International Red Cross and Red Crescent Movement

Market Analysis Guidance

International Federation
of Red Cross and Red Crescent Societies

ICRC

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 **British Red Cross**

 **American Red Cross**

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Introduction

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Presentation

The Market Analysis Guidance (MAG) suggests processes and tools aimed at integrating market analysis into the different phases of the project cycle, taking the existing Red Cross and Red Crescent (RC/RC) Movement's technical documents into account whenever possible. The MAG was commissioned and developed together with a tool for the Rapid Assessment of Markets (RAM), which is intended to provide a quick, basic understanding of markets within the first few days after a shock and to support decisions on immediate relief responses. The MAG gives continuity to the RAM in the sense that it allows for a more detailed analysis and gives a more solid basis for market-related programme decisions. The time span of the MAG extends from two weeks to one year after a shock.

The MAG is targeted at staff and external consultants who have a role in leading market analysis, as well as managers who need to make programming decisions and to implement market-related relief and early recovery interventions. It offers a simple approach to the processes of gathering and analysing market data and making decisions based on such information.

The processes and tools suggested in the MAG are built mainly upon qualitative information and participatory methodologies that stimulate the active participation of stakeholders and key informants. Quantitative data is used in price monitoring and whenever available from reliable secondary sources. The MAG was designed to allow practitioners to get a 'good enough' picture of the situation, conduct a meaningful analysis, and reach transparent and consensual programming decisions.

The MAG is not a stand-alone tool. It should be integrated into the various analytical processes taking place in the different phases of the project cycle. Its results should feed into the various programming decisions that need to be taken with regard to the planning, design, implementation, management, and evaluation of relief and early recovery interventions. This requires close cooperation with relevant stakeholders within the organization conducting the MAG.

The ideal market analysis leader should have experience in market analysis, familiarity with participatory approaches and qualitative analysis, and a good understanding of the context. The leader can then guide field staff through the market analysis steps to be taken in the different phases of the project cycle. Field staff should have good knowledge of the shock-affected area, people, and markets; experience in participatory approaches; and basic analytical skills.

On the one hand, the MAG acknowledges the existence of different capacity levels and contextual needs. On the other hand, it recognizes the impossibility of developing a 'one-size-fits-all' approach. For this reason, it essentially considers a situation consisting of a low-capacity, relatively stable rural setting struck by a sudden shock, in which agencies are considering immediate relief and early recovery interventions. Users should have the flexibility and ability to adapt the MAG's processes and tools to the capacity they have at hand and the specific context they find themselves in.

The MAG should be accompanied by the development of a capacity-building strategy and specific training materials. This will ensure that the staff leading the

integration of market analysis in the project cycle understand the key concepts and principles of market analysis and become familiar with the processes and tools presented in the guidance.

MAG development

The development of the MAG involved a consultative process that took into consideration the existing tools, guidelines and approaches used by the RC/RC Societies, good practice in market analysis, and experience from the wider humanitarian sector. The process included in-depth discussions with key stakeholders from the humanitarian sector, an internal consultation process within the RC/RC Society (this included staff from logistics), an external appraisal of the tool through a market advisory group, as well as field-testing in the Philippines.

Structure and contents

The MAG is organized into five chapters, each one covering a different phase of the project cycle. The chapters follow a logical sequence but can be used independently. Within each chapter you will find guidance and technical tools to integrate market information into the respective phase of the project cycle. The technical tools include checklists and practical tips on how to proceed when gathering and interpreting market data, as well as when making decisions that take this information into account. The tools should be taken as standard recommendations, which need to be adjusted to and tested in each specific context. The user is encouraged to incorporate aspects relating to gender, livelihoods, ethnicity and protection as and when necessary.

Chapter 1: Assessment

This chapter deals with how to integrate market information into general assessments. You are guided through the process of gathering and integrating market information by means of six driving questions (DQs) linked to seven tools that help to answer them. DQs and tools have been developed to allow a 'minimum' understanding of the market before and after the shock, based on the following aspects:

- Critical market systems
- Market structure
- Impact of the shock on demand and supply
- Competitiveness
- Macro-level factors that can influence that market's capacity to respond.

Chapter 2: Response Analysis

This chapter deals with how to carry out response analysis taking on board market assessment findings. You are guided through this process by means of three driving questions (DQs) linked to three tools that help to answer them. DQs and tools refer to the most common steps of the response analysis process:

- Identifying a broad range of response options
- Defining the response options' appropriateness
- Analysing the response options' risks and feasibility.

Chapter 3: Price Monitoring

This chapter deals with how to use market information in the price monitoring process. You are guided through this process by means of three driving questions (DQs) linked to five tools that help to answer them. DQs and tools refer to the three phases of price monitoring:

- Data collection
- Analysis
- Decision-making (how to respond to significant price changes).

Chapter 4: Evaluation

This chapter deals with how to use market information when evaluating the multiplier effects of projects on the local economy. You are guided through this process by means of four driving questions (DQs) linked to four tools that help to answer them. One of the tools is, in fact, an assessment tool that also serves evaluation purposes. DQs and tools are focused on the impact of the project on the market systems and market actors, particularly beneficiaries and traders, and refer to the most common steps of the evaluation process:

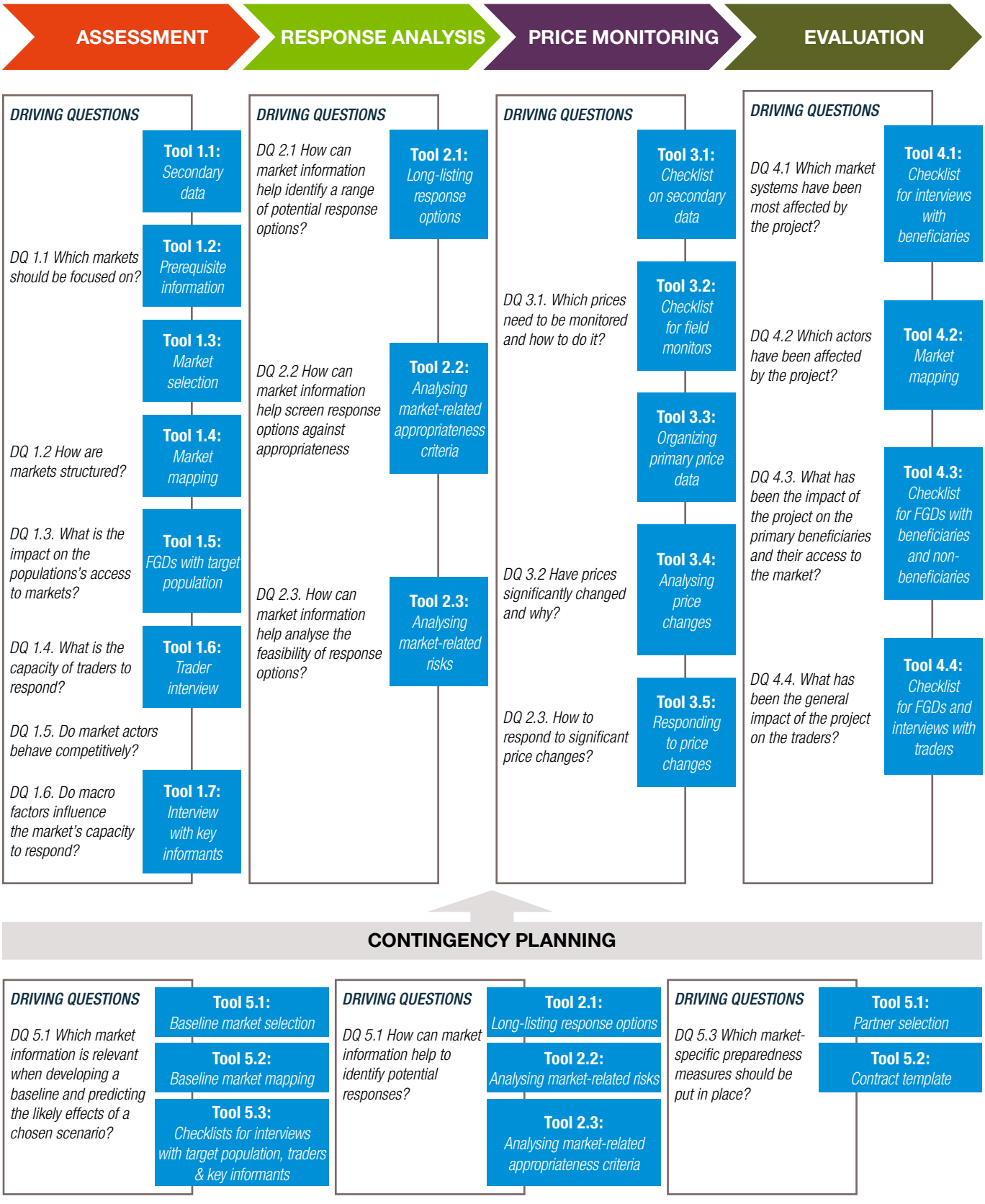
- Identifying market systems that have been most affected by the project
- Identifying market actors that have been affected by the project
- Assessing the impact of the project on the primary beneficiaries of the project
- Assessing the general impact of the project on the market.

Chapter 5: Contingency Planning

This chapter deals with how to integrate market information in contingency planning, which should correspond to the first phase of the project cycle. However, it appears as the last chapter of the MAG in order to give the opportunity to retrace the full project cycle. You are guided through this process by means of four driving questions linked to five tools for answering them.


Jan Powell/ICRC

Diagram 0.1: Market analysis through the project cycle



Methodological considerations

Market systems

The term market can mean different things to different people. It is often associated with a physical (nowadays also virtual) location where people buy and sell things. The MAG looks at a market as any systematic structure allowing market actors to buy and sell commodities. This does not only include the way the commodity is produced, transported, bought, and sold, but also the formal and informal institutions, rules, and norms that govern these interactions and the infrastructure that facilitate them.[1]

The term market, as used in this document, thus goes beyond the physical location where people buy and sell commodities. To avoid confusion, the term marketplace is used for the physical location.

Commodities

In this guide the term commodity is used for marketable items produced to satisfy wants or needs. The term refers to both goods (e.g. food, essential household items, shelter materials) and services (e.g. health, education, milling).

Minimum information requirements

The MAG is based on the principle of 'optimal ignorance'.[2] It is accepted that a thorough understanding of a situation is either impossible or too costly. Therefore, only the 'minimum information' required, or a 'good enough' picture of the market status and dynamics is sought to inform programmatic decisions. This avoids the risk of out-dated information or delayed responses.

Qualitative vs. quantitative data

The MAG is mostly based on qualitative data, because local knowledge is considered essential to understand and interpret market dynamics. In addition, this is often the only type of information that can be collected by field staff in emergency contexts. Most of the qualitative data is obtained through interviews with key informants and focus group discussions.

Nonetheless, whenever relevant, the MAG refers to quantitative market analysis, so that agencies with adequate resources can consider applying them if necessary and suitable for policy and programming decisions.

Stakeholders vs. key informants

Stakeholders include groups targeted for assistance, market actors, local government, civil society representatives, and partner agencies, including the National RC/RC Societies. MAG's processes and tools are designed to promote their active involvement in data collection and analysis. Key informants are people who have a good understanding of the local markets and economy, and therefore can provide

1 *Adapted from Gerstle & Meissner, 2010, p. 2.*
2 *See for example Chambers, 2008.*

useful information at any stage of the market analysis process. They will not only be involved in the form of interviewees but will also be actively involved in the different phases.

The involvement of the logistics and finance departments is of particular importance when conducting a MAG. The two departments are typically well informed about the structure and functioning of markets (e.g. global market trends, product quality, traders, pricing, seasonality, inflation, rules and regulations) and are thus valuable sources of information when it comes to understanding markets. Moreover, the departments are crucial when it comes to the implementation of relief and early recovery interventions and they also have to plan and prepare for potential responses (e.g. setting up an assistance pipeline and preparing the financial means). Close cooperation with these departments ensures the exchange of information and the clarification of procedures and constraints. It is required throughout the project cycle and is a prerequisite for an efficient, effective and timely response.

Mapping tools

The MAG recommends the use of market mapping tools throughout the entire project cycle as a means to help field teams collate and organize market data, discuss and interpret market information, visualize possible weaknesses and strengths in the market system, and eventually present findings to other people in a visual way.

Sentinel / indicator markets

The monitoring chapter advocates for the use of 'sentinel' markets. These are often referred to as 'indicator' markets as they are markets that (due to similarity in size, function and working environment) can represent a larger number of markets in an area. The assumption being that changes in a sentinel market will be mirrored to a large extent in the other markets of the same typology. Therefore, by monitoring sentinel markets, the team can get an idea of what is happening across a larger number of markets. However, please note that occasional, planned monitoring of other markets is required because: (a) it ensures the validity of the sentinel markets; (b) it allows any anomalies of interest within a particular market to be identified; (c) it promotes a sense of 'programme inclusiveness'; and (d) it is good programme practice, especially in market and cash-based interventions, to reduce the risk of fraudulent behaviour.

Because market analysis results are not freely transferable, the sentinel markets and the markets they represent should be clearly defined.

Reference to 'normal' times

The MAG relies on before and after comparisons, particularly in the assessment chapter: it compares a current post-shock context with previous 'normal' times in order to illustrate how entitlements such as market access have changed as a consequence of a shock.

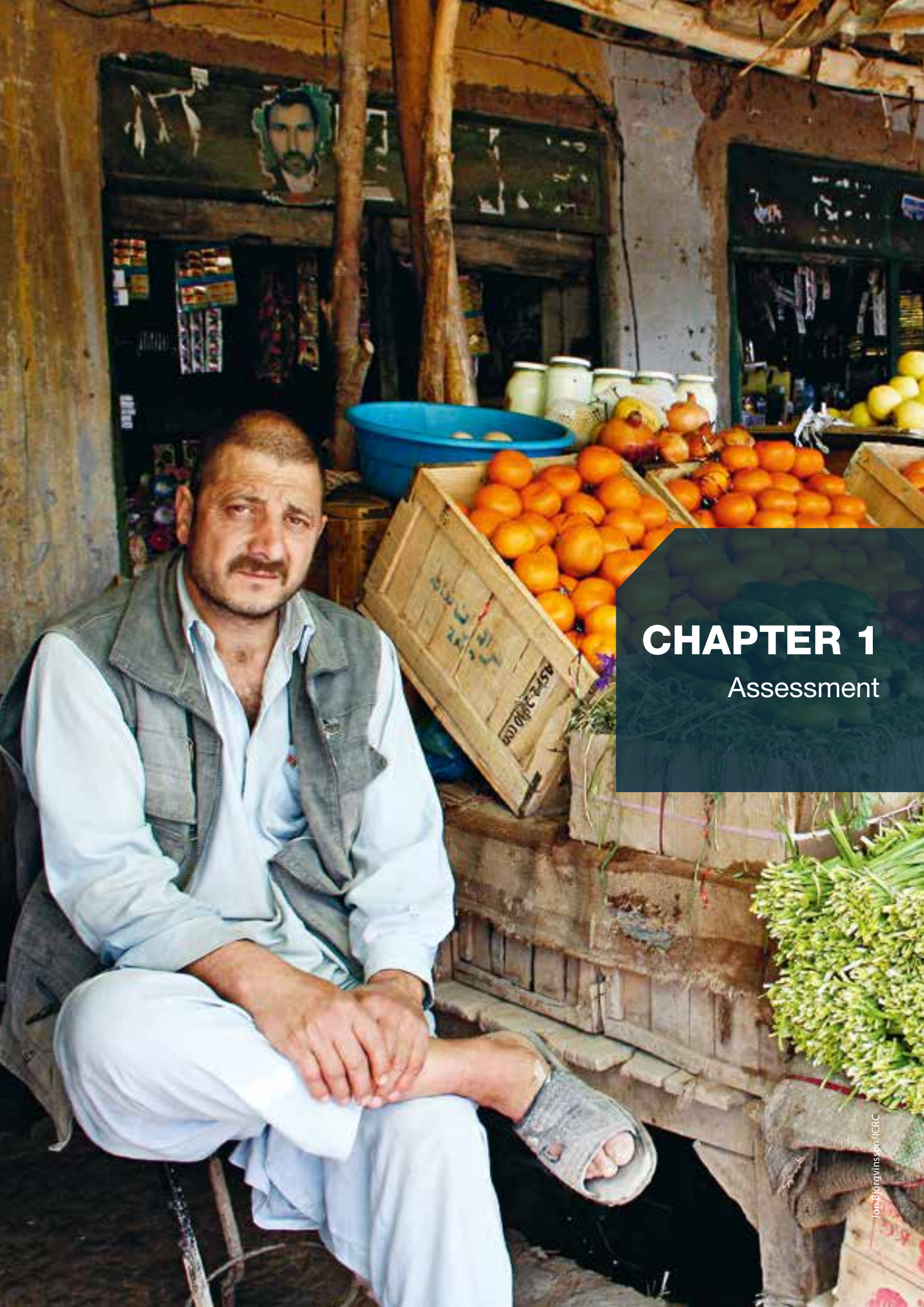
Comparison over time requires a reference period (often a year) that is representative of the 'typical' or 'average' situation in which the people have been living in the recent past. Defining such a period requires an understanding of the past and the awareness that 'normal' does not necessarily mean 'good'. You should look for

the recent typical reality and not for the 'good old times' or exceptional years of 'well-being' or 'hardship'. The reference period should be an 'average' period. It should be determined and described in consultation with representatives of the local population.

Other important aspects

The focus of the MAG is on markets; but there may be specificities about the context that need particular consideration when conducting the market analysis. Recurrent examples include: urban, conflict, gender, and refugee issues. The extent to which these issues require particular consideration during a market assessment will depend on the specific context. Discussing these issues is beyond the scope of the MAG. That is not to say that the issues should not be discussed while conducting a MAG. On the contrary, the MAG team is encouraged to consider how aspects like these are likely to influence their assessment and how they can be taken into account.


Laurent Meierhans/ICRC



CHAPTER 1
Assessment

Jon Björgvinsson/ICRC

A Rapid Assessment for Markets (RAM) tool has been developed to obtain a quick understanding of the affected markets within 48 hours after a shock. The RAM contributes to decisions on responses for the first 4 to 6 weeks after the shock.

The RAM should be followed by a more detailed market analysis. The present guide (MAG) suggests processes and tools for a detailed analysis, which can take place a few weeks after a shock or later on.

This chapter is about how to consider and integrate market information in the assessment phase of the project cycle. Decisions on appropriate interventions depend on a comprehensive understanding of the context. This means that market information alone is not enough to make programme decisions, and therefore it should be integrated with information collected on essential needs, food security, livelihoods, etc.

A step-by-step process for gathering and integrating market information

You will be guided through the process of gathering and integrating market information by six driving questions (DQs) linked to tools that will help you answer them. The DQs have been developed to allow a 'minimum' understanding of the market. The suggested tools can be used either as checklists to guarantee that the relevant market information is integrated into the assessment or as tools to gather and analyse the information. The tools and detailed instructions for use are presented at the end of the chapter. You should consider gender, ethnicity, protection and livelihoods when reading the guidance and applying the tools.

Table 1.1. Driving questions for gathering market information

Driving Questions	Tools
DQ 1.1. Which market systems should the assessment focus on?	*Tool 1.1: Secondary data* *Tool 1.2: Prerequisite information* *Tool 1.3: Market system selection*
DQ 1.2. How are the selected market systems structured?	*Tool 1.4: Market mapping*
DQ 1.3. What is the impact of the shock on the target population's access to markets?	*Tool 1.5: FGDs with consumers / producers / workers*
DQ 1.4. What is the capacity of local traders to respond to changes in demand?	*Tool 1.6: Trader interviews*
DQ 1.5. Do market actors behave competitively?	*Tool 1.4 and Tool 1.6*
DQ 1.6. How can macro-level factors influence the market's capacity to respond to the emergency?	*Tool 1.7: Interviews with key informants*

DQ 1.1: Which market systems should the assessment focus on?

This question is aimed at identifying the market systems that are most critical for the life and livelihoods of the target population, and, among them, which are the most relevant for the current assessment.

In order to answer this question, the following preliminary information on the target population's access to and dependency on the market to buy and sell commodities is needed:

- Most relevant commodities that households buy and sell in 'normal' times
- Where, from whom, and to whom households buy and sell these commodities
- In which months of a 'normal' year do households buy and sell these commodities?
- Possible substitutes for commodities and/or income sources
- How the recent shock has affected the market for these commodities.

Similar information is needed regarding labour opportunities.

Before going to the field to collect data, you should check the availability of reliable secondary data that can be used to get some initial answers to the above-mentioned questions. This saves time and resources. **Tool 1.1** points out some potential sources of information.

Tool 1.2 can be used either as a checklist to guarantee that this information is integrated into the on-going assessment or as a questionnaire for Focus Group Discussions (FGDs) with key informants.

The information gathered will be useful for the subsequent selection of the market systems the assessment should focus on. **Tool 1.3** has been developed to facilitate a participatory selection process based on the following criteria:

- Importance of specific market systems for the target population
- Level of disruption that the shock has caused to specific market systems
- Relevance of the specific market systems to the agency's mandate
- Potential synergies with other stakeholders
- Characteristics of the market systems (e.g. seasonality)
- Context-specific issues (e.g. security, government restrictions).

DQ 1.2 How are the selected market systems structured?

This question is concerned with how the structure of the selected market systems can be affected by and recovers from a shock. Mapping exercises are a good way to represent and understand the structure of a market system. We suggest (see below) two types of mapping exercises, each aimed at representing different types of information.

Types of mapping	Information represented
Market system mapping	• Types of market actors and businesses in the market chain • Who sells to whom and how • Key infrastructure and services and their linkages with market chain actors • Environment in which market actors operate
Marketplace mapping	• Where the markets are located • Which marketplaces are important for the target population and other market actors • How commodities flow between marketplaces (seasonal differences) • What the main trade routes and transport issues are

Tool 1.4 provides guidance on how to conduct these mapping exercises to obtain baseline or 'normal' time maps, emergency or post-shock maps, and projection or immediate future maps. These maps should be updated and revised in the field.

Examples of market maps can be found in baseline studies and related publications. You can find some examples of maps on the following websites:

- EMMA Emergency Market Analysis Mapping (www.emma-toolkit.org)
- FEWSNET Production and Market Flow Maps (www.fews.net)

The logistics department is a valuable source of information when it comes to market mapping and it is recommended that you involve them in the initial mapping exercise.

DQ 1.3: What is the impact of the shock on the target population's access to markets?

This question concerns the capacity of the target population to access what they need from the market, in terms of consumption and income, after a shock. It looks at how their market access has changed compared to 'normal' times and what further changes can be expected in the near future.

In order to answer this question, the following information should be gathered:

- Economic access to and dependency on the market system
- Access to credit and borrowing practices (e.g. from kin or neighbours)
- Gap in household ability to meet essential needs and income
- Accessibility to nearest market or market of choice
- Social and cultural issues (gender, ethnicity, social status, etc.)
- Household preferences and choices.

Tool 1.5 has been developed to facilitate the process of gathering the information above. It provides guidance for FGDs with consumers, producers and workers, and includes seasonal calendars that help to identify seasonal changes and predict peaks and troughs in demand. Alternatively, it can be used as a checklist to guarantee that the required information is integrated into the on-going assessment tools.

DQ 1.4: What is the capacity of local traders to respond to changes in demand?

This question is intended to provide you with an understanding of trader capacity to provide commodities after a shock. It asks questions relating to delivery speed (time-lag), price, and duration. Fundamentally, this depends on the degree of market integration, but there are a number of other influential issues, such as trader willingness, storage capacity, and access to credit.

In order to answer this question, information on the following aspects is needed:

- Changes in the volume of trade
- Trading flows (who traders buy from and sell to)
- Amount of commodities of interest currently in stock, remaining storage capacity (compared to before), storage repair requirements
- Changes in the means and costs of transportation due to the shock
- Changes in market actors' access to financial services and formal/informal credit

- Capacity to access working capital
- Prices at different points of the market chain
- Market actors' access and ability to use available communications technology
- Changes in the flow of market information and their impact on trading behaviour.

Tool 1.6 provides guidance on how to gather this information by means of FGDs and individual interviews with traders. Talking directly to traders is helpful to understand their perception of their own ability to meet demand and their propensity to risk.

Note that the logistics department may have information on the pre-shock capacity of larger traders as they often keep respective 'supplier files'.

Market integration is an indicator of the extent to which markets are able to meet demand. The two most important conditions for markets to be integrated are: i) that commodities flow between markets, from surplus to deficit areas; and ii) that prices in different locations move with similar patterns. Guidance on how to calculate market integration is available on: www.wfp.org/content/market-analysis-tool-market-integration

DQ 1.5: Do market actors behave competitively?

This question is concerned with lack of competitiveness, a behaviour that is particularly damaging to the most vulnerable actors in the chain, like poor consumers, small producers, and workers. In non-competitive markets, traders may collude to offer unfair prices to consumers and producers, as well as unfair wages to workers. In order to understand the level of competition in a market, the following information is crucial:

- Number, size, and level of specialization of traders
- Market entry difficulties faced by the market actors.

A simplified condition for market competition is that there are at least 5-10 major wholesale traders in each large town and 3-5 traders in each village. (WFP, 2007)

Tool 1.4 (DQ 1.2) will have provided information on the number, size, and specialization of traders. **Tool 1.6** (DQ 1.4) will have provided information on the difficulties faced by the market actors on entering the market.

The logistics department is a valuable source for information on the competitiveness in a market as they are in regular contact with traders due to their procurement activities.

DQ 1.6: How can macro-level factors influence the market's capacity to respond to the emergency?

This question is concerned with factors such as global economic conditions, government policies, environmental trends, and social and cultural issues, which are very likely to affect the market's capacity to respond to an emergency and its resilience to future shocks. For example:

- Global economic conditions, such as exchange rate trends, may influence national prices and are of critical importance for import-based countries.

- Government policies, such as subsidies and import/export policies, can influence prices and the availability of critical commodities.
- Environmental trends include agro-ecological conditions and can influence the availability, supply and demand of commodities and services.
- Social and cultural issues, including socially enforced rules and cultural norms, differences in gender roles and responsibilities, ethnicity and socioeconomic status, can affect the market access of vulnerable groups.

Most of this information is available from secondary data sources. However, the analysis and interpretation of such data may be difficult for staff without an economic background. Therefore, a checklist for interviews with key informants (**Tool 1.7**) has been developed to identify and describe the factors that appear to be critical for the normal functioning of the market, i.e. those that seem to have a strong influence and impact on prices, supply and demand for the selected market system.

The logistics and finance departments usually have a good understanding of macro-level factors influencing the markets. Before going to the field, you should contact them and go through the checklist with them.

You can find more information on how to analyse macro-level factors influencing markets in WFP Market Profiles and FEWS NET's Structure, Conduct and Performance Analysis: www.fews.net/docs/Publications/MT%20Guidance_S%20C%20P_No%202_En.pdf


Jon Bjorgvinsson/ICRC

How to interpret and present the market information

The assessment findings will help identify which problems need tackling, whether the agency should consider intervening, and the scope of a potential intervention (i.e. programmatic sector, geographical area and target population, duration and size of the response). These findings will inform the next step of response analysis.

Answers to the DQs should be consolidated and integrated with the general assessment findings and included in the assessment report. The table below outlines the relevant information on market-related elements that should be included in the report.

Market elements	Relevant information
Critical market systems	• List of the critical market systems selected • Explanation of the rationale for the selection
Critical market structure	• Visual snapshot of how markets are structured (maps of marketplaces and market systems) • Description of the characteristics of the markets, market chains and flow of commodities; types and numbers of traders; services; and external factors
Target population's access to markets	• Description of how the target population's access to the market has changed compared to before the shock • Quantification (when possible) of the gap between: what the target population normally accessed in the market before the shock, what they can access after the shock, and what they are expected to access in the near future • Considerations on how people's purchasing power has changed after the shock and how it is expected to evolve in the near future • Identification of the main problems related to access to the market (economic and/or physical access, capacity and/or social issues)
Traders' capacity to supply	• Visual representation (maps) of how the market system has been affected by the shock (number of actors, volumes and prices, infrastructure and support services) • Anticipation of the traders' capacity to meet household demand, at what prices, how quickly and for how long • Identification of the main supply problems and anticipation of whether they can be solved within the time frame / scope of the intervention • Indication of how the key infrastructure (transport, storage) and services (credit, information, technology) have been affected and how this impairs the market actors' performance
Market competitiveness	• Description of existing non-competitive behaviours
Macro-level factors	• Description of the external factors influencing the market system and how they support/affect the market system post-shock

Market Assessment Tools

Tool 1.1: Secondary data

Purpose of the tool

This tool gives you some guidance on which secondary data (i.e. collected by others) to look for and possible sources.

Secondary information to look for

The following gives you some examples of secondary information to look for:

- impact assessments;
- needs assessments;
- food-security assessments;
- general socio-economic information about the area (e.g. population statistics, agricultural statistics, seasonal calendars, ethnic composition, cultural aspects);
- economic analysis and data (e.g. consumer price index, unemployment rate, GDP growth);
- geographical maps for your mapping exercises;
- useful contacts and potential key informants.

Useful sources for secondary information

- your own organization (logistics and finance departments generally have a good understanding of markets and collect market-related data for their own purposes);
- government offices (documents, national statistics, national crop assessments);
- other organizations:
  - organizational reports, development programmes and contingency plans,
  - market and livelihood baseline reports as well as previous needs assessments;
- research reports;
- coordination meetings;
- websites.

Useful websites for secondary data and background information

National Statistical Office: In many countries the statistical office can provide price data on selected commodities and commodity groups as well as price indices that illustrate overall price developments. The United States Department of Commerce provides a website with links to various international statistical agencies: *http://www.census.gov/aboutus/stat_int.html*

ReliefWeb: For general news and updates on emergency situations (organized by country and sector), maps, OCHA Situation Reports, Cluster Reports: *www.reliefweb.int*

FEWS-NET: For food-security information, descriptions of livelihood zones and market profiles, data on markets and trade, food security, maps of trade flows: *www.fews.net*

IPC: The Integrated Phase Classification for Food Security (IPC) for regional food security information: *www.ipcinfo.org*

MAP-ACTION: For maps and technical information, for example on trade flows: *www.mapaction.org*

UN OCHA: 'Who Does What Where' – a contact-management directory: *http://3w.unocha.org*

LOG-CLUSTER: For logistics information relevant to conducting fieldwork, road conditions and travel times, maps and supplier databases (for contacts): *www.logcluster.org*

UNICEF: For general country-overview information, especially on water and sanitation, health sector, essential household items. Focus on children's needs: *www.unicef.org*

WFP: Monitors key commodities and marketplaces in many countries. Their country office is a useful source for price information. They also run a database with respective publications (WFP Market Monitor): *http://www.wfp.org/content/market-monitor*

WFP: For information on food-security issues, CFSVA and CFSAM reports: *www.wfp.org*

WFP VAM: The Vulnerability Analysis and Mapping branch publishes detailed food-security reports: *http://vam.wfp.org*

FAO GIEWS: For general food-price data (the data is usually available for the capital and major cities)*: http://www.fao.org/giews/pricetool/*

FAO: For reports and data on food production, food security, as well as food balance sheets. See *http://www.fao.org and http://faostat.fao.org*
FAO also has databases with agricultural statistics on countries at *http://faostat.fao.org* and *http://www.fao.org/economic/ess/countrystat/en/*

Food Economy Group: For Household Economy Analysis (HEA) reports: *www.feg-consulting.com*

HEA Website: For Household Economy Approach and Cost of Diet reports for various countries: *http://www.heawebsite.org/home*

Regional Agricultural Trade Intelligence Network (RATIN): Provides market and price information for Kenya, Uganda, Tanzania, Rwanda, and Burundi: *www.ratin.net*

HEA Sahel: For HEA reports for Sahel countries: *http://www.hea-sahel.org*

Livelihoods Connect: For livelihood reports: *www.livelihoods.org*

World Bank: For general country information on various subjects (e.g. agriculture, rural development, labour and social protection): *http://data.worldbank.org*

Regional Development Banks: For general country information on various subjects Africa: *http://www.afdb.org* Asia: *http://www.adb.org* Europe: *http://www.ebrd.com* Americas: *http://www.iadb.org*

IOM: For reports relating to movement of people and shelter needs: *www.iom.int*

UNHCR: For information on shelter needs and refugee and IDP movements: *www.unhcr.org*

Microfinance Gateway: For country profiles on micro-finance institutions and credit services *www.microfinancegateway.org*

SEEP-Network: For web-links to country-specific sites on micro-finance and enterprise development: *www.seepnetwork.org*

BDS-Knowledge: For library of reports on enterprise development and market analyses *www.bdsknowledge.org*

UNDP: For more detailed reports on long-term development policies and livelihood strategies *www.undp.org*

Value Chain Development Wiki: For good practice in value-chain development *https://www.microlinks.org/using-value-chain-development-wiki*

Adapted from Albu, 2010, p. 36.

Tool 1.2: Target population's access to and dependency on the market

Purpose of the tool

This tool will help you to:

- identify what the target population buys for consumption and production and what they sell to generate income;
- understand the relative importance of these commodities and income opportunities for their life and livelihoods;
- understand whether and how access to these commodities and income opportunities has been affected by the shock.

How to use the tool

This tool consists of a list of questions that should preferably be integrated into existing assessment tools. It can also be used to lead a focus group discussion (FGD) with key informants. In this case, a preliminary understanding of the characteristics and livelihoods of the target population is required and can be obtained from secondary sources.

If you choose to conduct FGDs, the first thing to do is to select participants. One way of assembling your focus group is to contact the local authorities, explain your purpose, and ask them to put together a group of six to eight men and women who have a good understanding of the community and the livelihoods of its members.[3] If your target population consists of different livelihood groups, you may want to analyse them separately as they may use markets differently. You should therefore ensure that the FGDs gather people with similar livelihoods. In some contexts, it is worth having separate FGDs with men and women.

Checklist for focus group discussions

Information on commodities that households buy

- What are the most relevant commodities households buy in 'normal' times? Rank the five most relevant in order of their relative importance.
- Where and from whom do households buy these commodities?
- In which months of a 'normal' year do households buy these commodities?
- Which substitute commodities do households switch to when the commodities they usually buy are not available or too expensive?
- How has the recent (or potential) shock affected access to these commodities? e.g. higher prices, fewer suppliers, not accessible for security reasons, etc. Rank the commodities from the least to the most affected.

Remember that the relevant commodities may include commodities that are important for household production and income-generating activities. Rural smallholders, for example, may depend on agricultural inputs such as seeds, fertilizers, and herbicides.

Be aware of the fact that the commodities the people consider to be key in the immediate aftermath of a shock may be very different from the commodities they

3 *See ICRC & IFRC, p. 45.*

consider key in 'normal' times (e.g. in the aftermath of a natural disaster shelter materials may become a key commodity as a consequence of the destruction).

Information on sources of income (i.e. commodities sold and labour)

Commodities sold for income

- What are the most relevant commodities households sell in 'normal' times? Rank the five most relevant in order of their relative importance.
- Where and to whom do households sell these commodities?
- In which months of a 'normal' year do households sell these commodities?
- Which alternative income sources do households switch to when these commodities are either not in demand, their prices are too low to make selling them worthwhile, or they are not available for selling (e.g. because of seasonality or otherwise)?
- How has the recent (or potential) shock affected the market for these commodities (e.g. lower prices, fewer buyers, lack of access for security reasons, etc.)? Rank them from the least to the most affected.

Labour for income

- What are the most relevant labour opportunities for household members? Rank the five most relevant in order of their relative importance.
- Where and with whom do household members find these labour opportunities?
- In which months of a 'normal' year do households find these labour opportunities?
- Which alternative labour opportunities do household members switch to when their preferred types of work are not available or the salaries paid are too low?
- How has the recent shock affected these labour markets (e.g. lower wages, less demand, accessibility and security, etc.)? Rank them from the least to the most affected.

Tool 1.3: Critical Market System Selection

Purpose

This tool will help you:

- identify and define the market systems that are critical for the target population;
- select the critical market systems to be analysed.

How to use it

This tool consists of guidance on how to conduct this process through a three-step participatory exercise with a group of stakeholders that can bring knowledge of local context and markets. A maximum of 12 participants, including members of the assessment team, national society volunteers, staff from the logistics and finance departments, and possibly key informants, should be involved.

Step 1: List the most important market systems

Tool 1.2 will have resulted in a broad list of commodities and income opportunities that are vital for the target population and that have been particularly affected by the shock. This list should be revised and completed through a brainstorming exercise with stakeholders.

Each commodity and income opportunity has its own specific market system. However, in order to rationalize the number of market systems to be analysed, you should check whether it is possible to group some of them. You may group market systems for items that:

- belong to same sector (e.g. food, seeds, livestock, shelter materials);
- have similar origins (e.g. imported or produced locally);
- are traded through similar market channels (e.g. by the same local retailers).

Attention should be paid to the quality of the commodities. The quality should correspond on the one hand to people's preferences and on the other hand to the organization's quality standards. The quality aspects should be discussed with the logistics department.

Step 2: Rank the market systems

In order to give the necessary weight to the different criteria used to rank and select the market systems, this step has been divided into two parts.

First screening
The market systems (listed in Step 1) should be screened according to the two most relevant criteria:

- Importance of the specific market system for the target population
- Level of disruption that the shock has caused to the specific market system.

For each market system, the two criteria should be attributed scores from 1 to 3 (low to high), taking into consideration the information available from Tool 1;

e.g. the fishing-net market system is highly important (score 3) and has suffered a mid-level disruption (score 2). Therefore, the final score of the fishing-net market system is 6 (3 x 2).

The matrix below is suggested to facilitate the ranking.

			Importance of market system		
			Low	Medium	High
			1	2	3
Disruption of market system	High	3	3	6	9
	Medium	2	2	4	6
	Low	1	1	2	3

Second screening and final selection
The market systems that score from 6 to 9 should be screened further, according to the following additional criteria:[4]

- Compatibility with the characteristics of the agency (agency's mandate, competencies, and capacity).
- Complementarity with other actors' plans and response (other agencies' and government's presence, capacity and coverage).
- Seasonal suitability of the market system (seasonal characteristics may prevent an analysis and/or timely intervention).
- Possibility to work in a secure environment.

4 *See also Albu, 2010, p. 51.*

For each market system, the four criteria above should be attributed scores from 0 to 3, as follows:

3 = High
2 = Medium
1 = Low
0 = None (exclusion factor)[5]

In the table below you find an example of what a final scoring could look like.

Market systems Criteria	Market system 1	Market system 2	Market system 3	Market system 4	Market system 5
Importance/disruption (6 to 9 from previous score)	9	9	6	6	6
Suitability to the agency	1	2	3	0	3
Other actors	3	1	1	3	2
Seasonality	3	2	2	1	1
Security	2	2	2	2	2
Total score	**18**	**16**	**14**	**0**	**14**
Selected market systems	1st choice	2nd choice	3rd choice	Excluded	3rd choice

After completing the table, you will have ranked the market systems and should be able to select those to be analysed in the assessment.

Tool 1.4: Market Mapping

There are many ways to map market systems. The mapping model proposed here is based on the one used in the EMMA toolkit[6] for sudden-onset emergencies and the one used by Practical Action[7] for developmental contexts. It includes baseline, emergency, and forecast maps, as well as marketplace maps.

Market mapping needs to be simple and easy to interpret;
therefore it is important to focus on the aspects that are important for the market system or that can play a role in the specific emergency context.

Baseline maps

Market systems can be graphically represented by three linear components: i) the market chain, ii) the supporting infrastructure and services, and iii) the external environment.

5 *The score 0 is considered an exclusion factor, i.e. the market system cannot be taken into consideration in the assessment, because it does not correspond to the agency's mandate, is affected by extreme insecurity, is already covered by other actors, etc.*
6 *Albu, 2010, Emergency Market Mapping and Analysis Toolkit.*
7 *Albu, Griffith, "Mapping the market: A framework for rural enterprise development policy and practice", Practical Action, 2005.*

i) Market Chain

The central feature of any market system map is a 'chain' of different market actors, who exchange, buy and sell commodities as they move from the primary producer to the final consumer. The market chain identifies the actors and their businesses in the chain, the linkages between them, who sells to whom, and how.

Asking stakeholders the following questions will help to map a market chain:

Question 1: Who are the actors involved with the commodity and what do they do?

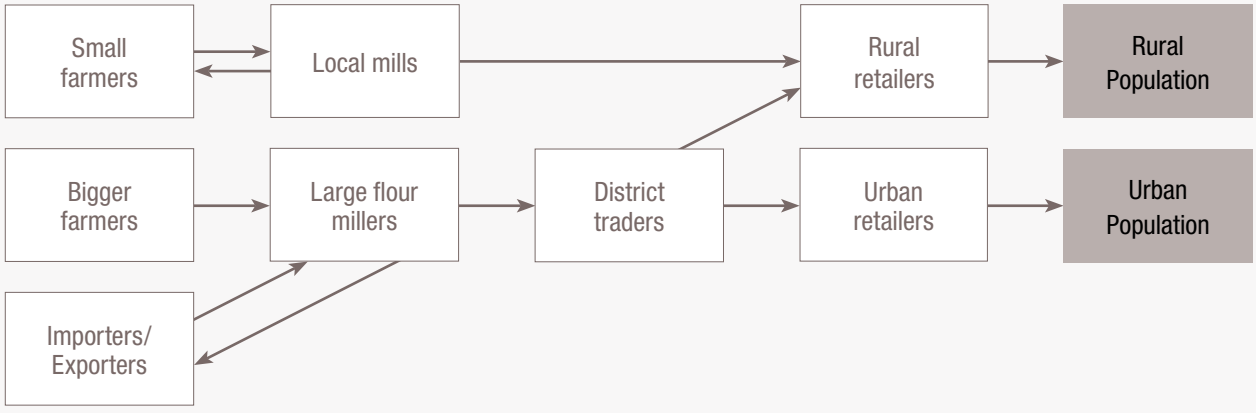
Name the actors according to the activity they undertake. Limit yourself to the most important actors (try not to exceed 6-8).

Example of market actors of a hypothetical wheat flour market chain:

- Importers/exporters
- Producers (big and small farmers)
- Millers (central and local)
- District traders / Wholesalers
- Retailers (urban and rural)
- Consumers (urban and rural).

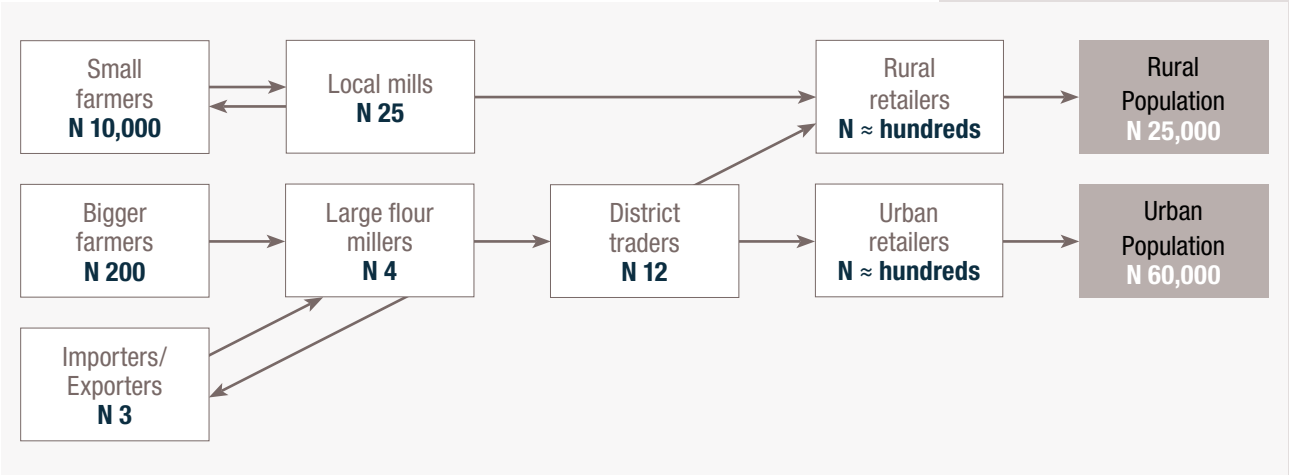
Question 2: How does the commodity move in the market chain?

The answer to this question should allow you to identify the direction in which a commodity flows from the producer to the final consumer. A commodity can flow in different directions and into parallel chains, depending on the size, specialization, and location of the actors, among other factors.



Question 3: How many actors of each type are there?

The answer to this question should tell you how many actors of each type are in the chain and how big the target group (consumers and/or producers) is.

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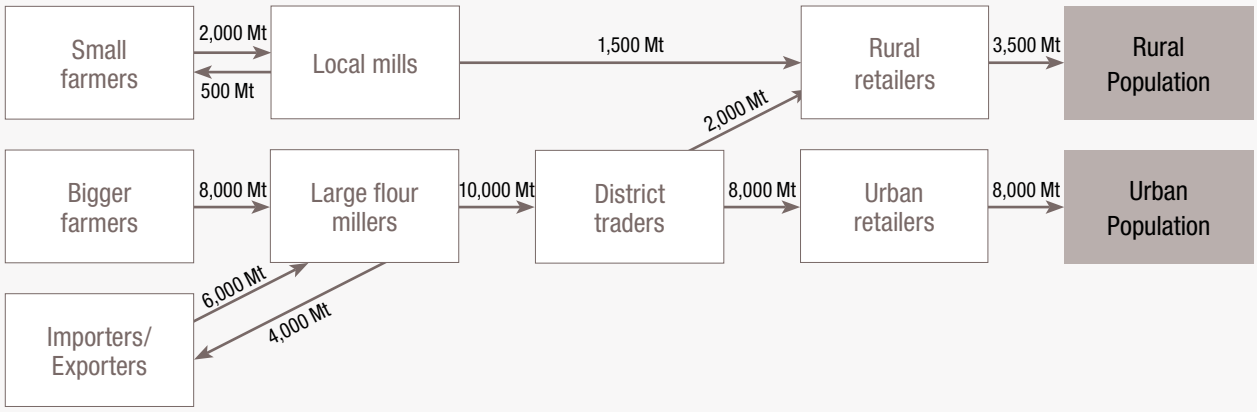
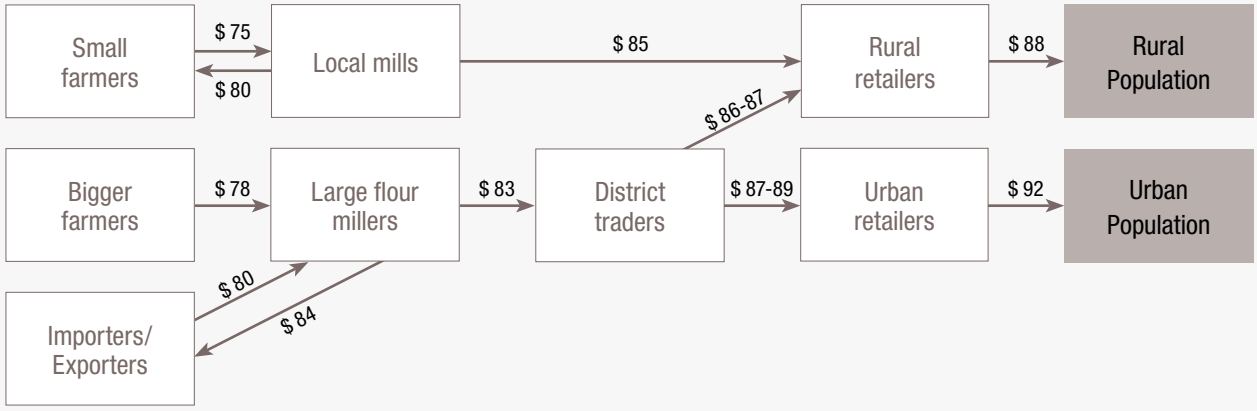
Question 4: What is the volume of commodities in the market chain?

The answer to this question should allow you to identify the volume of commodities that each actor handles and the changes after the emergency.



Question 5: How does the monetary value change throughout the chain?

The monetary value can be shown as the price at which the commodity is sold. It can also be shown as the value that is added at every step throughout the chain. Deducting the difference will lead to an overview of the margins at the different steps.

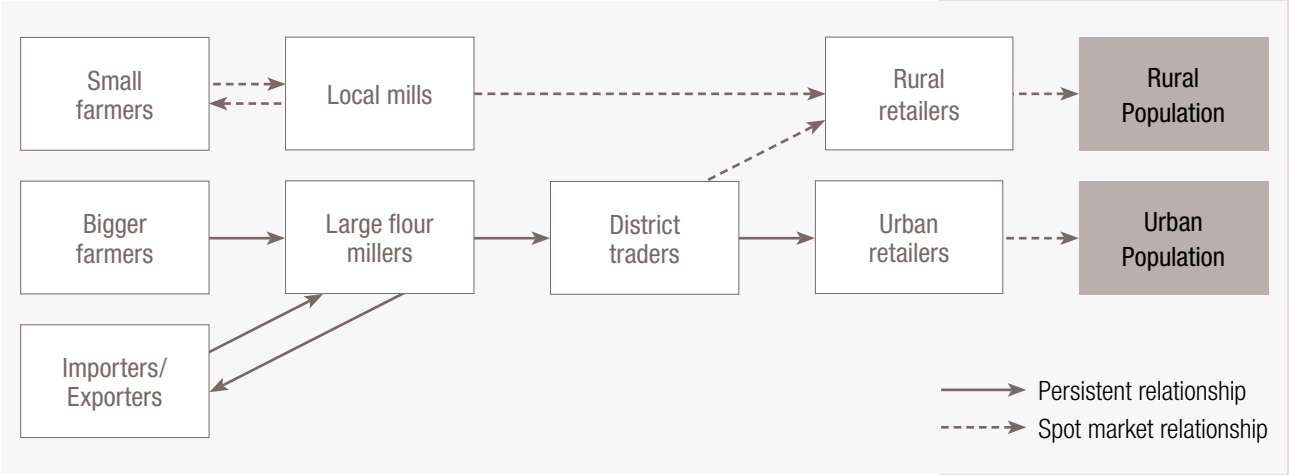


Question 6: What types of relationships and linkages exist?

Relationships or linkages between market actors generally fit into one of three basic typologies:

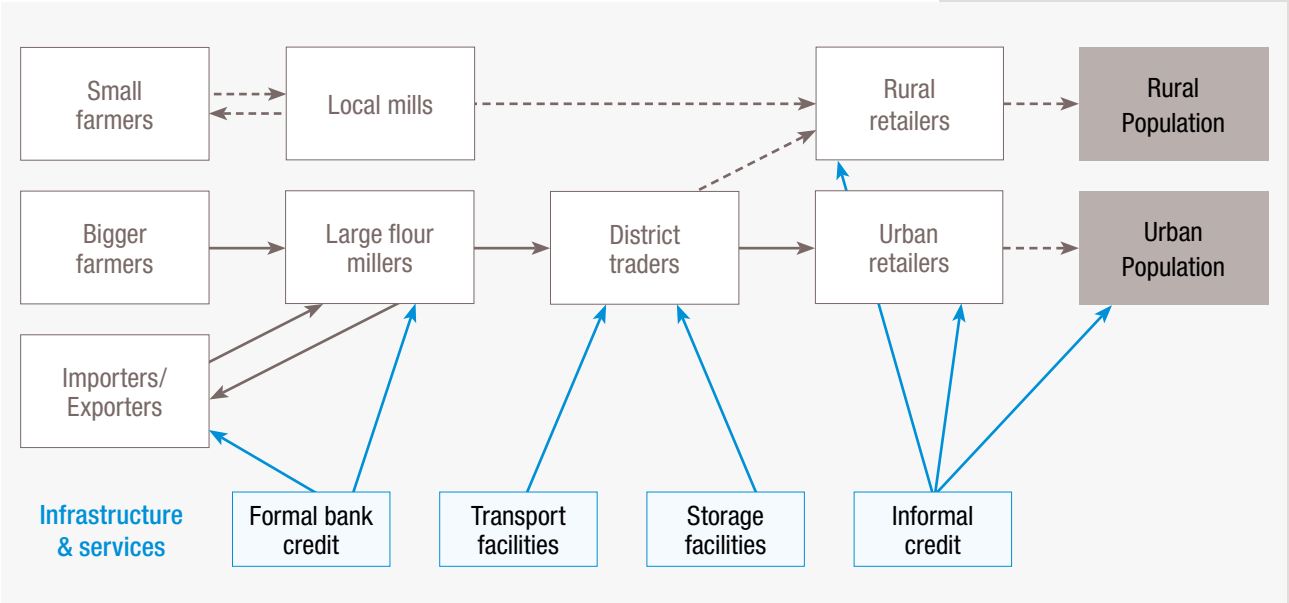
- **Spot market relations** are created 'on the spot', i.e. actors make a transaction (including negotiations on price, volume, and other requirements) with a specific duration and scope.

- **Persistent network relations** happen when actors have a preference for transacting with each other time and time again. These relations require a higher level of trust and some level of interdependence, and can be formalized by contracts.
- **Horizontal integration** goes beyond the definition of a 'relationship'. It happens when the actors involved share the same (legal) ownership, and the same organization (a company, a cooperative, etc.) deals with different processes throughout the market chain.



ii) Supporting Infrastructure and Services

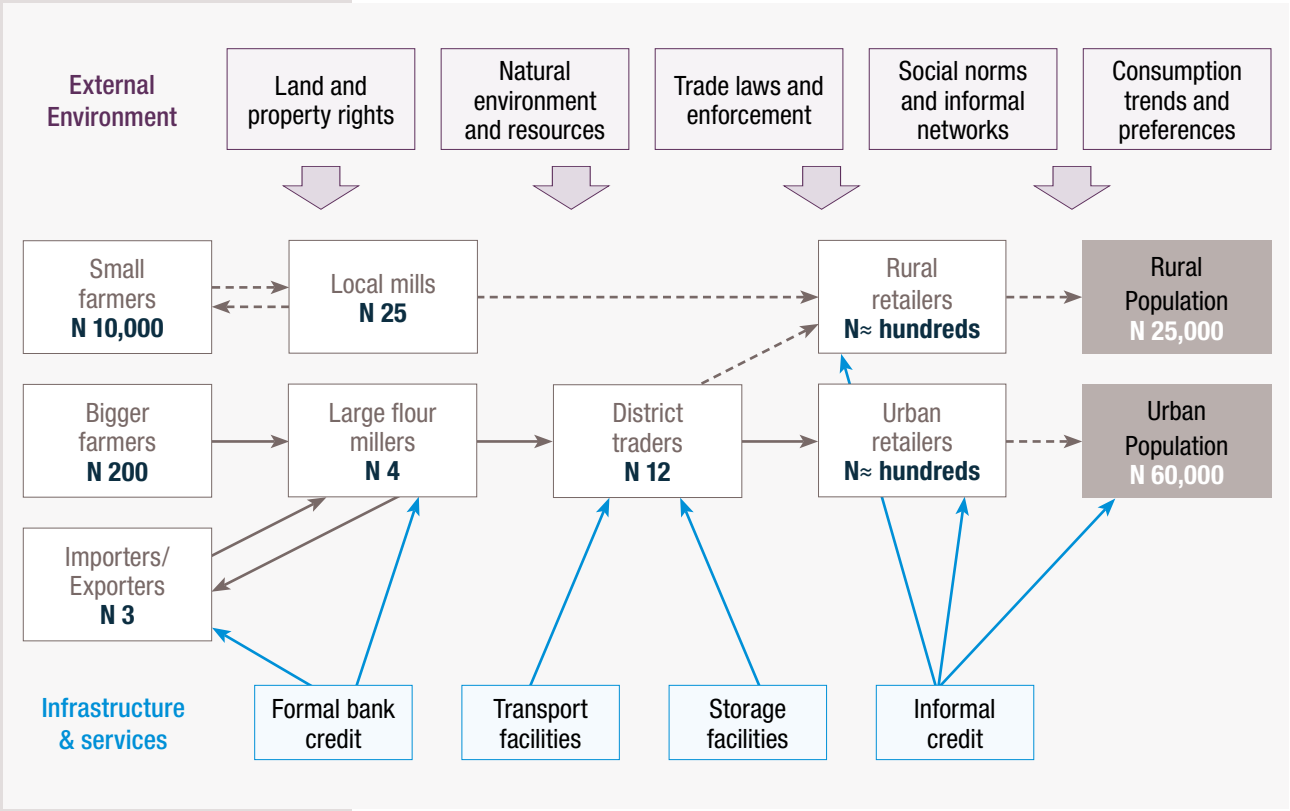
This mapping should allow you to identify and represent the most crucial elements of infrastructure and services and link them to their users within the market chain. It should also allow you to understand the role that infrastructure and services play in maintaining the market system's efficiency and accessibility.



iii) External Environment

This component of the mapping is concerned with rules, regulations, issues and trends that have a significant influence on the market environment in which market actors operate.

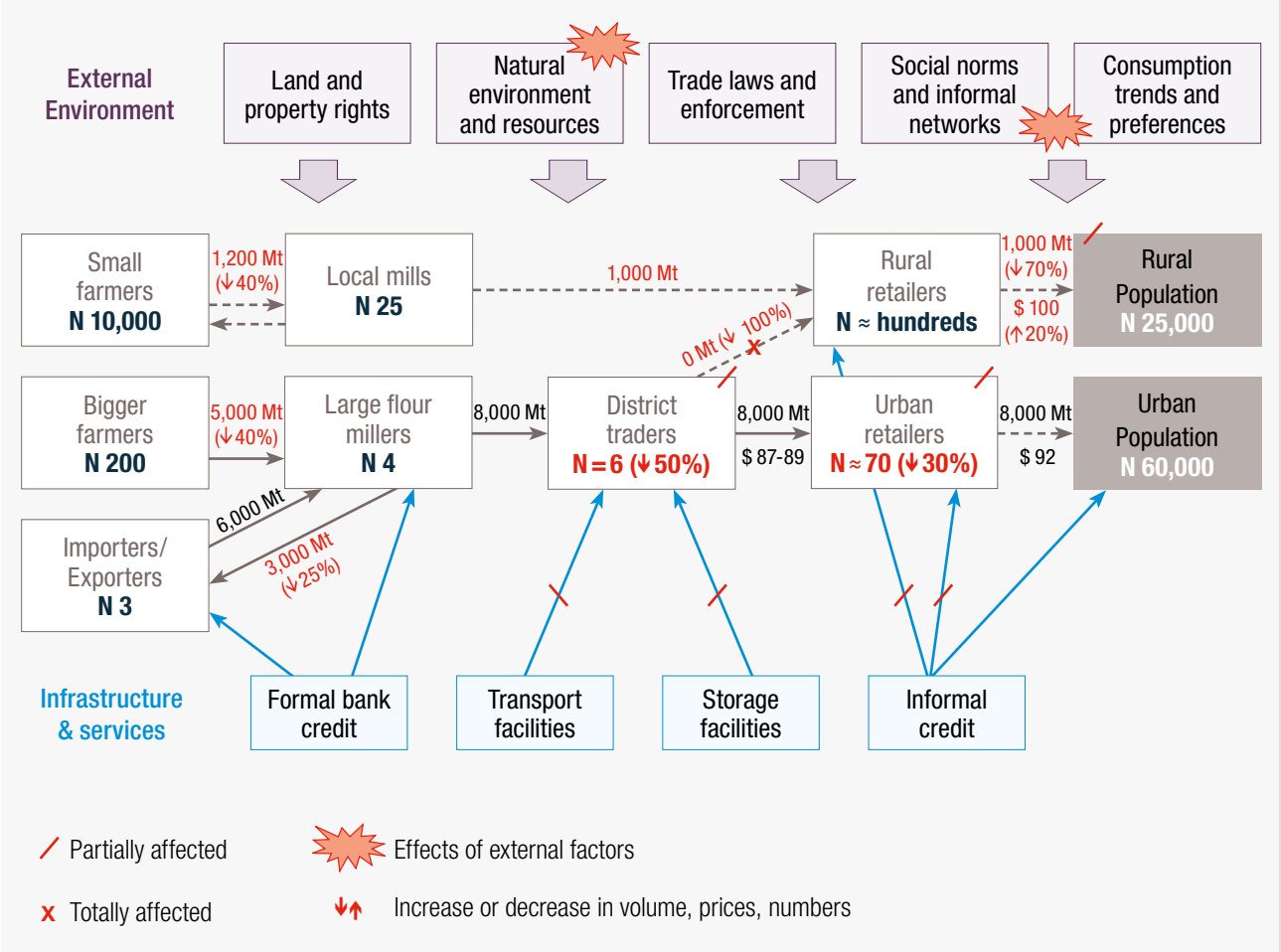
Preliminary mapping should help the field team to decide which market actors and key informants to meet and work out what issues and questions to focus on. As market information is gathered in the field, the map will be continuously updated, redesigned and enriched.



'Emergency' and 'Forecast' maps

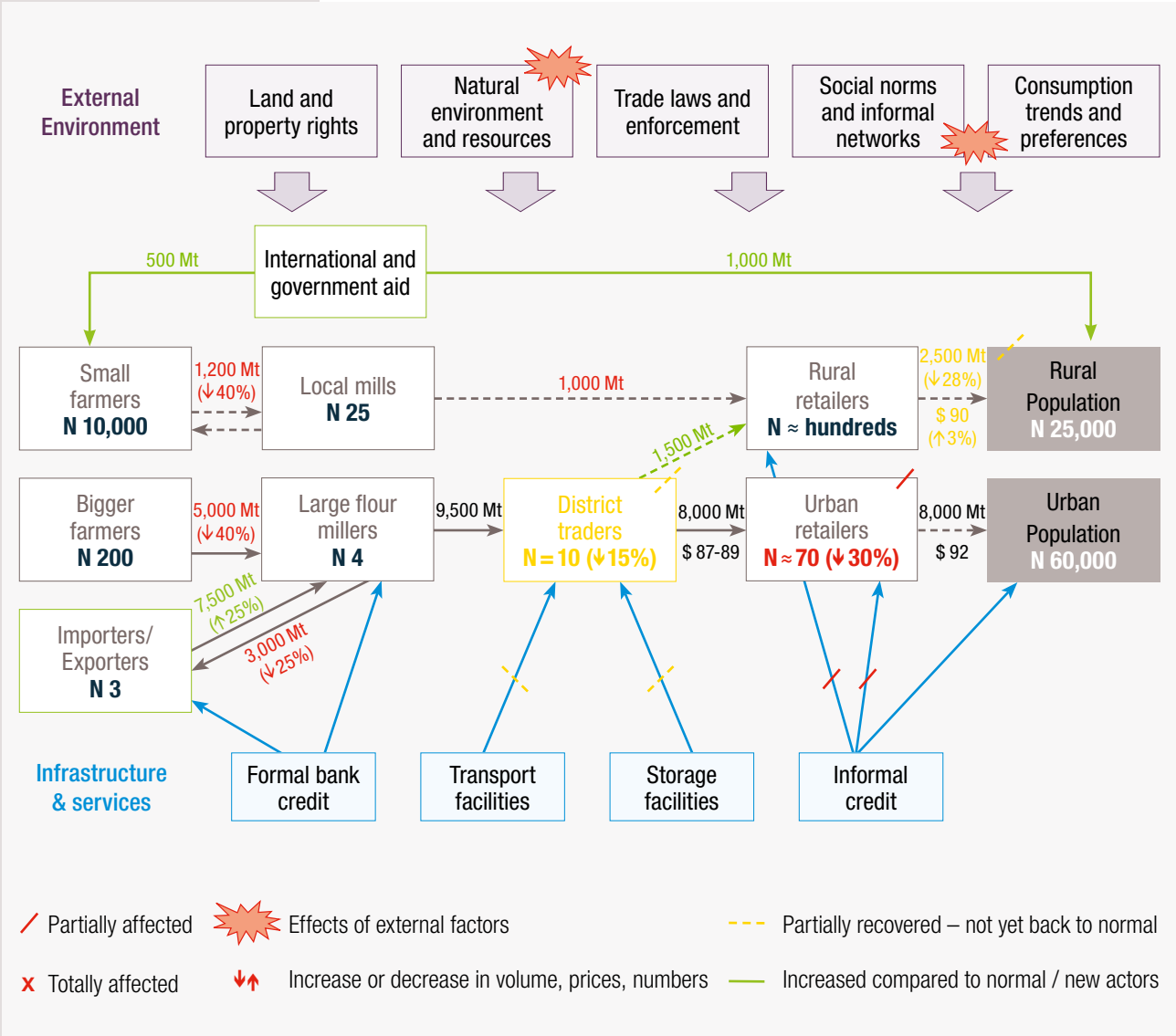
Baseline maps represent the market system during 'normal' times / before the emergency. They must be accompanied by 'emergency' and 'forecast' maps.

'Emergency maps' graphically represent the effects of the disaster on the market system. Signs and symbols can be used to indicate market components, actors and connections that have been partially, mostly or completely damaged. The extent to which this damage affects the market systems' trading capacity is quantifiable by changes in the number of actors, in the volume of commodities traded and in the prices and profit along the chain. It is important that, whichever symbol is used to represent changes, the meaning be consistent and sufficiently explained in a legend.


External Environment
Land and property rights
Natural environment and resources
Trade laws and enforcement
Social norms and informal networks
Consumption trends and preferences
Small farmers N 10,000
1,200 Mt (↓40%)
Local mills N 25
1,000 Mt
Rural retailers N ≈ hundreds
1,000 Mt (↓70%)
$ 100 (↑20%)
Rural Population N 25,000
0 Mt (↓ 100%)
Bigger farmers N 200
5,000 Mt (↓40%)
Large flour millers N 4
8,000 Mt
District traders N = 6 (↓50%)
8,000 Mt
$ 87-89
Urban retailers N ≈ 70 (↓30%)
8,000 Mt
$ 92
Urban Population N 60,000
6,000 Mt
3,000 Mt (↓25%)
Importers/ Exporters N 3
Infrastructure & services
Formal bank credit
Transport facilities
Storage facilities
Informal credit
Partially affected
Totally affected
Effects of external factors
Increase or decrease in volume, prices, numbers


Boris Heger/ICRC

'Forecast maps' represent changes that are expected to occur in the market system in the immediate future (e.g. one to three months). Forecast maps should account for market actors' expectations regarding market recovery, planned government and non-government support and the effect of seasonal changes on prices, production, access, etc. Forecast maps are difficult to draw as they are based on ex-ante information and expectations but can provide essential indications of the type of support needed over time, and when the market situation should be re-analysed. These maps can be incorporated into a monitoring system and serve as a monitoring benchmark to assess whether or not actual changes are in line with expectations.



Marketplace mapping

Another useful way to map markets is to represent the flow of a commodity from its place of origin (e.g. where it is cultivated or the country it is exported from) to where it is sold, to final users (target area). You can use any geographical map of the region and indicate the physical commodity flows on it. This kind of map will enable you to capture and visualize the movement of commodities from surplus to deficit areas as well as the local or regional differences in terms of volumes and prices.

Marketplaces can be classified based on different variables, as shown below:

Role of the market: e.g. retail marketplace; wholesale marketplace; assembly marketplace

Main type of actors: e.g. retailers; wholesalers; assemblers; producers

Type of the market in terms of geography: e.g. local marketplace; regional marketplace; national marketplace; cross-national marketplace

Market size (trade volume): e.g. small; medium; large (possibly with estimation of trade volumes)

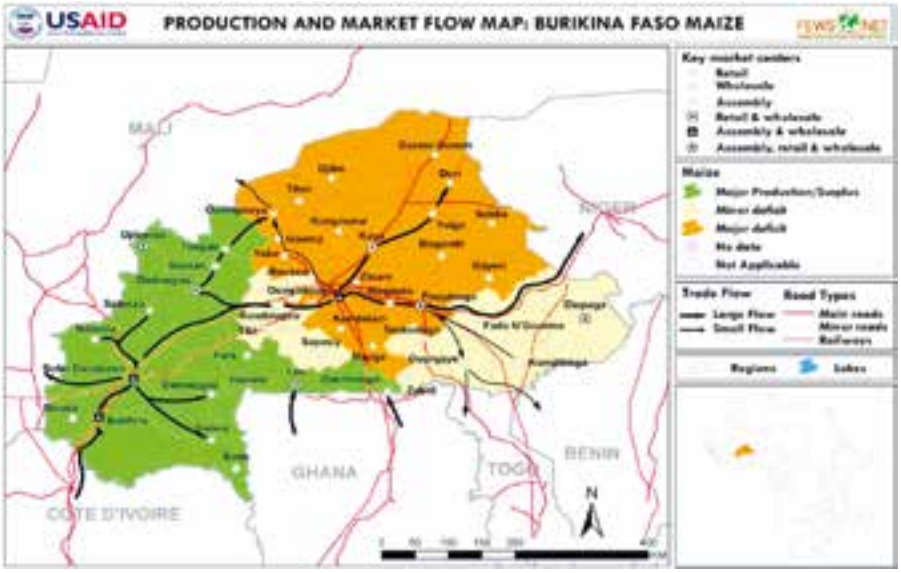
Trade obstacles: Potential trade obstacles can be indicated by symbols that are explained in a legend (e.g. road blocks, toll stations).

Functionality after the shock: Non-functioning; partially functioning; functioning

Distances and access times: You can note the distances and times to get from one marketplace to another.

Transport means available: You can indicate the transport means that are available.

The graph below shows a market flow map drawn up by FEWS NET.



Marketplace maps can reveal how the marketplaces of interest are provisioned with the key commodities the target population need. They can also be used to indicate shock-related interruptions of these flows. You should draw up such a map for each of the commodities. Market mapping is an iterative process and you should continuously refine the maps.

Tool 1.5: Focus Group Discussions with the Target Population

Purpose of the tool

This tool will help you:

➥ understand whether and how the target population's access to critical market systems has been affected by the shock.

How to use the tool

This tool consists of a list of questions that should be integrated into existing assessment tools. They can also be used to lead a focus group discussion (FGD) with key informants. One way of assembling your focus group is to contact the local authorities, explain your purpose, and ask them to put together a group of six to eight men and women who have a good understanding of the community and the livelihoods of its members. If your target population consists of different livelihood groups, you may want to analyse them separately as they may use markets differently. Therefore, you should ensure that the FGDs gather people with similar livelihoods. In some contexts, it is worth having separate FGDs with men and women.

Checklist for focus group discussions

Information on critical markets involving essential food and non-food commodities

1. **Has the shock had an impact on households' access to the market?**
   If yes, describe how:
   - What quantities were 'normally' accessed in the market? What quantities are accessed now? Have these quantities changed? Why? By how much?
   - Has the shock affected the quality of the commodities available/accessed in the markets? How and why?
   - What were the 'normal' prices? Have they changed? How? Why?

Note: When feasible, draw a seasonal calendar, identifying the months of the year when quantities and prices are high, average and low. This will help you understand to what extent changes are due to the shock and/or to seasonality, as well as what can be expected in the future.

2. **Has the shock had an impact on households' market dependency or use?**
   - What proportion was 'normally' accessed in the market (indicate a percentage)? Has it changed? Why?

3. **Has the shock affected households' capacity to access what they need from the market?**
   - Were households 'normally' able to access the amounts they needed from the market? If not, why? Has the situation changed? How? Why?

4. **Has the shock affected households' access to credit and social support?**
   - Were households 'normally' able to get credit (either formal or informal) and from whom? What were the conditions (amounts, duration and interest rate)? Has this changed? How? Why?

- Could households 'normally' count on social support such as borrowing, remittances, etc.? Has this changed? How? Why?

5. **Has the shock affected the physical access of households to the market?**
   - Which marketplaces/suppliers did households 'normally' access? Have they changed? If yes, explain why they have changed and name the new marketplaces/suppliers.
   - Explain the dynamics of the households' access to the marketplaces/suppliers before and after the shock (distance, transport means, cost and duration of the trip, frequency of visits).

6. **Has the shock limited the access of any particular social group (gender, age, ethnicity, wealth, etc.) to the market? How? Why?**

7. **Has the shock affected households' preferences and choices in terms of type and/or quality of commodities?**
   - What type/quality of commodities did households 'normally' access in the market? Do households still access the same type/quality of commodities? If not, how has it changed (indicate substitute commodities)? Why?

Information on critical markets involving commodities sold for income

1. **Has the shock had an impact on households' access to the market where they sell commodities?**
   If yes, describe how:
   - What quantities were 'normally' sold in the market? What quantities are sold now? Have these quantities changed? Why?
   - What were the 'normal' prices? Have they changed? How? Why?

Note: When feasible, draw a seasonal calendar, identifying the months of the year when quantities and prices are high, average and low. This will help you understand to what extent changes are due to the shock and/or to seasonality, as well as what can be expected in the future.

2. **Has the shock had an impact on households' market dependency or use?**
   - What proportion of the households' income normally came from selling these commodities in the market? (Indicate a percentage.) Has it changed? Why?

3. **Has the shock affected the households' capacity to generate income from the market?**
   - Were households 'normally' able to generate income from the market? If not, why? Has the situation changed? How? Why?

4. **Has the shock affected households' access to credit and social support?**
   - Were households 'normally' able to get credit (either formal or informal) and from whom? What were the conditions (amounts, duration and interest rate)? Has this changed? How? Why?
   - Could households normally count on social support such as borrowing, remittances, etc.? Has this changed? How? Why?

5. **Has the shock affected the physical access of households to the market?**
   - Which marketplaces did households 'normally' access? Have they changed? If yes, explain why they have changed and name the new marketplaces.
   - Explain the dynamics of the households' access to the marketplaces before and after the shock (distance, means of transport, cost, and duration of the trip, frequency of visits).

6. **Has the shock limited the access of any particular social group (gender, age, ethnicity, etc.) to the market? How? Why?**

7. **Has the shock affected the type and/or quality of commodities sold in the market?**
   - What type/quality of commodities were 'normally' sold in the market? Are the same type/quality of commodities still sold? If not, how has it changed? Why?

Information on critical markets involving labour for income

1. **Has the shock had an impact on households' labour opportunities?**
   If yes, describe how:
   - What was the 'normal' demand for labour (e.g. number of days/month) in the market? What is the demand now? Has it changed? Why?
   - What were the 'normal' wages? Was there a minimum wage? Has the situation changed? How? Why?
   - What were the 'normal' payment methods and frequency of payment?

Note: When feasible, draw a seasonal calendar, identifying the months of the year when demand for labour and wages are high, average and low. This will help you understand to what extent changes are due to the shock and/or to seasonality, as well as what can be expected in the future.

2. **Has the shock had an impact on households' dependency on labour for income?**
   - What proportion of household income was 'normally' accessed through labour? (Indicate a percentage.) Has it changed? Why?

3. **Has the shock affected households' access to credit and social support?**
   - Were households 'normally' able to get credit (either formal or informal) and from whom? What were the conditions (amounts, duration and interest rate)? Has this changed? How? Why?
   - Could households 'normally' count on social support such as borrowing, remittances, etc.? Has this changed? How? Why?

4. **Has the shock affected households' physical access to labour markets?**
   - What workplaces did households 'normally' access? Have they changed? If so, explain why they have changed and name the new workplaces.
   - Explain the dynamics of households' access to workplaces before and after the shock (distance, means of transport, cost and duration of the trip, frequency of visits).

5. **Has the shock limited the access of any particular social group (gender, age, ethnicity, etc.) to labour opportunities? How? Why?**

6. **Has the shock affected households' access to formal/safe labour opportunities?**
   - What type of labour was 'normally' accessed in the market? Can households still access the same type of labour? If not, how has it changed? Why?

Tool 1.6: Focus group discussions & individual interviews with traders

Purpose of the tool

This tool will help you understand:
- how traders have been affected by the shock;
- how they are coping;
- whether and how they are able to meet demand.

How to use the tool

This tool should be used to lead focus group discussions (FGDs) and individual interviews with traders.

FGDs can be a valuable means to obtain a general understanding of how traders view the market system. Another advantage is that FGDs allow participants to discuss and agree on a common view in a short time. However, it is important to consider that traders will probably not give details of their business (how many commodities they sell, how much their sales have decreased as a consequence of the shock, etc.) in an FGD. It is also important to acknowledge that FGDs with traders might be difficult to organize, as traders are constantly busy and often tied to their location (shop, outlets).

When possible, you should consider conducting FGDs with small traders. It is important to group participants according to their typology, in order to have fairly homogeneous groups, with 8-10 participants each. You should conduct at least one FGD with each type of trader in each location. If the choice is for individual interviews, you should interview at least 3-4 traders of each type in each location. When dealing with big traders and wholesalers, individual interviews are more advisable. In this case, it is likely that you will be able to talk to only a few (1-2) of them in each location.

The following checklist helps you to conduct FGDs and/or individual interviews with traders. The questions will need to be revised and adapted to the context. This step will need to be carried out within the first days of the assessment with the support of local staff and other stakeholders. The questionnaires developed from this initial checklist will need to be field-tested to verify that:
- the selected questions are appropriate and relevant to the context;
- the format and language is easily understood by the field team and interviewee;
- interviews can be conducted within a reasonable time (30-35 minutes).

Checklist for focus group discussions and individual interviews with traders

1. **Characteristics of the trader(s)**
   - Describe the typology of the trader(s).
   - What are the commodities they trade?
   - Who are their customers? Where do they come from? Do customers change depending on the season?
   - Are they registered? What does the registration process consist of?

2. **Procurement**
   - When, where, and from whom do traders procure the commodities? What is the origin of the commodities?
   - How has the shock affected the quantity of commodities traders buy? (How much did traders buy during 'normal' times, after the shock, now?)
   - Do traders expect to buy different quantities in the next months?

3. **Borrowing money**
   - Do traders borrow money to purchase the commodities they sell? If so, on what conditions (how much, who from, when, interest rate, payoff time)?
   - How has the shock affected traders' access to credit?

4. **Purchasing prices**
   - In which months are the purchasing prices higher? And lower?
   - How has the shock affected the purchasing prices of key commodities?

> If possible, ask about prices before the shock, after the shock and at the time of the interview. However, make sure that prices refer to items that have similar characteristics in terms of quality, volume, quantity, etc. Before starting the interviews (usually after testing the questionnaires), you should have defined the characteristics of the products whose prices will be investigated.

5. **Competition**
   - How many traders sell the same commodities in the area?
   - Are all the traders the same size?
   - Can consumers negotiate prices?
   - How do traders set the prices for the commodities they sell?

6. **Transport**
   - How do traders normally transport the commodities to the warehouse and/or to the marketplace (means of transport ownership, costs, distance, time, reliability)?
   - How has the shock affected transport movements and costs?

7. **Storage capacity**
   - What storage capacity do traders have?
   - When and for how long do traders store commodities?
   - Where do they store them and at what cost?
   - How has the shock affected storage capacity and costs?

8. Volume of sale
- What is the volume of sales during the different months of the year (in 'normal' times, after the shock and now)?
- What do you expect to happen in terms of sales in the coming months?

9. Selling prices
- How has the shock affected the selling prices of the key commodities? (What were the selling prices during 'normal' times, after the shock, and now?)
- How are selling prices expected to change in the next month or two?

As for purchasing prices, define the standard characteristics of the items whose prices you will gather before starting the interviews.

10. Credit to customers
- Do traders extend credit to their customers?
  – If not, why not?
  – If yes, when, to whom, under what conditions?
- How has the shock affected trader practice regarding the provision of credit to customers?

11. Trader judgment of the general situation and the future
- How have traders adapted? How are they coping with the current situation?
- How long do traders estimate it will take for the situation to return to 'normal'?
- What is preventing the situation from returning to 'normal'?

Tool 1.7: Interviews with Key Informants

Purpose of the tool

This tool will help you get from key informants:
- an overall picture of the market structure and functioning;
- a general understanding of how the market has been affected by the shock;
- pieces of information that are crucial for the fieldwork and difficult to obtain from other sources, such as: what is currently being done, which actors should be contacted, how to access different localities, etc.

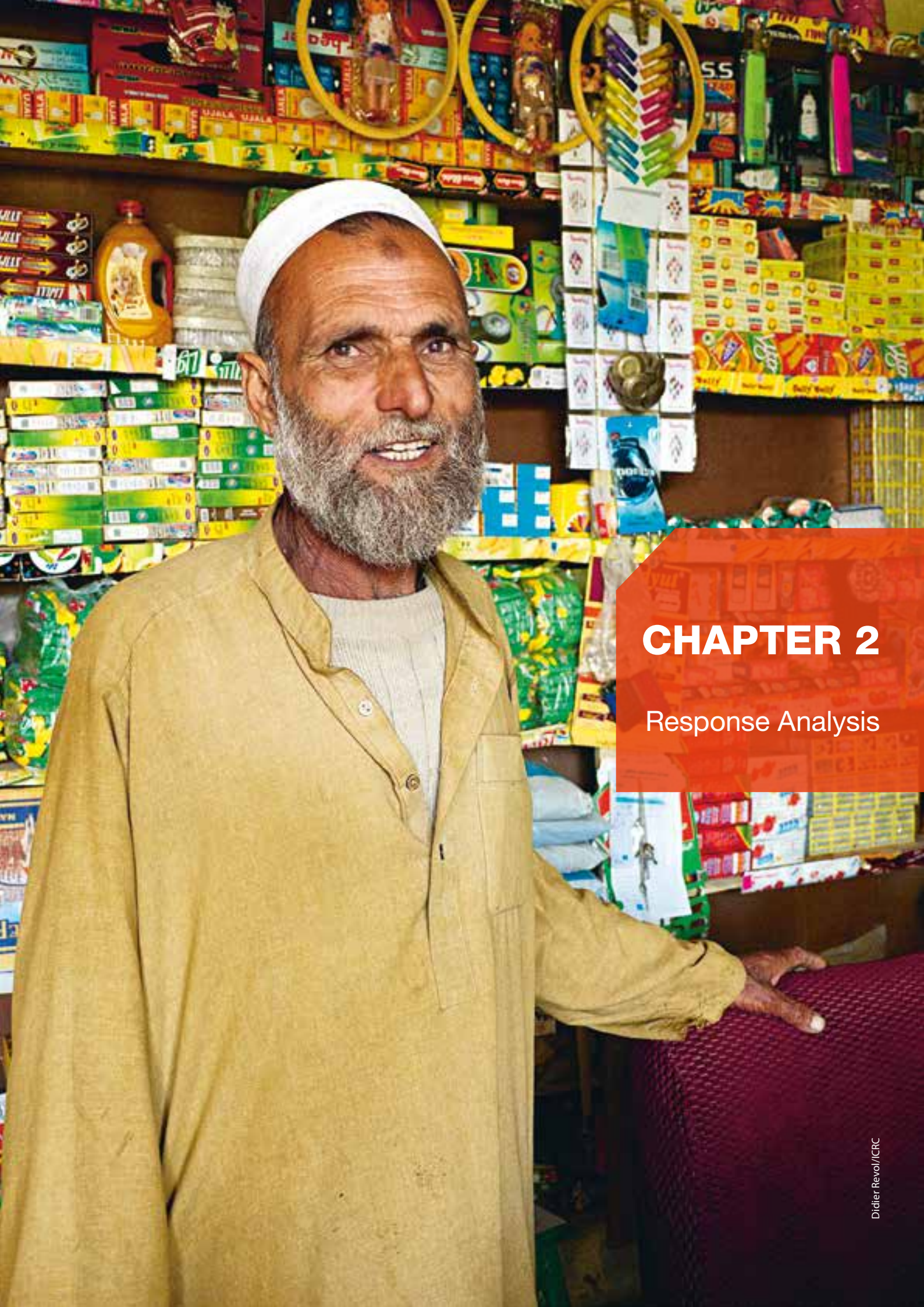
How to use the tool

The following checklist consists of a broad list of topics that you may want to discuss with key informants. It might be helpful to revise this checklist in consultation with the logistics department.

When discussing the topics with key informants in the field, it is very important that you adopt an open and explorative attitude. Which questions to ask will depend on the area of expertise and knowledge of the key informants interviewed. They can be government representatives, market officials, agricultural officers, etc. Each of them will have good knowledge of some issues and potentially less knowledge of others. Before each interview, you should revise the checklist and choose what to ask, according to the situation.

Checklist for key informants

- Describe the shock and how it has affected the target population as well as actors that have a stake in the critical market of interest.
- Describe the main livelihoods in the area, with particular focus on those that are relevant to the critical market of interest.
- What are national and local government, civil society and relief agencies doing or planning to do to respond to the shock?
- What about security and access (including distance) to the affected areas (particularly those you would be interested in visiting)?
- Who are the actors involved in the critical market system and what is their role? How do different actors trade and interact?
- Which actors have been affected by the shock? How? Describe the level of damage, changes in the number of actors, volume and flow of trade, as well as what market actors are doing to cope with the situation.
- How are commodities (or services) exchanged and how do they flow within the market system (as well as in and out of the area)? How has this changed due to the shock?
- What are the prevalent prices and what are the seasonal changes in a 'normal' year? How have prices changed after the shock?
- Which are the months of highest and lowest demand during a 'normal' year?
- Do markets look competitive? Are there enough traders dealing with the selected commodities and services? Are there any traders who are more powerful than others and may distort prices? Has the shock put some actors in such a powerful position?
- When does most of the trade happen in a marketplace? Describe seasonal changes.
- If trading takes place in a marketplace, what are the locations, structures, access regulations, number/types of traders in the marketplace? How have marketplaces been affected by the shock?
- How have roads, warehouses and infrastructure in general been affected by the shock?
- What services did the market actors normally access (formal/informal credit, bank loans, extension services, information, etc.)? How have the availability of and the access to these services changed after the shock?
- Are there any services provided by the government during 'normal' times (credit, social assistance, power, etc.)? How have the availability of and the access to these services changed after the shock?
- What technology is available (Internet, POS, credit cards, etc.)? Do market actors have access and the capacity to use it?
- What are people's preferences and trends regarding commodities, services and activities that are relevant to the critical market system?
- Describe the policies that influence (positively and negatively) the market, including licences, taxes, trading restrictions, subsidized policies, import and export policies, etc.
- What other external factors can influence (positively and negatively) the markets? Have they changed after the shock? How?
- What are the key informants' expectations for the future? How long do they think it is going to take for the situation to return to 'normal'? What do they think is preventing it from getting back to 'normal'?



CHAPTER 2

Response Analysis

Didier Revol/ICRC

This chapter is about how to use and integrate market information in the response-analysis process. The aim of the process is to determine the most appropriate and feasible responses, and identify the best ways to implement them. As response analysis is an iterative process, it is highly probable that the team conducting response analysis will 'move back and forth' between the feasibility and appropriateness criteria until they settle upon final response choice(s).

Some practitioners may feel more comfortable addressing feasibility prior to appropriateness and vice versa. Use the guidance in whichever order is more intuitive, but do not forget to address both aspects as they are critical to the response-analysis process.

Response-analysis outcomes will vary according to assessment findings and recommendations, which in turn will have been determined by factors such as: the programmatic sector, geographical area, target population (and their livelihoods), as well as the size and duration of a potential response among others. Response analysis can also follow different processes, according to the agency's approach. For the purpose of this guide, we are suggesting ways to integrate market-related information into three of the most common steps of a response analysis:

- Identification of a broad range of response options
- Definition of the response options' appropriateness
- Analysis of the response options' risks and feasibility.

How to integrate market information into the response analysis

You will be guided through a participatory process aimed at integrating market information into the response analysis. The process should involve the assessment team, some of the implementing staff, representatives of the logistics and finance departments and other stakeholders (including representatives of the affected communities and traders) in discussions and brainstorming exercises. Three driving questions (DQs) have been developed to help you through this process. Each DQ is linked to tools that help to answer them. The tools serve merely as an indication and can be adapted to the context and the agency's needs.

Table 2.1. Driving questions

Driving Questions	Process / Tools
DQ 2.1. How can market information help identify a range of potential response options?	*Tool 2.1: Long-listing response options*
DQ 2.2. How can market information help screen response options against their appropriateness?	*Tool 2.2: Analysing market-related appropriateness criteria*
DQ 2.3. How can market information help analyse the feasibility of response options?	*Tool 2.3: Analysing market-related risks*

DQ 2.1. How can market information help identify a range of potential response options?

The identification of a range of response options to achieve the objective of a potential intervention is usually the first step of a response-analysis process. This DQ is aimed at ensuring that market-based interventions are included in this range of options.

Generally a brainstorming exercise is conducted to identify a range of response options. The brainstorming must be guided by a logic that takes the assessment findings into account. **Tool 2.1** suggests a logical process based on the understanding of the market system's capacity to meet demand after the shock, with or without external support. This process will lead to the identification of two types of possibly complementary market-related response options:

- Support to the target population (consumers, producers or workers)
- Support to the market system (improve market actor capacity, improve infrastructure, influence policies).

The Federation Early Recovery Surge Team (FERST) suggests a 'blue-sky thinking' exercise aimed at promoting innovative responses, some of which may prove useful at a later stage even if they are not immediately feasible.

EMMA toolkit suggests long-listing market-related response options highlighting their respective advantages and disadvantages. For more information see:

www.emma-toolkit.org

DQ 2.2. How can market information help screen response options against their appropriateness?

The following step in the response-analysis process is to narrow down the broad range of response options using appropriateness criteria. This DQ is aimed at ensuring that, whenever relevant, market information is considered in the appropriateness analysis.

Some of the appropriateness criteria most commonly used by agencies are market-based, notably:

- Cost-efficiency and cost-effectiveness
- Market readiness
- Risk of inflation and other market distortions
- Secondary impact on markets.

Tool 2.2 goes through these criteria, indicating which market information is relevant and how to use it in the appropriateness analysis. **Tool 2.2** suggests a qualitative approach for this analysis. The assessment findings will be used to understand whether or not the different response options meet the appropriateness criteria.

Once each response option has been analysed against the appropriateness criteria, a scoring and ranking exercise should be conducted. Participatory approaches can be helpful to make judgements and decisions based on the principles of consensus, transparency and comparability. Some of the commonly used participatory approaches are: i) ranking matrices, ii) strengths-weaknesses-opportunities-threats (SWOT), or iii) advantages/limitations analysis. This exercise should include criteria that are both market-related and non-market-related. **Tool 2.2** suggests a matrix to score the response options considering only market-related appropriateness criteria. Its results have to be integrated into the analysis of non-market related criteria (beneficiary preferences, suitability for objectives, etc.).

It is recommended you involve representatives of the logistics and finance departments in the discussion around the market-related criteria of the response analysis as they can provide valuable information regarding cost efficiency and effectiveness, the risk of price increases and market distortions.

DQ 2.3. How can market information help analyse the feasibility of response options?

After identifying a range of appropriate interventions, you need to verify whether their implementation is feasible to see which are the most appropriate. This DQ is aimed at ensuring that the feasibility criteria considered in the analysis include market-related aspects. As previously mentioned, response analysis is an iterative process; a re-review of DQ 2.2 (response appropriateness) is thus encouraged if required.

Feasibility criteria commonly used include:
- Agency mandate and strategy
- Agency capacity to implement the response (including the time required to launch the response)
- Budget available
- Risk analysis.

Some of the factors that can jeopardize the implementation and impact of the response options are market-related. The feasibility analysis must consider the seriousness of these risk factors and possible measures to mitigate them. Some of the most significant market-related risks are listed below:
- The market-related response creates unacceptable institutional risks (e.g. fraud)
- The target population accesses poor quality items, which undermines their lives and/or livelihoods
- The response creates or exacerbates damaging market behaviours (e.g. lack of competitiveness)
- The market-related response creates unacceptable risks for the target and non-target population (e.g. security, robbery)
- The response undermines the target and non-target population's ability to meet their essential needs (e.g. price increases).

Tool 2.3 explains a step-by-step process for identifying market-related risks and decide whether mitigation measures can reduce a serious risk to an acceptable level.

Consolidating the response-analysis findings

At the end of the response-analysis process, based on the appropriateness and feasibility ranking, you should be able to select the response or a combination of responses to be implemented. This will refer you to the next phase in the project cycle: design and implementation, which is not included in this MAG.

Thomas Bertelsen/Danish Red Cross

Market Response Analysis Tools

Tool 2.1: Long-listing Response Options

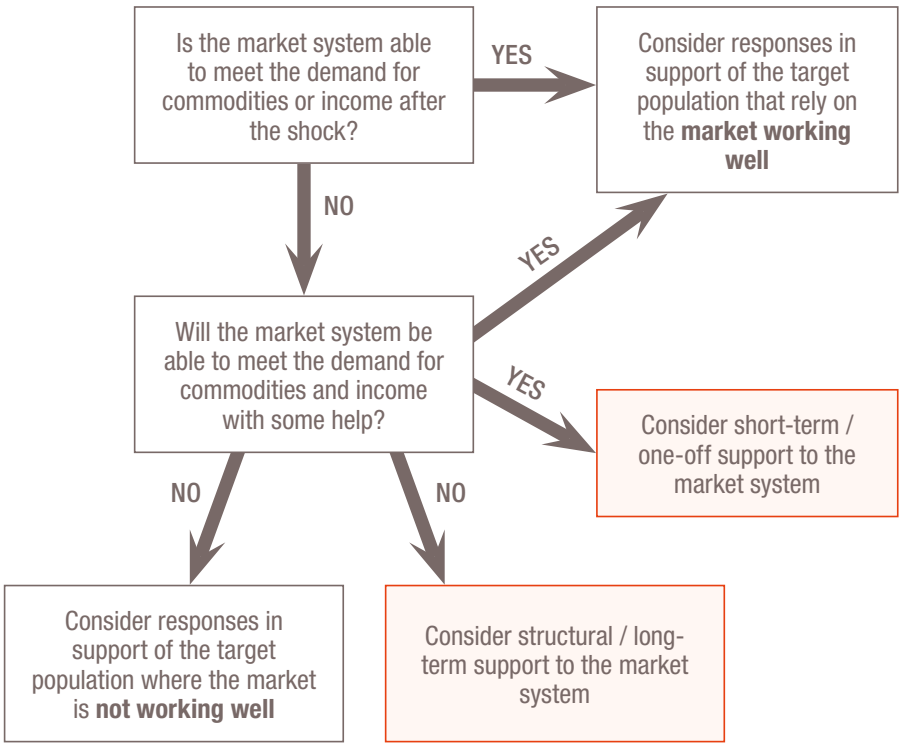
Purpose of the tool

This tool is aimed at providing a logical rationale to guide the identification of potential market-related response options.

How to use it

The tool consists of a concise decision tree (see diagram below) that should be used during a brainstorming exercise with stakeholders.

By following the suggested rationale, the group will be able to understand which category of market-related response is required, depending on how well the market functions and/or which type of support it would need. The subsequent step will be for the group to revisit the market maps developed in the assessment phase to identify market bottlenecks and potential entry points.[8] This will help develop a list of potential response options for each category. Below you will find some examples of potential response options within each category.



8 *These include market actors to work with and/or support, infrastructure and services to be rehabilitated, and any other point in the market system that the response should focus on.*

Categories of response	Market functioning/ need for support	Response options
Support to the target population	Market system working well	• Cash transfers for food and other items • Cash transfers for repairing houses, building temporary shelters and rebuilding permanent houses • Cash for rental • Unconditional cash transfers to re-establish livelihoods • Micro-credit or cash grants for income-generating activities • Cash for work • Cash for training • Animal de-stocking • Cash transfers to access animal care and veterinary drugs • Health-care and school-fee grants and vouchers • Vouchers for water access
	Market system not working well	• Distribution of food and other items • Repair houses, build temporary and permanent houses • Provide immediate shelter facilities • Seed distributions • Animal restocking • Provision of veterinary care / vaccinations • Food for work • Food for training • Distribution of livelihood inputs (boats, fishing nets, equipment) • Water distribution • Provision of health care
Support to the market system (retailers, wholesalers, transporters, processors, authorities, etc.)	One-off, short-term support	• Cash grants / credit to traders to restore liquidity • Cash grants / credit / vouchers to warehouse owners to re-establish stock capacity • Grants/ vouchers to transporters • Public works to repair / rebuild market structures • Organization of vouchers and commodity fairs • Cash grants to support small processing industries and cooperatives to re-activate the supply chain; call for government action to ensure security and access to market
	Structural, long-term support	• Rebuild national stocks • Repair national, regional warehouses • Support government in infrastructure rehabilitation • Support financial access to credit facilities • Facilitate small producers' forward-contracting • Provide vocational training and diversify production • Promote producers' organizations / develop marketing strategies • Improve access to market information; call on government to ease import/export restrictions, issue trading licences, etc.

Tool 2.2: Analysing Market-related Appropriateness criteria

Purpose of the tool

This tool is aimed at:

- explaining the most common market-related appropriateness criteria;
- indicating which market information is relevant and how to use it;
- suggesting a qualitative process for scoring the response options based on market-related appropriateness criteria.

How to use it

This tool consists of:

- *A summary table* explaining the most common market-related appropriateness criteria and indicating the relevant market information (obtained in the assessment phase) and how to use it in a qualitative appropriateness analysis.
- *A matrix* to score the response options based on their appropriateness (and the respective instructions on how to use it). The matrix will help the group to consolidate their opinions on the relative importance of each criterion and on how the different response options meet each criterion.

Jon Björgvinsson/ICRC

Table: Market-related appropriateness criteria and how to apply them

Market-related criteria	Relevant market information and how to use it
Cost-efficiency refers to the relative cost of delivering a defined output to beneficiaries. It is useful to compare in-kind assistance with cash and voucher-based interventions.	Your judgement should be based on the following information: • How much it costs for the agency to distribute a commodity (price at source, cost of transport, storage and delivery) • How much it costs for the target population to purchase the same commodity locally (market prices and transport to marketplace) • The differences in commodity quality that may result from different responses. If distributing is more expensive than purchasing locally, you should score cash and vouchers higher than in-kind assistance.
Cost-effectiveness compares the cost of achieving the intended outcome through different response options.	Your judgement should be based on the evaluation of the cost-effectiveness of previous projects. If this secondary information is not available, you will need to qualitatively judge the potential outcomes of different response options.
Risk of inflation caused by an external cash injection in the local economy.	Your judgement should be based on the following aspects: • Size of the intervention compared to the size of the local economy: the bigger the intervention, the higher the risk that a cash-transfer intervention will cause inflation, and the higher the risk that in-kind assistance will cause deflation. • Market integration: well-structured and integrated markets are less likely to suffer from inflation. • Local availability: good local availability reduces the risk of inflation for cash transfers while increasing the risk of deflation for in-kind distributions. This information can be used as an indication, although there are no cut-off points to predict whether a market-related intervention can cause inflation.
Potential for market distortions (non-competitive behaviour) caused by the response options.	Your judgement should be based on the following proxy indicators of market competitiveness: Market systems with at least **5-10 major traders at wholesale level** in each large town and **3-5 traders in each village** are highly likely to be competitive.[9] **Market observations** and interviews with market actors and the target population during the assessment can help understand whether uncompetitive behaviour already existed. This includes traders offering different prices to clients, prices not displayed, lack of scales and measurement equipment, etc.
Secondary impacts (or multiplier effects) on markets have to do with both positive and negative 'collateral' effects of the response options on the market.	Your judgement should be based on a **brainstorming** exercise to be conducted with the field team and local stakeholders (including traders) to identify positive and negative impacts of the response options on local market actors. If available, evaluations of the multiplier effects of previous interventions can help you predict the secondary impacts of the different response options on the market.

9 *Dirba and Renk, 2007.*

Scoring matrix

Criteria	Weight	Scores			Justification
		Response Option A	Response Option B	Response Option C	
Cost-efficiency and effectiveness					
Risk of inflation					
Potential for market distortions					
Secondary impacts on markets					
Other non-market-related criteria					

Instructions for use:

a) *Choosing and weighting the criteria:* The group should agree on which criteria should be included in the analysis and their relative importance. If a criterion has a significantly greater importance for the achievement of the overall objective or the intended emphasis of the intervention, it should be weighted before the scoring exercise starts.

Each criterion can be given a weight ranging from 1 to 3, as below.

1 = very important

2 = important

3 = less important

b) *Scoring the response options:* The different response options should be analysed against the criteria agreed by the group. A score from 1 to 5 should be given to each response option in each criterion, depending on how (percentage) they meet the specific criterion.

1 = meet the criteria from 0 to 20%

2 = meet the criteria from 20 to 40%

3 = meet the criteria from 40 to 60%

4 = meet the criteria from 60 to 80%

5 = meet the criteria from 80 to 100%

If the criteria have been attributed weights, the scores should reflect that, i.e. all the scores should be multiplied by the respective weights.

c) *Calculating the total appropriateness scores:* The total score for each response option will be the sum of the scores (weighted or not) in each criterion.

d) *Ranking the response options:* The ranking should be based on the total scores, with the higher scores corresponding to the higher ranked.

Whenever possible, the scoring should be based on quantitative analysis. Failing that, it may be the result of qualitative analysis and assumptions. In order to avoid a choice biased by personal considerations, the rationale behind the scoring should be justified.

In the completed matrix below you will find an example of how the final scoring and ranking could look:

Criteria	Weight	Scores			Justification
		Response Option A weight x score	Response Option B weight x score	Response Option C weight x score	
Cost-efficiency and effectiveness	3	3x4=12	3x3=9	3x1=3	
Risk of inflation	2	2x1=2	2x2=4	2x2=4	
Potential for market distortions	3	3x1=3	3x3=9	3x3=9	
Secondary impacts on markets	1	1x5=5	1x1=1	1x2=2	
Total scores		12+2+3+5=22	9+4+9+1=23	3+4+9+2=18	

Tool 2.3: Analysing Market-related Risks

Purpose of the tool

This tool will help you to:
- identify the risks that may impact the feasibility of the response options;
- assess the seriousness of the risks identified;
- determine what action should be taken.

How to use it

This tool consists of guidance on how to conduct this process through a three-step participatory exercise with a group of stakeholders who can bring knowledge of local context and markets. A maximum of 12 participants, including members of the assessment team, National Society volunteers, staff from programme functions, representatives of the logistics and finance departments, and possibly key informants, should be involved.

Step 1. Identifying risks

Risks that may affect a specific response option should be listed and clearly described, with causes and potential effects per risk identified. This is to enable decisions to be made on what action to take (step 3) in order to address the causes (to help prevent the risk) and the effects (to mitigate the impact of the risk).

Step 2. Assessing the seriousness of the risk

Assessing risk seriousness will allow you to rank risks and decide which of them need specific focus and further analysis before a response can be considered a feasible option.

The seriousness of a risk is determined by two factors:

- The likelihood (probability) that a risk will occur
- The impact (consequences) of the risk when it has occurred.

The ranking matrix below is a qualitative tool that can help you assess the seriousness of each risk:

Impact / Likelihood	Negligible (1)	Minor (2)	Moderate (3)	Severe (4)	Critical (5)
V. unlikely (1)	1	2	3	4	5
Unlikely (2)	2	4	6	8	10
Mod. likely (3)	3	6	9	12	15
Likely (4)	4	8	12	16	20
Very likely (5)	5	10	15	20	25

Seriousness = Impact score x Likelihood score

Low 1-7	Medium 8-14	High 15-25

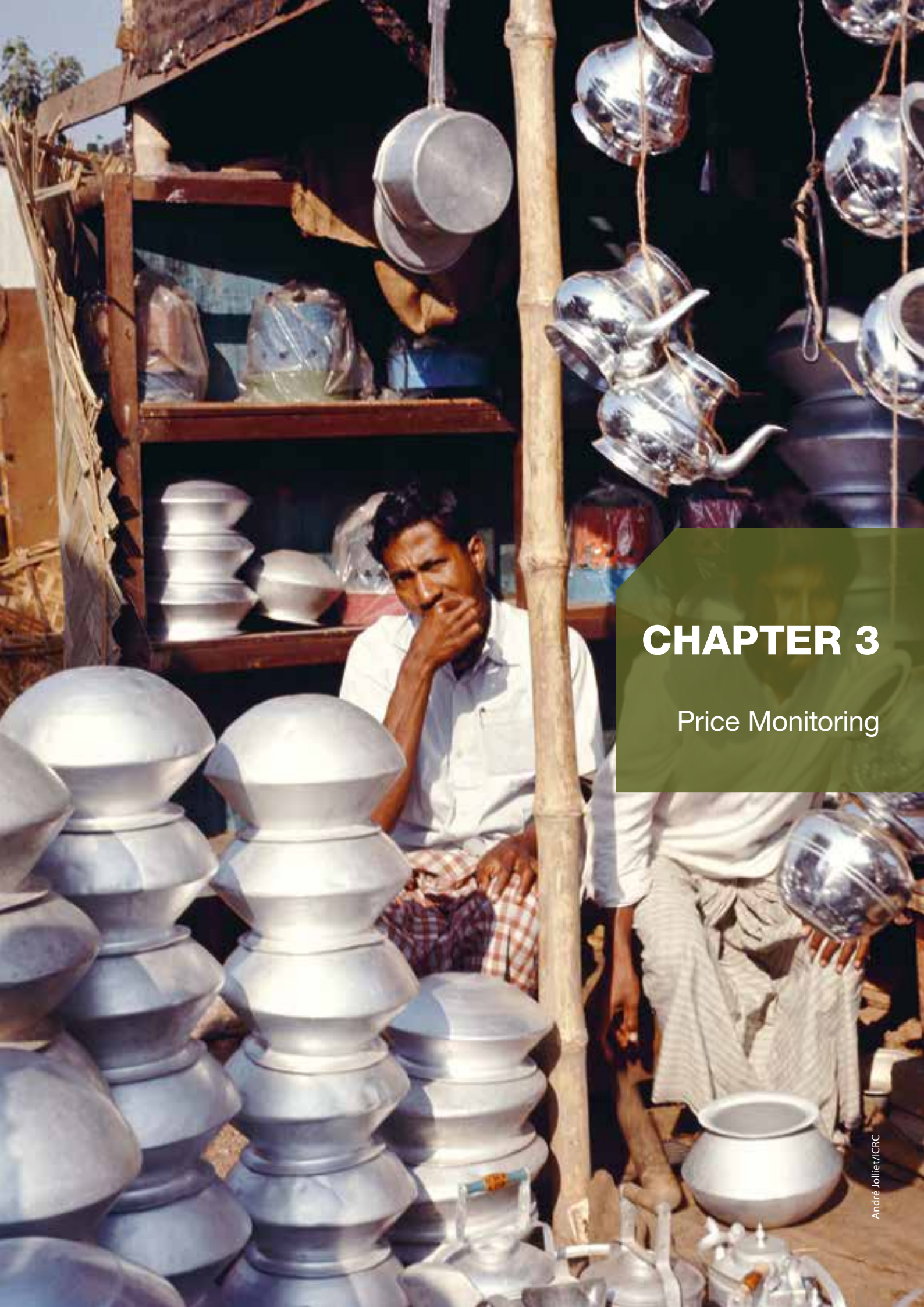
Step 3. Determining what action should be taken

In order to decide what to do, you need to understand whether or not it is possible to control a specific risk. In order to understand this, you should check whether it is possible to implement prevention and/or mitigation measures to reduce the risk to an acceptable level, or whether it is possible to transfer the risk (e.g. by contracting an insurance company or sub-contracting to other partners that operate at lower risk). If this is not possible, then you will need to avoid the risk and resort to other feasible options.

Mitigation measures should primarily address the causes of the risks. More than one mitigation measure can be considered for each risk. The table below describes a number of market-related risks and potential mitigation measures.

Market-related risks	Mitigation measures to be considered
The response creates unacceptable institutional risks (e.g. fraud).	• Using banks and electronic systems to reduce transactions and improve information flow / control mechanisms • Creating feedback and response mechanisms • Working closely with communities and local authorities
The target population accesses poor quality items, which undermines their life and/or livelihood.	• Establishing expected quality standards in contracts and control mechanisms/penalties • Running voucher programmes addressing traders who can guarantee the required quality • Monitoring the quality of products
The response creates or exacerbates damaging market behaviour (e.g. lack of competitiveness).	• Engaging market actors that have less market power • Making agreements to reduce market behaviour / practices • Monitoring market behaviour and take action
The response creates unacceptable risks for the target and non-target population (e.g. security, robbery).	• Adopting alternative and more secure transfer mechanisms (electronic transfers, banks, security companies, etc.) • Adopting preventative measures to reduce people's exposure to risks • Collaborating with local authorities / use vouchers
The response undermines the target and non-target population's ability to meet their essential needs (e.g. price increases).	• Combining in-kind and cash-based transfers • Price monitoring and contingency planning (adjust transfer value, shift modality) • Making agreements with traders on prices


Laurent Meierhans/ICRC



CHAPTER 3

Price Monitoring

André Jolliet/ICRC

This chapter is about how to use market information in the monitoring phase of the project cycle. Monitoring involves the systematic collection of data on indicators whose analysis should reveal how the project is proceeding, if any harm is being caused, and which aspect, if any, needs to be adjusted. Monitoring plans should be considered and developed in the project design stage. Data collection and analysis should be timely and play a key role in validating the appropriateness of a response. Ideally, the programme should be flexible enough to ensure a programmatic response to the findings, for example a change in the modality used.

The choice of the market-related factors to be monitored will depend on the type of project being conducted, the objectives of the intervention and any contextual (risk) factors that may need close attention (such as government policy, tax rates etc.). The most common factors are: prices, commodities (availability, quantity, and quality), and those relating to trader engagement (for example, number of active traders). This guide will focus on prices, because they are the most relevant market-related indicators for understanding whether the project is reaching the expected objectives without causing harm.

When planning the implementation of a price-monitoring system, you should always start by contacting the logistics and finance departments as both of them usually already have their own price-monitoring systems in place.

The monitoring chapter recommends the use of 'sentinel' markets. These are often referred to as 'indicator' markets as they are markets that (due to similarity in size, function and working environment) can represent a larger number of markets in an area, the assumption being that changes in a sentinel market will be mirrored to a large extent in the other markets of the same typology. Therefore, by monitoring sentinel markets, the team can get an idea of what is happening across a larger number of markets. However, please note that occasional, planned monitoring of other markets is required because: (a) it ensures the validity of the sentinel markets; (b) it allows any anomalies of interest within a particular market to be identified; (c) it promotes a sense of 'programme inclusiveness'; and (d) it is good programme practice, especially in market and cash-based interventions, to reduce the risk of fraudulent behaviour.

A step-by-step process for monitoring price data[10]

You will be guided through the process of monitoring price data by means of three driving questions (DQs) linked to tools that will help to answer them. The DQs have been developed to provide you with a simplified approach to collecting, analysing and interpreting price data, and eventually deciding on how to respond (when significant price changes are found). The tools and detailed instructions for use are presented at the end of the chapter.

10 The step-by-step process for monitoring price data presented here was adapted from Lentz, 2010a.

Table 3.1. Driving questions for monitoring price data

Driving Questions	Process / Tools
DQ 3.1. Which prices need to be monitored and how to do it?	*Tool 3.1: Checklist on secondary data* *Tool 3.2: Checklists for field monitors* *Tool 3.3: Organizing primary price data*
DQ 3.2. Have prices changed significantly and why?	*Tool 3.4: Analysing price changes*
DQ 3.3. How to respond to significant price changes?	*Tool 3.5: Responding to price changes*

DQ 3.1 Which prices need to be monitored and how to do it?

In order to identify the prices to be monitored, you need to know, based on previous assessments and market analysis:

What commodities are relevant to your project and most likely to be bought and/or sold by the target population? When identifying the commodity you should consider all the factors that can influence its price in the market, such as type/variety, quality, condition, colour/size, origin, volume, packaging, and branding.

Where does the target population buy and/or sell these commodities? You can identify 'sentinel' markets where prices will be monitored. You should consider at least five 'sentinel' markets of which two or three should be accessed by remote communities and two or three accessed by less remote communities. If feasible, you may also monitor prices in the main town markets where commodities are sourced.

Which traders sell/buy these commodities? You should aim to monitor prices from seven or eight traders (five retailers and two or three wholesalers) in each sentinel market. In order to ensure consistency and comparability, prices should be monitored from the same traders over time. It is recommended you start with a higher number of traders, because of potential absences and drop-offs. If your project involves farmers selling their products, you should monitor farm-gate prices as well.[11]

In order to monitor prices, you can use secondary and/or primary data.

Secondary data can help you save time and resources. The decision on whether to use secondary data as part of your monitoring will depend on its **availability**, **relevance** for your objectives, and **comparability** with your primary data.

Availability: International agencies, trade and agriculture ministries, and national statistical offices collect price data on a regular basis. Some agencies publish this information online (see also Tool 1.1), but it may not be the most

11 *Farm-gate prices are those that producers receive when they sell their product at or near the site of production.*

recent data. In such instances and where the data is not available online, you will need to visit their offices to access their database.

Relevance: It is very unlikely that prices collected by the government or statistical agencies will refer to the exact commodities and markets involved in your project. Secondary price data can be considered relevant if it refers to commodities that are sufficiently similar to those included in your project sold in the main markets.

Comparability: If secondary data is available and relevant, and you are considering using it, you should ensure that secondary and primary data are comparable. This means you must adjust the primary data collection methodology you are planning to use, making it as consistent as possible with the secondary data collection methodology.

Tool 3.1 suggests a checklist that can help you make a decision on whether or not to use secondary data.

Primary data is the information collected directly in the field. Your analysis, interpretation and decision on whether or not to adjust the project will depend heavily on the content and accuracy of this information. Primary data collection must thus follow a **regular** and **consistent** methodology.

Regularity: Price data is normally collected monthly. However, when prices are highly volatile, you may find it useful to collect more frequently, e.g. weekly. It is important to monitor prices consistently on the same weekday and, for some commodities, at the same time of the day. Traders of perishable products tend to lower prices at the end of the day.

Consistency: The price of a commodity can vary according to its type/variety, quality, condition, colour/size, origin, volume/quantity,[12] packaging and branding. Some of these factors are also applicable to services. It is important that you collect prices for a list of items with well-defined and easily observable characteristics in each market that you monitor. Another factor that interferes with the consistency of the price data is the act of 'bargaining'. If it is a common practice, request that the traders supply their 'average' price.

Tool 3.2 suggests two checklists that will help you collect primary price data in a regular and consistent manner.

After collecting and before analysing price data, you need to organize it. Excel spreadsheets are one of the simplest and most well-known instruments available for that. They allow you to plot simple graphs and make basic calculations. **Tool 3.3** suggests how to organize primary price data using Excel spreadsheets.

12 *Units of measurement should be defined beforehand. Retailers may sell products by the 'cup', 'jerrycan' or other local units. You may decide to convert them into kilogrammes or other universally recognized units. You should be ready to buy the product and measure with your own scales, if necessary.*

DQ 3.2. Have prices changed significantly and why?

In order to answer this question you will rely on the secondary price data you have consulted and the primary price data you have collected. If you come across major changes in price series over time and/or across markets, the first thing to do is to identify how significant the price change is. If the price difference from one month to the next is of 30%, you should check on its potential causes. They might be related to your project or to more general issues, such as inflation, seasonality, or common patterns across markets.

Tool 3.4 suggests how to analyse price data in such a way as to understand whether the price change you have identified is directly related to your project or linked to more general issues. If it is directly related to your project, the tool will suggest how to further investigate the potential causes of the price change by means of crosscheck interviews with key informants. A clear understanding of the nature and causes of the price change is crucial, so you can make informed decisions on whether and how to respond.

DQ 3.3. How to respond to significant price changes?

The decision on whether to respond will be based on your capacity to adjust the project accordingly. It is good practice to include contingency plans for probable changes in the implementation context, (such as commodity availability, beneficiary preferences, and, most importantly, price increases or decreases) as part of the programme design stage. Having a contingency plan enables prompt and appropriate action because the organization will be prepared and have the necessary budget. Even when the price change is related to unpredictable causes, being able to refer to proper contingency plans will influence your capacity to respond.

In general terms, the response to price change can include:
- Regular adjustments to the value of the transfer
- Change of transfer modality
- Agreement with traders
- Support to the market, services, and infrastructure.

If you plan or prepare for changes to the transfer modality, you should always do so in close collaboration with the logistics department, as they are running the respective pipelines and are most involved in the actual implementation of a change. Make sure that you contact the logistics department as early as possible as modality changes can require some time.

Tool 3.5 provides you with useful information on the suitability of each of these responses and how they should be planned and implemented.

Market Monitoring Tools

Tool 3.1: Checklist on Secondary Data

Purpose of the tool

This tool will help you to:

- identify possible secondary price data sources;
- understand whether the secondary price data available is relevant for your objectives;
- make a decision on whether or not to use secondary data.

How to use the tool

This tool consists of a checklist you should go through before deciding whether or not to use secondary data in your monitoring. The checklist will help you identify the availability, relevance and comparability of secondary data.

Checklist

Availability

1. Does the national government (by means of some of its ministries or national statistical office) collect price data on a regular basis? If so, is this information available online? If not, you might have to visit their offices to access their database.
2. Does any international agency collect price data in your country of interest as part of early warning or global price-monitoring systems? If so, is this information available online?

Below you will find some online sources of international price data (see also Tool 1.1):

- A site hosted by the Norwegian government lists websites of statistical agencies for prices: http://www.dam.gov.bd/jsp/advancedSearchReport.jsp
- The World Food Programme collects prices on the main staple food and you can get information from their country offices and the WFP Market Monitor http://www.wfp.org/content/market-monitor – an online database that covers key markets and key food commodities at both retail and wholesale levels.
- The FEWS NET (Famine Early Warning System Network) market price bulletins are available at http://www.fews.net/Pages/markettrade.aspx?loc=3&l=en
- The Regional Agricultural Trade Intelligence Network (RATIN) for east Africa: www.ratin.net

Relevance

3. Does secondary price data refer to commodities that are sufficiently similar to those that interest you? Consider all the factors that might influence prices. The price of a commodity can vary according to its type/variety, quality, condition, colour/size, origin, volume, packaging, branding, etc. Some of these factors are also applicable to services.

4. From what markets are these prices collected? Are these markets somehow related to the market of interest for your project?

Comparability

When price data is collected by the national government, you will probably need to interview someone responsible/involved in price data collection in order to understand their methodology and decide whether this secondary price data is suitable to your analysis. If price data is available online, it is likely that you will find information on data collection methodology online as well. In any case, the most important methodological details for you to check on are:

5. From which type of trader (wholesalers, retailers, farmers) are prices collected?

6. From how many traders are prices collected in each market?

7. Do data refer to buying or selling prices?

8. For what volumes / quantities are prices collected?

9. How frequently and when (month, week, day) are prices collected from each market?

Answering these questions will help you decide whether the secondary price data available is relevant and suited to your monitoring purpose. It will also give you an indication of how you might adjust your data collection methodology in order to ensure consistency and comparability with existing data. Remember that by using secondary data you will be saving a lot of time and resources.

Tool 3.2 Checklists for field monitors

Purpose of the tool

This tool will help you plan and conduct the price data collection in a regular and consistent manner.

How to use the tool

This tool consists of two checklists. The first checklist should be used before going to the field, and the second before leaving the field.

Checklist 1 – Before going to the field

The following questions deal with the most common issues you should consider when planning and conducting price data collection.

1. Define the characteristics of the commodities to be monitored. Define as many details as possible, as prices may vary according to the commodity type/variety, quality, condition, colour/size, origin, volume, packaging, branding, etc. Choose the commodity most likely to be purchased by beneficiaries.
   a. Collect prices from the same list of items in each monitoring round.

2. Choose markets in the catchment area of the target population. You should consider five 'sentinel' markets of which two or three are accessed by remote communities and two or three accessed by less remote communities.
   a. Monitor prices from the same markets in each monitoring round.

3. Identify at least seven or eight traders (five retailers and two or three wholesalers) in each 'sentinel' market. It is recommended you start with a bigger number of traders, because of potential absences and drop-offs. If your project involves farmers selling their products, you should monitor farm-gate prices as well.
   a. In small or remote communities, there may be only a few of each type of trader or no wholesalers at all. Interview those who are available.
   b. Monitor prices from the same traders in each monitoring round.

4. Define the unit of measurement and the volumes for which prices are collected. There might be differences between wholesale and retail, but they should be clear and consistent.

5. Identify which days of the week or month your target markets operate on.

6. Determine how frequently price data should be collected. In case of extreme volatility, collect prices weekly.

7. Collect prices at a defined time of day. Avoid the busiest times, when traders will be less willing to interrupt their business and answer questions.

8. If a trader normally bargains with sellers, request that the trader supply his or her 'average' selling price.

Checklist 2 – Before leaving the field

1. Check for missing, unclear or vague responses and try to clarify them with traders before leaving.

2. Check for consistency:
   a. Convert collected prices into the same per-unit price.
   b. When a collected price is much higher or lower than the others, check the possible causes:
      i. First, check that the conversion was done correctly.
      ii. Second, go back to the trader who reported the outlying price and repeat the question. Be sure that the trader understands that you are asking for retail/wholesale, buying/selling prices.

Tool 3.3 Organizing primary price data

Purpose of the tool

This tool will help you organize the price data collected in the field, guaranteeing its consistency.

How to use the tool

This tool consists of a checklist to be used while entering price data into the database.

Checklist for data entry

1. Enter prices in the appropriate spreadsheet. Create separate spreadsheets for:
   - different commodities (according to type/variety, quality, condition, colour/size, origin, volume, packaging, branding, etc.);
   - different types of trader (retailer or wholesaler);
   - different volumes of sale, etc.

Table 3.2. Example of Excel spreadsheet for price database (prices are fictitious)

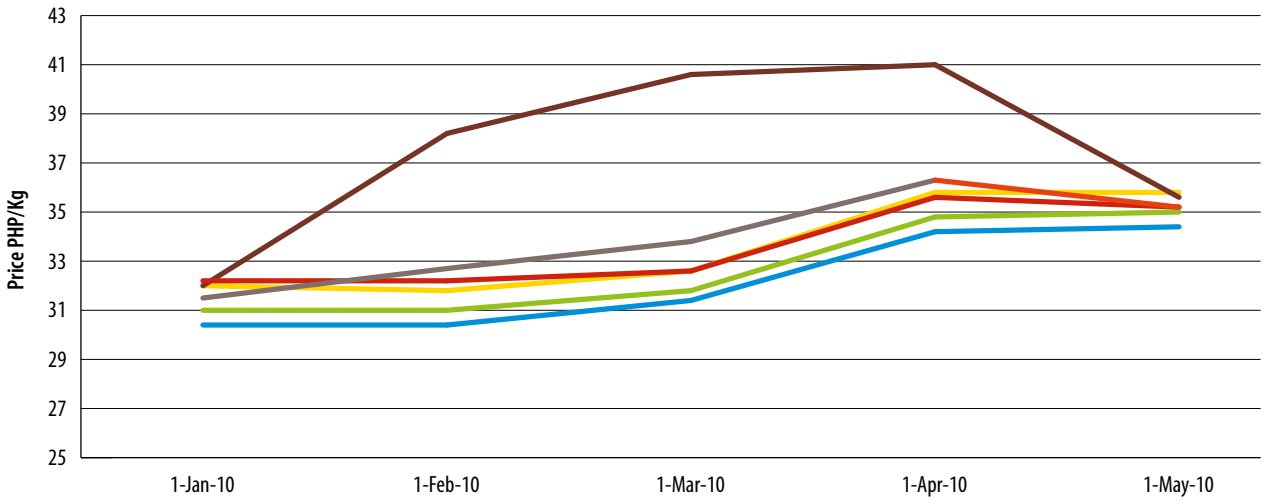
Commodity: Rice; Type: 7-Tonner; Quality: 1st grade; Origin: local; Selling unit: kg						
Date		5-Jan-10	5-Feb-10	6-Mar-10	4-Apr-10	5-May-10
Price Unit		PHP/kg	PHP/kg	PHP/kg	PHP/kg	PHP/kg
Market 1	Retail 1	32	32	33	36	36
	Retail 2	32	32	32	35	35
	Retail 3	33	33	33	36	35
	Retail 4	32	32	33	36	35
	Retail 5	32	32	32	35	35
Market 2	Retail 1	31	31	32	35	35
	Retail 2	31	31	32	35	35
	Retail 3	32	32	32	35	35
	Retail 4	30	30	31	34	35
	Retail 5	31	31	32	35	35
Market 3	Retail 1	32	38	41	41	36
	Retail 2	32	38	41	41	35
	Retail 3	33	39	40	41	36
	Retail 4	32	38	40	41	35
	Retail 5	32	38	41	41	36
Market 4	Retail 1	30	30	32	35	35
	Retail 2	30	30	31	34	34
	Retail 3	31	31	32	34	34
	Retail 4	30	30	31	34	34
	Retail 5	31	31	31	34	35
Market 5	Retail 1	31	31	32	35	35
	Retail 2	32	32	33	36	36
	Retail 3	32	32	32	36	36
	Retail 4	32	32	33	36	36
	Retail 5	33	32	33	36	36

2. Ensure consistency. When inputting data in the database make sure that all prices refer to the same units of measurement.

3. Check for irregularities. If one single price is much higher or lower than the others, it is likely that there has been a mistake. In this case:
   - Double-check if the price has been correctly converted to the unit of measurement.
   - If the price has been correctly converted, check if the reported price is correct, possibly by asking a key informant from the market.
   - If the price is correct, it is recommended you speak with traders to understand the reason.

4. Plot the average price of each commodity across markets over time.

Graph 3.1 Example of how to present prices across markets over time with a graph



	5-Jan-10	5-Feb-10	5-Mar-10	5-Apr-10	5-May-10
— Average all markets	31.5	32.7	33.8	36.3	35.2
— Average Market 1	32.2	32.2	32.6	35.6	35.2
— Average Market 2	31.0	31.0	31.8	34.8	35.0
— Average Market 3	32.0	38.2	40.6	41.0	35.6
— Average Market 4	30.4	30.4	31.4	34.2	34.4
— Average Market 5	32.0	31.8	32.6	35.8	35.8

Tool 3.4 Analysing price changes

Purpose of the tool

This tool will help you identify the causes of any significant price change you identify when monitoring prices.

How to use the tool

This tool consists of a checklist to be used in price data analysis in order to identify potential causes of price change. It goes through the most common causes for price change:

- Inflation
- Seasonality
- Common patterns across markets
- Impact of the project.

Checklist to identify potential causes of price change

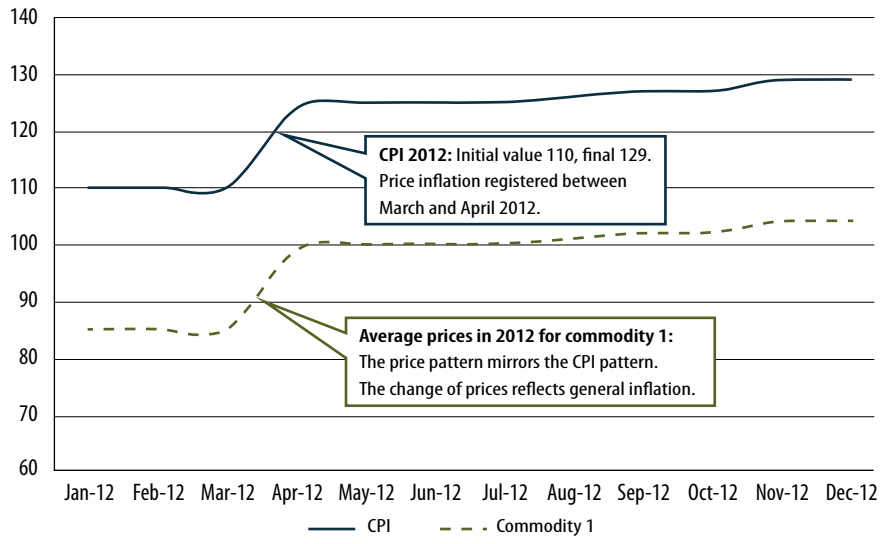
If you have identified a price difference of 30% from one month to the next, you should check for the potential causes.

Inflation

If the price has risen, check if the rise is specific to the commodity(ies) you are monitoring or can be associated with general inflation.

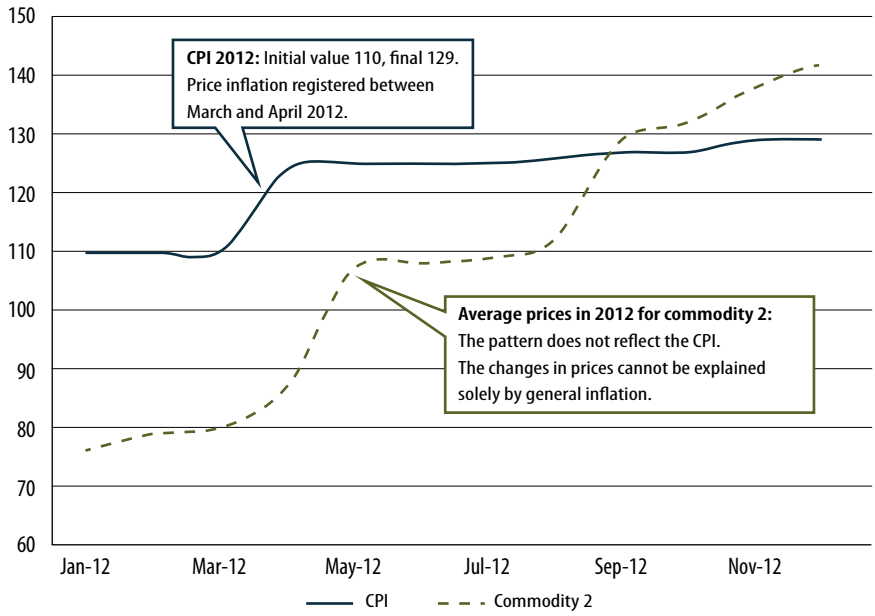
You can use the Consumer Price Index (CPI)[13] as the measure of inflation.

- Plot the data series for the CPI.
- Plot the price data series for the commodity(ies) you are monitoring.
- Compare the two graphs.
  - If both follow the same pattern (as for commodity 1), it is likely that the change of prices that you have observed reflects general inflation.



13 *The commonest way to calculate the inflation rate is to use price indices. One of the most popular is the Consumer Price Index (CPI). It measures the price of a selection (basket) of goods and services for a typical consumer over time. You will find data on the CPI for most of the countries on the World Bank database at http://data.worldbank.org/indicator/FP.CPI.TOTL.ZG. More specific and up-to-date information can be available at the local statistical bureau at country level.*

– If they follow different patterns (as for commodity 2), you should investigate further to understand why. The cause is probably related to a shock specific to the commodity and might be related to the project.



Seasonality

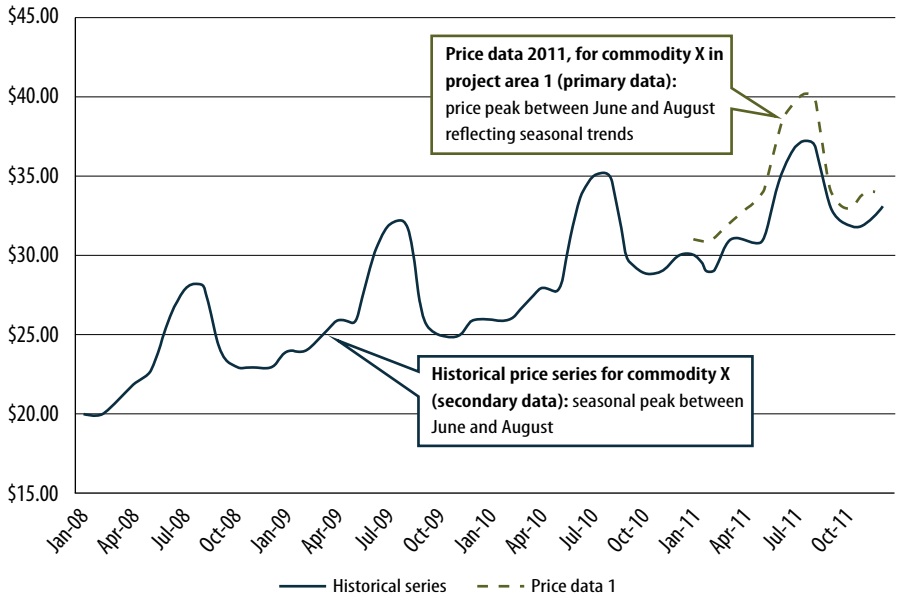
Check if the price change is specific to the commodity(ies) you are monitoring or can be linked to seasonality.

You can use historical price series for the commodity(ies) that you are monitoring. They may be available from secondary data sources (refer to Tool 3.1). As an alternative, you can use seasonal calendars developed during market assessments.

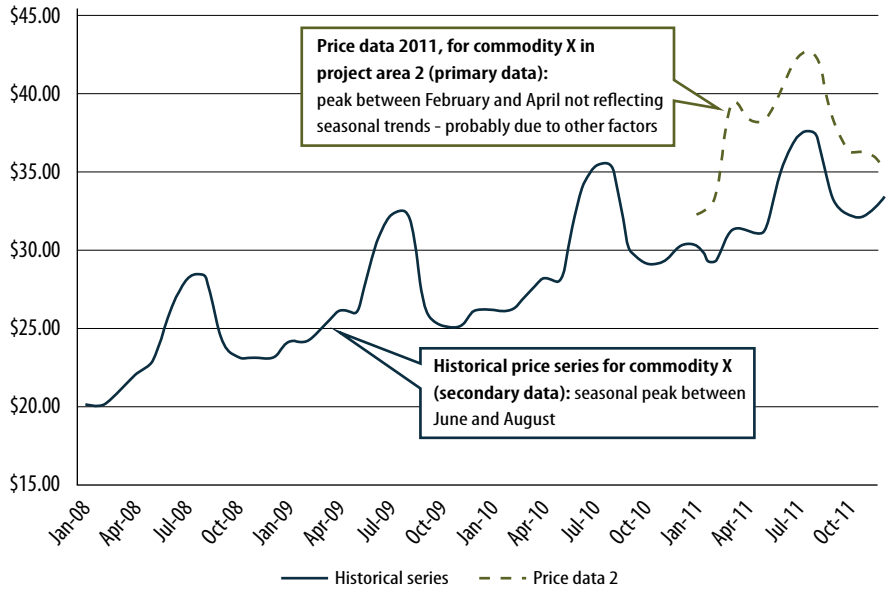

Jean-Patrick di Silvestro/ICRC

If you are using historical price series:

- Plot the historical price data series.
- Plot the price data series for the commodity you are monitoring.
- Compare the two graphs.
  - If both follow the same pattern (as for project area 1), it is likely that the change in prices that you have observed reflects seasonality.



  - If they follow different patterns (as for project area 2), you have to investigate further to understand why. The cause is probably related to an unpredicted shock and might be related to the project.

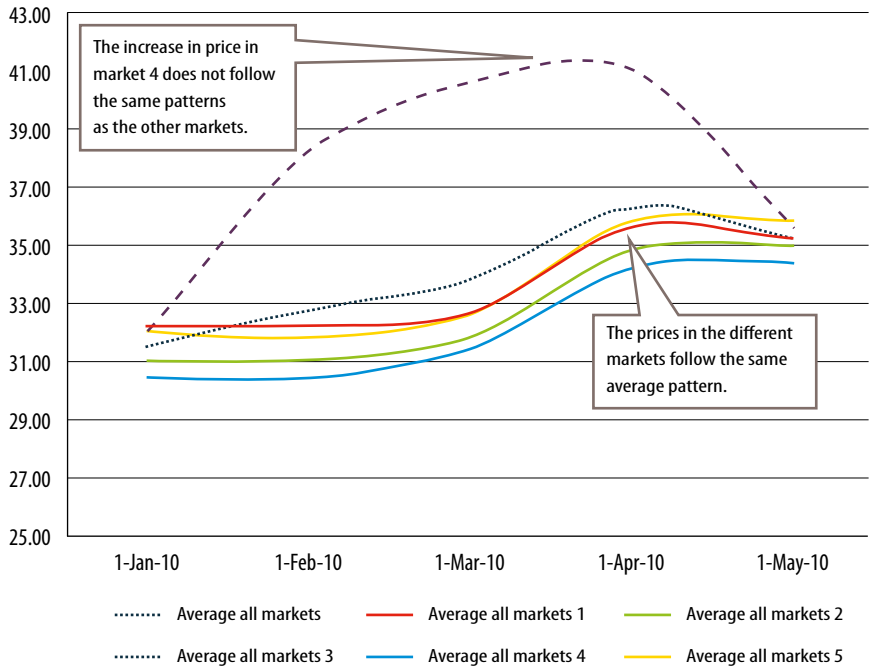


Patterns across markets

Check if the price change is specific to the commodity(ies) you are monitoring or can be associated with patterns of price change across markets.

You can use price data for the commodity you are monitoring in different marketplaces.

- Plot the price data over time for each market in the same graph.
- Compare the lines for the different markets.
  - If they follow the same pattern, it is likely that the change of prices that you have observed reflects a common pattern across markets and that the problem is general.
  - If they follow different patterns, you have to investigate further to understand why. The cause is probably localized and might be related to the project.



Impact of the project

If you have found that the change in prices observed might be related to the project, you should investigate the nature (demand, supply, market competition, etc.) and causes of the problem. In order to do so, it is recommended that you conduct interviews with key informants to cross-check the data.

Selecting key informants

- Identify in which market(s) the price changes are happening.
  - If they happen in one market location: interview local traders.
  - If they happen across markets: interview wholesalers and market or government officials.

Checklist for interviews

- Refer to Market Assessment Tools 1.5 (interviews with traders), focusing on how the project may have impacted:
  - traders' costs (transport, storage, leakages);
  - availability of commodities;
  - traders' volumes;
  - market structure (number of traders operating, type and quality of products, etc.);
  - level of demand;
  - infrastructure, services and external factors.

Tool 3.5 Responding to price changes

Purpose of the tool

This tool will help you understand what steps may be necessary to respond promptly and efficiently to price changes.

How to use the tool

This tool goes through the most common responses to price changes, providing you with useful information on what their suitability is and which steps they imply.

Most common responses to price changes

- Regular adjustments to the value of the transfer
  This approach is suitable when prices reach levels at which beneficiaries are unable to access their entitlements. This option requires that the following steps be considered in the project design:
  - Determine how frequently you will make decisions about revising the value of the transfer (monthly, quarterly, etc.).
  - Set a cut-off level for the price of key commodities that would trigger the adjustment of the transfer value.
  - Develop a plan to regularly monitor prices and to promptly communicate changes to decision-makers.
  - Budget contingency resources to allow for adjustments of the transfer value.
  - Inform beneficiaries about the rationale behind potential adjustments.
  - Sensitize and get the community's agreement when considering decreasing the value of the transfer, in the event of prices dropping.
  - Inform local authorities and other agencies about the rationale behind potential adjustments so as to avoid conflicting approaches with other actors operating in the same area.

- Transfer modality shift
  This option should be considered when price levels reach such a level that adjusting transfer values is not effective and might harm non-beneficiaries (lack of availability, prices excessively high, etc.). Shifting response modalities requires significant logistical and administrative capacity, and requires that the following steps be considered in the project design:

- Determine how frequently you will make decisions about shifting your project modality (quarterly, biannually, annually, etc.).
- Set cut-off limits for prices above which modalities will be shifted.
- Develop a plan to regularly monitor prices and to promptly communicate changes to decision-makers.
- Build and maintain human capacity and competency to enable a modality shift if/when needed.
- If you plan on shifting to in-kind distributions, contact the logistics department and inform them about it. They will check the feasibility and make arrangements for such an eventuality, such as preparing contingency stocks in local warehouses or entering into agreements with national/local government and the private sector in order to be able to access resources from public or private stocks.
- Inform beneficiaries about the rationale behind potential transfer modality shifts.
- Inform local authorities and other agencies about the rationale behind potential transfer modality shifts.

- Agreements with traders
  This approach is recommended when prices are highly volatile. It is more feasible with voucher-based projects, in which the type and quantities of commodities can be estimated and the number of traders selected is reduced. Agreements with traders can be established with the aim of keeping prices fixed or below a ceiling for a set period of time (month, quarter, etc.). This choice will depend on the level of price volatility. These agreements might involve advancing money for traders to stock up when prices are relatively low. They can be drawn up either at the beginning of the project or as the problem of price volatility arises.

- Support to the market, services and infrastructure
  When price increases are localized (limited to your project area) and unexpected (they were not accounted for in the contingency planning), it is likely that causes are related to the project. In this case, it is extremely important to understand the nature and the causes of the price increase. They can include problems in physical access to markets, traders' lack of liquidity, insufficient storage capacity, etc. You have to figure out if it is possible to manage these problems by providing some specific support to the market, and/or to related services and infrastructure. This will probably require a rapid re-assessment of the market, and specialist support may be required.

CHAPTER 4

Evaluation

Ruba Afani/CRC

This chapter is about how to use market information when evaluating the impact of projects on markets. As such this guidance relates to all interventions that involve markets directly or indirectly, including in-kind, market-support interventions, cash and voucher responses, income-generating activities, or activities related to service provision. Any project, including those that are not directly market-related, can produce indirect effects on the local economy. Indirect or multiplier effects can be intended (stated in the project's objectives) or unintended (beyond the scope of the project objectives), and can also strengthen or weaken the overall programme objectives. They are considered positive when they generate investment in productive inputs (creating short-term income) or in productive assets (fostering longer-term development).

The objectives of the programme are fundamental to this process as they outline the expected impact or outcome of the intervention. For example, nutritional objectives of a programme may lead to an evaluation of the availability of specific food groups in the market, such as the number of traders selling specific items, the frequency of sale, quality aspects, the turnover / sales figures of such items, the consumers of specific items, etc.

How to integrate market information into the evaluation

Evaluations can be carried out during or after the project implementation period and generally involve a systematic and objective assessment of the programme, the response strategy, and, at times, the capacity of the agency. The relevance, fulfilment, efficiency, effectiveness, impact, and sustainability of the project objectives are reviewed, with recommendations for future programming commonly made. Market information can play an important role in determining all these aspects and should therefore be integrated into the overall project evaluation.

This guidance will focus on how market information can contribute to understanding how multiplier effects spill over from the target population to the other market actors and to what extent they remain in the local economy. The analysis of multiplier effects extends the scope of the evaluation beyond the impact on direct beneficiaries.

A step-by-step process for evaluating the multiplier effects on the local economy[14]

The approach here suggested is qualitative and consistent with the methodology used in the other phases of the project cycle.

Four driving questions (DQs) will guide you through the evaluation process. The DQs are linked to tools that can be used to directly gather and analyse the relevant

14 The same type of analysis can be conducted for in-kind distributions. In this case, the focus should be on the effects of the agency's purchases and distributions on local producers and other market actors.

market information or as checklists to guarantee that it is integrated into the overall project evaluation. The tools and detailed instructions for use are presented at the end of the chapter.

Table 4.1. Driving questions for evaluating the multiplier effects on the local economy

Driving Questions	Tools
DQ 4.1. Which market systems have been most affected by the project?	*Tool 4.1: Checklist for interviews with beneficiaries*
DQ 4.2. Which actors have been affected by the project?	*Tool 1.4: Market mapping*
DQ 4.3. What has been the impact of the project on the primary beneficiaries and their access to the market?	*Tool 4.2: Checklist for FGDs with beneficiaries and non-beneficiaries*
DQ 4.4. What has been the general impact of the project on the traders?	*Tool 4.3: Checklist for FGDs and interviews with traders*

DQ 4.1. Which market systems have been most affected by the project?

The answer to this question revolves around issues such as expenditure, income, and investment generated by the project. It is recommended that you involve your staff in a discussion that leads you to identify the following:

- The market systems in which the beneficiaries have spent (invested) most of the cash / income. Are these the same market systems that you expected them to invest in? If not, why? Does this vary according to gender / age / ethnicity / livelihood?
- The market systems whose commodities and/or services have local origins.
- The market systems for which the project-induced expenditure represents a relatively high share.
- The market systems that have more complex chains (involve larger numbers of local actors).

This information should be available from the post-distribution monitoring. Failing that, **Tool 4.1** provides a checklist for collecting this information directly by means of interviews with project beneficiaries.

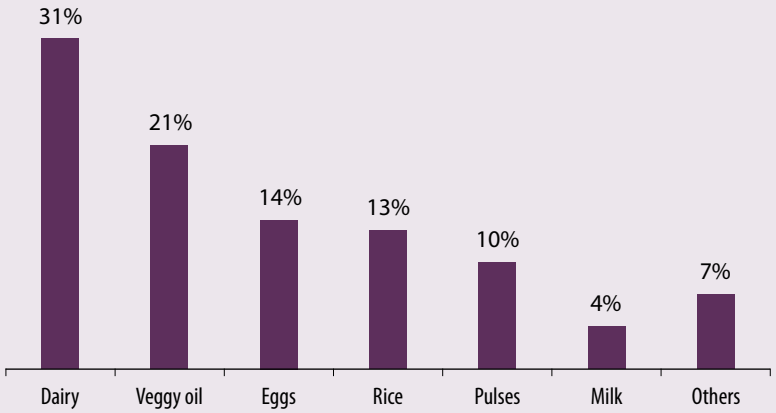
Based on this information, you will be able to spot the market systems that have been most involved in the project and are thus, potentially, the most affected by the project. However, there may be some less obvious market systems used by the target population that were not considered as important during the programme design phase. Your evaluation should focus on both types of markets, as the impact on these less obvious markets may be of significance, especially if they were less competitive, or relate to gender / ethnicity / livelihood / age / protection preferences.

The box below gives an actual example of how market systems were selected for the evaluation of a cash-voucher programme in the Gaza Strip.[15]

Evaluation of the multiplier effects of a cash-voucher project in Gaza Strip oPt

Selection of market systems

The post-distribution monitoring found that 31% of the value of the vouchers was spent on dairy products, 21% on vegetable oil, 14% on eggs, 13% on rice and 10% on pulses.



Dairy products and eggs were chosen as 'focus' market systems, not only because they represented a high percentage of the value of exchanged vouchers, but also because the products where mainly locally produced and were traded by a large number of local actors.

The market systems for vegetable oil, rice and pulses, on the other hand, had limited impact on the local economy, because they involved only a few traders, most of them importers, and the amounts traded within the project scope were negligible compared to the total volumes.

DQ 4.2. Which actors have been affected by the project?

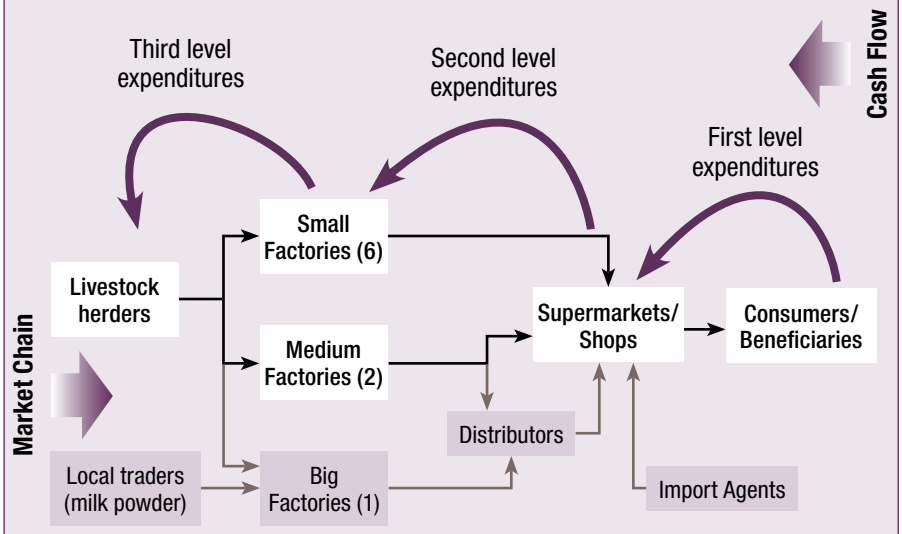
This question is aimed at identifying the economic actors that have been directly or indirectly affected by the project in a given intervention area. Market system maps are excellent tools for this purpose. They allow a good understanding of the local market chain for the selected commodities or services.

If you are working with the same market system as the one analysed in the contingency plan or in the assessment, you can refer to existing baseline and emergency maps. Otherwise, you should develop new ones. **Assessment Tool 1.4** provides guidance on how to do it.

15 Creti, 2010.

Analysing how expenditure and investment flow in the market chain helps identify which market actors have been positively or negatively affected by the project, thus enabling you to decide which actors the evaluation should focus on. In doing so, a reflection on the gender and ethnicity of the market actor should be made. The involvement of a gender adviser in the analysis would be ideal.

The box below shows a market map with the effects of the Gaza Strip cash-voucher project on the local dairy sector, and explains how the analysis of the cash flow generated by the project helped identify the market actors to be focused on.



The cash flow generated by the voucher project moves in the opposite direction to the market chain:

- Project beneficiaries spent cash vouchers to purchase commodities in retail shops (first level of expenditure).
- Shop owners increased the purchase of dairy products from small and medium local factories. They also invested the extra income generated by the project in improving productive assets and employing new people (second level of expenditure).
- Dairy factories purchased milk from local herders (third level of expenditure).

Based on this information, it was decided that the actors who had benefited from the cash flow generated by the project should be the focus of the evaluation. However, the analysis should also have included some focus group discussions with traders who apparently had not benefited from the project, in order to verify if they had been negatively impacted.

DQ 4.3. What has been the impact of the project on the primary beneficiaries and their access to the market?

This question is aimed at identifying how the project has changed beneficiaries' market access and what further changes can be expected in the near future. It is also

related to how beneficiaries have used the additional tangible income generated by the project. When reviewing the questions below, a reflection on gender, ethnicity, livelihoods and environment is needed to add more substance, learning, and understanding to the evaluation.

To answer this question, you need to know:
- How have beneficiaries managed the income generated by the project?
- Which marketplaces and traders were visited by beneficiaries during the project?
- How have prices changed during the project?
- How has the market changed compared to before the project?
- How sustainable is the impact of the project?
- How has the project impacted the beneficiary community?

Tool 4.2 has been developed to facilitate the process of gathering the information above by means of focus group discussions (FGDs) with beneficiaries. It is recommended that a few FGDs be conducted with non-beneficiaries as well, so as to understand how the project has affected them.

DQ 4.4. What has been the general impact of the project on the traders?

This question helps you understand how the cash flow generated by the project has affected the local traders, either positively or negatively. When reflecting on the questions below, consider gender, ethnicity and type of trader (including the services provided by the trader). In order to be able to answer this question, you need to know:
- Which traders have benefited from the project and which have been negatively affected/ harmed?
- How much of the income generated by the project traders has been invested in productive inputs and assets? Are these assets local or outside the programme area?
- To what extent has the income generated by the project been transmitted to other actors in the chain?
- To what extent has the income generated by the project moved towards other sectors and outside the local economy?
- How has the project changed the traders' access to communication, information, technology, physical infrastructure, licences, etc.?

In order to gather this information it is recommended that you interview different types of traders. Talking directly to traders is helpful to understand their perception of how the project has impacted their business and the whole market system. **Tool 4.3** provides a checklist for FGDs and individual interviews with traders.

Market Evaluation Tools

Tool 4.1 Checklist for interviews with beneficiaries

Purpose of the tool

This tool will help you gather the following information from the target population:

- Which are the market systems where beneficiaries have spent (invested) most of the cash / income?
- Which market systems rely mainly on commodities and/or services that are of local origin?
- Which are the market systems where project-induced expenditure represents a relatively significant share?
- Which market systems have more complex chains, involving larger numbers of local actors?

How to use the tool

This tool consists of a checklist of questions covering the key information you must collect. You should use it, making the necessary adjustments, when preparing the questionnaire to interview a sample of the project beneficiaries. This sample should correspond to at least 5% of the total number of beneficiaries. Remember to consider gender, ethnicity, and livelihood group representation in your sample.

Checklist

Commodities and services purchased using transfers or income from labour (cash for work)

- What commodities and services have households purchased/invested in? Did this vary according to gender, ethnicity, or livelihood group?
- How much have households spent on the main commodities or services?
- From whom (which market actor) have households purchased the commodities or services?
- What was the origin of the products purchased by the households?

Commodities or services sold for income

- What commodities or services have households sold?
- How much have households earned from each of the main commodities or services sold?
- To whom (which market actor) have households sold the commodities or services? Did this vary according to gender, ethnicity, or livelihood group?
- What was the destination (local or not) of the commodities or services sold?

Commodities or services procured by the project

- What commodities or services have been provided by the project?
- What is the relative size of the commodities or services purchased by the project in the respective market system?
- From whom (which market actor) did the project procure the main commodities or services delivered?
- What was the origin of the commodities/services provided?

Tool 4.2 Checklist for FGDs with beneficiaries and non-beneficiaries

Purpose of the tool

This tool will help you gather relevant information on the impact of the project on beneficiaries' and non-beneficiaries' access to the market.

How to use the tool

This tool consists of a checklist of key information that should be collected from beneficiaries and non-beneficiaries in order to understand the impact of the project on their access to the market. You should use it, making the necessary adjustments, when preparing Focus Group Discussions (FGDs) to gather this information from them.

Organise FGDs with groups of six to eight people that have participated in the project. To favour homogeneity, the participants of each FGD should preferably belong to the same livelihood group and, if necessary, be of the same gender and ethnicity. If needed, ask field monitors or key informants to help you identify and gather these people. Some sensitive issues such as those relating to protection and gender may require smaller FGDs or one-to-one discussions.

FGDs should be conducted as open debates aimed at getting an understanding of how people have used the resources provided by the project. FGDs should not last more than 45 minutes.

Checklist

How did you manage the income generated by the project?

- What did you purchase in the market?
- Were you able to meet your immediate needs in the market?
- Have you been able to invest in productive assets?
- Have you been able to increase your savings?
- What other expenses were you able to afford thanks to this income?
- Would you have done something else if the income was different?

Where did you buy/sell the commodities?

- Are these the marketplaces you normally access?
- If not, why did you change marketplace?
- Has your capacity to access the marketplaces (distance, costs, physical access, security and protection issues, ethnicity and gender, etc.) changed because of the project?
- How did you choose which trader to buy from?
- Did you choose a different trader from the one you usually buy from? If so, why?

How have commodity prices changed?

- How did you find the prices compared with before the project or the same period of time last year?
- If prices were different, what could have been the causes?

How do you think the market has changed compared to before the project?

- Has the number and/or size of local traders changed?
- Were they offering different products (type/quality)?
- Were they displaying the prices normally?
- Has the project changed your capacity to negotiate prices and access credit?

How sustainable is the impact of the project?

- How has the project changed the way you generate income and meet your needs?
- How will you be able to maintain your income and meet your needs once the project comes to an end?
- Do you think that the project has generated any opportunities or risks regarding this?

How do you think the project has impacted your community?

- Has the income generated by the project benefited other people in the community?
- Do you think someone has been negatively affected (consider issues of protection, security, gender and ethnicity) ? Can you say who and how?

Tool 4.3 Checklist for FGDs and interviews with traders

Purpose of the tool

This tool will help you gather the relevant information about the impact of the project on the traders.

How to use the tool

This tool consists of a checklist covering the key information you must get from different types of trader in order to understand how the cash flow generated by the project has affected them. You should use it, making the necessary adjustments, when preparing focus group discussions (FGDs) and individual interviews to gather this information from them.

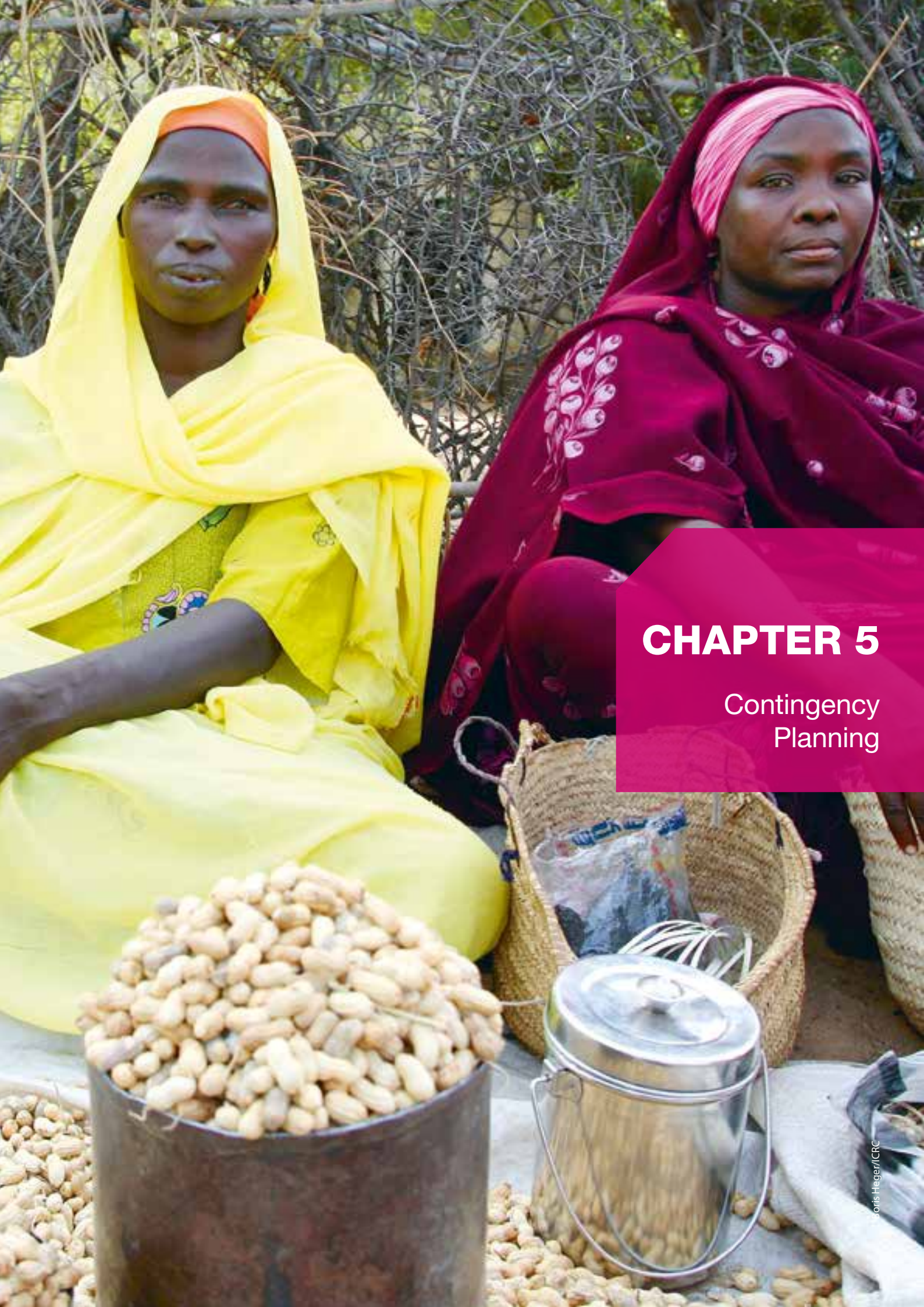
FGDs allow participants to discuss and agree on a common view in a short time. However, it is important to consider that traders will probably not give details of their business (how many commodities they sell, how much their sales have decreased as a consequence of the shock, etc.) in an FGD. It is also important to acknowledge that FGDs with traders might be difficult to organize, as they are constantly busy and often tied to their location (shop, outlets).

When conducting FGDs, divide traders according to their typology, in order to have minimally homogeneous groups, with four to six participants each. You should conduct at least one FGD with each typology of trader. If the choice is for individual interviews, you should interview at least three to four traders of each typology. When dealing with big traders and wholesalers, individual interviews are more advisable. In this case, it is likely that you will be able to talk to only a couple of these big actors. Remember to consider gender and ethnicity representation in your FGD and in the questions below.

The following checklist can help you to conduct FGDs and/or individual interviews with traders. The questions will need to be revised and adapted to the context and should probe for more information on gender, ethnicity and protection as and where needed.

Checklist

- What commodities did local traders provide to the project's participants?
- Where did traders purchase these commodities?
- By how much did local traders' business increase/decrease in terms of number of clients and/or volume?
- Has the type/ variety of goods traded and services provided changed?
- How did traders spend/invest the additional income (generated by the project)?
- Has the variety and the quality of the commodities/services provided changed?
- How has the level of employment and wages paid to employees changed due to the project?
- How have the selling prices of commodities and services changed?
- Has the project affected the number of traders in the market system?
- Has the number and type of traders increased?
- Have any traders reduced their activities or gone out of business because of the project?
- Has any trader or group of traders gained power in the market compared to others? Has this change levelled or increased existing differences?
- Has the project influenced traders' selling/purchasing behaviour? (Transparency on prices, credit, etc.)
- Has the project improved infrastructure and services (roads, storage capacity, communications, etc.)?
- Has the project facilitated the traders' access to trading licences, financial services?



CHAPTER 5

Contingency Planning

Boris Heger/ICRC

This chapter is about how to integrate market information into the contingency-planning phase of the project cycle. Contingency planning is aimed at ensuring that arrangements are made in advance to allow a timely and effective response to potential and predictable shocks (including those that might result from project implementation). It should therefore be the first phase of the project cycle.

The different steps of the contingency-planning process actually correspond to the different phases of the project cycle. For this reason it is being presented in the last chapter of this guidance. As you go through it you will have the opportunity to revisit the full project cycle.

The contingency-planning process involves the following steps:

1. **Context analysis**: Going through the relevant political and socio-economic aspects, the type of shocks that are likely to occur, their potential impact and people's resilience to them
2. **Scenario setting**: Choosing the type of scenario to be developed (flood, drought, earthquake, conflict, etc.) and its scope (geographical area, population, and period of time)
3. **Situation analysis and scenario development**: Developing a baseline against which the chosen scenario and its likely effects can be compared
4. **Response analysis**: Identifying potential responses and analysing their feasibility and appropriateness
5. **Preparedness:** Implementing arrangements that will allow a prompt and effective response in the event that the chosen scenario becomes reality.

Market information is relevant throughout this process. During context analysis and scenario setting, market information allows you to understand macro-economic issues that can be at the origin of shocks related to financial crisis or market failure. The information needed for this is generally available from secondary data.

This chapter will focus on how to integrate market information in the three final steps of the contingency-planning process, i.e. situation analysis and scenario development, response analysis and preparedness.

How to integrate market information into the contingency-planning process

You will be guided through this process by means of three driving questions (DQs) linked to tools that will help you answer them. You will sometimes be referred to DQs and tools from the preceding chapters. Otherwise, tools and detailed instructions for use will be presented at the end of the chapter.

Table 5.1. Driving questions and market-related tools for contingency planning

Driving Questions	Tools
DQ 5.1. Which market information is relevant when developing a baseline and predicting the likely effects of a chosen scenario?	*Tool 5.1: Baseline market selection* *Tool 5.2: Baseline market mapping* *Tool 5.3: Checklists for interviews with target population, traders, and key informants*
DQ 5.2. How can market information help in identifying potential responses?	*Use the following tools from Chapter 2:* *Tool 2.1: Long-listing response options* *Tool 2.2: Analysing market-related risks* *Tool 2.3: Analysing market-related appropriateness criteria*
DQ 5.3. Which market-specific preparedness measures should be put in place?	*Tool 5.4: Partner selection* *Tool 5.5: Contract template*

DQ 5.1: Which market information is relevant when developing a baseline and predicting the likely effects of a chosen scenario?

Market information should be integrated into a broad situation analysis covering essential needs, food security, livelihoods, shelter, household preferences, government policies, etc. The analysis of the market information available should result in a clear and comprehensive understanding of the current or 'normal' conditions of markets that are critical for the chosen scenario.

The relevant market information is the following:
- What are the critical market systems?
- How are they structured?
- How can they potentially respond to the chosen scenario?

This is basically the same information referred to in Chapter 1: Assessment. Therefore, the guidance and tools provided here will be an adaptation of those presented in Chapter 1.

Before proceeding with market information gathering and analysis, you should first check if there is any secondary data available (refer to Tool 1.1), particularly reports on past events similar to the chosen scenario.

Tool 5.1 explains the process and suggests criteria for the selection of markets that are critical for the chosen scenario.

Tool 5.2 explains how to develop baseline market maps. These maps graphically represent the market actors in a chain and their interaction. The maps also show how this market chain is supported by infrastructure and services, and how it is affected by the external environment.

Tool 5.3 provides checklists that can be used in focus group discussions and interviews with the target population, traders, and key informants.

The information gathered either from secondary sources or directly from stakeholders should allow you to make assumptions about how the chosen scenario might impact the market.

DQ 5.2. How can market information help in identifying potential responses?

The identification of a wide range of potential responses is usually the first step of a response-analysis process. The potential responses should be related to the objectives of a potential intervention as set in the scenario. Market information will ensure that market-based interventions are among the potential responses.

The next step in the response-analysis process is to narrow down the broad range of response options using appropriateness and feasibility criteria, which should include potential negative impacts on the market.

In order to conduct this process, you can follow the guidance and use the tools provided in Chapter 2: Response Analysis, bearing in mind that you will be working mostly with assumptions.

Tool 2.1 suggests a rationale to guide the identification of potential market-related response options.

Tool 2.2 helps identify the risks that may impact the feasibility of the response options and determine what action should be taken.

Tool 2.3 explains the most common market-related appropriateness criteria, indicating which market information is relevant and how to use it to select appropriate response options.

DQ 5.3 Which market-specific preparedness measures should be put in place?

Preparedness measures should allow you to be ready to respond in a timely and effective manner should the chosen scenario becomes reality. This means putting in place all possible arrangements in advance, which generally involves the following steps:

Making pre-arrangements with partners can strengthen the organization's ability to mobilize a timely and large-scale response to an emergency situation. Partners can be market actors (retailers, producers' associations), service providers (banks, telecommunication companies) and influencing bodies (government bodies,

institutions). Partnerships with service providers are aimed at facilitating the direct transfer of resources, the provision of software and hardware, the maintenance of a project's database, the provision of security services for cash in transit, etc.

Tool 5.4 provides some indications on how to identify and select partners:
- Developing a **roster** of potential partners with information on their geographic coverage, capacity, type of service provided, legal status and accountability can be a useful starting point.
- Launching **calls for proposals** to explore specificities, technological solutions, and costs of the services.
- Identifying criteria for the selection of partners.

Tool 5.5 provides guidance on key elements that should be included in pre-agreements with partners:
- Establishing pre-agreements with partners defining the type and costs of the services as well as each party's obligations. Pre-agreements can be established with: retailers, producers' associations, banks, telecommunication companies, national and local government and other agencies.

Preparing contingency stocks in local warehouses or drawing up agreements with the national/local government and/or private sector in order to be able to access their stocks if needed.

Revising standard operational procedures before introducing new market-based responses in order to integrate new roles and responsibilities of programme and support functions.

Building internal staff capacity, since they will have to be made aware and trained to take on these new roles and responsibilities. Training should be organized to familiarize internal and partners' staff with new market-based approaches and tools.

Budgeting contingency resources to allow for the potential responses.

Establishing a monitoring plan of early warning market-related indicators, such as prices or terms of trade (ToT) in order to be able to react promptly to a deteriorating situation.

Prices can help you to understand whether changes in prices are affecting vulnerable households' access to their entitlements. Chapter 3: Monitoring provides useful tools related to price monitoring:
- **Tools 3.1, 3.2 and 3.3** can help you decide which prices need to be monitored and how to monitor them.
- **Tool 3.4** can help you understand whether prices have changed significantly and why.
- **Tool 3.5** can help you identify how to respond to price changes.

Terms of trade (ToT) can help you to predict whether people's access to markets and their purchasing power are deteriorating. ToT compare the prices of the main items purchased (e.g. staple foods) against the household's income over time. If the price of food staples increases disproportionally compared to the income, households will have fewer resources to meet their needs. The reference commodity can

be compared not only to income but also to cash crops or livestock, depending on the relevant livelihoods. Analysing context-specific historical patterns should enable you to identify seasonal patterns and thresholds above which action should be taken.

You can find more information on terms of trade in FEWS NET's guidance no 5: Terms of Trade and Food Security Analysis. (www.fews.net/docs/Publications)

Contingency Planning Tools

Tool 5.1: Baseline Market Selection

Purpose

This tool will help you to:
- identify the markets that are critical in the chosen scenario
- select the market to analyse in the scenario development.

How to use it

This tool is an adaptation of Tool 1.2: Critical Market System Selection, fully developed in Chapter 1: Assessment. You should refer to it for further details.

The baseline market selection should be carried out by means of a participatory exercise with a group of stakeholders that can bring knowledge on local context and markets. A maximum of 12 participants, including staff from programme and support functions, national society volunteers, and possibly key informants, should be involved.

An initial brainstorming can help the group to develop a list of commodities, services, and income opportunities that are vital for the target population and that have been particularly affected by shocks in the past.

The selection of markets to be analysed in the scenario development should be based on the following two criteria:
- Importance of the specific market system for the target population
- Likelihood and potential impact of the chosen scenario on each market.

In order to give the necessary weight to the different criteria, scores from 1 to 3 (low to high) can be attributed to each criterion and a matrix can be used to facilitate the ranking.

			Importance of market system		
			Low	Medium	High
			1	2	3
Likelihood and potential impact	High	3	3	6	9
	Medium	2	2	4	6
	Low	1	1	2	3

Other factors that could be considered in the selection of the baseline markets are:
- Compatibility with the characteristics of the agency (agency's mandate, competencies, and capacity);
- Complementarity with government policies and programmes (presence, capacity, and coverage).

Tool 5.2: Baseline Market Mapping

Purpose:

This tool will help you to:
- develop baseline market maps;
- reduce the time needed to conduct the market analysis and take response decisions after a shock;
- predict the effects of a potential shock on the critical market systems in a given scenario.

How to develop a baseline market map

This tool is an adaptation of Tool 1.4: Market Mapping from Chapter 1: Assessment, with a focus on the development of baseline maps.

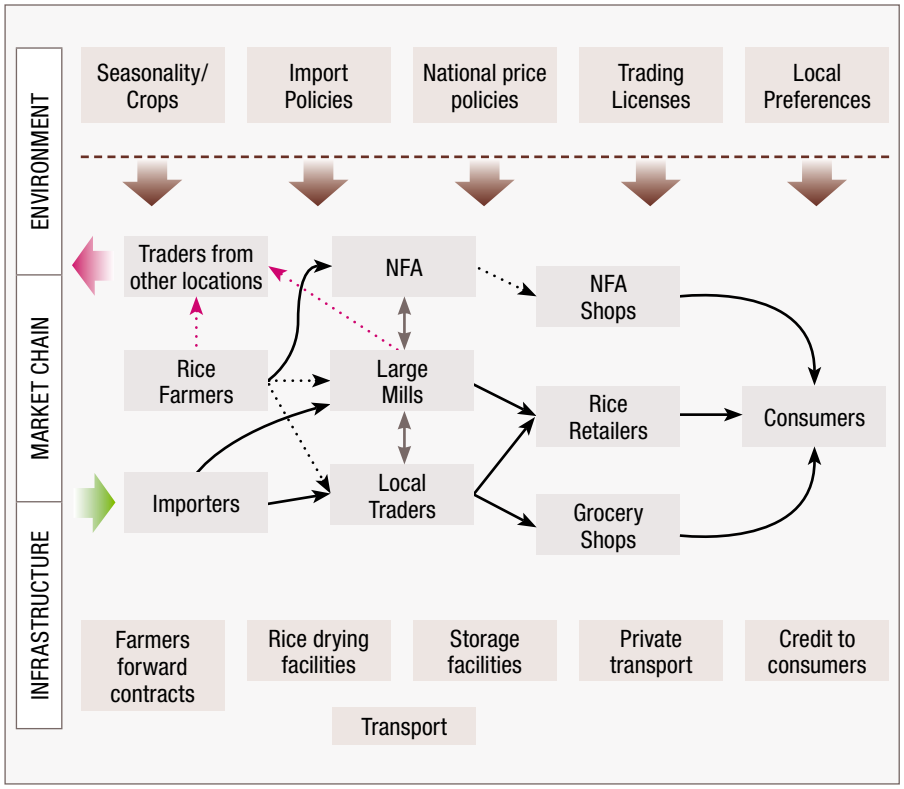
Baseline market maps can be graphically represented by three linear components: i) market chain, ii) supporting infrastructure and services, iii) external environment.

i) Market Chain
The central feature of any market-system map is a 'chain' of different market actors, who exchange, buy, and sell commodities as they move from the primary producer to the final consumer. The market chain identifies the actors and their businesses in the chain, the linkages between them, who sells to whom, and how.

ii) Supporting Infrastructure and Services
This mapping should allow you to identify and represent the most crucial elements of infrastructure and services and link them to their users within the market chain. It should also allow you to understand the role that infrastructure and services play in maintaining the market system's efficiency and accessibility.

iii) External Environment
This component of the mapping is concerned with rules, regulations, issues and trends that have significant influence on the market environment in which market actors operate.

Market Chain for Rice in Compostela and New Bataan Municipalities, Philippines



'Forecast maps' can also be useful in contingency planning. They represent post-shock changes that are expected to occur in the market system. Forecast maps should take into account information on market actors' expectations regarding the market's capacity to recover, government and non-government plans to respond to a shock, and potential seasonal effects on prices, production, access, etc. They are difficult to draw as they are based on ex-ante information and expectations, but can provide essential indications regarding the type of support needed over time.

For further details on how to develop baseline and forecast maps refer to Tool 1.4.

Tool 5.3: Baselines: Checklists for Interviews with the Target Population, Traders and Key Informants

Purpose of the tool

This tool will help you to understand:

- the market demand and its seasonality; how much the population of interest depends on the market; and the gap between what they need and what they can access in the market;
- the market's supply potentialities and the traders' capacity to expand their supply (how quickly they can do it, at what price, and for how long);
- the market's structure, competitiveness, and functioning.

How to use the tool

This tool should be used to lead focus group discussions (FGDs) and individual interviews with the target population, traders, and key informants.

In order to assemble representative groups of the target population, you should contact either local authorities or key informants, explain your purpose, and ask them to put together a group of six to eight men and women who have a good understanding of the community and its livelihoods.[16] If your target population consists of different livelihood groups, you may want to analyse them separately as they may use markets differently. In addition, be aware of gender and ethnicity dynamics and if required, have separate FGDs.

Traders can be interviewed individually or in FGDs. If the choice is for individual interviews, you should interview at least 3-4 traders of each typology in each location. When dealing with big traders and wholesalers, individual interviews are more advisable. In this case, it is likely that you will be able to talk to only a few (1-2) of these big actors in each location. If you opt for FGDs, you should assemble minimally homogeneous groups of 8-10 participants classed according to type of trader. You should conduct at least one FGD with each type of trader in each location.

Key informants can be government representatives, market officials, agricultural officers, etc. Each of them will have good knowledge of some issues and potentially less knowledge of others. Before each interview, you should revise the checklist and choose what to ask, according to the situation. It is very important that you adopt an open and explorative attitude and that you consider gender, protection, security and ethnicity aspects. Which questions to ask will depend on the area of expertise and knowledge of the key informant being interviewed.

Checklist for target population

Access to and dependency on the market

- What quantities of key commodities are accessed or sold in the market? What is the demand for labour (e.g. number of days/month) in the market?
- What quality of commodities do households access or sell in the market?
- What are the purchasing or selling prices for key commodities? What are the 'normal' wages? Is there a minimum wage?
- What proportion of key commodities is accessed in the market? (indicate a percentage)
- What proportion of the households' income normally comes from selling these commodities in the market or through labour? (indicate a percentage)
- Are households able to access the amounts they need or to generate the necessary income from the market? If not, why?
- What are the 'normal' payment methods and frequency of payment?
- Are households able to get credit (either formal or informal) and from whom? What are the conditions (amounts, duration and interest rate)?
- Can households count on social support such as borrowing, remittances, etc.?

16 *See ICRC & IFRC, p. 45.*

Physical access to the market

- Which marketplaces / suppliers / working places do households access?
- Explain the dynamics of the households' access to the marketplaces / suppliers / working places (distance, means of transport, cost and duration of the trip, frequency of visits).
- Does any particular social group (gender, age, ethnicity, etc.) have limited the access to the market (including labour opportunities)? Why?

Preferences

- What are households' preferences and choices in terms of type and/or quality of commodities?

Checklist for traders

Characteristics of the trader(s)

- Describe the typology of the trader(s).
- What are the commodities/services they trade?
- Who are their customers? Where do they come from? Do customers change depending on the season?

Procurement practices

- When, where and from whom do traders procure the commodities? What is the origin of the commodities?
- How much do traders buy now / during 'normal' times?
- Do traders borrow money to purchase the commodities they sell? If so, under what conditions (how much, who from, when, interest rate, payoff time).
- In which months are the procurement prices higher? And lower?

Level of competition

- How many traders sell the same commodities in the area?
- Are all the traders the same size?
- Can consumers negotiate prices?
- How do traders set the prices for the commodities they sell?

Selling practices

- What is the volume of sales during the different months of the year (in 'normal' times)?
- What are the selling prices of the key commodities?
- Do traders extend credit to their customers? If not, why not? If they do, when, to whom, under what conditions?

Access to infrastructure / services

- How do traders normally transport the commodities to the warehouse and/or to the market (means of transport ownership, costs, distance, time, reliability)?
- What storage capacity do traders have?
- When and for how long do traders store commodities?
- Where do they store them and at what cost?
- What types of technology do traders use / are they familiar with?
- Do traders access either formal or informal banking?

Checklist for Key Informants

- Which goods and services are vital for the livelihoods of the most vulnerable?
- How do they normally access these goods and services?
- How much do they depend on the market to access them?
- Who are the most relevant market actors? How do they interact?
- Are traders able to meet the normal demand? Are there any seasonal changes?
- Would traders be able to meet an increased demand? At what cost?
- Are there enough buyers and sellers to ensure competition and limit the risk of price distortion?
- What are the normal price levels? How do they fluctuate?
- Which infrastructure and services are important for the market to work well?
- What are the external factors affecting the market?

Tool 5.4: Selecting Partners

Purpose of the tool

This tool will help you to:

- identify what service potential partners can provide
- establish what steps are necessary to select partners
- define selection criteria.

What services can partners provide? Partners can provide different types of services, including:

- direct distribution of cash and in-kind assistance
- payment of redeemed vouchers
- software and hardware
- project database maintenance
- cash in transit services, etc.

How to identify Partners/Service Providers?

Sectoral assessments. The first step is to conduct sectoral assessments (financial, IT and telecommunications, security) to identify: the type of providers and services available, the norms and policies regulating the sector, and their coverage, capacity, accountability and reliability.

The second step is to draw up a roster of potential partners that could provide the service. Application to the roster should be voluntary and will require the following information:

- information and details on the type of services and/or goods provided
- names of owners and/or board of directors of the company
- coverage / list of branch locations
- personnel, resources, and capacity
- audited financial statement and/or bank accounts for financial providers
- references and experience in delivering these type of services.

Call for proposals. In some cases, it can be worth setting up pre-agreements with service providers in anticipation of a shock. A call for proposals should be launched

among potential local or national partners. In the call for proposals you should provide clear specifications on:

- the objective of the programme
- the quantity and quality to be delivered and the number of beneficiaries to be reached / assisted
- the type of service required, e.g. for disbursement and delivery requirements
- the location(s) where the service has to be provided and the frequency / time frame
- the roles and responsibilities.

The applicants should include in their proposals:

- the type and quality of the service that they will deliver
- the technology solutions that will be proposed
- the costs and resources needed for the service delivery
- a detailed and achievable roll-out plan
- previous experience and references.

Selection criteria. Potential partners should be evaluated and selected according to criteria specific to their sectors. For example:

Financial and IT & telecommunications service providers:

- Service network, reach, accessibility, connectivity
- Experience
- Administrative and reporting capabilities
- Value for money
- Risks
- Cost.

Traders:

- Proximity (beneficiary access)
- Financial capacity (access to finance or self-financing)
- Price competitiveness
- Storage and handling standards
- Accurate weighing and measuring equipment
- Connectivity (point-of-sale machines).

Tool 5.5: Contracting Partners

Purpose of the tool

This tool will help you draft and negotiate pre-agreements with financial service providers and traders.

How to use the tool

This tool provides two checklists on the essential aspects to be considered when negotiating a pre-agreement with financial service providers or traders. The checklists should help you to develop pre-agreements, but are not exhaustive, as agreements vary case by case.

Checklist for pre-agreements with financial service providers:

- Partner's obligation
- Contracting agency's obligation
- Transaction and/or purchase costs
- Transfer, repayment, and reporting requirements
- Delivery mechanism(s)
- Applicable conditions
- Supply-agreed commodities
- General terms and conditions.

Checklist for pre-agreements with traders:

- Period covered by the pre-agreement
- Respective parties' roles and responsibilities
- Commodities that might be exchanged and restrictions on what could be sold or exchanged through vouchers
- Type of ID required for the identification of the beneficiaries
- Description of the distribution mechanisms
- Quality and quantity of commodities that should be made available – and how prices should be set
- Fees for providing the service
- Description of feedback mechanisms for beneficiaries
- Description of how the process will be monitored
- Potential distribution timetable and time frame for reimbursement.

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Notes

Notes

The Fundamental Principles of the International Red Cross and Red Crescent Movement

Humanity
The International Red Cross and Red Crescent Movement, born of a desire to bring assistance without discrimination to the wounded on the battlefield, endeavours, in its international and national capacity, to prevent and alleviate human suffering wherever it may be found. Its purpose is to protect life and health and to ensure respect for the human being. It promotes mutual understanding, friendship, cooperation and lasting peace amongst all peoples.

Impartiality
It makes no discrimination as to nationality, race, religious beliefs, class or political opinions. It endeavours to relieve the suffering of individuals, being guided solely by their needs, and to give priority to the most urgent cases of distress.

Neutrality
In order to enjoy the confidence of all, the Movement may not take sides in hostilities or engage at any time in controversies of a political, racial, religious or ideological nature.

Independence
The Movement is independent. The National Societies, while auxiliaries in the humanitarian services of their governments and subject to the laws of their respective countries, must always maintain their autonomy so that they may be able at all times to act in accordance with the principles of the Movement.

Voluntary service
It is a voluntary relief movement not prompted in any manner by desire for gain.

Unity
There can be only one Red Cross or Red Crescent Society in any one country. It must be open to all. It must carry on its humanitarian work throughout its territory.

Universality
The International Red Cross and Red Crescent Movement, in which all societies have equal status and share equal responsibilities and duties in helping each other, is worldwide.

ICRC

The International Committee of the Red Cross (ICRC) is an impartial, neutral and independent organization whose exclusively humanitarian mission is to protect the lives and dignity of victims of armed conflict and other situations of violence and to provide them with assistance. The ICRC also endeavours to prevent suffering by promoting and strengthening humanitarian law and universal humanitarian principles. Established in 1863, the ICRC is at the origin of the Geneva Conventions and the International Red Cross and Red Crescent Movement. It directs and coordinates the international activities conducted by the Movement in armed conflicts and other situations of violence.

www.icrc.org

The International Federation of Red Cross and Red Crescent Societies promotes the humanitarian activities of National Societies among vulnerable people.

By coordinating international disaster relief and encouraging development support it seeks to prevent and alleviate human suffering.

The International Federation, the National Societies and the International Committee of the Red Cross together constitute the International Red Cross and Red Crescent Movement.

www.ifrc.org

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