and fair was it? (Market power)
2. **Impact of the crisis:** How has this market system been affected by the crisis, and how have market actors or others responded to the emergency? I.e. what is the situation now (e.g., structure, performance, prices, access, availability, conduct)? What are the coping strategies? What are the existing humanitarian responses?
3. **Market-system forecast:** How well is this market system likely to react or respond to various proposed humanitarian actions, or other future impacts of the crisis? I.e. what will happen to demand, prices, access, and availability in the market system if the affected population is given cash-type assistance? Or is assisted with in-kind relief distributions? Or as a result of other expected future impacts of the crisis?

SOURCE: Adapted from Albu 2010 (*ibid.*)

How does market analysis guide emergency response?

Market analysis assists the identification of appropriate responses.

The EMMA toolkit guides the analyst through two decision trees (one for supply markets, the other for income markets), **guiding decision makers through the process using its core logic** (see Box 2).

Are there any programme examples of how market analysis can be useful?

As market analysis is an emerging area of work, a bank of examples is in the process of development. The example in Box 3 is from Pakistan, where EMMA was piloted. Here, potential response options were thought through against the level of market function that was about to be analysed.



Fig. 3: Trade resuming following the 2005 earthquakes in Pakistan
(Credit: Lucy Davies/OXFAM)

Other market-orientated responses include:

- **Haiti hurricane response (2008).** Small traders that were identified as critical to household access to food and essential non-food items were supported with cash grants. This allowed them to re-establish their businesses, allowing households to access the items they required.
- **Pakistan earthquake response (2005).** Traders were supported with cash grants to support re-establishment of their businesses and beneficiaries were given vouchers to use in these shops. Shopkeepers had guaranteed custom and beneficiaries could choose their own food and non-food goods.

Box 3: Different response options—example of firewood needs in an IDP camp

Households in a rapidly expanding IDP camp are suffering acute shortage of fuel for cooking. Humanitarian concerns include local environmental degradation, risks to children and women scavenging firewood, and the potential for conflict with the host community. Depending on its assessment of the local firewood market–system’s capacity to respond to the IDP’s needs, an EMMA study might identify the following response options:

If the market system is expected to perform well

- Include a cash allocation for firewood in regular transfers to women householders
- Create a voucher–system enabling IDPs to purchase firewood at subsidised prices

If the market system needs to be strengthened or supported

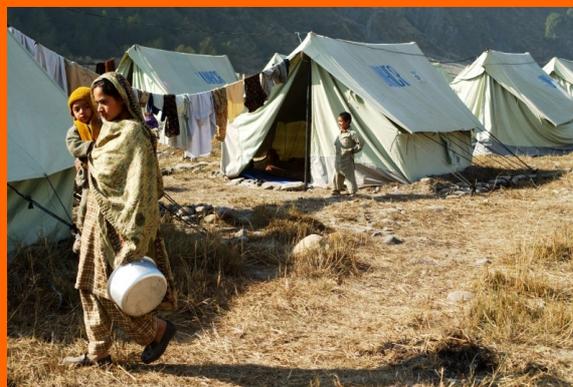
- Negotiate official access to forestry reserves for authorised firewood traders
- Guarantee loans and vehicle leases to enable more traders to enter the market quickly

If market system is not going to be capable of performing well

- Distribute fuel–efficient stoves, to reduce households’ firewood needs
- Procure and distribute firewood rations to households in camp

If further investigation and analysis are needed

- Continue to monitor prices of firewood inside the camp and in neighbouring towns to confirm that EMMA’s assessment of market–system capacity is accurate
- Investigate the local market–system for alternative cooking fuels (e.g. gas canisters)



EMMA can help identify response options in various humanitarian contexts, including those involving IDPs
(Credit: Carlo Heathcoate/OXFAM)

Source: Adapted from Albu et al 2009 “Analysing markets in emergencies– the EMMA toolkit” Enterprise Development and Micro–enterprise Journal– to be published

Where can I find further reading and more detailed information?

Emergency Market Mapping and Analysis (EMMA) Toolkit Soft copies can be downloaded from the Oxfam website. Hard copies can be ordered from Practical Action Publishing: www.practicalactionpublishing.org (For more information on EMMA and EMMA training see www.emma-toolkit.info)	Previous market surveys and food security and livelihoods reports (by Oxfam and other agencies such as Food Economy Group www.feg-consulting.com)
Gerstles T. and Nourse T. 2006. <i>Market Development During and Post Conflict: Emerging Lessons for Pro–Poor Economic Reconstruction</i> : www.seepnetwork.org	ODI HPG and HPN publications (including Adams L. and Harvey P. 2006. <i>Learning from cash responses to the Tsunami – Analysing Markets</i>) www.odi.org.uk
FAO and FAOSTAT (data and reports on food security, production): www.fao.org and http://faostat.fao.org	SEEP–Network (web–links to country–specific sites on micro–finance, enterprise development, and more): www.seepnetwork.org

Who can I contact for more information and guidance?

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