

Market Development in Crisis-Affected Environments

Not When, but How

Findings from research by SEEP's
Market Development Working Group

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From the Paper:

Nourse, Timothy, Gerstle, Tracy, Snelgrove, Alex, Rinck, David, & McVay, Mary. (August 2006)

Market Development in Post-Crisis Environments: Emerging Lessons for Achieving Pro-Poor Economic Reconstruction.

Wither development, during relief?

- How soon can efforts to promote economic reconstruction—and small enterprises (SE)—be introduced during and post-crises?
- How can relief and particularly livelihoods initiatives meet immediate needs to re-establish or strengthen sources of income for crisis-affected populations and SEs, while reducing market distortions and leveraging the private sector for improved impact?
- Does earlier introduction of market development programs in crisis environments provide any benefits in terms of accelerating recovery and/or improved impact?

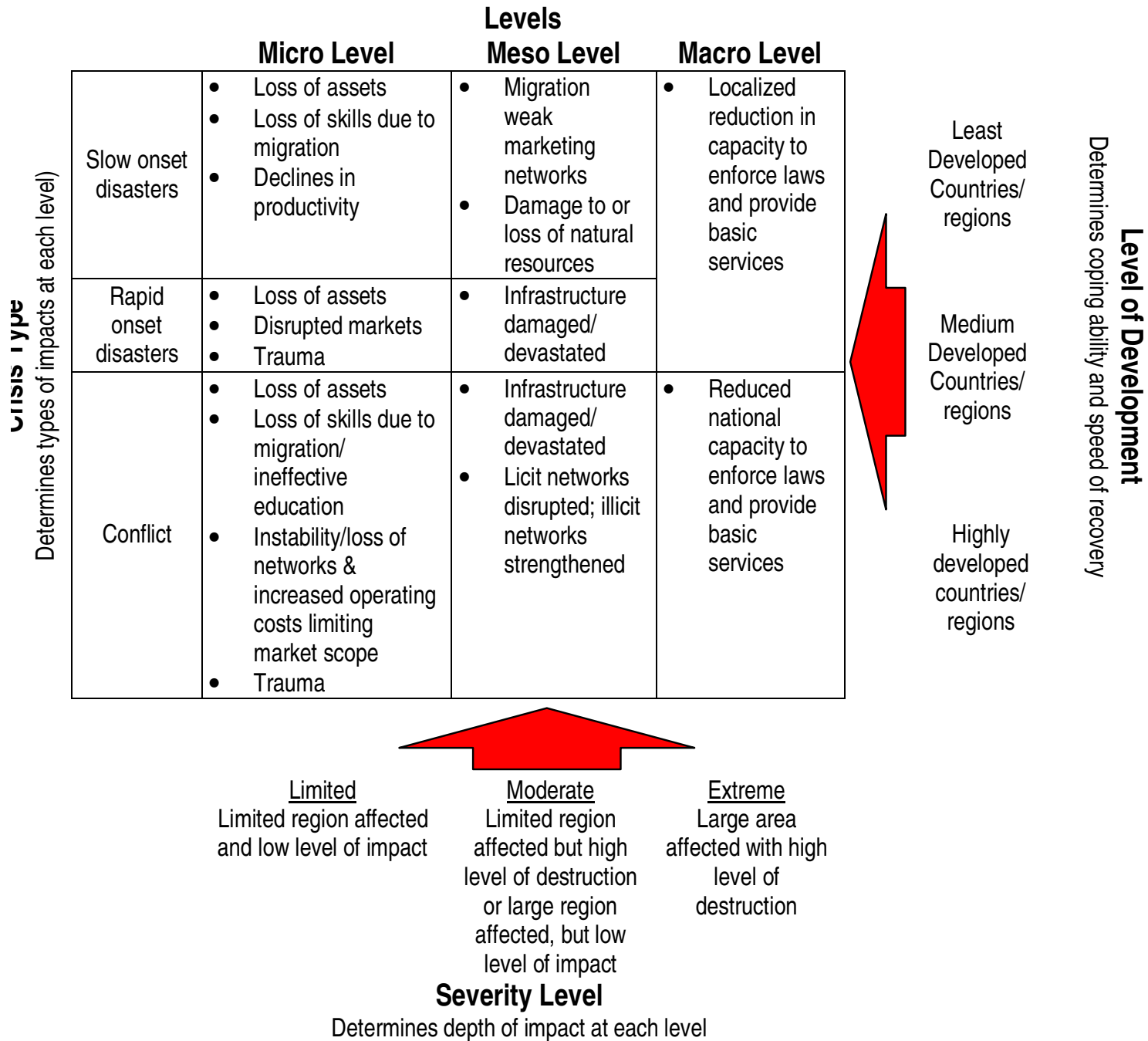
Workshop Structure

- Overview of the Research
- Challenges & Lessons From Practice
 - American Refugee Committee, Sierra Leone
 - Practical Action, Northern Darfur
 - CHF International, Colombia
- Framework for MD in Crisis Environments
- Q&A

Research Methodology & Cases

Case	Country	Submitting Agency	Crisis-Type	Timing
1. Developing Pro-Poor Agricultural Markets in Northern Darfur	Sudan	Practical Action (formerly ITDG)	Conflict	Prior to and during conflict
2. Herbs and Natural Products	Bosnia & Herzegovina	Partners for Development	Post-conflict	During development phase
3. Market Assistance Pilot Program	Zimbabwe	Catholic Relief Services	Policy induced natural disaster	During emergency phase
4. Promoting Linkages for Livelihood Security & Economic Development	Sierra Leone	American Refugee Committee	Post-conflict	Late Transition from relief to development
5. Financial Access Program	Indonesia	Mercy Corps	Rapid onset disaster	During emergency phase
6. Economic Assistance Program for IDPs	Colombia	CHF International	Conflict	During period of recurring conflict
7. Municipal and Economic Development Initiative	Bosnia & Herzegovina	CHF International	Post-conflict	During Development phase
8. Small Enterprise Center	Palestine	GTZ	Conflict	During period of Recurring conflict
9. Facilitating Radio and Internet Communications	Mali	Geekcorps	Conflict	During Development phase
10. Cardamom Market Development Program	Nepal	SNV	Conflict	During period of recurring conflict
11. Privatization of Veterinary Services	South Sudan	VSFB	Conflict	At end of long-term conflict
12. RESTART	Thailand	GTZ	Rapid onset disaster	During emergency phase
13. Promotion of MSMEs Project	Sri Lanka	GTZ	Rapid onset disaster	Late stage (one year after the disaster)

Descriptions of Crisis Environments & Impacts



Challenges to Market Development

- Tension between relief versus development orientation—focus on crises' symptoms and the short term rather than the crises causes and longer term recovery
- Difficulties in chaotic and pressured situations of identifying and working with legitimate businesses and entrepreneurs
- Lack of understanding of the private sector and distrust of “profiteers” by relief agency staff, re-enforced by exploitative business practices in many relief environments.
- Short-term, inflexible funding, combined with the need to impact large numbers of people quickly, favors direct delivery over the “indirect” use of partner institutions and market channels, which may be weakened

Results of a Relief-Only Orientation

- Programs limited to short term impacts, since few opportunities to ascertain long term prospects or to assess the viability of different options
- Increased vulnerability for un-affected households and SEs
- Creation of “relief culture” and a dependency mindset
- Slows down potential pace of recovery

Research Findings

- Market Development is possible and has great potential
 - Numbers served and poverty impact
 - Spurs reconstruction, for economies better than before the crisis (B3)
- Best practices from development contexts apply
 - Practitioners should go in with a development mindset, then consider what needs to be adapted given the context, rather than vice versa

Break for Challenges & Lessons

Framework for Market Development During and Post-Crises

- More frequent and less in-depth market assessment:
 - Environment changes rapidly with often limited local capacity to support assessments, both in terms of existing data and on the ground capacity and resources to gather more
- Flexible approach:
 - Changes in business environment, market trends, and security, require flexibility in activities and strategies while working towards long term goal
- Fewer partners:
 - Logistics, local capacity and political considerations, may limit the numbers of service providers, associations, or SEs a program can target Start small and grow over time—may require more direct interventions initially
- Initially greater use of subsidies:
 - SEs' and other enterprises' limited assets, combined with higher operations costs and limited financing options severely restrict profitable activities. Practitioners use matching grants, direct payments and other means to subsidize key services and activities that will develop markets, complemented by upfront planning to assess subsidized activities' viability and to formulate a transition to more commercial, sustainable activities.
- Focused interventions:
 - Often the challenges may be too numerous for one program to address. Need to prioritize and focus interventions based on the most critical constraints, which are also within the program's means to address

Next Steps

- Ongoing Initiative within the SEEP MDWG
 - Identify opportunities to collect more information on the impacts of MD approaches in these environments
 - Spur more dialogue between the relief and development communities
 - Develop tools and methodologies to support
 - Collaborate with others also working on this issue