MINIMUM REQUIREMENTS FOR MARKET ANALYSIS IN EMERGENCIES

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A REPORT FOR THE CASH LEARNING PARTNERSHIP – CALP

LOIS AUSTIN AND SEBASTIEN CHESSEX

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ACRONYMS AND ABBREVIATIONS

CaLP Cash Learning Partnership

CFW Cash for work

CTP Cash transfer programme/programming

FFW Food for work

HH Household

MR Minimum Requirement/s

ToR Terms of reference

PHOTO: RAJENDRA SHAW/OXFAM

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1. INTRODUCTION

I) BACKGROUND AND OBJECTIVES

As a result of the growing consensus on the key role of markets in humanitarian interventions in recent years, several different tools and guidelines have been developed to assist and guide humanitarian organisations in market assessment.[1] The need to understand markets has been widely acknowledged as essential, particularly in scaling up humanitarian programming using CTP. The lack of market understanding is also considered as potentially hindering organisational decision-making around programme scale-up.

Whilst this has given momentum to the development of a number of market analysis tools and the study of markets in emergencies, it has also left practitioners wondering what the minimum requirements for market analyses are. To respond to this question, the objective of this guidance is not to synthesize the existing research but rather to outline how and where minimum requirements may apply and what they are. The Minimum Requirements (MRs) are therefore primarily designed to guide the work of humanitarian practitioners and to ensure that irrespective of the analysis tool(s) used, the key aspects are considered in market analysis.

This document is not designed to be a stand-alone tool but to be used alongside existing tools and approaches to allow users to check whether the minimum requirements are met when undertaking assessment, analysis, data collection and monitoring leading to appropriate interventions.

The development of MRs for market analysis in emergencies is the second phase of the Cash Learning Partnership's (CaLP) market assessment and analysis research. It is designed to complement the research that was undertaken in 2011 on how to strengthen interventions by using market analysis and what is needed to conduct good market analysis.[2]

The Minimum Requirements focus around four key thematic areas:

- Scope of assessment
- Analysis
- Data collection
- Monitoring and ensuring data validity.

[1] Some of these can be found in Annex 3.
[2] *Sivakumaran. S* – Market Analysis in Emergencies *(CaLP – 2011).*

II) OVERARCHING STANDARD

The minimum requirements for market analysis which have been identified in this document are all considered to fall under the following overarching standard:

Market assessments inform response analysis to determine appropriate interventions.

III) THE PROCESS OF DEVELOPING MINIMUM REQUIREMENTS

Because markets are complex systems which are dynamic and often unpredictable, our knowledge about them is intrinsically incomplete and uncertain, particularly in emergencies. This means that there is always room for more market analysis, especially in times of emergency/disaster where there is even more uncertainty and confidence in information collected can be low. Market assessments should aim to identify new avenues to support existing market structures as well as to increase the effectiveness and efficiency of programme responses. At the very least, market assessments should be used to limit the risk of programmes doing harm. Therefore when reflecting on minimum requirements, the starting point for the analysis has been the 'do no harm' principle. In other words, the driving question behind the research has been: *"What are the minimum requirements for market assessments to ensure that programmatic responses do no harm?"*

The MRs have been developed on the basis of an extensive desk review and interviews with key informants, including humanitarian practitioners, donors, and academics. The MRs were also field tested in two locations,[3] subjected to two reviews by an advisory group and adapted prior to their finalisation. Most of the research behind the minimum requirements has focused on the lessons learnt from market assessments carried out to date. Some of the findings have also been guided by the common sense of practitioners and would need to be confirmed by evidence-based research. Considering the above and the current use of market assessments in emergencies, it is recommended to regularly update and revisit these minimum requirements.

IV) SCOPE AND LIMITATIONS OF THE MINIMUM REQUIREMENTS

In an effort to keep the MRs focused and concise, the guidance is limited to the key issues for market assessments, and does not cover the whole response analysis. For instance, the MRs focus on household-level data useful to get an understanding of specific market characteristics but do not delve into issues related to all household needs which would be gathered through a needs assessment. The same can be said about issues relating to security, gender and ethnicity, which need to be taken into consideration but are not necessarily market specific.

[3] Field testing took place in Mali in March 2013 and in Lebanon in April 2013. The field tests were hosted and facilitated by Save the Children.

The MRs have been developed on the understanding that market analysis should guide, inform and contribute to response analysis and programme design. However they do not presuppose that any given type of intervention is preferred and have therefore been developed in view of catering to a wide range of possible interventions.

Given variations in context, mandates of implementing agencies, and scope of market assessments, it is impossible to outline specific minimum requirements that apply across the board and in every scenario.

The MRs are not an assessment and analysis tool in themselves but should be used in conjunction with existing market analysis tool(s). The MRs are not designed to be a cash feasibility guide.

Market assessments must lead to improved response analysis and programme implementation and there are four broad components that will affect the quality of market assessments:

- the scope of the assessment - the analytical and geographic scope
- analysis - relating analysis to key programme questions
- data collection - feeding into analysis and monitoring
- monitoring and ensuring validity of data - linking with assessment findings and looking at the need for programme adaption.

The MRs therefore centre on these topics providing practical guidance on the minimum that is required to ensure credible assessment and analysis to inform programme design and follow up. The order in which the MRs are covered is not meant to mimic the chronological order in which they apply to a market assessment as market assessment is an iterative process and therefore does not follow a strict sequence of actions. Furthermore, topics such as data collection apply to both the data to be collected for the initial assessment as well as for monitoring and follow up. Similarly, the requirements linked to determining the appropriate level of analysis will often precede the data collection.

PHOTO: CRISPIN HUGHES/OXFAM

V) HOW TO USE THE MINIMUM REQUIREMENTS

In each of the four MRs thematic areas - scope of the assessment, analysis, data collection, monitoring and ensuring validity of data – there is either one or two MRs.

Scope of assessment
MR1 The scope and depth of the market assessment enable appropriate programme decisions and are based on identified information needs.

Analysis
MR2 Market analysis data informs key programme-related decisions and contributes to the selection of appropriate modalities to achieve programme objectives whilst doing no harm.

Data collection
MR3 Collection of data is undertaken by competent and knowledgeable teams.

MR4 Data collection systems, procedures and information sources utilised in the market assessment are appropriate and of sufficient quality to allow for the capturing of the dynamic nature of markets.

Monitoring and ensuring data validity
MR5 Monitoring activities provide a check against initial assessment findings and enable decision-making for potential adaptation of interventions.

Action points, tips, key issues to avoid and practical illustrations are proposed in order to assist users in achieving the MRs. Red textboxes called Pointer Boxes are also used to clarify key concepts throughout the document.

While the document provides practical guidance on what needs to be done, it is not a 'how-to' tool, so will not provide users with a step-by-step process of market assessment and analysis.

In addition, the document does not dictate the order in which different MRs need to be achieved. The MRs are designed to work alongside existing assessment, analysis and monitoring tools and do not propose any specific tools for meeting the minimum requirements.[4]

[4] Annex 3 provides an overview of some of the tools available for practitioners.

The four thematic areas are addressed in a manner that allows each section to work as a standalone document in case readers are only interested in a specific topic.

Annex 1 complements the texts by providing a checklist consisting of each of the MRs and the action points to support them. This provides easy reference to the MRs and can also be used by practitioners as they undertake assessment, analysis, data collection and monitoring to review whether or not the requirements are being met.

VI) WHEN TO USE THE MINIMUM REQUIREMENTS

Research during the development of the MRs identified a gap in market analysis during the first days following a rapid onset disaster, so these MRs are designed to address this gap and help to obtain critical initial information required to set up programmes. Organisations may wish to use them in other contexts as well. The monitoring and ensuring validity of data section is valid for all market-related responses.

VII) AUDIENCE FOR THE MINIMUM REQUIREMENTS

The MRs are designed as a reference tool for practitioners with an existing knowledge of market analysis and of its language and terminology. Donors and managers are also likely to find them useful, for example when checking to see if programme proposals are fit for purpose.

Different elements of the MRs will be useful for different agency members: organisational directors should be able to commit to the overarching standard; managers, donors and advisors can be guided by the MRs and the tips. Action points will be relevant for those in the field actually undertaking assessment and analysis.

The MRs are designed to be of use regardless of the potential sector of intervention.

VIII) COMMUNICATIONS

As with all assessment processes it is vital that the outcome of market assessment and analysis is clearly communicated both internally within organisations and externally to other parties who may be interested in, or affected by, the assessment process. Communicating and managing expectations within organisations is an important part of the process to ensure that the end users and decision-makers are aware of the importance and relevance of market analysis and are willing to assign resources to such analysis.

IX) MARKET ASSESSMENT – THE ESSENTIALS

While market assessments are one component of the broader assessment process, they represent an integral part of the response analysis and should therefore be carried out prior to designing any programme not just potential cash transfer programmes.[5]

If markets are not adequately taken into consideration, the potential harmful impact of interventions generally implies one of three (or a combination of the three) major outcomes:

- a significant change in the price of certain essential goods
- a significant fall in the demand for the goods of local market participants, or
- distortions in markets which undermine the future viability of local livelihoods, jobs or businesses.[6]

Therefore, in addition to representing an additional threat to the livelihoods of disaster-affected households, programmes that are detrimental to local markets may also have a negative impact on households that have not been affected by the emergency or disaster.

The key purpose of market assessments is considered to be three-fold:

- to limit the risk of interventions doing harm
- to increase the effectiveness and efficiency of programme responses
- to strengthen interventions by identifying new avenues to support existing market structures.

Market assessments and analysis should also be considered as an important element of contingency planning and preparedness.

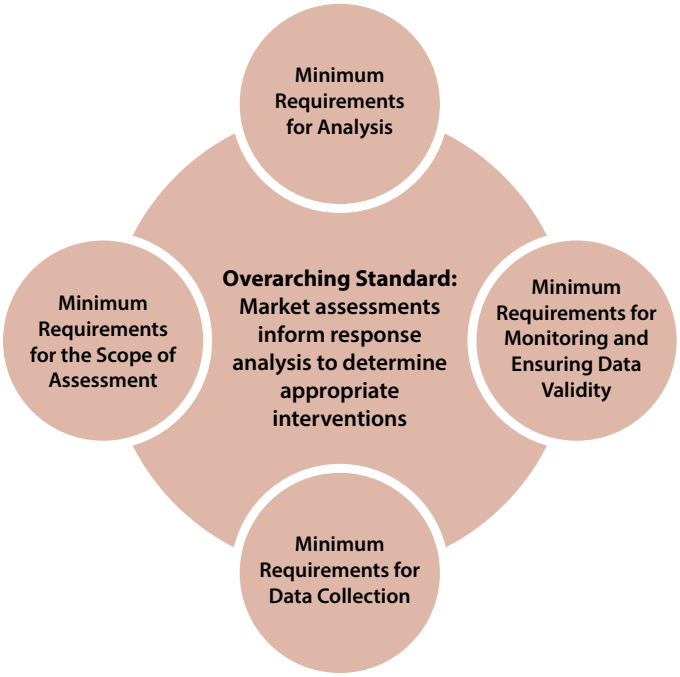
PHOTO: LUCA SOLA/OXFAM

[5] An exception to this may for example be for emergency nutrition interventions such as community-based management of acute malnutrition.
[6] Market distortions may include hoarding of products or enabling one market actor to capture most of the benefits of an intervention.

2. THE MINIMUM REQUIREMENTS

The MRs have at their foundation the core principle that market assessments should limit the likelihood of programmes doing harm whilst aiming to increase programme effectiveness and efficiency, and strengthen interventions. These are key parts of improved response analysis and take into consideration the central element that vulnerability analysis has to play in market assessments.

MRs within the four key thematic areas – scope of the assessment, analysis, data collection, monitoring and ensuring data validity – are then proposed with this overarching goal in mind.



The guidance deals with each thematic area in a sequential manner even though market assessments are an intrinsically repetitive process. For example, a first round of data collection and analysis is often used to define the scope of the assessment. When time allows, organisations may complete several iterations of analysis before finalising the market assessment. However, irrespective of time constraints, a market assessment should never be carried out as a linear process but rather as one where each step is used as an opportunity to refine findings of previous steps. The key role of the iterative process is further addressed in the next sections.

It is important to stress that market analysis should be carried out as part of all needs assessments. Understanding markets is interconnected with programme efficiency/effectiveness, household vulnerability and the 'do no harm' principle.

Scope of the assessment

Minimum Requirement 1: The scope and depth of the market assessment enable appropriate programme decisions and are based on identified information needs.

Prior to implementing a response of any kind, a market assessment is essential. The two key factors that first need to be determined are:

- the analytical scope and
- the geographical scope of the assessment.

Once this has been done, organisations should communicate and coordinate their assessment plan with relevant actors to avoid any potential duplication and identify areas where ongoing research may complement the planned assessment.

The scope of the assessment needs in turn to feed directly into programme-related decisions with a focus on the most appropriate type of intervention to implement. Programmes that have a market-related component should always be preceded with a market assessment and this is likely to be the case for all forms of humanitarian assistance programming.

The analytical scope of the assessment will include the identification of key programme-related decisions and key questions that need to be answered and will also determine any areas which require further research. (Key programme-related decisions and connected key questions are provided in Table 1 on page 17).

The geographical scope of the assessment will include the identification of key markets and their linkages to the broader market system as well as which market linkages and market actors have been affected by the emergency.

PHOTO: AUBREY WADE/OXFAM

1 Scope of the assessment
KEY ACTION POINTS AND TIPS TO ACHIEVE MR 1

Key action point 1: Choose the relevant market system(s) you wish to assess and identify the programme-related decisions to be supported	
Tip 1	When trying to identify relevant market systems, consider the markets that are central to households' survival and/or livelihoods, those that provide households with the necessary goods and services to meet their essential needs, and those that are central to potential programme response options.
Tip 2	Try to limit the number of market systems being assessed to a maximum of two in order to avoid being spread too thin.
Tip 3	Review existing secondary data and literature to help identify which key questions need priority attention and which ones may require further research.
Key action point 2: Identify key markets and their linkages within the broader market system	
Tip 4	Consider markets that are critical to supplying vulnerable households with goods and services as well as markets that enable households to promote their livelihoods.
Tip 5	Where possible, take informal and black markets into account to ensure a complete picture of the market is obtained and all key linkages are considered.
Tip 6	Determining which are the key linkages can be a tricky task. It requires significant information about trade flows between local and remote markets, much of which may only emerge after having identified and interviewed key traders.
Key action point 3: Identify which critical market linkages and market actors have been affected by the emergency	
Tip 7	When determining how far up the market chain the assessment should go, start with an assessment of markets at a micro level. Work back from the micro level until the point is reached where markets are fully functioning and potential programme responses are unlikely to be the source of additional stress on the market.
Key action point 4: Delineate the geographical scope of the assessment in order to include the area and the market actors directly affected by the emergency as well as those that will be critical for the recovery	
Tip 8	When delineating the geographical scope of the assessment, consider key market actors with trade relations to the affected area; also include market actors likely to be affected by a potential response.

Key action point 5: Determine the analytical scope of the assessment on the basis of the key questions or issues that could influence programme-related decisions	
Tip 9	Regardless of the type of programme response envisaged, in combination with the programme-related questions which focus upon how the market would react to a given response, every market assessment should aim to answer the following three key questions: • How competitive are the key markets? • How well integrated are the key markets? • Are there ethnic, gender, or religious considerations that influence access to these markets?
Tip 10	In order to identify additional key questions, clearly state your programme-related decision and break it down in the series of overarching questions that need to be answered prior to taking the decision (see Table on page 17 for examples).
Tip 11	Bear in mind that some of the key questions require further research to be properly answered.
Tip 12	Keep in mind that the answer to some key questions may be self-evident or may have already been researched by other organizations.[7] For instance, if the area of intervention is at the crossroads of several trade routes and has not been affected by the emergency, there may not be a need to carry out in-depth research on market integration.
Key action point 6: Adjust the level of analysis on the basis of the information quality, time constraints and the riskiness of the potential intervention	
Tip 13	If the situation is very volatile, limit the level of analysis but increase the frequency at which new data is collected to test the analyses' main findings and assumptions.
Tip 14	The level of analysis should be proportional to the risk a programme poses to the local market (see Practical Illustration 2).

I Scope of the assessment
WHAT TO AVOID

- Do not design a market assessment in a manner that may be biased to a specific outcome. This has a risk of occurring when you use a market assessment to confirm a decision rather than to inform it.
- Do not rely too heavily on market assessment data that has been gathered long before a programme starts.
- When defining the analytical scope of a market assessment, avoid being over-reached. It is very easy to get carried away exploring aspects of the market system that are not very relevant to the key programme-related decisions.

[7] In some contexts, all of the key market-related issues may be common knowledge and therefore there may not be a need to do any fieldwork or only minimal fieldwork to meet minimum requirements.

I Scope of the assessment
PRACTICAL ILLUSTRATIONS

The most common programme-related decisions (i.e. decisions that will inform what type of response is the most appropriate) for market assessments are to determine whether:

- To implement a cash, voucher, or in-kind intervention
- To implement a labour based intervention (i.e. cash/food for work programme)
- To procure goods locally
- Market conditions are favourable for livelihood interventions being considered.

Note that a given market assessment can aim to address several programme-related decisions.

Because the programme-related decisions can be very broad, breaking them down into a set of key questions helps delineate the scope of the assessment. The key questions in the assessment represent the fundamental issues that need to be addressed before taking a programme decision. The analysis required to respond to the key questions will vary from one situation to another, however, the key questions themselves will always be the same.

The key questions for the most critical programme decisions are listed in Table 1 on page 17. They are not presented in the order in which they will necessarily be asked.

As mentioned above, there are three key questions that need to be addressed regardless of the type of response being considered, which are:

- How competitive are the key markets?
- How well integrated are the key markets?
- Are there ethnic, gender, or religious considerations that influence access to these markets?

Pointer box 1: *Identifying market systems and programme-related decisions – The process through which programme-related decisions and key market systems are identified may vary from one situation to another. Ideally, organisations should rely on market assessments to identify the best response options. In such cases the critical market system and programme-related decisions may be identified as the assessment unfolds or following a rough preliminary assessment. However, in certain circumstances, the market system and the programme-related decisions may be determined from the outset as a result of the given context or the mandate of an organisation.*

The answer to these questions may also contribute to answering some of the below key questions for programme-related decisions. The following guiding questions are designed to assess whether a programme is appropriate for a given market and how the market is likely to respond or react to the proposed intervention. There are other questions that relate to the appropriateness of a given programme that should also feed into the response analysis (including data gathered from household-level needs assessments) which are not included here.

TABLE 1 – PROGRAMME DECISIONS AND GUIDING QUESTIONS

Programme related decision	Key guiding questions
Determine whether to implement a cash, voucher, or kind intervention[8]	Where are the markets for the essential goods – food, non-food items (NFI), shelter items? To what degree are vulnerable households connected to these markets? What is the estimated change in demand generated by the proposed intervention? Are there restrictions to the movement of goods? Are local traders able to meet such a change in demand within the necessary deadline without significantly increasing prices? Are there specific traders that need to be targeted for support? How has the market infrastructure been affected by the crisis? How has the supply chain been affected by the crisis? How has the value chain been affected by the crisis? How have market service providers been affected by the crisis? Have the dynamics between market participants been altered as a result of the crisis? What innovations have been adopted by key market actors to cope with the emergency?
Determine whether to implement a labour-based intervention i.e. cash/food for work (CFW/FFW) programmes	In addition to the questions above: Are daily wage rates sufficient to meet household needs? What impact will CFW and FFW have on daily wages? Do seasonal trends indicate a high demand of daily labour in this given time? Is there a specific labour market segment that is in high demand as a result of the crisis? Will a labour-based intervention risk diverting labour away from critical seasonal activities (e.g. agricultural activities such as replanting)? Is there a sufficient supply of labour to meet demand?
Determine whether to procure goods locally	Where are viable prospective source markets? Will agency purchases drive up prices excessively in source markets? Will local or regional purchases affect producer prices differently than national or international procurement?[9] What support would local markets need to be able to respond in the future?
Determine whether market conditions are favourable for the livelihood interventions being considered[10]	What has been happening to demand for produce (or labour) in this market? Are essential livelihood inputs available in the market? Does the envisaged livelihood activity have a strong chance of becoming viable without on-going assistance? What are people buying? What are people selling?

Note that the key questions highlighted above are the guiding questions that relate specifically to the market

[8] There may also be a need for advocacy in some contexts where government or other authorities are cautious around the use of cash.
[9] Taken from Market Information and Food Insecurity Response Analysis (MIFIRA) 2009.
[10] Clarity on whether the intended impact is at the demand level or the supply level is important: households are both buyers and often sellers on the market and a programme can intervene on either end of the commodity chain.

system. There are other questions that relate to the appropriateness of a given programme that also need to be considered as part of the response analysis. For instance, these include questions related to security, which do not fall within the scope of these requirements but are just as essential to identifying and designing an appropriate intervention. As already mentioned, this table and the requirements in general do not cover household needs which should be covered in a household level needs assessment. Tools that can be used to access other relevant data are highlighted in Annex 3.

PHOTO: ABBIE TRAYLER-SMITH/OXFAM

II Analysis

Minimum Requirement 2: Market analysis data answers key programme-related decisions and contributes to the selection of appropriate modalities to achieve programme objectives whilst doing no harm.

Prior to carrying out the bulk of the data collection and analysis, it is necessary to firstly determine the appropriate level of analysis to be carried out. While the scope of a market assessment is determined in part by the programme-related decisions it should inform, the type of emergency and the risk of an intervention affecting the market will dictate the level of analysis that is required. This is primarily because the type of emergency has an impact on both the quality of the information and the amount of time available to carry out the market assessment. In addition, a more rigorous analysis is required for programmes that have a higher risk of negatively impacting the market.

The key action points in this section therefore focus first on determining the appropriate level of analysis and then on carrying out the actual data analysis. The majority of the data collection (covered in section III) should occur between these steps.

It should be stressed that market analysis should be part of contingency planning and preparedness and carried out routinely.

Pointer Box 2: *Risk and the relative scale of programmes – The relative scale of a potential intervention is one of the key indicators to look at when determining the risk of a programme having a negative impact on the market. This is considered to be the total value of the planned transfer compared to the size of the relative market.*

The risk of harming market systems – Several potential parameters come into play when developing an initial sense of the risk of doing harm to market systems that people rely upon. This can make it difficult to specify clear thresholds between high-risk and low-risk programmes and determining the proper balance between the speed and the rigour of an assessment. Ultimately such decisions will depend on the sound judgement of the assessment team and thresholds should reflect local market specificities. However, as a basic principle, assessment teams should lean heavily towards seeking rigorous answers to key questions when an intervention is expected to increase the total demand for relevant goods by more than 25% in urban areas and 10% in more remote and rural areas. The threshold is higher in urban areas because urban markets are more likely to be well integrated with external sources of goods.

II Analysis

KEY ACTION POINTS AND TIPS TO ACHIEVE MR 2

Key action point 7: Estimate the risk that an intervention may pose of doing harm to market systems that people rely upon	
Tip 15	At the earliest opportunity use the relative scale of a potential programme to assess the likelihood of the programme risk of negatively impacting the market (see Pointer Box 2).
Tip 16	Beyond the relative scale of the programme, take particular care designing programmes in areas where markets exhibit high price volatility, have limited road connectivity, and limited supply capacity as they are most susceptible to being negatively affected by ill-conceived programme responses.
Key action point 8: When analysing the data focus on firsthand accounts from key market actors as well as variations in prices, volumes, the number of key market actors, policies, and regulations	
Tip 17	Opinions expressed by different types of traders are weighted against their capacity to affect the response (i.e. in terms of quantity and price changes as well as rapidity of response. see Pointer box 3).
Tip 18	Variations in prices, volumes and other key market indicators provide more objective insight into market dynamics. They are therefore a useful way of testing and substantiating firsthand accounts from key actors.
Tip 19	Beyond representing a change in the cost of purchasing a given commodity, variations in prices may also signal a change in the structure or dynamics of a market chain. Changes in market trends should not only be taken at face value, but also as prompts to investigate less obviously observable changes in the markets.
Tip 20	Try to collect firsthand information on power relations that may distort the market by speaking to a range of traders and consumers.
Key action point 9: Analyse trends rather than individual data points and take into account seasonal effects	
Tip 21	Compare trends to: • pre-crisis data • available data concerning the market's reaction to previous, similar emergencies • available data on how the market has responded to general shifts in supply and demand in the past.
Tip 22	When considering seasonal effects aim to use seasonal calendars that go back at least three years.
Tip 23	Consider the potential different phases of crisis in your analysis and the effect that this may have on prices.
Tip 24	The analysis of market trends is also essential in making projections of how the market will evolve. Market analysis cannot be certain about the future but it should describe the present and explicitly state what it thinks the coming months will look like and why.
Key action point 10: When drawing conclusions, clearly state the assumptions, the type of data on which they are based, and any risks that may be linked to the assumptions and data	

Tip 25	When describing the data collected, highlight the relevance of the sources and the number of sources. This may include characteristics such as the total market share they represent or the role they play in the given market.
Key action point 11: Clearly show the link between the analysis and conclusions and the ultimate response recommendations	
Tip 26	Demonstrate a logical link between the assessment findings/evidence about market performance and capabilities (the assessment team's necessary assumptions) with the conclusions (i.e. the answers to the key analytical questions) which then lead to programme decisions or response recommendations.
Tip 27	Reflect on the assumptions made from the data and ensure a clear link between the data collected and the outcomes produced.

II Analysis
WHAT TO AVOID

- Try not to determine the deadline for an assessment on the basis of institutional time constraints but rather needs-driven time constraints.
- Don't focus solely on the size of your organisation's planned response when determining the relative scale of the humanitarian response but rather on the sum of all planned interventions in the relevant area.
- Do not rush the analysis. If you have time constraints ensure that you don't overemphasise the data collection and leave insufficient time for the analysis.

II Analysis
PRACTICAL ILLUSTRATIONS

There are a number of key questions that need to be answered prior to taking a programme-related decision. While these should remain the same regardless of the type of emergency, the level of analysis required to answer these questions may vary based on the risk a potential response poses to the market.

Table 2 illustrates how the level analysis may be increased by using the following key questions as an example:

- How competitive is the market?
- How well integrated is the market?

TABLE 2 – EXAMPLE OF VARIATIONS IN LEVEL OF ANALYSIS

Key Questions	Component of analysis for low risk intervention	Additional components for high-risk interventions
How competitive is the market?	Consider the number of key traders and their estimated market share to get an appreciation of market competition.	Look into the existence of formal or informal barriers to enter the market. Analyse the supply chain and marketing margins to determine the level of competition in the market.
How well integrated is the market?	Get an understanding of how the market is integrated with other markets by looking at main commodity flows between markets.	Estimate the level of market integration by analysing the co-movement of prices between markets.

III Data collection

Minimum Requirement 3: Collection of data is undertaken by competent and knowledgeable teams.

Minimum Requirement 4: Data collection systems, procedures and information sources utilised in the market assessment are appropriate and of sufficient quality to allow for the capturing of the dynamic nature of markets.

Data collection feeds into two key phases of market assessment:

- The analysis phase
- The monitoring and ensuring validity of data.

Whilst some of the data collected during these two phases will remain distinct to each phase, some of the data gathered during the initial assessment will need to be re-visited during monitoring in order to test and check whether the analysis still holds.

III Data Collection
KEY ACTION POINTS AND TIPS TO ACHIEVE MR 3 AND MR 4

Key action point 12: Field teams must have sufficient local and technical knowledge to understand and contextualise the responses of market actors	
Tip 28	Include at least one member per team who knows the affected community and who has extensive knowledge of local markets. Give priority to market experience over humanitarian experience for such team members.
Tip 29	Ensure your team is comprised of at least one person with previous experience of undertaking market assessments.
Tip 30	If there is no economist on the team ensure you have somebody with an economic background supporting the analysis.
Tip 31	When defining the assessment team be clear what you want out of your team and what they are expected to achieve. Market assessments do not necessarily need a massive outlay of expense with large numbers of people involved. Rapid market assessments can be carried out by small teams.
Tip 32	Think through the data collection tool that is going to be used in advance and the implications that this will have on resource availability.
Key action point 13: Focus on the key market actors, linkages and relationships that are directly and indirectly crucial to the target group's needs. (See Pointer Box 3)	
Tip 33	Concentrate on market actors that are linked to different levels of the market. For example, speak to local producers who are selling their goods on the local market as well as to local producers who sell their goods to traders.
Tip 34	When a given category of market participants is limited in number (e.g. wholesalers), aim to speak to all or as many of them as possible. The level of the market chain where there are few actors is often the one where there are potential bottlenecks and the biggest risk of non-competitive behaviour.
Tip 35	Aim to identify social networks and power brokers that may also have an influence on the market and on any potential responses.

Tip 36	When faced with time constraints, the key is to identify and focus on key actors. They may not be immediately identifiable but the first iteration of the data collection should strive to pinpoint the actors that play a key role in the market rather than amassing large quantities of data.
Key action point 14: Ensure that fieldwork extends to all relevant geographical locations in the market system	
Tip 37	Focus on key markets and actors within the geographical scope of the assessment which have distinct characteristics that may have a bearing or influence on the market. These may include topographic, demographic, livelihood or other socio-economic characteristics.
Tip 38	Organise site visits at different times of day to ensure that all economic activity and potentially hidden populations are captured during the assessment.
Key action point 15: Make sure that the data collected allows you to identify changes in trends that are due to the emergency or the response	
Tip 39	Continuously as data is being collected, take stock of the baseline information and identify any gaps that may have to be pieced together retroactively as part of the data collection process.
Tip 40	Collect information concerning prices and volumes of relevant commodities as early on as possible and as frequently as possible during the assessment in order to be able to base your analysis on several data points.
Tip 41	Make sure the collection of information concerning prices is done in a systematic fashion, using consistent measures of weight and standards of quality. Price monitors should be trained in how to differentiate the quality of relevant products and be equipped with scales when dealing with packaged goods. Aim to translate local price data into standard units (litre, kg, g) on the spot as local measurements may be different in different locations.
Key action point 16: Test the validity of the data as you collect it	
Tip 42	In order to test the validity of the data collected, triangulate the data at different levels. This should include comparing it with that of other organisations conducting comparable work in similar areas, matching findings from primary data with that from secondary data, comparing answers provided from actors on the opposite ends of a given transaction.
Tip 43	Once broad consistencies in the type of answers provided are being denoted, test them by formulating questions in a manner that requires informants to disagree with a statement in order to confirm a given hypothesis. (For example, if you believe that the interest rate charged by moneylenders has gone up, ask informants: "why have moneylenders lowered their interest rates?")
Tip 44	Take time to sit back and assess whether the right data is being gathered. It is more important to have a small quantity of good quality data than large amounts of poor quality, unreliable data.
Key action point 17: Coordinate data collection to avoid duplication and leverage existing market expertise	
Tip 45	Divide the data collection responsibilities between interested organisations according to organisational capacity, capability and comparative advantage. For instance, international organisations and development actors may have a better understanding of macro-level data and the formulation of national policies, and humanitarian NGos may be more knowledgeable of the situation at a micro level.

Tip 46	Divide data collection responsibilities within your organisation in a manner that leverages the relevant knowledge of your staff. Involve staff from different sectors and technical teams that may be more knowledgeable of certain relevant market aspects. These may include: • Logistics teams (who are often able to provide critical information on macro-level market linkages) • Finance personnel (to provide inputs on relevant financial services as well as potential delivery mechanisms e.g. the functioning of banking systems) • Potential response teams (food/economic security, livelihoods, shelter, water, sanitation, health, protection, education) • Security staff • HQ staff (to provide inputs on secondary data and organisational capacity and direction).
Tip 47	When there is no organisation capable of providing expertise at a macro level, organisations should identify key market participants at higher levels along the market chain to support their analysis.
Key action point 18: Ensure that there is sufficient time for analysis and writing up	
Tip 48	When drawing up the assessment plan ensure that time is allocated during the data collection period for reflecting on data gathered and analysing it as well as ensuring time for analysis and write up at the end of the data collection process.

III Data Collection
WHAT TO AVOID

- Do not take answers at face value when they do not seem to match the actual behaviour of a given market participant.
- Avoid relying too heavily on answers provided by market participants who may have a vested interest in the outcome of the assessment.
- Do not limit data collection to finding an answer to the question you wish answered. While data collection needs to be systematic, it also has to be done in a dynamic and proactive fashion. If the answer to a question raises new and more important issues to be researched, data collection should be adapted accordingly.
- Do not overstretch yourself when collecting data without taking the time to reflect on whether the right kind of data is being gathered.

Pointer Box 3: *Key market actors – In addition to the disaster-affected population, market actors generally include local producers, cooperatives, retailers, local traders, distributors, wholesalers, processors, government representatives, regulatory bodies, finance institutions and service providers. Given the number of actors, it is easy to get overly dispersed trying to gather data from all of them. In order to identify key actors look out for those that have the biggest market share, those that represent the most vulnerable link in the supply chain, and those who provide the market services that are most in need following the emergency.*

III Data Collection
PRACTICAL ILLUSTRATIONS

Key actors may vary from one assessment to another. The following table outlines the type of data that may be relevant to obtain from market participants. Some of this information may be collected from secondary data sources. It should be noted that other assessments such as household needs assessments may be collecting information on some of the topics included in this table.

TABLE 3 – DATA COLLECTION KEY INFORMANTS AND TOPICS

Who to speak to	What to ask about
Disaster-affected population	• the household economy pre- and post-disaster • income and expenditure levels pre- and post-disaster • coping mechanisms pre- and post-disaster (particularly what people do if traders and markets are not able to respond to their needs) • immediate and longer-term needs • which markets are essential • access to markets including potential barriers • distance from markets (this will provide a geographical limit to the area of analysis) • seasonal difference • prices • pre- and post-disaster cash transfer mechanisms (systems used e.g. banks, phones) • labour wages.
Traders	• how many people access the market pre- and post-disaster • seasonal variation of access to market by the people over the last five years • availability of commodities • supply chains and the effect or potential effect of the disaster • government regulations around supply of commodities and market-related restrictions (e.g. policies limiting access of humanitarian agencies, control of information, determination of resources, direction on what type of programme can be implemented, restricting agencies from operating) • prices • trader cartels • power relations • the existence of trader groups (good/bad) • social/ethnic/political issues amongst traders • market storage capacity • access to credit • who do they buy from • who do they do business with and why.

Who to speak to	What to ask about
Government representatives and regulatory bodies	Market-related restrictions/developments such as: • tax and movement permits which raise costs and constrain movement of goods • restrictions around the provision of cash-based assistance • control of information • supply of commodities • restrictions on humanitarian agencies operating • policies to develop markets and trade • government stocks (especially food) • financial institutions and service providers.
Finance institutions and service providers	• functioning of money transfer systems • capacity for increase in use of such system • money flows • local economy • investment capacities • working capital • coverage.
Technology companies	• current client base • potential for increase in client base • options for partnering with humanitarian organisations and opportunities and risks around this • coverage.
Farmers	• ability to provide produce • prices • seasonality • access to buyer markets.

PHOTO: SIMON RAWLES/OXFAM

III Data Collection
PRACTICAL ILLUSTRATIONS

Table 4 highlights how information quality and time constraints may vary depending on the type of emergency.

TABLE 4 – INFORMATION LEVELS AND CONSTRAINTS

	Significant time constraints	Modest time constraints
Low quality information	**A** Acute sudden onset emergency, prior to meeting life-saving needs	**B** Sudden onset emergency, after having met life-saving needs
High quality information	**C** Sudden onset in development or chronic situation. e.g. earthquake in an area affected by recurrent disaster	**D** Slow onset emergency Protracted emergency Chronic emergency

Table 5 below outlines how the different methods of analysis may vary based on the type of emergency and the risk an intervention may pose to the market.

TABLE 5 – EMERGENCY TYPE AND ANALYSIS METHODOLOGY

Methodology/analysis level[11]	Emergency type[12]	Recommended for high risk programmes
Data collection methodology		
Semi-structured interview of key informants	A B C D	✓
Use of basic quantitative and qualitative indicators (price monitoring of basket of goods)	A B C D	×
Purposive sampling	D	×
Statistically representative sampling	D	✓
Surveys	D	✓
Level of analysis		
Strong qualitative analysis	D	✓
Surveys	D	✓

[11] See Annex 3 for tools which provide further guidance.
[12] See Table 4.

IV Monitoring and ensuring data validity

Minimum Requirement 5: Monitoring activities provide a check against initial assessment findings and enable decision-making for potential adaptation of intervention.

Regular market monitoring and analysis of data collected is crucial as it allows for the capturing of the dynamic nature of markets as opposed to the taking of a single snapshot.

The main objectives of market monitoring are to determine:

- Whether the findings from the initial market assessment still hold
- Whether existing responses need to be adjusted in case the intervention is potentially having a negative effect on local/regional markets
- What additional areas may require further assessment.

The design of the monitoring plan will therefore vary based on the findings of the initial market analysis and the type of programmes that have been launched in response to the crisis.

In chronic/protracted and predictable crises regular monitoring should allow for preparedness of potential changes on how the market is functioning and how this may impact those affected by the disaster.

IV Monitoring and ensuring data validity
KEY ACTION POINTS AND TIPS TO ACHIEVE MR 6

Key action point 19: From the key market analysis findings and the response plan, identify which assumptions and outcomes are most uncertain or sensitive to change	
Tip 49	Focus on the assumptions of the market assessment that have been critical in informing the design of the response.
Tip 50	Focus on response outcomes that present the biggest risk of doing harm to market systems that people rely upon.
Key action point 20: Define practical measurable indicators for tracking the assumptions and outcomes which are liable to change	
Tip 51	When designing indicators to monitor potential market distortions consider changes in the markets that may render the programme ineffective as well as risks that the programme presents for the market.
Tip 52	Indicators related to the findings of the market analysis should include a combination of variations in prices, volumes, the number of key market actors, policies and regulations.

Key action point 21: Determine the frequency with which the monitoring is to be carried out by considering the robustness of the initial assessment, the expected volatility of the situation and the risk it poses to programmes, markets, and beneficiaries	
Tip 53	The more volatile a situation the more frequent the monitoring needs to be. In such situations the frequent monitoring will also compensate for the minimalist approach that may have been adopted in the initial assessment.
Tip 54	In a volatile situation or when implementing a programme where there is a high risk of negatively impacting markets, price monitoring should happen as often as once per week where access and security allows. In stable or protracted crises or when there are security constraints, price monitoring should happen at minimum once per month.
Key action point 22: Reassess the validity of the initial assessment and the design of the response if the monitoring reveals further market distortions following the programme response	
Tip 55	Broaden the geographic scope of the monitoring beyond the programme response area in order to keep an eye on source markets. Comparing the evolution of local markets with source markets also provides an indication of what distortions may be due to the programme's impact on the local market and what may be linked to wider shifts in the market system.
Tip 56	When defining indicators, also define thresholds beyond which a change in a given indicator must prompt a specific action.
Key action point 23: Regardless of the type of programme, systematic price and volume monitoring should be carried out in order to identify market distortions at an early stage	
Tip 57	Before starting to monitor prices check what has been done already and what others are doing to see how it can be analysed to inform monitoring.
Tip 58	Initiate monitoring from the start of the assessment and throughout all stages of the project/programme cycle, so that it can be referred to at any stage as well as being a reference point for the future.
Tip 60	Aim to harmonise price monitoring and other monitoring tools with other agencies.
Tip 61	Ideally, the same key market actors should be tracked over a time period. However, ensure that there is an identified reserve pool of traders to monitor in case any from the first round drop out.

IV Monitoring and ensuring data validity
WHAT TO AVOID

- Do not implement a response in volatile market conditions without having a contingency plan for when market conditions significantly change.

IV Monitoring and ensuring data validity
PRACTICAL ILLUSTRATIONS

ILLUSTRATION 1

Assumptions from the assessment that need to be monitored are likely to have been made on the following points:

- Population characteristics
- Levels of household economic security
- Market functioning
- Seasonality
- Linkages between households and the market
- The type of shock that has happened or is expected
- The scale of the shock
- The impact of the shock
- Gap analysis.

Monitoring should check whether the assumptions on these issues made in the initial assessment remain valid or whether the situation has changed.

ILLUSTRATION 2

The following table illustrates some of the key market-related issues to monitor for the most common types of intervention.

TABLE 6 – MINIMUM MONITORING QUESTIONS

Programme type	Minimum questions
Cash or value voucher intervention	Have there been changes in the price of the commodities used in determining the transfer value?
Intervention	Where and how far did people have to go to get what they needed? Were essential items available? Have the price of goods in the area changed? Which traders are benefiting from the intervention? Have different power relations been created as a result of the intervention?
Commodity voucher	Has the value of relevant goods risen or dropped? Are the relevant goods still available on the market? Are relevant goods still being sold to customers not involved in the intervention? Are traders being pushed out if not involved in the voucher programme?

Programme type	Minimum questions
In-kind intervention	Have the market prices of distributed goods changed significantly? Have the prices of other goods in the area of distribution changed significantly? Have the local producers of the distributed goods changed in number? Have the number producers, traders and wholesalers in the procurement market varied? Have the margins and production of local producers changed in the area of distribution? Are the procured goods still readily available in the procurement area? Are surplus goods available on the market?
Cash for work (CFW) and food for work (FFW)	Are beneficiaries leaving lower paying but more sustainable work for inclusion in the CFW/FFW programme? Are traditional daily labour employers having difficulty in finding workers? Is the daily rate for unskilled labour higher than its normal level given the season? Are beneficiaries managing to address priority needs?
Support to market actors	Have the providers and availability of essential services changed? Has the number of market actors varied significantly? Do certain market actors feel they have been affected by the intervention? Have there been changes in profit margins of actors?
Livelihood intervention	Is production driven by consumer demand or the building up of inventories? Have normal wages/revenue for this livelihood varied significantly since the start of the intervention?
All interventions	What are the prices of key commodities at retail level? What are the prices of key commodities at wholesale level? What are the prices for different categories of markets (source markets, recipient markets, central or regional markets, global markets)? How are traders behaving? What are the power dynamics between traders? Are traders adopting predatory tactics or forming cartels which may affect prices negatively? Are prices affecting household ability to meet basic needs?

ILLUSTRATION 3

The list below outlines the sets of data that can be monitored to obtain information on prices, availability and cross-border commodity flows:

- Informal cross-border flows
- Farm gate prices for key commodities
- Wholesale prices for key commodities
- Retail prices for key commodities
- Transport costs
- Fuel costs (per unit)
- Market chains
- Consumer Price Index.

Annex 1 – Checklists

In order to see whether or not the minimum requirements have been met, the following checklist should be referred to at each stage of the process. Space is provided to explain issues that have arisen which may have prevented the MRs from being met. Organisations may wish to use this checklist on a regular basis and compare one assessment to the next to see the changes in the number of MRs being achieved. This may also allow for the identification of gaps if specific MRs are continually not being met.

1 – SCOPE OF THE ASSESSMENT CHECKLIST

Minimum Requirement 1: The scope and depth of the market assessment enable appropriate programme decisions and are based on identified information needs.			
Key action point		**Was the key action point followed ✓or×**	**Outline of challenges faced in trying to ensure the key action point was followed**
KAP 1	Choose the relevant market system(s) you wish to assess and identify programme-related decisions that need to be supported.		
KAP 2	Identify key markets and their linkages within the broader market system.		
KAP 3	Identify which critical market linkages and market actors have been affected by the emergency.		
KAP 4	Delineate the geographical scope of the assessment in order to include the area and the market actors directly affected by the emergency as well as those that will be critical for the recovery.		
KAP 5	Determine the analytical scope of the assessment on the basis of the key questions or issues that could influence programme-related decisions.		
KAP 6	Adjust the level of analysis on the basis of information quality, time constraints and the riskiness of the potential intervention.		

II – ANALYSIS CHECKLIST

Minimum Requirement 2: Market analysis data answers key programme-related decisions and contributes to the selection of appropriate modalities to achieve programme objectives whilst doing no harm.			
Key action point		**Was the MR fulfilled ✓or×**	**Outline of challenges faced in trying to ensure the key action point was followed**
KAP 7	Estimate the risk that an intervention may pose of doing harm to market systems that people rely upon.		
KAP 8	When analysing data focus on firsthand accounts from key market actors as well as variations in prices, volumes, the number of key market actors, policies and regulations.		
KAP 9	Analyse trends rather than individual data points and take into account seasonal effects.		
KAP 10	When drawing conclusions, clearly state the assumptions, the type of data on which they are based, and any risks that may be linked to the assumptions and data.		
KAP 11	KAP 11: Clearly show the link between the analysis and conclusions and the ultimate response recommendations.		

PHOTO: GLENN EDWARDS/OXFAM

III – DATA COLLECTION CHECKLIST

Minimum Requirement 3: Collection of data is undertaken by competent and knowledgeable teams. Minimum Requirement 4: Data collection systems and information sources utilised in the market assessment are appropriate and of sufficient quality to allow for the capturing of the dynamic nature of markets.			
Key action point		**Was the MR fulfilled ✓or×**	**Outline of challenges faced in trying to meet the MR**
KAP 12	Field teams must have sufficient local and technical knowledge to understand and contextualise the responses of market actors.		
KAP 13	Focus on the key market actors, linkages and relationships that are directly and indirectly crucial to the target group's needs.		
KAP 14	Ensure that fieldwork extends to all relevant geographical locations in the market system.		
KAP 15	Make sure that the data collected allows you to identify changes in trends that are due to the emergency or the response.		
KAP 16	Test the validity of the data as you collect it.		
KAP 17	Coordinate data collection to avoid duplication and leverage existing market expertise.		
KAP 18	Ensure that there is sufficient time for analysis and writing up		

PHOTO: ABBIE TRAYLER-SMITH/OXFAM

IV – MONITORING AND ENSURING VALIDITY OF DATA CHECKLIST

Minimum Requirement 5: Monitoring activities provide a check against initial assessment findings and enable decision-making for potential adaptation of intervention.			
Key action point		**Was the MR fulfilled ✓or ×**	**Outline of challenges faced in trying to meet the MR**
KAP 19	From the key market analysis findings and the response plan, identify which assumptions and outcomes are most uncertain or sensitive to change.		
KAP 20	Define practical measurable indicators for tracking the assumptions and outcomes which are liable to change.		
KAP 21	Determine the frequency with which the monitoring is to be carried out by considering the robustness of the initial assessment, the expected volatility of the situation, and the risk it poses to programmes, markets and beneficiaries.		
KAP 22	Reassess the validity of the initial assessment and the design of the response if the monitoring reveals further market distortions following the programme response.		
KAP 23	Regardless of the type of programme, systematic price monitoring should be carried out in order to identify market distortions at an early stage.		

PHOTO: ADRIAN MCINTYRE/OXFAM

Annex 2 – Glossary[13]

Competition	Competition arises when there is a sufficient number of traders (sellers or buyers) vying with each other for business in a market, such that no single individual or enterprise dominates the market. When there is effective competition, no-one can unfairly set the price of a good or service. This usually brings lower prices or better quality for consumers, or higher returns for producers and employees. Truly competitive markets also depend on traders being unable to collude among themselves to enforce a set price for goods.
Consumer Price Index	The cost of a given list of goods and services consumed by a typical urban dweller. The Consumer Price Index (CPI) is the basis for one of the common measures of inflation. The CPI is calculated by taking price changes for each item in the predetermined basket of goods and averaging them.
Integration	Market integration is a measure of the trading behaviour, information, and price differential between markets. It helps us understand and predict the likelihood of deficit markets being supplied with commodities they require. Just as increases in the supply of one commodity can affect the demand for other (substitute) commodities, so too can changes in the supply or demand for a good in one market spill over onto other markets. The notion of market integration measures the degree to which changes in market conditions in one market affect those in other markets (separated by time or space). Market integration typically is the result of traders moving products across markets when the price differential between those markets exceeds the costs of moving the product. When traders behave in this way, markets are often said to be "functioning well."
Macro level analysis	An analysis focused on studying the outcome of policies, market forces, and interactions between actors at a national, regional, or global level.
Market	Any formal or informal structure (not necessarily a physical space) in which buyers and sellers exchange goods, labour or services for cash or other goods. The word 'market' can simply mean the place in which good or services are exchanged. Markets are sometimes defined by forces of supply and demand, rather than geographical location e.g. 'imported cereals make up 40% of the market'.
Market linkages	The physical connection between a producer and the ultimate customer. Linkages also involve financial transactions – the buying and selling of goods. Market linkages can be broadly defined in four different ways, by: • The form of financial transactions or type of intermediaries who undertake the transactions • The channels through which transactions occur and the type of facilities used for transactions • How they are linked together by transport and communications networks • The spatial distribution of transactions – where they occur and whether this forms a pattern. A simple link is where farmers sell their own produce at the market.

Market participants or market actors	All the different individuals and enterprises involved in buying and selling in a market system, including producers, suppliers, traders, processors, and consumers.
Market system	A market system is a network of market participants or actors, many buyers and sellers – not only one chain – supported by infrastructure and services, interacting within a context of institutions or rules that shape the actors' trading environment. A market system involves a market or value chain, the market services (e.g. transport, finance, information, extension services) provided to support the chain, and the environment (e.g. infrastructure, natural or policy environment) that enables or disables the functioning of the chain.
Market support	Response modalities that enhance market functionality, improving households' ability to purchase food, sell assets and generate incomes.
Micro-level analysis	An analysis focused on studying the interaction between actors at the household and community level. Also referred to as local-level analysis.
Programme-related decisions	Decisions that will inform what type of response is the most appropriate or how the response needs to be adjusted to a changing environment.
Supply chain	A supply chain consists of all parties involved, directly or indirectly, in fulfilling a customer request. The supply chain not only includes the manufacturer and suppliers, but also transporters, warehouses, retailers, and customers themselves. A supply chain is dynamic and involves the constant flow of information, product, and funds between different stages. The customer is an integral part of the supply chain. The term 'supply chain' can be used when the final consumers are the target population for humanitarian assistance.
Transaction costs	The costs other than the money price that are incurred in trading goods or services.
Value chain	The term 'market chain' is a general term for a supply or a value chain. It refers to the sequence of market actors who buy and sell a commodity, product, or item as it moves from initial producers via processors and traders to final consumers. The term 'supply chain' is used particularly when the final consumers are the target population for humanitarian assistance. The term 'value chain' is used particularly when the target population for humanitarian assistance is the producers or workers.

[13] These definitions have been taken from a variety of sources including: EMMA, FAO, Gem Toolkit, Oxfam GB, WFP, FEG, Michigan State University, University of Central Arkansas.

EXAMPLES:

Supply Chain

A food supply chain is the process including production, processing, distribution and consumption of food. The supply chain can be defined by the number of steps involved in bringing products from the producer to the end consumer. The food comes from producers (e.g. farmers) to consumers and the money consumers pay for food goes to people who work at various stages along the food supply chain in the reverse direction. Every step of the supply chain requires human and/or natural resources. When one part of the food supply chain is affected the whole food supply chain is affected, which is often manifested through changes in price.

Value chain

An example of a value chain is a raw material such as wood pulp to which a manufacturer adds value by converting it into paper which consumers are prepared to pay money for. Value can also be added in labour where people use inputs of time, knowledge and equipment to provide labour of value to the client.

Other examples can be seen in the diagram below.

Yam value chain, Ghana

Actor	Farmer	Travelling trader	Wholesaler	Retailer
Value added*	–	50%	13%	18%

Kaja Apple value chain, Pakistan

Actor	Farmer	Pre-harvest contractor	Commission agent	Wholesaler	Retailer
Value added	–	92%	11%	16%	31%

Cocoa value chain, Ivory Coast

Actor	Farmer	Agent	Trader	Exporter	Processor
Value added	–	9%	15%	60%	24%

*Value added = price received by actor – price paid by actor.
Source: World Economic Forum 2009.

Annex 3 – List of market and response analysis tools

The Minimum Requirements are not an assessment and analysis tool in themselves but are designed to be used alongside existing tools and approaches that individuals and organisations are already using.

This Annex is designed to provide those readers that are seeking guidance on some of the tools that are currently available for market assessment and analysis, with a list of some of the tools that are currently available and utilised. [14]

Market analysis tools

- EMMA (Emergency Market Mapping and Assessment)
- FEWSNET Structure-Conduct-Performance Tool
- FEWSNET Market Assessment and Analysis Training Module
- Red Cross/Red Crescent Market Assessment Guidance – Guidelines for Market Assessment in the Project Cycle (MAG)
- Red Cross/Red Crescent Rapid Assessment for Markets – Guidelines for an initial emergency market assessment (RAM)
- WFP MAF (Market Analysis Framework)
- WFP Trader Survey Tool
- WFP Market Profiles and Emergency Needs Assessments: A summary of methodological challenges
- WFP PDPE Market analysis tool (import parity prices, price and income elasticities, market integration, terms of trade, shock scenarios)
- WFP Guidelines on Market Situation Analysis & Forecast and Response Protocol

Livelihoods sector-specific tools

- PRIM (Participatory Response Identification Matrix) within LEGS SSSA (Seed Security System Assessment)
- FAO Livelihood Assessment Toolkit

Nutrition sector-specific tools

- WHO Decision Chart for Implementing Selective Feeding Programs
- WFP Decision Tree for Response Options – Nutrition Intervention Food Products
- FAQR Decision Trees (In Improving the Nutritional Quality of US Food Aid) (USAID)

Modality-specific tools

- MIFIRA (Market Information for Food Insecurity Response Analysis)
- Good Practice Review (GPR) Cash Transfer Programming in Emergencies
- ECHO Decision Tree For Response Options
- Save the Children Risk Assessment Tool
- ACF Food Security and Livelihoods Assessment Guidelines
- ICRC Global FSA Guidelines
- Red Cross/Crescent Guidelines for Cash Transfer Programmes
- ACF Implementing Cash-based Interventions

Harm-mitigation tools

- CARE Benefits/Harms Analysis tool
- Do No Harm – Preventing Corruption in Humanitarian Operations

Process/consensus-oriented tools

- RAF (Response Analysis Framework-FAO)
- RAP (Response Analysis Project-WFP)
- Oxfam Response Analysis Guide

[14] Adapted from Daniel Maxwell, Heather Stobaugh, John Parker and Megan McGlinchy – "Response analysis and response choice in food security crises: a roadmap" (HPN 2013).

CaLP

The Cash Learning Partnership

The Minimum Requirements for market analysis in emergencies builds upon work already undertaken relating both to market analysis (CaLP research 'Markets in Emergencies') and standard setting and answers this question: *"What is the minimum market analysis required at various stages of the project cycle?"*

The Minimum Requirements have been developed on the understanding that ultimately **market assessments should guide response analysis and programme design.** The requirements however do not presuppose that any given type of intervention is preferred and have therefore been developed in view of catering to a wide range of possible interventions. The guidance limits itself to the **issues that are key to market assessments**, and does not cover certain considerations that may also be critical to a complete response analysis.

The Minimum Requirements are not an assessment and analysis tool, but can be used in conjunction with any existing tool(s) that organisations are using.

Based on feedback from users a review of the Minimum Requirements is envisaged for November 2013. Users of this document are encouraged to share their opinion via a series of questions on the CaLP website: www.cashlearning.org Alternatively, please contact the CaLP team, with 'Minimum Requirements' in the subject line, at info@cashlearning.org

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