



## MARKET SELECTION

### Introduction

The Market Selection tool will help you to understand how different markets may contribute to the goals of your selected impact group, and guide you towards short listing the 1-3 most appropriate markets for further analysis.

Use the market selection tool after identifying your impact group and their respective goals (using the Impact Group Classification tool or other means), and before more detailed mapping.

All steps are relevant to Humanitarian and Development programmes. Depth of analysis, however, may vary according to the context:

- Programmes planned in areas often affected by shocks should pay considerable attention when doing assessments using criteria 3 and 4 and should consider using supplementary guidance such as the section on post-shock considerations in the Market Mapping guidance document.
- Only a very light implementation of Step 6 is suggested in contexts where development programmes are not likely to follow humanitarian programmes.

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## Average time for using this tool?

**For humanitarian** programmes at least 1 - 2 working days are earmarked for this step to enable some key informant and focus group interviews.

**For development programmes** use 3 - 5 days depending on the complexity of the context and the number of potential markets.

However, irrespective of the time and resources available, ***try not to rush this stage***. Confidence in the final decisions and choices made is vital and, if necessary, take time to undertake additional analysis.

## Who needs to be involved?

Oxfam project staff, programme managers and partners; market representatives/ actors that have an overview of market systems; local and international NGOs, government actors and civil society groups working in the intervention area; and in the case of understanding labour markets, key informants and representatives of the type of labour identified should be involved. Consider representatives from associations/unions and training institutions.

## Important Related Items

- Market Mapping
- Impact Group Classification

It may be necessary to collect and analyse data on care, gender role and resilience potentials of selected markets. The following tools can help with the collection of this information:

- Rapid Care Analysis
- Violence against women guidance
- Social Norms Analysis
- PCVA
- VRA

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## Activity 1: Preparing your market long list

Select up to 10 market options based on your research, and consider post-shock situations.

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## Activity 2: Assessment criteria

Use 7 criteria to help you do further analysis and start to drill down your long-list.

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## Activity 3: Short-listing markets

With your team assess the best options based on your research, together with the opportunities for wider market system change.

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## Activity 1: Preparing your market long list

### Step 1: Data on your impact groups and goals

Before starting Market Selection, you should have completed the impact group classification exercise, and identified the immediate goals of your selected impact group. Please see the Impact Group Classification guidance document for advice on how to collect this information.

Review your impact group goals, and keep these front and centre of subsequent planning.

**In a post-shock context:** to what extent are markets going to be relied on in the planned responses? Keep in mind that all interventions (cash and or in-kind) rely on markets to a certain extent.

### Step 2: Begin adding information on potential markets

At this stage you would have also compiled a list of potential markets to consider in a more formal review. As a guide, you should start from a long list of around 6-10 potential markets.

Bring in additional stakeholders to input on what markets they believe might be important to focus on too. Considering markets that might not at first seem obvious might bring up some interesting conclusions. Consider both markets that poor people already engage within, and ones that they don't currently seem visible in too.

**In a post-shock context:** is there scope to link a humanitarian market-based response to an existing/potentially future longer-term market development response? If so, for what market systems?

### Step 3: Review the literature

Identify from your long-list, which market systems require more in-depth analysis, and which market systems you already have data for.

The following activities require a reasonable amount of information that may or may not already have been collected.

Consider data collected from previous assessments, other GEM+ tools, reports and information available as secondary data from a number of sources including relevant government ministries, research bodies (such as universities and FEWSNET)<sup>1</sup>, and private sector entities engaged in the markets of interest. You may also need to conduct your own research, or collaborate with other agencies to share resources and local knowledge. Coordination platforms can be useful in accessing such information.

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<sup>1</sup> FEWSNET: Family Early Warning System Network (<http://www.fews.net/>)

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## Additional considerations for post-shock situations

Depending on the type of shock, there may not be a lot of time or resources to undertake significant primary data collection. Tried and tested tools for the collection of market data in emergency contexts are available. However, knowing how much primary and secondary data to collect can be a challenge. Depending on the scale and type of humanitarian responses, different levels and types of market analysis is recommended. For example, cash interventions that provide cash to households for their basic household needs will not require as detailed market analysis as a cash intervention for shelter materials or livelihood assets. In some cases a quick market place analysis consisting of trader interviews is sufficient to check the capacity of the market to meet daily needs.

Some livelihood assets (such as fishing boats, types of machinery or seeds) and shelter materials (such as corrugated iron sheeting, types of skilled labour such as masonry) will need detailed market system analysis to ensure the scale of potential demand can be met in a timely manner at reasonable prices.

### Emergency orientated analysis tools include:

- RAM: The Rapid Assessment for Markets (RAM) provides a quick and basic snapshot of how key markets operate immediately after a shock, to support initial decision on feasibility of response options (<http://www.cashlearning.org/resources/library/540-rapid-assessment-for-markets>).
- EMMA: The Emergency Market Mapping Analysis (EMMA) Toolkit provides guidance on selection and analysis of critical market system(s) after a shock to inform response options, both direct and indirect support to markets, from relief to recovery (<http://emma-toolkit.org/get/>).
- MIFIRA: The Market Information and Food Insecurity Response Analysis provides a logically sequenced set of questions, and corresponding analytical tools to help operational agencies anticipate the likely impact of alternative responses (food and/or cash based) at a household level and local market level, and thereby identify the response that best fits a given food insecurity context (<http://barrett.dyson.cornell.edu/MIFIRA/>).

### Additional guidance: The Minimum Economic Recovery Standards (MERS).

The MERS articulate the minimum level of technical and other assistance to be provided in promoting the recovery of economies and livelihoods in crisis. The focus is on strategies and interventions designed to improve income, cash flow, asset management, and growth among crisis-affected households and enterprises, emphasizing the re-start of enterprises and livelihoods strategies, and improving market productivity and governance.

(<http://www.seepnetwork.org/minimum-economic-recovery-standards-resources-174.php>)

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## Activity 2: Assessment criteria

### Step 1: Define criteria depending on goals

The criteria you decide to apply to each of the markets will depend on the goals of your target impact group. However as a minimum, we expect all programmes to identify market systems that provide opportunities for women, don't increase risk and have economic potential.

Seven common identified criteria are (see step 2 for full details):

1. Market economic potential
2. Risk reduction and resilience
3. Labour opportunities
4. Food security
5. Farm systems and environmental impact
6. Women's economic empowerment and gender
7. Capacity to respond to increased demand in a post-shock context

The list provided is not exhaustive, additional criteria and questions, and data collection methods can be developed.

The criteria do overlap, but this is deliberate so that key issues can be included irrespective of the criteria chosen. For instance:

- If the programme focus is working with chronically poor groups, more emphasis will be given to food security, labour and risk issues.
- If the programme focus is working with market ready farming women more attention can be given to women's economic empowerment, farm systems and market potential.
- In a context that faces recurrent shocks, a combination of criteria may be used but greater attention to risk reduction should be given to ensure long-term livelihoods selected are not vulnerable to repeated shocks. Consider referring to analysis tools that can provide a greater insight into the impact of re-current shocks on markets (as a way to identify mitigation and resilience activities). Guidance in the post-shock considerations section of the Market Mapping Guidance can be applied.
- In a post-shock context, criteria may focus on the potential for quick economic recovery (i.e.: short term economic potential) and protection of food security but also, opportunities that provide long term economic potential that are resistant to shocks.

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## Step 2: Determine your research plan/data collection

Once you have decided on your criteria, determine how you will collect information needed. See Activity 1: Step 3 for guidance on how to collect this in your context, and see below for detailed questions and analysis suggested for each criteria. Create a research plan, research methodology, and means of sharing findings following research at this point.

### Criteria 1: Market economic potential

Demand for the product or service in question needs to be high enough to absorb the additional production from poor people. If we target markets that do not have sufficient or consistent enough demand, we will encourage farmers to produce things that cannot be sold or encourage people to engage in an uncertain and unreliable sector.

We also need to target markets that have the right type of demand – for instance niche markets that demand stringent production standards may not be suitable for many poor.

It is important to consider here that humanitarian interventions can disrupt market potential (positively or negatively) and create peaks in demand or drastic short-term drops (e.g.: distribution of seeds to all farmers in a community will negatively affect the seeds dealers but a cash distribution will positively affect food and other basic needs traders). Ensure you understand what is driving the demand.

Key questions to consider for each market include:

- How many people are currently involved in the market? Starting with markets that already reach large numbers can be a good way to achieve scale.
- How might demand for this product or labour change and therefore how many people might it absorb in the future? When exploring demand some key questions to ask are:
  - Where are the key markets for this product and how much is sold in each? Markets could be local, national or export.
  - Is there current unmet demand?
  - How is demand currently changing – decreasing? Increasing? Staying the same? What is driving this and what is the prediction for future demand?
- How much income growth could poor people expect from this market? This is a difficult question to answer because changes to the market system may change the margins that people make. However a simple comparison across markets can be made based on how much income is made at the moment.

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- What are the production standards required in each market and how do these relate to producers in Impact Group? Some markets may require specific standards that poor farmers struggle to adhere to. This could mean that poor farmers are excluded even if a market is expanding.
- Are there any seasonal patterns to demand? This will be interesting to compare with seasonal calendars. Opportunities may be greater when demand is aligned to periods of low income from other sources.
- Is there demand for by-products? This will increase the potential value to be gained from a particular crop, livestock or any market system.

## Criteria 2: Risk reduction and resilience

Although it is only a small part of how we tackle risk, an understanding of risk and vulnerability is important to ensure that we do not select markets that will make poor people more vulnerable or markets that are likely to collapse in the event of a shock. It allows us to design 'smart' market development programmes that will be resistant to shocks and that provide a foundation for resilient livelihoods.

Key information you need to know in order to integrate an understanding of risk into market selection includes:

- What are the main risks likely in the area and what is their likelihood and potential severity? In situations where severe sudden shocks are a regular occurrence this may be simple. In other locations, shocks may be slow to onset and require more investigation.
- How will the identified risk impact on production of different crops? Different crops will be affected by shocks or vulnerabilities differently. In some cases climate change may mean that traditional crops are actually the ones that are most vulnerable. As a result in areas prone to regular shocks, it is essential that you consider new types of market that offer more secure long term opportunities and that contribute to building resilience
- How are men and women and different socio-economic groups affected differently by risk and how does this affect markets? Women are affected by specific risks that may be specific to certain markets (e.g. that require them to walk long distances to a market). Poorer groups may be differently affected. Information related to gender, social norms and protection can be obtained from these relevant tools:
  - Rapid Care analysis
  - Violence Against Women
  - Social Norms Analysis
- How will the identified risks or recurrent crisis impact the functioning of the market systems?

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- Markets will be affected differently by shocks. An example of a market being affected by a shock is the fragmentation of a supply chain in the event of a disaster or the exit of critical traders in the event of a conflict. Some markets will be more resilient to shocks than others or will provide more opportunities to manage this risk. The PCMMA<sup>2</sup>/VRA guidance will allow you to identify those impacts and disruptions linked to a particular shock on specific market systems and on people's livelihoods.

## Criteria 3: Labour opportunities

If a market system is likely to provide significant labour opportunities, it will benefit vulnerable people who do not have so much access to land or to stable employment. This is particularly important in areas where labour opportunities provide a key part of the livelihood strategy of the poorest.

Labour opportunities available from a market system may be dependent on certain levels of skill and may only occur at certain times of year.

Key questions to consider for each market include:

- Where are current labour opportunities in the market? (E.g.: production, processing, transport etc.) Are these opportunities likely to increase if the market becomes more developed? What are terms and conditions like for these opportunities (you do not want to push people into situations where they are exploited and made more vulnerable)
- What are the entry requirements required for someone to participate? (E.g.: skills, assets etc.). How likely is it that people from the Impact Group will be able to meet these? What about differences between men and women?
- What are the labour opportunities for women? (If not covered by first bullet point) Are they fair opportunities that provide good working conditions, are free from exploitation and abuse and do not perpetuate negative stereotypes?
- How does seasonality of the labour opportunities fit in with other demands on time? (E.g.: seasonality – and how consistent is labour demand during the year)

For labour market considerations in a post-shock context, see the following box.

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<sup>2</sup> Juillard, H. (2014) 'Pre-crisis Market Mapping and Analysis Step-by-step Guidance for Practitioners' Oxfam, IRC

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## Post-shock labour markets.

In a post-shock context, the following questions may be useful in understanding the labour market environment and infrastructure before and after the crisis<sup>3</sup>. For additional guidance on post-shock labour market analysis and a comprehensive list of potential key informants please refer to 'Labour market analysis in humanitarian contexts, a practitioner's guide'<sup>4</sup>

### General

- What are the unemployment rates?
- What are the main industries? Potential growth sectors?
- What are the government's economic priorities?
- Where are most people employed?
- Is labour largely formal or informal?
- What is the landscape for self-employment/entrepreneurship?

### Regulations/norms

- What are the national regulations related to labour? How does this differ for specific groups (i.e. refugees, IDPs, women, minority groups)?
- What status or documentation is required to work?
- What are the unwritten local rules related to labour? How does this differ for specific marginal groups, by religion, linguistic group, gender or refugee status for example? What are the main exceptions? Are there informal hiring practices (nepotism, etc.)?
- Which formal institutions govern labour? Are there informal 'organisations' that influence labour, e. g. large labour agencies or 'gang' operators?

### Population movements

- What are the displacement patterns and drivers?
- Are there movement restrictions for particular groups?

### Tensions, conflict and power analysis / social cohesion<sup>5</sup>

- What is the impact of regulations related to labour on different groups (host population/IDPs/refugees/vulnerable groups/women/)?

### Gender and vulnerability

- How are women, men, male and female children, adolescents, youth and other vulnerability groups affected in different ways?

### Key Labour Market Infrastructure, inputs and labour market support services

- What changes have there been before and after the crisis in equipment, skills, knowledge, transport, and access to labour markets?
- How have changes in trade patterns, e.g. resulting from border closures, affected labour markets?
- What impact has the crisis had on wage rates?
- Is there a financial service infrastructure? Can people access credit?

<sup>3</sup> Recommended in Albu, M. (2010) 'Emergency Market Mapping and Analysis'

<sup>4</sup> Source: Truelove, S. (2015) 'Labour market analysis in humanitarian contexts, a practitioner's guide'. Save the Children and International Rescue Committee

<sup>5</sup> [Harb, C. & Saab, R. \(2014\). Social Cohesion and CLI assessment – Save the Children report](#)

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## Criteria 4: Food security

Food security can be improved using the market by

- Increasing incomes and the purchasing power of poor people (including through increased access to employment opportunities)
- Increasing access to services and inputs that result in increased home production of food
- Addressing market problems that affect the supply of food (e.g.: transportation, speculation resulting in food supplies being withheld), be it seasonal or permanent.

Some of the specific issues you may want to explore include:

- What are the sources of food? Which markets are going to be important for addressing food security? These may be crops grown at home, or bought from markets (produced locally or imported), gifts, from barter or salary paid in kind.
- Don't just consider which is the staple food consumed most of the time. Also consider what are the alternative food preferences in the area and the food substitutes, the food that is less preferred but acts as a substitute for preferred food in lean times because it may be cheaper or more easily accessible. This information allows you to identify which market systems are critical and how this changes during the year.
- How does the seasonality of crop availability affect food insecurity? Food insecurity can be seasonal. Crops that can be produced during food insecure periods may be of more interest than crops that can only be grown at other periods.
- How is food being procured? Food security will be addressed differently in a community purchasing their food with money obtained through employment, rather than with money from remittances or from crop sales. Activities like vegetable production can help to ensure food security (own consumption, sold for purchasing cereals, etc), so it is good to check whether people practicing vegetable production in winter times are less food insecure for example. If your answer is positive to this question, it means vegetable production contributes to food security and therefore you might consider one of these markets as your critical market for analysis and intervention.

Knowing this will allow you to target markets that will directly improve food security and prevent focusing on the wrong markets, i.e. if food is purchased using earned cash from employment we know that the employment market will be a key one, if food is purchased using earned cash from crop sales, we know that increasing production will increase food security, etc

- What is the contribution of migration in food security in the target area? Understanding the contribution of migration to food security (for example because migrants pay for food for their families staying at home or send money during lean times) will perhaps not directly guide your market

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selection but you should keep this factor in mind when looking at different criteria and scoring your long-listed markets.

## Criteria 5: Farm systems and environmental impact

The development of agricultural markets implies changes to farming systems. We are interested in ensuring that farm systems are suitable for the resources and time that poor people have and protect environmental and common property resources.

The following questions can form the basis of simple research involving farmers from each of the economic categories targeted as well as agricultural extension workers and other experts who can provide specialist technical information on agricultural systems in the area.

Some of the specific issues you may want to explore include:

- How will development of this market affect common property resources? Common property resources (e.g. forest, water) can be threatened by the development of certain crops and land uses. This particularly affects low income groups with limited secure access rights. As well as influencing market selection this issue may influence subsequent planning (e.g. it raises the importance of participatory land use planning). What common property resources are important for the Impact Group? Are these resources likely to be utilised in the development of this crop? How secure are the rights of the Impact Group to use these resources / are they likely to experience reduced access if this market develops?
- Will the market promote sustainable agriculture? Is it a market that is suitable for sustainable agriculture or one that will lead to high use of artificial inputs, over-use of land and scarce water resources? What forms of input are being encouraged in the market by suppliers and extension agents? Are there organisations that support sustainable production of this crop?
- Do poor people have sufficient control over the right type of assets? Different crops will require different amounts and types of land and will require different degrees of land investment. They will also require different levels of inputs and finance. For chronically marginalised groups, do they have the assets required? If not, is it likely that asset transfers could be successful?
- What type of land tenure do the Impact Group have? Does the crop targeted require investment in any form of land use development? How likely is it that the Impact Group will be able to do this under their tenure arrangements? Is there any evidence of land being appropriated when agricultural production increases in value? Could this apply to this crop and for this Impact Group? What type of physical conditions does this crop require (e.g.: rainfall, temperature, soil type, aspect, drainage, farm

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size) and do these compare to the resources available to the Impact Group?

- Does the market fit in with the current seasonality of labour demand? Labour demands on people vary across the year. Crops that demand more work at existing peak labour times will not be viable. Crops that have high work demands in periods of low activity will be attractive. So how do specific crops fit in with seasonal work demands and activity calendars?

## Criteria 6: Women's economic empowerment and gender

Consider the following key question:

How much does the market provide an opportunity for women to engage meaningfully in a way that increases their income, voice and well-being?

It is critical that you look at more than just income opportunity but also consider control over resources and influence in decision-making.

**In a post-shock situation:** it is worth exploring if any of these issues provide opportunities for change that did not exist before.

Some of the specific issues you may want to explore include:

- Do women have control over the assets required for this market? Different crops will have different requirements in terms of the amount of land required, the type of land and investment in land development needed. Consider ownership and use of land, the type of land and also the ability or right to invest in land development (e.g. to introduce land improvements such as irrigation). Also consider if women have ownership or control over productive resources that might be necessary such as pumps.
- Do women have access to the finance required? Consider the investment required for a particular market (e.g. inputs, land improvement, transport etc). Finance can come from formal or informal providers of credit. This can include Savings and Loans Associations, often critical for women, as well as micro-finance institutions and Banks. It is also vital to consider social norms that determine what how much control women have over household finances and what women can spend money on.
- Does the market provide value added opportunities for women? In many sectors women will be consigned to lower value activities such as production whereas men may control higher value addition opportunities. Sectors where this is not the case can be encouraged. Do women have opportunities to engage in value added activities? Will they be constrained if they try to do so? One way in which women can be constrained from gaining value is from limited physical access to markets. Limits may be caused by cultural constraints on mobility, security concerns or simply the cost of transport.

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- How will the market be affected by time poverty? Women's time poverty is often an issue and will determine which crops provide the most significant opportunity a lot of the time. What time do women have available to engage in economic activity and when is this – and how does this compare to the demands of the particular market being assessed?
- Do women have the capacity / skills required in the market? The type of capacity and skills required in markets may vary. It is worth comparing these requirements with the skill and capacity levels of women.
- Do women's collective organisations exist in this market? Women's collective action has been shown to make an important contribution to women's empowerment. Collective action is often organised via sectors and so it is worth considering any difference in the organisation of collective action across markets.

## Criteria 7: Capacity to respond to increased demand in a post-shock context

A key criterion for humanitarian programmes utilising cash transfer programmes is that markets can respond to an increase in demand for a range of commodities over a short period of time. The importance of supply chain elasticity is greater for commodities in which there are concerns regarding the following: quality, quantity, prices and lag time for delivery. Therefore, the importance of market system analysis in humanitarian responses tends to be more vital when considering fragile, non-competitive and integrated markets or market systems for commodities/ services that are not regularly required in large quantities (of a specific quality) within a short timeframe. This generally tends to apply to assets required for shelter and livelihoods, including skilled labour for construction.

Some of the specific issues you may want to explore include:

- What volume of commodities or scale of service(s) needs are likely to be purchased in the implementation area, and from which market places? Which markets are going to be important for addressing needs (long and short-term)? With regards the volume of commodities/ scale of service(s) requirements, what is the total demand that is likely to be placed on the market systems. This analysis will require coordination with other agencies to get a sense of the 'aggregate demand'.

It is important to also consider the requirements of non-targeted communities and businesses, especially with regards the demand for labour and shelter materials.

On the basis of this analysis, key market systems for commodities and services that require further analysis will have to be prioritised.

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- What is the normal carrying capacity of the market systems? Important to consider the 'normal' capacity of the markets – what demand of need/ volumes are they used to catering for.
- To what extent have these markets been damaged by the shock? What is the current capacity for these items? Is the market in a state of recovery – if so, how long will it take to recover to a level of supply equal to that prior to the shock?
- What actions will support market recovery? Market based interventions are commonly implemented alongside activities that meet the immediate needs of shock-affected communities, often complementing each other.
- Will the market system(s) be able to respond to the increase in demand in commodities/ services a timely manner and at a reasonable price?  
This is the case if:
  - The predicted demand via the cash programme is within the post-shock capacity of the market, or within the recovery timeframe
  - Market based interventions enable sufficient market capacity
  - Market capacity from other (un-affected) areas can be harnessed to meet the needs

## Activity 3: Short-listing markets

### Step 1: Discuss each market

Once you have collected your data from Activity 2, with your team, and other stakeholders, discuss what this means for each of your chosen markets. This is best done collectively because data can be interpreted in different ways and it will be interesting to bring different perspectives together.

This is an iterative process, and benefits from frequent questioning at a group level to enable discussion and debate. If there is insufficient confidence in the gathered data, a re-design of research plan to fill in data gaps and new discussions is required.

For each market undertake the following steps:

1. Go through each of the criteria you have identified one by one and the rationale for deciding on those criteria.
2. Review the evidence that has been collated and discuss how well the market has responded to the criteria. The discussions held need to bring all of this analysis together to draw a conclusion on how this market compares to other markets.

For example ask: *'From the evidence gathered does the market for maize provide a significant opportunity for the economic empowerment of women?' This may be the function of several different factors (e.g. do women have the land required? Are they able to capture value in the maize market? Do they access to the necessary inputs etc? Do they have the time required?)*

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## Step 2: Score each market

Based on the conclusions, give each criterion a score. Use a simple chart and score each criteria from between 1-10 from the lowest to the highest (see below). Separate scores for different socio economic groups (see below) may be necessary, if this is relevant to the Goals. This can be enlightening and can reveal how different markets will affect socio economic groups differently.

The tables below provide examples. In this example each market has been assessed against four criteria and two socio economic groups have been considered (additional socio economic groups and criteria is possible).

### Market: Maize

Criteria / socio econ. group	Very poor	Market ready
Women econ. empowerment	3	8
Risk	2	5
Market potential	4	7
Food security	3	3
<b>Total</b>	<b>12</b>	<b>23</b>

### Market: Goats

	Very poor	Market ready
Women econ. empowerment	7	7
Risk	4	4
Market potential	6	6
Food security	2	2
<b>Total</b>	<b>19</b>	<b>19</b>

### Market: Sorghum

	Very poor	Market ready
Women econ. empowerment	4	4
Risk	8	8
Market potential	5	5
Food security	8	3
<b>Total</b>	<b>25</b>	<b>22</b>

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By the end of this step the long-listed markets should have scores associated with them on the basis of the criteria selected and the discussions taken place.

## Step 3: Practical considerations

A high score does not necessarily mean the market is the best for your intervention. Bringing in other organisations, partners, beneficiaries and other stakeholders, discuss the additional features of the markets that have scored highly, and the practicality of engaging with them.

For instance:

- Markets that may have multiplier benefits. For instance in some places a crop like sorghum may also provide an important input into another sector such as fodder for livestock. So developing one market may address a constraint in another.
- Markets that may provide the programme with opportunities to achieve multiple goals (e.g. that combine food security with income or that are suitable for different socio economic groups etc.).
- Oxfam and partner's expertise and capacity and how that fits in with different markets.

## Step 4: Assess the potential for systemic change

You now have an idea of which markets will be useful for your intended goals. However, the information collected thus far in this assessment process will not inform us of the potential of each market to change systemically and, as this is a long-term intention of GEM projects, it important to assess this potential when short-listing markets.

Note that markets will differ in their ability to change. Consider the difference between a market in which there are multiple companies to engage with, progressive social enterprises, a functional enabling environment etc.; and compare this to a market in which there are aggressive monopolies, political interference, dysfunctional value chains etc. Even if the latter has large demand, it may provide too difficult an operating environment for a transformational change process.

It is not suggested that markets that have constraints to systemic change are to be avoided. GEM aims to facilitate change and that means addressing such constraints. However, changing the nature of markets is difficult, so identifying possible opportunities is key. Practically, this means selecting markets in which there is a meaningful chance of significant systemic change taking place.

Preliminary, *quick* market mapping (using Step 1 of the Market Mapping guidance document) at this stage is designed to help identify major problems or opportunities that may exist. It is better to identify these at this point so that they influence your decision on market selection. This process tries to mitigate a situation where a major problem that threatens goals is identified only after resources have been invested into a programme.

In a small group produce a preliminary market map for each short listed commodity. Include people who know something about the product. Invite key

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stakeholders or informants such as partners or private sector representatives based on their knowledge of the markets.

When undertaking the market mapping process look out for factors that may encourage or discourage significant change. The tables below provide a list of positive and negative factors that may be useful. Add other factors of influence.

Positive factors	Negative factors
Multiple companies that result in a range of different opportunities for engagement	Aggressive monopolies or very strong competitors
Progressive lead firms (e.g. companies that are innovative, that are interested in developing more inclusive practices) or social enterprises	Political interference in the sector
Political commitment to change	Dysfunctional, fragmented supply chains
A functional value chain	Lack of producer organisations to give poor people voice and influence
Presence of business support services	No development of business support services
Interest of other donors and agencies	Neglected sector
Representative cross sectoral bodies that can stimulate broader change	Cultural barriers to change
Presence of strong producer groups that can influence the market in favour of poor farmers	Would require a costly investment
Focus of humanitarian efforts on this sector provides a window of opportunity to change the system	Humanitarian interventions will hinder change

You should now have identified 1-3 markets that have potential to achieve your goals.

You're ready to move on to market mapping!