

STEP 9

Response analysis



Photo credit: Rajendra Shaw/Oxfam

Money exchanging hands at the fish market in Uttar Pradesh, India.

The purpose of Step 9 is to produce response-option recommendations for agencies seeking to meet the emergency needs of a range of target groups. The essential task in response analysis is to move in a logical way from a position of understanding the emergency situation (Steps 6, 7, and 8) to making a set of reasoned recommendations for action. The logic of EMMA's response analysis is to examine the gap-analysis findings in the context of the market system's expected capacity to play its role in meeting the gaps. Where this capacity has been affected by the crisis, options for restoring it are explored.

Before starting Step 9, you will have...

- o consulted market actors and key informants about possible market-support actions;
- o analysed supply-and-demand problems in the market system;
- o assessed the market system's expected capacity to contribute to the emergency response;
- o listed any plausible emergency market-support options to reinforce this capacity.

9.1 Overview of Step 9

Objectives

- Determine what response logic is most appropriate in each critical market system.
- Decide what type of direct assistance or other kinds of indirect action, including further investigation, to recommend.
- Estimate how much assistance is required.
- Describe when, and for how long, assistance or other indirect support should be provided, and how its impact could be monitored.

Activities

Section 9.2: Core logic of response

- Decide whether responses can or cannot rely on the market system performing well.

Sections 9.3–9.6: Response options

- Consider various options for response arising from the response logic.
- Appraise the options for market-system support identified during fieldwork.

Sections 9.7 and 9.8: Response frameworks

- Examine the feasibility and risks of the most attractive or plausible response options.
- Describe anticipated outcomes (and indicators for monitoring these).
- Summarize findings, interpretations, and conclusions.

Box 9.1 Response-analysis principles

Response analysis should follow the principle of providing assistance to target populations in direct proportion to need. This means not just filling a gap, but doing so in a way that builds on and supports people's livelihood strategies, including the local economic environment on which they rely in the longer term. Therefore response analysis should identify a pragmatic set of final options for action which are appropriate to the following:

- the implementing agency's goals and internal capacities (see Step 1)
- the needs and livelihoods of the affected population (see Step 7)
- the humanitarian operating environment, including the market system's capabilities (Step 8).

Key outputs

The results of this step will be expressed in two related response frameworks, described in the introductory chapter.

Response-options framework (Box 0.23)

The first framework summarizes information about the full range of plausible response options emerging as information from the EMMA fieldwork, and insights from your analysis. These response options may include both

- *direct* in-kind or cash-based assistance to target groups, and
- *in-direct* market-support options for restoring or bolstering the market system's capabilities (refer to Box 8.17 for definitions of direct and in-direct response).

Response-recommendations framework (Box 0.24)

The second framework presents to decision makers a small number of the most feasible response recommendations. These may include a combination of activities identified in the options framework.

9.2 The core logic of EMMA's response analysis

Up to now in EMMA (e.g. Boxes 0.2 and 2.2), humanitarian objectives in emergencies were roughly organized into three categories:

- *Meeting basic survival needs* (also known as 'livelihood provisioning')
i.e. enabling households' access to safe water, food, shelter, clothing, sanitation.
- *Protecting livelihood assets and food-security capabilities*
i.e. ensuring households' ability to produce own food, access water and fuel, and conduct other essential livelihood activities, including being available for work.
- *Promoting economic livelihoods, supporting recovery, and restoring income*
i.e. restoring households' capacity to derive income from the sale of produce, or earn wages from employment.

These distinctions were useful, especially for informing the thinking that you used in order to select critical market systems. As we have seen, affected target groups may use these critical market systems either as a source of food, essential items, assets, and services (*supply*), or as a source of remuneration (*income*) for their own labour and produce.

However, when it comes to response analysis, it is useful to consider a different kind of categorization. EMMA's response options (the *actions*, not the objectives) depend on the relationship between humanitarian intervention and the respective market system. These actions fall into four categories:

- responses that rely on local market systems performing well (section 9.3);
- responses that aim to strengthen or support local market systems, so that actions in category (A) are more effective, less risky, or simply unnecessary (section 9.4);

- (C) responses that do not rely on local market systems performing well (section 9.5);
- (D) actions leading to further investigation, analysis, and monitoring (section 9.6).

Box 9.2 Different response options – example

Firewood needs in an IDP camp

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

If the market system is expected to perform well (A)

- Include a cash allocation for firewood in regular transfers to women householders.
- Create a voucher system to enable IDPs to purchase firewood at subsidized prices.

If the market system needs to be strengthened or supported (B)

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

If the market system is not going to be capable of performing well (C)

- Distribute fuel-efficient stoves, to reduce households' firewood needs.
- Procure and distribute firewood rations to households in the camp.

If further investigation and analysis are needed (D)

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

EMMA's perspective is that all humanitarian objectives may require interaction with critical market systems at some level: local, regional, national, or international. For example:

- large-scale relief distributions rely on international market systems, or aid-donating countries;

- local in-country procurement depends on national or provincial level markets;
- cash-based interventions rely on market systems working right down to the local level in the emergency-affected area where the target population is located.

The question for EMMA users therefore is ‘Which level is the most appropriate point of intervention for humanitarian action?’ This decision also depends on the scope for actions to support the local or national market system to work better: i.e. to be more efficient, integrated, equitable, and inclusive. Recall that the primary reasons for using EMMA (section 0.2) include:

- to make early decisions about the relative wisdom of in-kind distributions versus cash-based assistance for direct assistance to target households, and
- to assess opportunities for complementary ‘indirect’ actions, especially actions that strengthen the market system’s capacity to respond to gaps.

The EMMA user’s task is essentially therefore about deciding the extent to which the critical market system can be relied upon to play its role (as supply or buyer) in meeting a humanitarian objective. After Step 7, you should have a reasonable estimate of the gaps facing the target population. You should have a good-enough idea of the size of the shortfall between people’s urgent needs and what this market system is currently delivering to them: between what people need to protect life and livelihoods, and what is available and accessible. You should also have a sense of what the shortfall is now, and what it is likely to be in the near future. By this stage, also, the EMMA team will probably have heard (from interviewees) or identified for themselves a range of ideas and proposals for emergency responses to this gap (see Box 8.18).

Response-decision tree

The decision process for selecting from these four options has a *core logic*, which can be summarized in three relatively simple analytical questions.

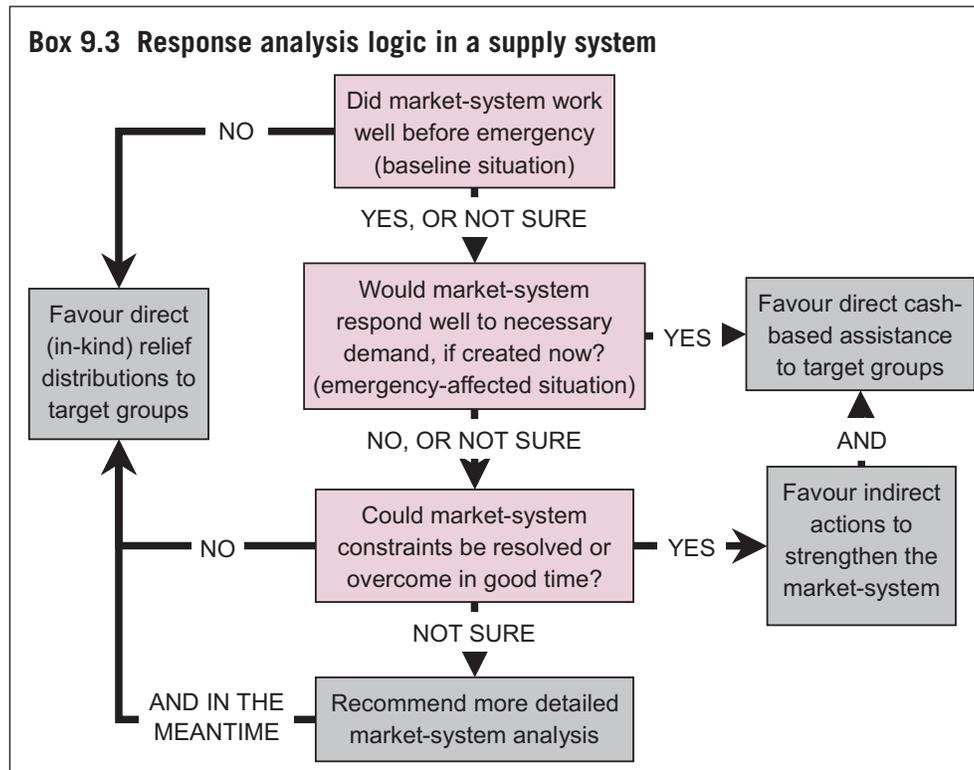
1. *Baseline situation*: How well did this market system work before the emergency?
i.e. to what extent did it meet normal needs? How inclusive and accessible was it? How efficient, reliable, and fair was it? (market power)
2. *Impact of the crisis*: How has this market system been affected by the crisis,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

with in-kind relief distributions? Or as a result of other expected future impacts of the crisis?

The diagrams in Boxes 9.3 and 9.5 illustrate this core logic, by showing how these three questions relate to the category of response decision. The form that these questions take differs between 'supply' and 'income' market systems.

Logic in supply market systems

In a supply system, the baseline question 'Did it work well before?' asks whether the critical goods were generally available in sufficient quantities to satisfy the target population's actual spending ability (their effective demand). Note: a well-functioning supply market system does not imply that everyone including the poorest were able to afford what they needed. It only means that, where effective demand existed, the market system was able to respond to that demand reasonably well. This was indicated by the availability of goods, by the absence of monopoly behaviour (abuse of market power), and by prices being similar to those in comparable markets. All of these subjects were covered in Step 8.



The impact question *‘Would it respond well now?’* asks whether the market system would probably be able to satisfy the higher demand that would be created if the target population had more money to spend at a local level (i.e. after a cash-based intervention). In particular, whether it could do so without this increased local demand leading to an unreasonable rise in prices (e.g. by more than normal seasonal fluctuations, see Box 9.4).

Box 9.4 Reasonable prices?

A key issue for humanitarian agencies using cash or local procurement is to avoid doing harm by driving up prices. Markets can supply almost anything if the price offered is high enough. But by paying excessive prices (directly through procurement, or indirectly through cash-based interventions), humanitarian agencies risk merely diverting goods to the target population by depriving other groups who lack the same assistance.

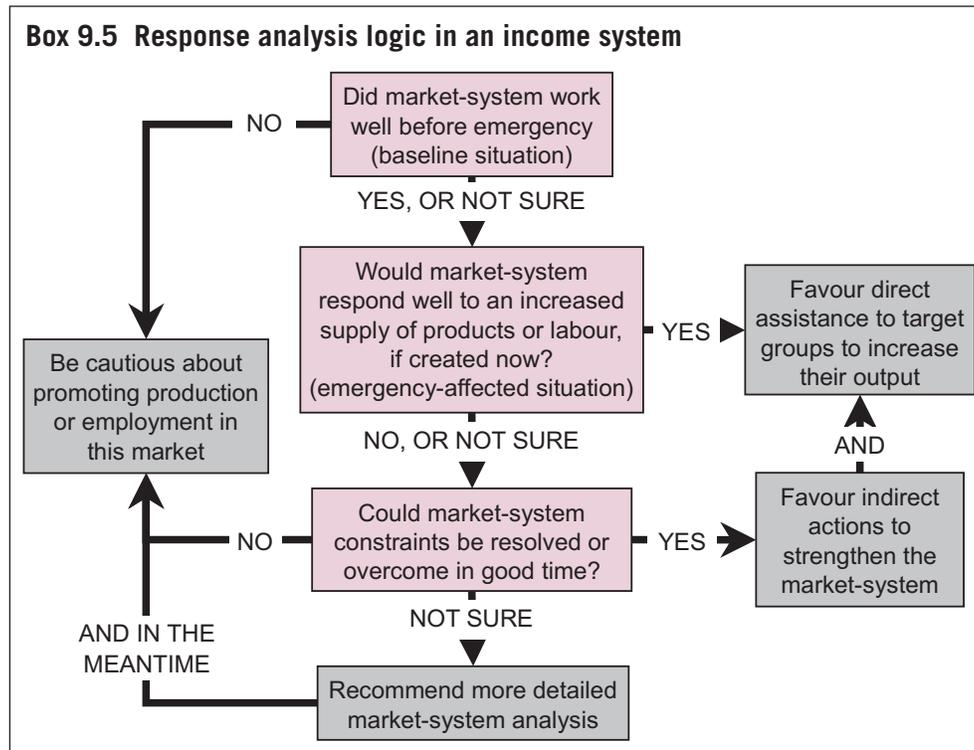
However, it is also reasonable to expect supplier prices in an emergency situation to be higher than in the baseline. Traders may face greater costs and risks than normal – for example in transport and storage. EMMA’s assessment of what is a ‘reasonable price’, based on information about costs and bottlenecks faced by traders, must take these factors into account.

The indicators of a market system’s capacity to respond to emergency needs – and the necessary demand that this creates – were explored in Step 8. They include availability of stocks, absence of irresolvable bottlenecks; and fair levels of competition. *‘Necessary demand’* refers to the total spending capacity (including that created by cash or voucher programmes) that the target population would need to have in order to fully address their supply ‘gap’ emergency needs. This subject was covered in Step 7.

Finally, the forecast question *‘Could constraints be overcome in good time?’* asks whether bottlenecks or constraints could be overcome within the timeframe dictated by the humanitarian context: emergency needs and operational considerations. This subject was covered in Step 8.

Logic in income market systems

The decision tree is slightly different, but the logic is the same as for supply markets. Instead of food and items needed by the target population, the questions refer to the market demand for the sale of their own produce, crops, livestock, or labour.



In an income system, the baseline question *‘Did it work well before?’* asks whether the target population was able before the crisis to find sufficient buyers at reasonable prices for their produce (or labour). Note: a well-functioning income market system does not imply full employment or good incomes for all. It only means that the market system was able to respond to availability of labour or produce with reasonable efficiency. This was indicated by the volume of purchases or employment, by the absence of monopoly behaviour (abuse of market power), and by prices being similar to those in comparable markets.

The impact question *‘Would it respond well now?’* asks whether the market system’s buyers would probably purchase restored or higher outputs. Alternatively, it asks whether employers would absorb increased labour, if available from the target population. For example, after support for productive activities, or job-seeking or skills-development activities.

In particular, it asks whether the market system could absorb this increased supply, without causing an excessive fall in prices or wages (e.g. by more than normal seasonal fluctuations). As discussed in Step 8, the indications of this capacity include availability of buyers (demand), absence of irresolvable bottlenecks; and fair levels of competition.

Finally, the forecast question *‘Could constraints be overcome in good time?’* asks whether key bottlenecks or constraints that limit the market system’s response could

be overcome within the timeframe dictated by the humanitarian context: emergency needs and operational considerations.

9.3 Options when market systems are expected to work well

The first category of EMMA results consists of those where the critical market system is judged to be already capable of responding well to the target population's needs and gaps. In these cases, humanitarian agencies have the greatest range of options for action. Response choices can be based largely on non-market considerations, for example households' preferences for the form that assistance takes.

Humanitarian agencies may still choose to use non-market-based responses (e.g. in-kind distributions), for all kinds of operational reasons. However, in choosing to by-pass a market system, they bear a responsibility for any harm that might arise (for example, from undermining producers' prices, or increasing dependency), and missed opportunities to bolster the longer-term viability of producers, traders, businesses, or other market actors in that system (see Box 0.4).

Options in supply market systems

- Actors in this system are expected to be capable of supplying the gaps facing the target population, with or without supporting actions (see Boxes 8.11 and 8.12).
- Any system constraints that are currently inhibiting supply are capable of being resolved in good time (see section 9.4).

This type of finding encourages response options that directly tackle the target population's lack of spending capacity. These response options include cash transfers; voucher schemes; and cash-for-work programmes.

Box 9.6 Responses when supply systems are forecast to work well		
<i>Options</i>	<i>Description</i>	<i>Comparative advantages and disadvantages</i>
Cash transfers	Grants direct to target households	Needs are simple to assess. Assistance is easy to track and disburse, and monitoring receipt of funds is easy. Flexible and empowering for beneficiaries. Higher risk of misuse, especially in situations of conflict or power imbalances. Risk of inflation if supply constraints were overlooked or not resolved. Difficult to monitor use.
Voucher schemes	Tokens direct to households, valid for specific goods, shops, or traders	Compared with cash: easier to ensure agency's own humanitarian priorities. May mitigate insecurity concerns and risk of inflationary price rises in other markets. Need to assess business partners; set up and manage a repayment system with shops/traders.
Cash-for-work (1)	Paid short-term work available to all population	Easy to set up quickly and create a brief, rapid infusion of money into the local economy. Often more culturally and politically acceptable (dignified) than cash grants. Works undertaken may be useful for recovery. Work may be inaccessible for most vulnerable households, or be an unnecessary diversion from more useful activities.
Cash-for-work (2)	Paid longer-term work for the most vulnerable households only	Social programmes designed to reach vulnerable households and support them over a longer timeframe into recovery phase. More difficult to design well. Must be sensitive to social norms and perceptions of bias. Risk of creating long-term dependency or stigma.
Micro-credit	Small loans for replacement of assets though local savings groups	With care, reinforces local institutions and social capital – contributes to longer-term recovery. May exclude the more vulnerable, socially marginalized. Risk of overloading saving groups' management capabilities.

Cash and voucher schemes

A great deal of guidance is now available on the operational design and implementation of cash and voucher programmes. Some of these are available on the accompanying EMMA reference manual. For further reading, see:

- Oxfam's *Cash-transfer Programming in Emergencies* (Creti and Jaspars, 2006)
- ICRC's *Guidelines for Cash-Transfer Programming* (ICRC, 2007)
- ACF's *Implementing Cash-based Interventions* (ACF International Network, 2007)

Cash-for-work programmes

When considering cash-for-work as a response option, it is important to be clear what objective you have in mind. Mercy Corps, for example, identify three different types of CfW response, with different goals and operational implications (refer to Box 9.7).

Box 9.7 Three different objectives of cash-for-work

1. CfW to kick-start the local economy

Used to inject money (liquidity) rapidly into the local economy, for example after a sudden shock. The primary objective here is to kick-start economic activity: by re-stimulating demand and thus helping to revive trading, production, and employment. These responses are fast, short-term (20–30 days), and universal. Work opportunities are made available to all households, at around 80 per cent of a normal local wage. The nature of the work is less important than its accessibility to all target groups. From EMMA's perspective, the key concern is to ensure that constrained demand (see Box 8.14) has been correctly identified as the only major problem in the critical market systems: for example, because the target population have lost their savings or normal sources of income. If there are other supply constraints, then a rapid infusion of cash into the local economy carries the risk of causing price rises.

2. CfW to support the most vulnerable households in medium term

Used as a form of medium-term income support for the most vulnerable. The primary objective here is the welfare of target groups. This involves relatively small payments to help households to meet basic needs over the course of several months, a year, or longer. This kind of cash-based response is targeted at extra-vulnerable households, so the nature of the work must be appropriate and accessible. It is often supplemented by other relief activities, related, for example, to nutrition or education. From EMMA's perspective, the risk of market distortions (price rises) is lower than other types of CfW, since the number of beneficiaries and the sums involved are usually relatively small, or spread out over time. This, in turn, places less demand on the local capacity of critical market systems to respond.

3. CfW to conduct essential tasks / public works

Used to recruit labour to achieve specific emergency or recovery-related tasks: for example, clearing debris, repairing key roads and bridges, public shelters, water and sanitation infrastructure. Most often used for communal or public assets; but might also be appropriate for rehabilitation of private property (e.g. irrigation system, landing jetty), if this is critical to the performance of a market system on which a target group depends. This response usually requires technical supervision; is not on a very large scale; lasts only as long as necessary; and employs those most able to do the work.

From EMMA's perspective, a key concern is not to draw labour away from other important activities in the local economy. Therefore, responses should pay wages that are close to local market norms, should minimize the programme scale and duration, and should schedule programmes to fit the seasonal calendar.

Source: Dee Goluba, Mercy Corps

Micro-credit for asset replacement

Where financial institutions, including informal savings and revolving-loan groups, are still functioning, it may be feasible to channel cash assistance through them. Capital grants to organizations can enable them to offer increased loans, or temporary repayment holidays, to members.

Care must be taken to ensure that the groups or institutions have the technical and political capacity to manage the volume of assistance to be delivered. It is easy to overwhelm informal organizations and undermine carefully nurtured cultures of repayment responsibility.

For further reading, see the section on financial-services standards in *Minimum Standards for Economic Recovery after Crisis* (SEEP Network, 2009).

Options in income market systems

Actors in the system are expected to be willing and able to purchase extra produce or labour from the target population, either with or without support.

Any system constraints that are currently inhibiting demand from buyers or employers are capable of being resolved in good time (see section 9.4).

This conclusion gives a green light to response options that directly tackle the target population's limited or restricted productive capacity. These response options aim to increase output and promote employment and income-generating activities. They include facilitating replacement of productive assets, and provision of inputs and key services or skills (see Box 9.8).

In general, this type of situation leads agencies into the area of value-chain development work. For further reading, see Campbell (2008), Miehlebradt and Jones (2006), and the Microlinks site listed in Box 1.2.

Box 9.8 Producers' needs when income systems are forecast to work well	
<i>Category</i>	<i>Examples</i>
Replacement of productive assets	Farming implements, hand tools, fishing tackle, livestock
Provision of essential inputs	Seeds, fertilizers, animal fodder, nutritional supplements, productive materials
Provision of key services	Transport services, safe market places, agri-extension advice, veterinary services (e.g. vaccination of livestock)
Skills development	Training in specific vocational skills

Inter-linked income and supply market systems

Suppose that EMMA finds significant opportunities for target groups in income market systems. A key decision will then be how best to facilitate these target groups' access to the assets, inputs, or services needed to take advantage of these opportunities. For example, a healthy market demand for fresh fish raises the question: how best to assist fisherfolk to replace boats and nets? Similarly, strong buyer demand for milk may create in turn a demand for supply of animal fodder and nutritional supplements.

This illustrates the inter-linked relationship between critical income systems for producers and the supply systems that might provide them with vital inputs and services. Healthy demand and a well-functioning income system create an economic opportunity. This means that the related supply systems are then also critical.

In these circumstances, EMMA teams need to focus attention on these input-supply systems. You need to investigate whether or not they can be expected to work well also. If they can, then some of the same options for cash-based interventions (in Box 9.6) can be considered: particularly cash transfers, vouchers, or micro-credit.

9.4 Options when market systems need supporting or strengthening

The second category of EMMA results consists of those where the critical market system is judged to be potentially capable of responding well to the target population's needs and gaps, but its current capacity is limited by constraints that could be rectified in good time.

The market system may still be able to play an effective role in the emergency response (as in section 9.3), if these constraints are amenable to practical and quick solutions.

Evidence that a critical market system has good potential to respond:

- Production and trade volumes achieved in the baseline situation would be sufficient to meet emergency needs now, if restored.
- Market actors are convinced of their inherent capacity to supply / buy adequately.
- The bottlenecks or constraints that restrict production or trade are clearly apparent and amenable to action.

In these circumstances it makes little difference whether EMMA is investigating a supply market system or an income market system. The response options will arise from whatever very specific issues and problems the market actors are facing and have reported.

Box 9.9 Service provision or market facilitation

The approach described in this section describes situations in which agencies seek to support actors in market systems to recover from crisis or strengthen themselves. This is very different from conventional humanitarian responses which displace market actors by substituting for them – taking up the very roles or activities on which their businesses and livelihoods rely. A huge body of experience and guidance is now available on market-development approaches, including value-chain development. Recently the emerging lessons and principles of these approaches have begun to be applied to emergency situations.

See *Minimum Standards for Economic Recovery after Crisis (SEEP Network, 2009)* and www.bdsknowledge.org for resources on market development generally.

A key lesson from the market-development field is that intervening agencies need to shift their role from that of ‘service provider’ to that of temporary ‘facilitator’. Facilitators seek to avoid creating unsustainable aid-dependency by minimizing their direct role in the market system, and the duration of their intervention. At the same time, the facilitator indirectly encourages and supports market actors to recover or take up the roles and activities that are needed for the market system to perform well for the target population.

In many emergency situations, humanitarian agencies cannot afford to stand back and merely facilitate. However, where market systems are (close to) working well, the scope for non-conventional action is greater: that is the ethos in this section of EMMA.

Infrastructure rehabilitation

The first category of market-system support is rehabilitation of key infrastructure. This might include not only public infrastructure (water and sanitation systems, roads, bridges, electricity supplies) but also trading infrastructure that plays a key role in market-system performance: for example, market places, storage facilities and premises, livestock-trading facilities. EMMA teams may identify infrastructure priorities, e.g. restoring electricity services or road access to a key grain mill, which are overlooked in conventional humanitarian priorities. In some circumstances EMMA might propose the rehabilitation of privately owned assets – for example land, ponds, irrigation ditches, jetties, ice-making facilities – if these are essential components of a critical market system on which many target households rely.

Humanitarian agencies that are considering activities in this area need to liaise with local government. Public-infrastructure rehabilitation should be co-ordinated through government plans, and agencies should avoid replacing governments’ primary role in this aspect of market-system rehabilitation as far as possible.

Box 9.10 Market-system support – rehabilitation of infrastructure	
<i>Response options</i>	<i>Examples</i>
Rehabilitation of public infrastructure	Public works to restore roads, bridges, port facilities, irrigation pumps, water tanks, electricity supply. Opportunities for cash-for-work (type 3 in Box 9.7)
Rehabilitation of market infrastructure	Grants or works to restore market stalls, kiosks, storage facilities, water, temporary market places, livestock markets
Rehabilitation of private infrastructure	Desalination and debris removal on agricultural land, reconstruction of fish ponds, drainage ditches, irrigation channels; construction of jetties

Financial services

Financial services, especially credit – in its many different forms – are the life-blood of all market systems. Most market actors, from the smallest farmer to the largest trader, rely on advances or credit for buying inputs, investing in stocks, and paying for transport in advance of sales. Credit relationships are closely linked to (embedded with) the trading of goods along supply chains or value chains. In emergency situations, disruption to the key credit providers in the chain can easily cause a ‘credit crunch’. Therefore it may be just as vital to restore these financial linkages as it is to restore the physical or logistical ones.

Box 9.11 Market-system support – financial services	
Direct business grants / loans	Grants, loans, or in-kind material assistance for reconstruction of premises, re-stocking, for purchasing inputs, for transport of goods
Guarantees for traders	Letters of credit or other financial guarantees to support traders to re-establish business or negotiate new lines of credit from their suppliers (e.g. for importers of critical food / essential items)
Support for producer groups	Grants or loans to producer associations (guilds, marketing co-operatives, unions) to facilitate increased economic activity
Support for micro-finance institutions	Capital grants (or loans) to bolster financial institutions during period of stress (non-payment of premiums). Temporary financing for credit unions

Many humanitarian agencies hesitate to consider providing loans or grants directly to market actors (for example, local retailers) who are relatively wealthy compared with the target population. However, this may logically be the most efficient way to restore a market system's performance. There may be imaginative solutions – such as supporting a local micro-finance institution with capital, or providing letters of credit – which avoid the worst of these dilemmas. Voucher schemes, for example, are also a useful mechanism that can be linked to support for particular vital traders in a supply chain. For further reading, see *Minimum Standards for Economic Recovery after Crisis* (SEEP Network, 2009).

Business services and transport

It may be justified in critical market systems to provide inputs and services on an emergency basis directly to market actors who are not in the target population. Transport bottlenecks are a common constraint, especially in conflict situations. Directly assisting key traders and transporters to restore the movement of critical goods (and sometimes of people too) may be an efficient humanitarian solution.

Other vital business services (non-financial) might include helping key market actors to overcome bureaucratic obstacles, such as having to obtain transit permits and business licences (e.g. registration to operate in a refugee camp).

Box 9.12 Market-system support – business services	
Support for transport services	Protective convoys in conflict zones. Vouchers for fuel. Help with leasing of vehicles to traders
Support to deal with bureaucracy	Practical administrative or lobbying support to help to overcome bureaucratic obstacles, obtain business licences, transit permits, etc.
Wholesale supply to traders	Legal or logistical help with importing goods (food, essential items, material) into an emergency area. Sale (monetization) of food aid into local markets where local supply is constrained

Agricultural inputs and extension services

Agricultural 'income' market systems (including livestock and fishery sectors) are often critical in emergency situations – as a source of employment for poorer and landless rural households, as a source of income for small farmers and fisherfolk, and for ensuring future food availability. A wide variety of inputs supply chains and extension services (both public and private) are often involved in enabling these systems to work well for producers in normal circumstances. Where emergencies disrupt these inputs and services, but the demand for the end products is still strong, EMMA teams may recommend temporary emergency responses in compensation.

Note: sometimes input supply chains are so vital to target populations directly (for example, seed suppliers for subsistence-level food producers) that they should probably be selected as critical market systems for investigation in their own right (Step 2). The need for repeated or long-term humanitarian interventions to support such services indicates the need for more detailed analysis of the problems. See Sperling (2008) for analysis of ‘seed systems’, for example.

Box 9.13 Market-system support – agricultural inputs and services	
Seed and input programmes	Emergency seed programmes; related provision of fertilizers and tools. Support for seed fairs, rehabilitation of seed and tree nurseries
Livestock services	Vaccinations, supplementary feeding, access to fodder, temporary protection and shelter
Livestock markets	De-stocking to manage demand, improvements to market place / trading centre facilities, re-stocking programmes
Agri-tools and machinery	Assistance with investments in tools, agro-machinery, irrigation equipment. Advice and support (e.g. grants) to providers of agro-machinery rental services

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

Information services and lobbying

Humanitarian agencies can do a great deal in terms of facilitating access to information, and using their influence. The market-mapping process should have revealed the main obstacles that market actors face in the institutional environment (especially rules and regulations). Lack of access to basic information is also a common constraint.

Where a major humanitarian response is likely to be implemented, advance information is a key factor that enables market actors to respond appropriately. If cash programmes are planned, traders need time to order and secure fresh supplies.

Box 9.14 Market-system support – information and lobbying	
Market information services	Informing market actors about what is happening and planned by humanitarian agencies. Making available the results of monitoring – especially prices in different market locations
Market linkages	Building links between market actors, e.g. through trading events, seed fairs, market exhibitions
Employment agencies	Linking target groups to opportunities for employment, skills development, or vocational training
Business services	Help with licensing and regulations (e.g. camp rules); guidance on tendering for contracts
Advocacy and influence	Lobbying government officials for improvements in food-movement policy, tariff reductions, speed of import clearances, emergency tax holidays, safe passage for traders

9.5 Options when market systems are not expected to respond well

The third category of EMMA results consists of those where the critical market system is judged to be incapable of responding well to the target population's needs and gaps. The bottlenecks and constraints that it faces cannot be rectified in good time.

Options in non-performing income market systems

Discourage investment and production

When EMMA finds that an income market system – i.e. a potential source of income or employment for target groups – is not expected to respond well to a fresh supply of goods or labour, it is necessary to spell this out very clearly – otherwise wishful thinking and the urge to 'do something' for people can dominate decision making. The unsold products of ill-considered production initiatives ('Maybe we will find buyers for these tomatoes / goat-hides / handicrafts / tailored clothes') are a familiar sight.

If demand is insufficient or uncertain, EMMA teams should actively discourage investment in income-generating activities or production for that market system.

Respond to problems of over-supply

A special case of market-system failure in income markets happens when emergencies cause a surge in supply (rather than a collapse of demand). This can happen easily in casual labour markets – when target groups, e.g. displaced people, are suddenly forced to seek new ways of earning a living. It is also characteristic of livestock

markets, especially during severe droughts or conflict, when supplies of fodder dry up and people are forced to sell their animals quickly.

A legitimate response in such cases – if agencies have sufficient resources – is to try to temporarily soak up some of the excess supply of goods, livestock, or labour, by means such as the following:

- de-stocking programmes for livestock (see the LEGS Manual);
- temporary alternative employment (e.g. cash-for-work type 1 in Box 9.7);
- employer subsidies / incentives to protect jobs on private land / businesses.

Options in non-performing supply market systems

When EMMA finds that market systems are not capable of responding well to the target population's needs, then humanitarian agencies have no choice but to respond directly. These are, perhaps, the conventional emergency relief responses:

- food aid;
- distribution of essential household items, clothing, shelter materials ;
- distribution of agricultural tools, inputs, seeds, fodder;
- replacement of livelihood assets;
- re-stocking of livestock.

However, the understanding of the critical market system provided by EMMA may still be valuable in the medium or longer term. So, for example, your EMMA report may be able to advise or describe the following:

- when, or under what conditions, a critical market system is likely to have recovered sufficiently for humanitarian assistance to be switched to cash-based interventions (e.g. when transport link X is re-opened; or after the next harvest in area Y; or when traders return to market places in region Z);
- when, or under what conditions, relief distributions could be phased out;
- what indicators of market-system performance to continue monitoring (e.g. market prices in specific locations);
- any risks of harm that relief distributions might cause to particular market actors, and hence to the system's future performance, so these can be mitigated (e.g. distributions of food aid can be expected to create disincentives for farmers to plant next season's staple grain crops in region B).

9.6 Options when results are uncertain or more information is needed

The final category of EMMA results relates to situations where insufficient information and data are available to make a confident assessment of the critical market system's capacity to respond well to the target population's needs and gaps. Usually, precaution means that EMMA teams have to assume the worst and treat the situation as a non-performing market system (section 9.7).

However, if further investigation, which might take various forms, is possible, this can be recommended alongside relief distributions.

Establishing price monitoring

Even short-term price monitoring can reveal useful information about what is happening in market systems, especially if you can compare current price levels and movements with some approximate pre-emergency baseline. Exceptionally, it may even be possible to ‘pilot test’ market-based responses in a limited area that is carefully monitored to see what effect this has on local prices and market performance.

It is advisable to set up simple price-monitoring systems, whatever emergency-response options are recommended. This is an activity where collaboration with other agencies is vital, to avoid duplication and ensure that comparable data are collected.

Further advice on price monitoring and the interpretation and use of price-series data is given in the EMMA reference manual on the CD-ROM.

Investigating other (related) market systems

EMMA investigation in one critical market system may reveal the need for assessment in another, usually a related or interlinked system. For example, a study of inland fishery systems might reveal the critical role of the fish-net supply chain. This does not necessarily indicate a failure of system selection (Step 2): sometimes only detailed fieldwork with market actors on the ground reveals the importance of a related supply chain or service market. Fortunately, the groundwork for this kind of supplementary EMMA investigation will usually have been done already, so reducing the time and cost involved.

Terms of reference for specialist market analysis

Sometimes an EMMA investigation with its urgent, short-term timeframe turns out to be clearly leading the way towards a more substantial and longer-term programme. This is the transition from emergency programming to longer-term economic and livelihood recovery.

These transitions may justify the need for more detailed and quantified market analysis by specialists who have experience of the market sector. For example, an investigation of the milk market system for emergency-affected small dairy farmers indicates that there are significant opportunities to expand local production and get into higher-value products (e.g. cheese making). This is a longer-term proposition, which requires analysis by dairy-sector specialists and livelihoods advisers, using value-chain development methods for example.

In such circumstances, it is appropriate for EMMA teams to use the EMMA results to describe Terms of Reference (ToR) for further in-depth specialist analysis. Guidance on writing these kinds of ToR is included in the EMMA reference materials.

9.7 Response-options framework

The response-options framework is simply a device for recording and summarizing the most plausible response options that emerged from the EMMA fieldwork (Step 5) and response analysis. The purpose of the framework is to provide decision makers with a quick overview of all the reasonable options that the EMMA team considered and which can be included in a short report or presentation. (See Step 10.)

Box 9.15 shows an extract from the full example illustrated in Box 0.23.

Box 9.15 Response-options framework			
<i>Option</i>	<i>Advantages</i>	<i>Disadvantages</i>	<i>Feasibility and timing</i>
Relief distribution of spare supplies from Forest Dept.	Immediate impact. Would utilize existing / useless stocks; for the short term, will slow deforestation; simple distribution programme.	Requires warehouses, distribution staff. Limits integration with markets in town and camp. Wood may be sold on, not used.	Low! Expect lack of co-operation. 2–3 weeks to begin
Distribution involving camp-based retailers and vouchers	Inject cash into camp economy. Thus lots of secondary beneficiaries; would create more local vendors	Very few camp retailers with any capacity; no storage or infrastructure inside camps. Open to fraud. Start-up slow – with procurement and beneficiary-identification process	Medium. 2 months to implement
Refilling of gas canisters; conditional on school attendance	Less firewood usage; time-saving. Incentives for sending children to school. Reduces protection issues. Clear exit strategy: reduce distributions	Gas is twice the price of firewood; risky to use inside tents; IDPs cannot afford refilling on their own. May increase dependency on aid; makes school attendance linked to reward, instead of intrinsic worth; not sustainable	High. Can be started soon
Cash distribution to all IDP women household heads	Inject money into the camp economy; positive effect on HH economies, but no effect on firewood market; gives women choices	Potential for inflation; corruption; no exit strategy; no way to ensure that cash is used for firewood; women might continue to send children to collect firewood instead of buying it	Low. Quick response

Feasibility of options

EMMA teams need to provide an assessment of the relative advantages and disadvantages of each response option included in the framework. These should include the following, for example:

- What is the likely impact of proposed intervention on the market system (including the risk of causing price distortions)?
- What added risks or vulnerability does the proposal create – for example, in changing the burden on women’s time?
- To what extent will this proposal support (or undermine) existing long-term interventions?

In addition, some indication of the practical operational feasibility of each proposal is important.

In the case of cash-programming options, detailed advice on operational feasibility is now available from many sources (ACF International Network, 2007; ICRC, 2007). See also the questions in Box 4.2, taken from Oxfam’s cash-programming guidelines.

9.8 Response-recommendations framework

Finally, from the range of options summarized above, you can present the EMMA team’s recommendations for emergency response (see Box 9.16). These may, of course, involve a combination of activities, such as cash-based intervention (section 9.3), with a set of market-system support actions (section 9.4).

Box 9.16 Response-recommendations framework				
<i>Response activities or combinations</i>	<i>Key risks and assumptions</i>	<i>Timing issues</i>	<i>Likely effect on market system and target groups</i>	<i>Indicators</i>
<i>Fuel-efficient stoves and cooking techniques</i> <ul style="list-style-type: none"> • Stove distribution • Cooking techniques • Sensitization on fuel efficiency, de-forestation, child-protection issues 	Access to camps. People are willing to learn and use stoves. We can find training staff	1–2 months to make an impact	Decrease household firewood expenses. Increase fuel efficiency at household level. Small – but important – positive effect on environment. Improved protection (fewer children collecting wood)	# of stoves distributed and used by IDPs. Comparison of wood-fuel consumption, old vs new

Recommendations may also include phased activities – where different responses start at different times. This is particularly relevant to programmes that cover or anticipate a transition from emergency relief to economic recovery. Some examples of this can be found in Mercy Corps’ guidelines on planning and transitional economic-recovery programmes in quick-onset emergencies (Mercy Corps, 2007).

Issues of timing

Indicate when activities need to begin – bearing seasonal factors in mind. Describe whether actions are one-off or continuous. If continuous, for how long they will be needed?

Appraisal of key risks and assumptions

Recommendations need to be accompanied by an appraisal of any predicted major risks, and the assumptions being made. It is impossible to avoid all risks, but comparisons between alternative options are more realistic if risks are acknowledged clearly. Significant external factors over which agencies have no control, such as expected government actions, or the likelihood of poor weather, can be gauged (e.g. likely, unlikely) and factored into the decision-making process.

Assumptions are essential in EMMA – since decisions have to be based on limited and partial information. The important thing is to record them: for example, ‘Traders will be able to double the supply (availability) of critical items within four weeks’.

Impact indicators

As early as possible, when response options are being recommended, it is important to identify how the benefits arising from response activities will be measured and monitored throughout the course of an intervention. The identification of these indicators is, increasingly, a requirement of donors. They enable programmes to set outcome goals which can be used later to evaluate how successful assistance has been. See the OFDA guidelines for useful information on suitable indicators for donor proposal (OFDA, 2008).

More importantly, the monitoring of impact indicators will enable agencies to assess whether the response actions are creating the desired benefits for the target population. Bear in mind that improvements and deteriorations can also be caused by other factors out of your control, such as climate, market dynamics, and changes in the political or governance environment. This is vital where cash-based interventions or indirect activities such as market-system support are being proposed.

A key indicator in cash-based programmes should be the local prices of critical food or non-food items. Large or prolonged changes to prices (up or down) may

be an indication that the market system is not performing as well as anticipated, prompting agencies to change tack.

For further guidance on price monitoring, see the EMMA reference manual.

Checklist for Step 9

- o Response-analysis logic – predicting if the market system will perform well.
- o Response options arising from the response logic.
- o Appraisal of the options for market-system support identified during fieldwork.
- o Feasibility and risks of the most attractive or plausible response options.
- o Response options and recommendation frameworks.