

JOINT ASSESSMENT MISSIONS – TECHNICAL GUIDANCE SHEET NO. 2 – MARKET ANALYSIS IN A JAM

Markets are physical and virtual places of exchange of goods and services. They are essential to ensure a population has access to goods, services and incomes.

Markets have an important role in ensuring food security and nutrition of refugees. Markets can provide a diverse array of food and non-food items and provide income.

Interventions at local, national and global levels can influence markets positively and negatively.

Changes and trends in the markets at global level can influence the food security and nutrition of refugees.

This Technical Guidance Sheet (TGS) provides guidance on how to collect and analyse market information in the context of a JAM. It also provides references to other related materials. This TGS is written for use by JAM team members in urban, rural and camp settings.

For additional technical support on market issues in a JAM, contact UNHCR and WFP regional offices, UNHCR HQ Division of Programme Support and Management and WFP HQ VAM Unit.

2.1 WHEN TO COLLECT MARKET INFORMATION?

Most information on markets should be collected during the secondary data collection phase of the JAM. If important market information is unavailable, an in-depth market assessment should be planned and conducted prior to the JAM field visit. The WFP, NGOs and other partner agencies have developed specific skills in conducting market assessments.

The JAM field visit should be used to gain an understanding of the importance and role that markets have on refugee food security and nutrition.

2.2 MARKETS AND REFUGEES

"A market-system is the entire web of people, businesses, structures and rules that take part in producing, trading and consuming any product or service. The market system determines how a product or service is accessed, produced, exchanged and made available to different people".⁴

A 'market' can be a physical place where a single product is exchanged (e.g. cattle), a place where many goods are exchanged or somewhere that goods and services are exchanged.

A 'market' can also be virtual. A virtual market refers to the mass exchange of a particular good or service (e.g. the labour or rice markets) at regional, national and global levels even if there is not an evident physical market place.

Both physical and virtual markets influence the food security and the nutrition situation of all households. Households are dependent on markets for selling and purchasing food, livestock, agricultural inputs and other essential goods. Households also sell and buy services (e.g. labour, housing). These market transactions affect a households' income and expenditures and thus their access to goods and services which ultimately impact on their food security and nutritional status.

Markets similarly affect refugee households and therefore it is imperative to look at markets in order to have a full understanding of their food security situation.

Refugees typically engage in the following markets:

- Physical markets to access food (e.g. cereal, pulses, oil, sugar, fresh foods) and non-food items (e.g. soap, water, fuel, clothes);
- Labour markets to exchange skilled and unskilled, daily and seasonal labour;
- Housing markets to obtain housing for rental and purchase;
- Services markets to utilise or offer e.g. transport, education, health services, waste disposal;
- Credit markets to exchange debts and savings; and
- Assets markets to exchange e.g. livestock, gold, tools, household goods.

Refugees' access to markets can be challenging for a variety of reasons, including:

- Lack of money to buy items available on the market;
- Lack of goods to sell, skills to offer in the labour market;
- Lack of guarantee/assets to access the credit market;
- Legal barriers to enter the market (no right to work or to trade);
- Physical constraints such as restrictions of movement and security; and
- Social constraints such as discrimination and stigmatisation.

WFP, UNHCR and other agencies, are increasingly implementing market-related interventions to improve refugee food security and nutrition. Cash and voucher programmes are popular options to replace direct food aid delivery. Likewise, agencies are increasing the local purchase of food and supplies to support local actors and stimulate local markets.

2.3 HOW TO INCORPORATE (SOME) MARKET ANALYSIS IN A JAM

The objectives of a JAM are to assess the food security and the nutrition needs of refugees and to recommend appropriate interventions. In addition to other issues, market analysis may be included as an objective or sub-objective of the JAM. However, given the scope of the JAM and the limited time frame, it is recommended that the market analysis focus on two main issues:

- 1. Functionality of the markets.** Are the markets functioning? How are markets functioning? Are the current interventions having an impact on the markets? How would the recommended interventions impact the markets?
- 2. Refugee access to markets.** Are the refugees accessing the markets? What are the main constraints in accessing the markets for the different groups of refugees (physical and financial)? What benefits could the markets bring to the refugee food security and nutrition situation? How is a refugee settlement/camp in a given area affecting/modifying market functioning?

2.4 WHICH MARKETS TO ASSESS?

To assess the above questions on markets in a JAM, the JAM team should focus on the market systems that play a major role in the food security and nutrition of the refugees. The markets of interest for each JAM are context-specific. During the planning phase of the JAM, it is necessary to identify which particular market aspect should be assessed in order to organise the secondary data collection and the field visit.

1. Determine which goods and services are important for the refugees

Goods and services exchanged will be different for example between refugees living in a camp and refugees living in an urban centre.

To identify which goods and services are exchanged by the refugees and thus which markets to assess in a given JAM, information on the main expenditures and sources of income of refugees should be reviewed. *This information can often be found in previous JAM reports or in other food security assessments such as an Emergency Food Security Assessment (EFSA).*

2. Determine which are the main market places the refugees engage (or could engage) with.

The choice of market places for refugees is often limited due to transport costs, road conditions and infrastructure, trade restrictions, trader networks, population density, language, social environment etc. Marketplaces may be different for each commodity and services.

This information could be obtained through previous reports and assessments and by consulting the organisations and staff working closely with the refugees.

2.5 MARKET FUNCTION

Analysis of how markets function can help to identify the potential opportunities (and constraints) for refugee access.

Key indicators to consider when reviewing market function include:

- Flow (volume of exchanges);
- Seasonality;
- Shocks and trends;
- Institutional influences; and
- External influences.

Key questions/issues to consider when reviewing market function:

Are the key goods and services needed by the refugees available? Are the markets to buy and/or sell these goods and services essential to the refugees' existence?

The goods and services available on the market will indicate if the refugees will have the opportunity to buy or to sell them. Availability of goods on the market is also an indicator of refugees' needs and preferences. Availability could evolve during the year (seasonality and under the impact of shocks and policies).

Are the volumes exchanged sufficient to fulfil the market catchment area demand?

Market catchments refer to the informal boundaries where market forces naturally limit the movement of a commodity. These areas are often functions of transaction costs, roads and infrastructure, international or sub-national borders and trade restrictions, trader networks, agricultural calendars, population density, language, etc. Market catchments may be different for each commodity and type of actor in the supply chain.

The volume exchanged (flow) will indicate:

- If the market is dynamic enough to provide what the population needs at a reasonable price all year around; and
- If it plays an important role in the food security and nutrition of the populations in the area.

What are the constraints to reach an adequate volume and availability?

Understanding constraints will allow an evaluation of how markets will adjust to changes due to the refugee influx, a crisis or an intervention. It will also indicate the level of flexibility of the market and potentially which action should be taken.

Constraints can include transport and infrastructure, global availability, trader number and capacities, buyer capacity, policies and regulations (institutional and external influences).

Remember, local markets are influenced by other markets.

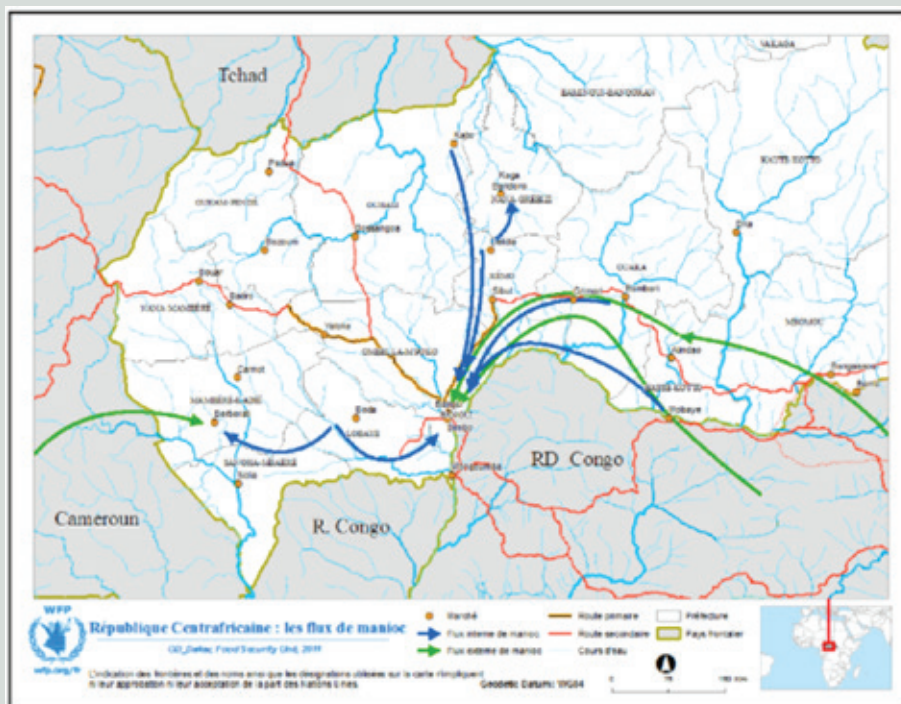
To what degree are markets integrated?

Market integration is a measure of the degree to which markets in different geographical areas are connected to each other based on prices and flux indicators. When markets are integrated, critical goods and services will flow more easily, volumes and prices will follow the same trends. When markets are fragmented, in contrast, it is difficult or expensive to move goods, and prices vary widely between locations and seasons. Markets can be integrated across borders. They are not necessarily integrated at local and national levels (for example if a road is cut).

Understanding the market flux and the market integration

During secondary data collection and review it is recommended that relevant markets for the refugee population are clearly identified and to what degree they are influenced by or integrated with other markets.

Maps representing the market flow (especially for goods and sometime labour) are usually available from the main market monitoring sources. They can help to identify potential influences and shocks.



As an example, in a refugee context it may be useful to understand where commodities come from and if they are accessible to refugees that in many places have limited mobility. In many cases it is important to know where labour is available (i.e. plantations, farms) as these are areas where refugees may be willing to move / have moved to have access to the labour market.

2.6 REFUGEES' ACCESS TO MARKETS

Goods and services might be exchanged on markets and markets may be functioning; however, the key constraint of refugees is often their access to markets, goods, and services (as buyers and sellers).

Key indicators to consider include:

- Prices;
- Seasonality;
- Terms of trade;
- Purchasing power;
- Shocks and trends;
- Participation in the markets (age, gender, diversity);
- Political economy;
- Policy restrictions; and
- Institutions.

Understanding the constraints to market access will facilitate analysis of how markets influence refugee food security and nutrition and which interventions would be appropriate.

The refugees are both buyers and sellers. They can be engaged in many different markets (e.g. food, labour, housing, credit).

As a buyer, constraints include:

- Physical access (transport, roads, security);
- Financial access, purchasing power, level of expenditure and prices;
- Age, gender and diversity dimensions; and
- Legal status and protection issues.

As a seller, constraints include:

- Physical and legal ability to sell goods and services (especially labour);
- Terms of trade (see box below) and prices ;
- Barriers to enter and to exit (physical, financial, legal);
- Risks of exploitation (taxes and racket);
- Power dynamics ;
- Age, gender and diversity dimensions; and
- Laws and regulations.

Terms of trade

The terms of trade (ToT) is a key indicator to understand purchasing power. It is a measure of the relative value of one commodity to another and thus a measure of the exchange value of the good or service to be traded (e.g. daily wage/rice, goat/bag of maize meal, cattle/seeds and fertiliser etc.)

In the example below, the graph shows how much maize a livestock trader could get for a goat over time. While in January a goat would be exchanged for over 20 kg of maize, while in May it would be exchanged for less than 15kg, indicating deterioration in the terms of trade for pastoralists.

Terms of Trade: Goat to maize in Turkana, Kenya



The terms of trade indicate how much a seller could get for its sale in practical terms. It is often more relevant to food security analysis than prices alone. In a refugee context, it may be relevant to look at terms of trade, for example how much rice a refugee can get with a one day's wage? Does this change during the year? These elements would help the JAM team understand what the purchasing power of refugees is like and how it changes over time during the year.

2.7 HOW TO ACCESS THE NECESSARY MARKET INFORMATION

Secondary data collection

Most of the market information needed for a JAM can be found by reviewing secondary data. During the JAM field visit it will only be necessary to triangulate such information and verify if it is still reflecting the reality on the ground.

Market monitoring is conducted in most countries in the world and usually includes the following information:

- Staple food and basic non-food items prices on the main markets;
- Consumer price index or inflation;
- Staple food flux mapping; and
- Basic food production and trade data.

Sources for market monitoring data include:

- WFP VAM Food and Commodity Prices Data Store <http://foodprices.vam.wfp.org/>
- Fews Net <http://www.fews.net/pages/markettrade.aspx?loc=3&l=en>
- National statistical institutes or government ministries
- FAO GIEWS food price data and analysis tool <http://www.fao.org/giews/pricetool2/>

Information on local regulation of the markets (prices, taxes and others) is also usually available from the relevant governmental or regional organisations.

For more complex information on the specific markets and market function, the most likely sources of information will be market assessments conducted by governmental and non-governmental organisations, such as WFP market assessments.

- WFP market assessments
<http://www.wfp.org/food-security/assessments/market-assessments-bulletins>

Primary information collection

The field visit should be limited to filling essential information gaps and triangulating information. Potential issues to further investigate during the field visit and the method for investigating are outlined below.

Key issues to assess	Source and method
Which markets?	
Goods and services bought or sold by the refugees	Observation, key informants, focus group discussions
Market places used by the refugees and the host population	Observation, key informants, focus group discussions
Are the markets functioning?	
Types of goods and services on sale	Observation, key informants
Level of activity - Volumes and movements	Secondary information , key informants
Market integration	Secondary information
Actors and how markets are functioning	Secondary information, observation, key informants
Challenges	Secondary information, observation, key informants
Perception of market function	Focus group discussions
Recent changes and trends	Secondary information
Do the refugees have access to the markets?	
Prices	Secondary information, observation
Opportunities and constraints	Secondary information, observation, key informants, focus group discussions
Role and activities in the market	Key informants, focus group discussions

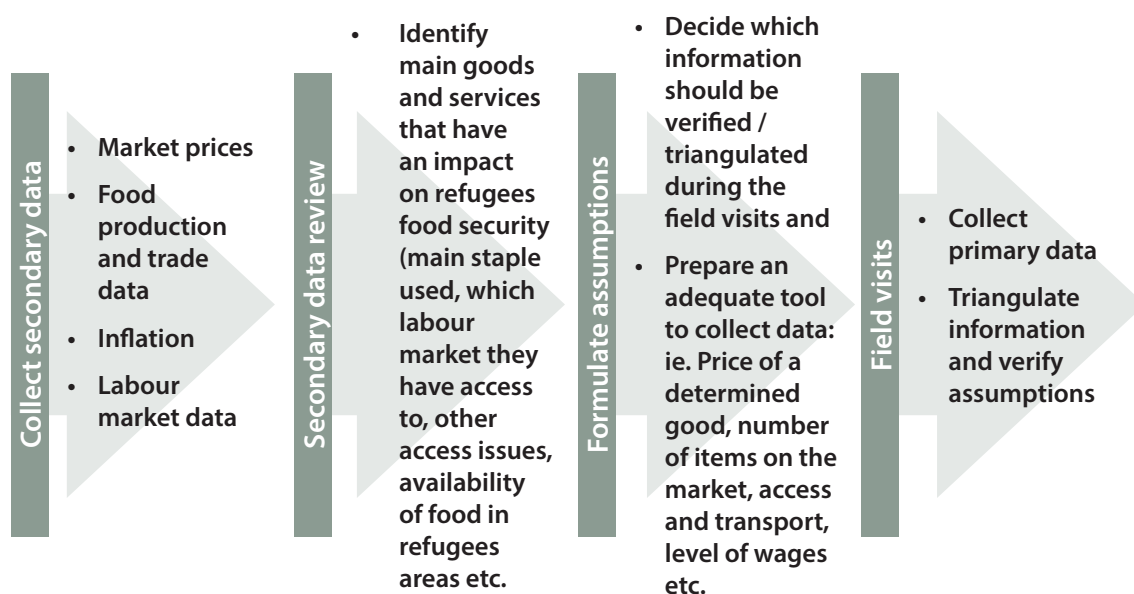
Note: Some information is more reliable than others. Most of the markets and exchanges in developing and middle income countries are informal. It can be difficult to access some information or to gain reliable information especially on the volume of the flux, which are often taxed.

Tips

- ✓ Seek advice on when is the best time to visit the market (e.g. market days, busiest time of the day);
- ✓ Respect the time limits of the informants; sellers and buyers are often very busy;
- ✓ Go to markets prepared with a map and calendar. It could ease the conversation and help to gain more precise information;
- ✓ Some information can be very sensitive (e.g. incomes, formal and informal regulations); and
- ✓ Stay open and be respectful.

Process of data collection and review

The following diagram outlines the process from secondary data collection to the field visit with the market data collection and analysis activities associated with each step.



2.8 REFERENCE DOCUMENTS

MARKET ANALYSIS FRAMEWORK - TOOLS AND APPLICATIONS FOR FOOD SECURITY ANALYSIS AND DECISION-MAKING (WFP DEC. 2011)

The Market Analysis Framework (MAF) provides an overview of various market analysis tools, including what purpose(s) they serve, how they are related, and where to find the technical details on each of them. This guidance can help you to: understand the links between market and food security analysis – prioritise market information needs for food security analysis and response planning – and select the appropriate tool according to the context, objectives and information requirements.

<http://www.wfp.org/content/market-analysis-framework-tools-applications-food-security-analysis-december-2011>

THE EMERGENCY MARKET MAPPING AND ANALYSIS TOOL KIT

EMMA is a guidance manual for relief agencies needing to understand market-systems in disaster zones. It enables smarter use of local economic capabilities, to improve humanitarian responses. The website above provides EMMA users with access to documents, reports and technical advice.

<http://emma-toolkit.org/>