Market Analysis

Regional mapping exercise of value chain analysis of agricultural commodities conducted in the Syria sub-region
Syria, Iraq, Jordan and Lebanon

Feb 2017
1  Background and objective

1.1. How market system analysis can support livelihoods and resilience capacities

Markets systems are critical to the lives and livelihoods of people, both in stable and in crisis-affected contexts. They play a vital role in meeting basic needs by supplying goods and services. They are also a key to protecting and promoting livelihoods, offering mechanisms for selling produce and providing access to paid work and income generation.

A market system is composed of the market chain (market actors and linkages between them – e.g., producers, collectors, processors, traders, consumers), supported by key infrastructure, inputs and services (e.g., storage facilities, transport networks and financial services), and influenced by enabling or disabling factors of the market environment (e.g., institutions, norms, and trends).

Crisis-affected populations interact in a wide variety of ways with market systems. Understanding these interactions as well as the market system functionality, dynamics and bottlenecks is an integral part of situation analysis and is key to efficiently supporting livelihoods. It can help reduce aid dependency by promoting long-term recovery, increasing the stability of local market systems and therefore support resilience capacities of the communities. Market system analysis can help agencies play a facilitation role rather than replacing market actors to ensure that support has a sustainable impact.

Market system mapping and analysis can be applied to a variety of sectors, such as food and agriculture (crop and livestock), as well as to other sectors such as labour, water, health and shelter.

1.2. Plan of this document

In the last quarter of 2016, the Regional Food Security Analysis Network (RFSAN) conducted a mapping exercise in order to explore the landscape of market system analysis work in the Syria sub-region within the Syria crisis response. More specifically, the objective of the regional mapping exercise of market analysis work is to identify:

- What was done already and what are the various agencies planning in terms of market system analysis;
- Where are the gaps and where is the demand;
- What are the opportunities for RFSAN.

This document is therefore comprised of two parts. First, a situational analysis will develop the outcomes of the mapping exercise to understand the landscape of market analysis in the sub-region and the needs identified. The second part will explain how RFSAN can support filling knowledge gaps in market system analysis. Second, a proposition of a RFSAN workplan with regards to filling knowledge gaps in market system analysis.

1.3. Methodology and timeframe for regional mapping exercise

The mapping exercise was conducted through a series of meetings and interviews with humanitarian and development agencies, in person or via Skype, from mid-September to early November 2016 as well as through a desk review of publicly available assessments conducted between 2012 and 2016 that, to some extent, covered market issues.

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of reports compiled</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iraq</td>
<td>45</td>
</tr>
<tr>
<td>Jordan</td>
<td>20</td>
</tr>
<tr>
<td>Lebanon</td>
<td>18</td>
</tr>
<tr>
<td>Syria</td>
<td>7</td>
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</tbody>
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Table 1 - Number of reports compiled, which include market components (2012-2016 period)
2 Findings of regional mapping exercise

2.1. Value chain analysis work in the sub-region: Situation analysis

The literature review exercise allowed RFSAN to compile approximately 100 reports that showed references to markets and market systems in Syria, Iraq, Jordan and Lebanon, published in the past three years. Most of them were not focused on specific value chains but included an analysis of the relations between target groups and markets in terms of access. Less than 30 of these only were actually dedicated to more or less in-depth analysis of market systems, with most focusing on labour and less than ten focusing on specific agricultural value chains.

2.1.1. Syria

Syrians are trying to cope with decreasing income opportunities. Displacement and disrupted value chains have meant that a large proportion of the active population face a mismatch between existing livelihood context and their pre-conflict skills. Economic roles within households have also been impacted and women are increasingly becoming breadwinners. The conflict has disrupted access to inputs and technologies, consistency in supply (due to disruptions of supply routes and channels), demand (due to lack of purchasing power, displacement) as well as governance structures and institutional support.

In Syria, literature exists for a number of agricultural value chains for the period 2000-2011. However, since then, very few market system analyses have been conducted, and there is a lack of understanding of the direct and indirect consequences of the conflict on the value chains in Syria.

Most market-related surveys have focused on monitoring of market prices and availability and have been conducted by agencies such as WFP, REACH and various international and local NGOs in their respective geographical areas of intervention. Information on prices and availability is collected on a weekly or bi-weekly basis at wholesale and retail markets, mostly for food items, fuel, and non-food items (e.g., hygiene, winter items and private water trucking services). Most of the price monitoring data is used for ascertaining effect of prices on direct food accessibility as well as a useful indicator monitoring the functionality of markets, which may inform the preferred aid transfer modality to beneficiaries in cash or kind.

Several Emergency Market Mapping and Analysis (EMMA) studies were conducted by NGOs, including GOAL and Save the Children, operating in northern Syria in Idlib and Aleppo governorates in early 2014. These were not shared publicly. Market systems covered, included: wheat flour, potato, tomato, rice, lentils, yeast and olive oil. CARE, with support from RFSAN, conducted an EMMA in southern Syria, late 2015, on agricultural and livestock inputs in the context of the wheat, tomato, and sheep and cattle farming value chains. No wider-scale or interagency-led value chain analysis is publicly available for the period starting from 2011 until now. International NGOs and their local partners capture information on specific value chains on an ad hoc basis only, usually without undertaking formalized market system assessments using rapid tools such as Rapid Assessment for Market (RAM) or EMMA. Information gathered is very localized and project-oriented.

Most NGOs active inside Syria have expressed great interest in conducting market system and value chain analysis, however they are currently still facing a lack of internal knowledge and technical capacity to do so.

Currently, most of these NGOs are developing livelihood support programmes from 2017 onwards, which integrate value chain analysis. CARE is launching a DFID-funded multi-year programme (until March 2020) and has embedded RFSAN support within it, including a market analysis and livelihoods specialist to support with the value chain analysis work.

GIZ has been funding agricultural support programmes through a ‘closed cycle’ approach (aiming at supporting farmers and agriculture-related livelihoods not only at production level but throughout the value chain) but has not yet conducted actual value chain analysis in northern Syria.
FAO is planning to conduct an analysis of the wheat flour value chain in northern Syria early 2017.

2.1.2. Iraq

Iraq has been suffering a complex crisis for the past years, accumulating the consequences of multiple displacement (from Syria and within Iraq), conflict and economic crisis.

The literature review for Iraq compiled 45 reports that have at least a section on markets. However, only 14 are focused on markets, and six are focused on agriculture only.

Some market price monitoring is being conducted, although not in the same systematized way as in Syria, as NGOs are mostly monitoring markets at a very local level (project-oriented and village level). The VAM unit of WFP has recently initiated a monthly Market Monitor Bulletin (Issue #1, August 2016), which focuses on monitoring market prices for food commodities, analysis of national price trends and terms of trade.

Since 2014, a range of assessments have been conducted to analyse labour markets, most of them specifically focusing on youth, small businesses and entrepreneurship, as well as emphasising either access to job opportunities for refugees and IDPs or examining skills and training requirements for new entrepreneurs and jobseekers among the displaced population.

Several rapid market assessments have looked at supply and availability of food commodities on markets in agencies areas of interventions, mostly to assess the capacity of markets to respond to cash-based interventions. Agencies are moving towards more systematized analyses of markets with that specific objectives, as it is becoming a consistent requirement by main donors.

There has been demand by donors, UN agencies and NGOs for a greater understanding of the agriculture sector and related value chains, particularly since the displacement crisis that followed the summer 2014 ISIS advance. However, few assessments have been conducted until early 2016, where a number of agencies started getting involved in agricultural value chain analyses in Northern Iraq:

- January to March 2016: GOAL and Big Heart conducted a sheep and eggs value chain analysis in Northern Iraq (report published);
- February 2016: Oxfam led a multiagency PCMA (Pre-Crisis Market Mapping and Analysis) involving 12 agencies, analysing the wheat flour, water and credit market systems in the Ninewa Plains (report published);
- In April-May 2016, UNDP conducted a value chain analysis on agricultural niche markets (fresh flowers, fresh herbs, fruit processing, packaging materials) (report pending).

The Emergency Livelihoods and Social Cohesion Cluster has initiated a matrix to keep track of market analyses conducted or planned by the cluster members. The main agencies engaging in such work are Oxfam, ACF, Mercy Corps, Save the Children and the French Red Cross.

2.1.3. Jordan

Jordan currently hosts more than 650,000 Syrian refugees, stretching limited resources and imposing stress on its economy, host communities and public services.

As a result of the London 2016 Conference, Jordan has committed to ease Syrian refugees’ access to job and income generation opportunities, by starting to issue work permits, notably in the agriculture sector and allowing refugees to formalise existing businesses and set up new ones. Agriculture is one of the sectors where participation of Jordanians is considered low, with a high ratio of foreign workers, and a high degree of skills match. An increased involvement in Syrian refugees in the agricultural workforce and sub-sectors means a shift in the social structure of foreign workers with Syrians. Bringing skills that have potential to fill gaps. But supporting Syrian refugees’ livelihoods must be considered together with understanding how host community livelihoods are potentially affected throughout the value chains and market systems.

Available literature on agricultural value chains for Jordan is largely focused on employment. ILO in particular has conducted a number of surveys on access to work permits for Syrians and their involvement in agricultural labour. It has also conducted analysis of the tomato value chain (March 2014) and olive and olive oil sub-sector (2013) in two governorates of Northern Jordan. However, no other value chain analyses were found to be available.
2.1.4. Lebanon

As in Jordan, the crisis in Syria has been having negative consequences on the local economic and social structures, by disrupting market systems (increased input costs, loss of major trading routes through Syria for export of Lebanese produce). The influx of Syrian refugees has also pressured labour markets and access to public services.

Agricultural value chain analysis work seems to have reached larger extents in Lebanon than in the other three countries. Many resources available focus on skills mapping, labour and employment surveys and small business support. In 2013, NGOs conducted an EMMA on labour in the agricultural, construction and service sectors. ILO conducted an analysis of the potato and leafy green vegetables value chains in 2015 (with the objective to assess youth employment creation opportunities), and USAID has brought extensive support to agricultural sub sectors (including floriculture, grapes, olive oil, pome fruit, processed foods, rural basket and honey, stone fruits). Moreover, the EU is planning to launch a new project that will focus on analysing several agricultural value chains. The specific value chains to be covered have not yet been identified.

2.2. Identified gaps and demand

As shown in the above section, agricultural value chain analysis work is very limited in the Syria sub-region, despite great interest within the current move towards more resilience-oriented livelihood programming.

From the interviews conducted with various agency representatives, it was clear that value chain analyses are not always well integrated into humanitarian interventions. Despite sometimes understanding broad challenges related to value chains, the concepts of market systems are not always understood by humanitarian actors, who therefore often lack a clear understanding on how the various main value chains are functioning. Development actors, which are often more experienced in that sector, have been less involved in this type of analysis. There has also been a lack of collaboration amongst agencies in terms of providing support to analysis between both humanitarian and longer-term pre-established actors. Moreover, analysis initiatives are often very localized, project-oriented, based on anecdotal evidence, lack multi-agency coordination, and may not be widely shared amongst agencies conducting similar interventions.

As agencies responding to the Syria crisis (both inside Syria and in the neighbouring countries) are moving towards supporting livelihood and resilience building, there is a great demand in terms of wider-scale market system analysis and monitoring as well as capacity development of relevant stakeholders.

In Syria and Iraq, there is demand for a greater understanding of limiting factors, challenges and bottlenecks, not only at the production level, but for all the key actors in the value chain (aggregators, processors, transporters, vendors, etc.), to allow for targeted market system support interventions, rather than solely providing inputs at producer and consumer levels. This can also help understanding how various target groups (including women, displaced people, youth) can be supported in a better integration in the chain for income generation.

In Syria, for example, the switch away from traditional crops to higher value non-staple crops such as spices raises the need to understand value chains of niche export markets, besides strategic crops, such as wheat, exclusively.

In Iraq, Jordan and Lebanon, such market system analysis can also help provide a better understanding of dynamics in labour markets and how livelihood support to host communities, refugees and IDPs can make use of and reinforce existing market systems capabilities.

Following the 2016 “Supporting Syria and the Region conference” in London, the international community, and particularly the EU, as well as individual member states have allocated large aid packages to support job creation for refugees as well as host communities in countries affected by the Syria Crisis. The search for job opportunities should be extended to the entire value chain and not only on the production stage. This approach should also be more inclusive of identifying job opportunities for women in particular, who may be restricted to work in public spaces, and may find opportunities working from home in areas such as small scale cleaning and processing.
3 Way Forward

In light of the findings from the regional mapping exercise, there is a need to develop specific agricultural value chain analysis and shift to regular monitoring and analysis of trends instead of conducting one-off assessments. The target audience for such products will be all agencies involved in humanitarian and resilience activities to support targeted livelihood support that makes use and reinforces existing market systems’ capabilities. Close cooperation with programming actors will be sought to ensure that the analysis will be demand driven.

3.1. A Plan for more targeted market analysis and value chain analysis in the Syria sub-region

3.1.1. Purpose and prioritization

In line with its overall objectives, RFSAN market analysis work will prioritize Syria and Iraq as emergency Level 3 countries, but will also allow for coverage of Lebanon and Jordan as needed, particularly to support to country plans for the integration of refugees and host communities in employment throughout agricultural-related value chains.

The purpose of RFSAN market analysis work will be to provide a good understanding of the capacities, incentives and constraints that are preventing the market systems from working effectively for target groups (youth, women, hosts, IDPs, refugees). The ultimate goal would be to provide evidence for response analysis in order for agencies to act as facilitators on market systems, rather than as market actors, so that they effectively support the input and service provision, enabling environment, processing and market activities (including employment and income generation opportunities).

3.1.2. Tools and methodologies

A range of methodologies and tools exist to analyse markets and value chains in crisis contexts. Among these, the most commonly used are the Emergency Market Mapping and Analysis toolkit (EMMA), the Rapid Assessment of Market guidance (RAM), the Market Analysis Guidance (MAG), the Pre-Crisis Market Mapping and Analysis toolkit (PCMA), and the Price Monitoring, Analysis and Response kit (MARKit). FAO also has guidelines for analysing markets.

Mapping market systems and value chains is a core component of the EMMA and its approach was adapted from developmental market analysis methodologies. It is also a component of the other above-mentioned methodologies. Market system maps are diagrams showing the linkages between various market actors, their main functions and flows of value and information. They depict the dynamics at stake along the value chain as well as key support services and infrastructure. In addition, market systems and value chains are heavily influenced in their functionality by the market environment, or enabling context, i.e., norms, rules, institutions and trends which shape the way market actors liaise and trade.

EMMA uses market maps to highlight the impacts of a crisis on the market systems, allowing for a comparison between a baseline and an emergency-affected situation as well as bottlenecks and opportunities for targeted support. Analysis of market maps supports a better understanding of market actors and stakeholders’ relationships and roles, trade flows and bottlenecks and opportunities for support within the market operating environment. Seasonal calendars are also a key tool to analysing value chains and understanding how seasonal pattern influence the dynamics of trade.

EMMA also integrates a gap analysis, which aims at measuring the target groups’ gaps in meeting their needs in goods, services or income, which allows for an analysis of what the market system’s capability is to cover that gap and meet needs.

By providing a better understanding of the most critical market systems and value chains, the EMMA methodology enables agencies to consider a broader range of responses, including innovative forms of market-system support that make better use of existing market actors’ capabilities while accounting for risks.
3.1.3. Proposed RFSAN Market Analysis Outputs

Based on the outcomes of the mapping exercise, there is a clear opportunity for RFSAN to bring expertise and support in terms of market system analysis. RFSAN can provide rigorous market system mapping and analysis and technical support to stakeholders engaging in supporting resilience of women and men affected by the Syrian crisis. More specifically, RFSAN can offer the following in support of an evidence-based response to the Syria Crisis by FAO and Food Security Sector/Cluster partners:

- **Baseline mapping and analysis of key market systems** to form the basis for a sound understanding of the socio-economic contexts upon which the livelihoods of affected communities rely;

- **Regular, seasonal monitoring and ad-hoc updates** of the key market system profiles to enable actors and programming to evolve with the fluidity of the conflict and displacement context; and

- **Capacity building** for key stakeholders including local and international aid agencies, civil society actors, local governance actors and communities on market-based livelihoods analysis.

Discussions held during the mapping exercise with various stakeholders involved in the Syria crisis response allowed to bring up a list of key agricultural value chains to be analysed as a matter of priority. These include the following:

- Wheat;
- Olive and olive by-products;
- Vegetables (tomato, cucumbers, etc.);
- Poultry farming (meat and eggs);
- Agricultural and livestock inputs;
- Barley (for animal feed);
- Legumes (chickpeas and lentils);
- Potato;
- Cash crops: spices (cumin, coriander, black seeds);
- Sheep and cattle farming;
- Cotton;
- Sugar beet;
- Diesel.

Baseline market mapping analyses will include monitoring plans with clear indicators to monitor changes in dynamics within the value chains, including production and trade volumes as well as flows at each level of the market chain, prices, competition dynamics, integration, etc. This work will be linked with other available resources and stakeholders active in the sub region and will also make use of other RFSAN-supported products such as food security and livelihoods assessments and food security and agricultural updates.

3.2. Coordination

RFSAN market analysis products will be directly linked with emerging demand from responding agencies for a better understanding of value chains, particularly within the current context of expansion of livelihood programming both inside and outside Syria. Active participation of RFSAN within existing coordination platforms, such as FS clusters and working groups on agriculture, cash-based responses will be key to responding to the needs addressed throughout the mapping exercise.
Examples of market system maps (source: Emergency Market Mapping and Analysis in Southern Syria, October 2015, CARE and RFSAN)

CATTLE/SHEEP
MARKET SYSTEM in OPPOSITION-HELD AREAS DAR'A AND QUNEITRA GOVERNORATES, SYRIA

The market environment:
- Institutions, rules, norms & trends
- Livestock census / statistics
- Availability of land for grazing
- Overgrazing
- Extension department
- Ministry of agriculture
- Veterinary services
- Cooperatives
- Export
- GEF
- Livestock policy and laws

The market chain: Market actors & their linkages

Key infrastructure, inputs, market-support services:
- Animal feed
- VET disinfection
- Water
- Fuel
- Transport
- Vet pharmacies/clinics
- Electricity
- Maintenance / repair / spare parts
- Animal shelter
- Vet extension services

TARGET GROUPS
Critical issue
Major disruption
Partial disruption
EMMA focus
V: Volume
P: Price
N: Number of actors

EXCHANGE RATE

CATTLE/SHEEP
MARKET SYSTEM in OPPOSITION-HELD AREAS DAR'A AND QUNEITRA GOVERNORATES, SYRIA

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