

STEP 2

Market selection



A truck being loaded at a market, Haiti

Step 2 involves selecting the specific market systems that are the highest priorities for EMMA investigation, from a humanitarian perspective. Although different markets (for example, markets for rice and fertilizer) often interact, every traded item or service has its own unique market system. For practical reasons, EMMA analyses each critical market system separately as far as possible. Since time, information, and resources for EMMA are limited, careful selection is vital. This depends on various different operational and humanitarian criteria.

Before starting Step 2, the EMMA leader should have...

- o developed a 'good-enough' general understanding of the emergency situation;
- o organized the EMMA team, a work space, and necessary support;
- o agreed clear terms of reference for the EMMA exercise with management;
- o agreed who and where the intended target population (ultimate beneficiaries) are.

2.1 Overview of Step 2

Objectives

- Select which *critical market systems* will be the subject of EMMA investigation.
- Outline the *key analytical questions* that need answering for each of these systems.

Activities

Sections 2.2 and 2.3: Select critical market systems

- Review the priority needs of the target population's different groups: e.g. food, essential household items, shelter.
- Consider other needs related to livelihoods, assets, and incomes.
- Select critical market systems for EMMA.

Section 2.4: Identify key analytical questions

- Consult with colleagues, cluster-group members, key informants.
- Identify the key analytical questions for each selected market system.

Key outputs

- Final selection / short list of critical market systems for EMMA to study
- Clear rationale for the selection
- List of key analytical questions in each critical market system

Box 2.1 'Critical market systems' and 'key analytical questions' defined

Critical market systems

In an emergency situation, 'critical' market systems are those that played, play, or could play a major role in ensuring survival, and/or protecting livelihoods of the target population.

Key analytical questions

Market systems are usually selected because agency staff have specific ideas or expectations about the operational value that EMMA will add. 'Key analytical questions' frame these ideas, and thus help teams to keep them in mind throughout the EMMA process.

2.2 Brainstorming options for market-system selection

Once the target population is reasonably well defined (see section 1.6), the selection of market systems for investigation using EMMA must take place. Every crop, non-food item, or service has its own particular market system. This means that it is necessary to decide pragmatically which market systems - i.e. which items, crops, products

– are most critical for EMMA investigation. This can never be a perfect decision, since it is very unlikely that you will have as much information as you would like. Selection is best done in two stages:

1. *Brainstorming*: broadening out ideas to generate lots of options.
2. *Filtering*: narrowing the options, using criteria of feasibility, timing, agency mandate, security.

The first task is to draw up a long list of candidates for inclusion as critical market systems. This list should reflect the target population's priority needs, their pre-crisis economic activities, and their current options for restoring income and food security.

The brainstorming task is more effective if EMMA teams can think outside the conventional humanitarian box. The three categories of market system in Box 2.2 are useful to think about.

Box 2.2 Three categories of 'critical' market system		
<i>For ensuring survival</i>	<i>For protecting and promoting livelihoods</i>	
(Supply) market systems that provide food, essential household items, or services to meet urgent survival needs	(Supply) market systems that provide essential tools, replace assets, provide agricultural inputs, or deliver vital services	(Income) market systems that provide jobs, create demand for wage labour, or provide buyers for target groups' own produce
<i>Examples:</i> Staple food items, clothing and blankets, shelter materials, essential household items, soap, buckets, bedding, tents, fuel or firewood	<i>Examples:</i> Agricultural tools, fertilizer, fodder, seeds, pumps, veterinary services, credit services, fishing nets, boats, transport services	<i>Examples:</i> Cash crops, livestock, fish and forest products, agricultural and casual labour, re-construction activities, other employment industries

Do not assume that critical market systems must mainly be those that relate to survival needs.

Market systems which supply productive assets and inputs may be good candidates for EMMA. So too are market systems which provide a direct source of urgently needed income: getting their crops or livestock to market, or restoring access to paid employment, is often a very high priority for affected populations.

Box 2.3 EMMA goes beyond survival needs

After Cyclone Nargis in Myanmar in 2008, many rice-farming households in the Ayeyarwady delta said that obtaining seeds and tools in time to plant their next crop was a more urgent need than restoring their homes (e.g. to Sphere shelter standards).

Where do market systems begin and end?

There is sometimes no easy way to define the boundaries of a market system for analysis. All market systems interact with others: for example, staple cereal markets interact with labour markets, fertilizer markets, and transport markets. It may not make sense to independently analyse market systems that actually supply key services for others, or substituted goods, or complementary services.

Given limited time and resources, it is essential to make a quick and pragmatic decision about where to draw a boundary around the system: including as many relevant factors as possible, but still keeping the analysis task manageable. For example, if you think transport services are critical only for their role in sorghum trading, it would be sensible to consider transport as a support service within the sorghum market system. But if transport services play many different important roles in people's livelihoods, it might be worth the time to analyse transport services as a whole market system in its own right.

Diverse needs of different target groups

It is vital that the list of market systems takes into account the diverse needs of the different target groups within the population that were identified in section 1.6.

Box 2.4 Selecting critical markets and identifying needs are not the same thing

There is a difference between identifying 'needs' and selecting 'market systems', especially in economic activities. Consider the following, for example.

- *A poor coastal community who live by fishing for the local tourist hotel market:* if their main emergency problem is a loss of boats and nets, then EMMA needs to concentrate on understanding the market system for fishing inputs. However, if they lack buyers for their catch, then EMMA needs to examine the whole market system for fish from fisher-folk through to consumers in hotels or the city.
- *Landless households who mainly depend on seasonal agricultural work:* if their main employers are local large-scale export-orientated wheat farmers, then the critical EMMA priority may be the national market system for wheat.

How to do this

- Look at recent rapid or emergency needs assessments, and security updates.
- Review previous studies of people's livelihoods and the local economy (ref. Step 1), i.e. what is known about the sources of food and income for different target groups.

- Consult as broadly as possible with local colleagues who have already visited the disaster area, or who know the population well.

Even without background research, it is often possible to get a ‘good-enough’ picture of target groups’ livelihood strategies by talking to local staff, for example development-project officers. Do not overlook people such as drivers, secretaries, and office cleaners, who may understand the lives of ordinary people very well.

The results of ‘brainstorming’ might look like Box 2.5.

Box 2.5 Long-list of market-system options (example)		
re Survival needs	re Livelihood needs	re Sources of income
<i>Target group A (rural households with small-holdings)</i>		
<ul style="list-style-type: none"> • Maize (staple food) • Beans (staple food) • Plastic sheets (roofing) 	<ul style="list-style-type: none"> • Agriculture inputs (seeds and fertilizer) 	<ul style="list-style-type: none"> • Beans (sales of own beans surplus) • Fishery sector (wages for casual work)
<i>Target group B (landless and displaced households)</i>		
<ul style="list-style-type: none"> • Maize (staple food) • Beans (staple food) • Blankets 	<ul style="list-style-type: none"> • Transport services to city (for seasonal casual work) 	<ul style="list-style-type: none"> • Fishery sector (wages for casual work) • Financial services (remittances from relatives)

Box 2.6 Selecting alternative income markets for refugees

In some crisis situations – especially those involving refugees and displaced populations – people need to find completely new and alternative sources of income to replace livelihoods that are no longer possible: for example, former farming households deprived of access to land.

In these circumstances, EMMA cannot use previous income strategies as a guide to selecting which income market systems to study. Instead selection needs a more thorough understanding of the local economy: where opportunities for new income and employment may exist. It must be sensitive to local political considerations, and to the target population’s relationship with the host community.

Market-system selection in these situations is much more complex – needing more time and care – than the rough-and-ready process described in this section. Businesses, employers, local NGOs, micro-finance institutions, and other key informants on economic opportunities should be consulted. See the EMMA reference manual on CD-ROM for further suggestions.

2.3 Selecting critical market systems

The next task is to narrow the long-list down to a manageable short-list of EMMA candidates.

In some emergency situations there will already be a strong consensus about this, based on emergency needs assessment, or simply on people's gut reaction to the crisis. However, it is worth doing the selection systematically, using clear criteria, as shown in Box 2.7, for example.

Box 2.7 Criteria for selecting market systems

- Which market systems are *most significant or urgent* for protecting the life and livelihoods of women and men?
- What are *government agencies or other large agencies* doing, or planning to do?
- Which market systems have been *most affected by the emergency*?
- Which market systems *fit the agency's sectoral mandate and competencies* well?
- What are the critical issues in terms of *response timing or seasonality*?
- Which market systems appear to have scope for *feasible response options*?

Remember that response decisions will be made with or without EMMA. EMMA aims to influence these decisions. To do this, you will need to demonstrate clearly and communicate effectively the evidenced-based reasons behind the response options proposed.

Criterion 1: Most significant or urgently relevant market systems

Some market systems are more important to women's and men's survival or livelihoods than others. It should be possible to eliminate some candidate systems simply because they serve only non-urgent needs, e.g. replacement of assets that can wait until a later recovery phase; or because they have only marginal importance e.g. they were a source of income that was small before the emergency.

If EMMA already has a sketch of target households' income and expenditure profiles (see section 0.9), this can help – by indicating which income sources or expenditures were major or minor. Remember to consider gender differences here: whose income and whose expenditure is involved? If there are good reasons to prioritize women's economic activities, for example, this should influence the assessment.

Criterion 2: Most-affected market systems

Sometimes market systems are relatively unaffected by an emergency situation. EMMA selection can ignore even important market systems if there are good indications that they are still operating well: i.e. with trade continuing and the target population's needs being met.

Criterion 3: Agency / donor mandate and competencies

There is little point in conducting EMMA in a market system if it is known in advance that the recommendations arising from the analysis are unlikely to be implemented.

- Many agencies have pre-established mandates: for example, to focus on the needs of children, women, or the elderly. Also each has its specific area of competency, with a focus on a particular emergency sector: food security, shelter, livelihoods recovery, water and sanitation, etc.
- Donors also often have their own preferences for the kinds of response that they would like to fund.
- Governments may have political reasons for encouraging or discouraging certain kinds of response.

These sorts of factor need to be included – pragmatically and openly – as criteria in the selection of critical market systems. The needs, economic activities, and responsibilities of vulnerable groups (women, elderly, minorities) should carry appropriate weight in the assessment.

Criterion 4: Seasonality and timing

Seasonality factors can play a major role in helping to select which market systems are critical.

- The importance to people of many market systems (especially agricultural) varies according to the time of year.
- Some emergency responses are more or less feasible, depending on the season.

The general seasonal calendar that you sketched in section 1.6 draws attention to these issues.

Box 2.8 Seasonal factors in selection – some examples

After Cyclone Nargis in Myanmar in 2008, many farmers were concerned about planting next season's paddy crop. In deciding whether to analyse markets for rice seed and agricultural tools, it was critical to know whether or not agricultural 'deadlines' could be met.

Also after Cyclone Nargis, shelter reconstruction was a very visible priority need. However, durable roofing materials (mainly thatch) were available during two seasons of the year only – and this dictated when the emergency response could happen.

After the Asian tsunami in 2004, some agencies rushed into cash-for-work programmes without realizing that their response timing clashed with the planting season for annual crops. This unnecessarily increased food insecurity later.

After the civil unrest in Kenya in 2008, many agencies focused on shelter programmes for displaced people. However, many of those displaced were more worried about obtaining replacement seeds and fertilizer, and using them before the rainy season started.

Criterion 5: The plans of government and other agencies

The existing or planned activities of governments and other humanitarian agencies are key factors to consider. Large-scale programmes – planned food distributions, for example – can have a major impact, either directly on the 'gaps' faced by target groups (see Step 7) and/or indirectly through their impact on the relevant market systems (Step 8).

If other agencies' programmes look like being important factors in the EMMA analysis, it is a good idea to consult and if possible involve them in the EMMA selection process.

Even when a target population's needs are already being met by humanitarian actions (for example through food distributions), it may still be valuable to analyse that market system. EMMA can contribute to the analysis of when or how an existing programme can be phased out.

Criterion 6: Emergency-response feasibility

Even at this early stage, EMMA participants in market-system selection sometimes already have some strong views about what kinds of emergency response are actually feasible, or not feasible.

Conflict environments are particularly sensitive. These pre-EMMA 'insights' may be informed by security concerns, or by government policy especially.

It is important to include these perspectives in the market-system selection process, for the same reason as Criterion 3: there is little point in conducting EMMA in a market system if it is known in advance that the recommendations arising from the analysis are unlikely to be implemented.

How to do this

If time is limited, informal discussions among the EMMA team, informed by dialogue with managers, colleagues, and especially staff with local knowledge may be sufficient.

- If time permits, other agencies and key informants can be invited to participate in a more thorough and formal selection process.
- Draw on whatever information is available to you from background research, including rapid assessments, livelihood assessments, and household-income surveys, reports on population movements, security updates, government reports, and the seasonal calendar.

Ranking exercises

Ranking exercises may sometimes assist in decision-making. They can also help to explain and summarize to managers or an external audience the rationale for the EMMA team's selection of critical market systems.

In the example in Box 2.9, each 'candidate' market system is given stars to express how strongly it fits each criterion. Remember, however, that these criteria are not objective nor equally important: in the end, EMMA teams must use their best judgement.

<i>Market-system option:</i>	<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>
1. Relates to significant or urgent need	**	**	*	***
2. Market system affected by emergency	*	**	***	**
3. Fits agency mandate well	**	*	-	***
4. Seasonal factors, timing are OK	-	***	**	*
5. Consistent with government or donor plans	***	*	*	**
6. Response options look likely to be feasible	**	***	*	**
<i>TOTAL</i>	<i>10</i>	<i>12</i>	<i>8</i>	<i>13</i>

Consult with colleagues, cluster-group members

Consult management, colleagues, and other humanitarian agencies about the final selection of critical market systems, and the specific objectives or questions (see section 2.4) attached to each of these choices.

It is a good idea to record (and share) the rationale or justification for these choices – by highlighting the criteria that were used or given most weight in the decision process.

EMMA teams should report their provisional decisions to other agencies and key informants, and explain their rationale for each of the selections. UN cluster-group meetings may be an appropriate venue for this kind of information sharing.

In a non-emergency situation, market selection would normally be a participatory process. This is very unlikely to be feasible in most EMMA contexts. However, EMMA teams should grasp any opportunity that may arise to create a simple consultative process with target beneficiaries.

2.4 Specifying the key analytical questions

By now, you will have...

- identified a short list of critical market systems for EMMA to study;
- started to establish yourself in the emergency network (e.g. receiving updates from cluster and co-ordination groups);
- clarified and communicated to your team your agency's mandate and scope of likely responses;
- begun developing some ideas for possible responses.

As the examples in the the Introduction illustrate, there are various ways in which EMMA can be useful:

- to compare the wisdom (pros and cons) of direct cash and in-kind responses;
- to explore opportunities for complementary market-system support actions;
- to highlight any risks of doing harm (especially in the longer term).

Provided that the selection process was done carefully, it should be possible to identify specific and tangible reasons for applying EMMA in each selected market system. These reasons can usually be expressed as 'key analytical questions' which EMMA aims to answer – see Box 2.10 for examples.

Box 2.10 Key analytical questions (examples)	
<i>Market system</i>	<i>Key analytical questions</i>
Timber market system, Haiti, 2008	<p>What capacity does the timber market system have to supply housing-reconstruction materials to the target population?</p> <p>What form of support for accessing timber is preferable: cash grants, relief-agency distributions, or some other? Why?</p>
Beans market system, Haiti, 2008	<p>How has (target group) farmers' access to markets to sell beans been affected by the hurricanes?</p> <p>What is the availability of beans to supply consumption needs of the target population in the affected area?</p> <p>When should existing food aid be phased out, and how?</p>
Fishing-nets market system, Myanmar, 2008	<p>What are the main constraints affecting the re-supply of fishing nets to subsistence fisher-folk (target group) in the delta?</p> <p>What form of assistance to fishing households is most needed?</p> <p>Are there any obvious interventions in the fishing-net supply chain that could speed recovery of this system?</p>

- These key questions are vitally important, because they provide the following:
- an easily accessible explanation of EMMA's objectives for managers;
 - a means of explaining EMMA to colleagues, key informants, and interviewees;
 - a focus for the EMMA team's efforts during fieldwork.

However, don't forget that EMMA is an iterative process. The key questions are not set in stone at this stage: they will most likely change or be added to during Step 3 and again in Step 5.

Livestock and seed systems in emergencies

Comprehensive guidance has recently been published, focusing specifically on livelihood protection in relation to two frequently selected market systems: livestock and seeds. These resources describe the key issues and analytical questions which should inform any EMMA investigations in these systems.

Emergency seed programmes are a potentially complex arena for intervention, since farmers' own seed-replication systems intersect with those of market-based suppliers, and this fact is compounded by concerns about appropriate seed- variety selection and the need to protect bio-diversity. See the CIAT guide to assessing seed-system security that is included in the EMMA reference manual materials (Sperling, 2008).

Comprehensive advice on livestock programming has recently been published in the Sphere-related Livestock Emergency Guidelines and Standards. A useful short review of this LEGS tool is included in the EMMA reference manual materials (Watson and Catley, 2008).

Checklist for Step 2

- o Brainstorm widely the options for market systems to be investigated.
- o Agree criteria for selecting which market systems are most critical.
- o Narrow down the final selection of critical market systems.
- o Identify the key analytical questions for each market system.