



Ezra Millstein / Mercy Corps

FACING UP TO THE CHALLENGES

Blending Market and Humanitarian Support for Refugees in Uganda

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Executive Summary

Record numbers of displaced people and growing humanitarian needs require our sector to change the way aid is funded and delivered. This challenge was globally recognised at the 2016 World Humanitarian Summit and is at the centre of multi-lateral debates related to coherence, self-reliance and the nexus. Humanitarian and development actors agree that the complex and shifting nature of crises mean people's needs extend far beyond short-term support. The question remains: how can humanitarian and development donors and implementers collaborate across historically divided aid bureaucracies with siloed tools, funding cycles, decision-making processes and incentive structures? In response to this global call for durable solutions, a few organisations are working on practical approaches in protracted crises and refugee contexts. Their programs focus on strengthening local actors' ability to serve crisis-affected populations, rather than directly delivering relief and livelihood support.

The following thought piece highlights Mercy Corps' learning from one such systemic approach — market systems development (MSD) — which focuses on the widespread impact local businesses and market institutions have on their communities over the long-run. This approach has risen to the forefront of many humanitarian-development debates because markets are a key back drop — and flashpoint — for relief and development programs.

As aid agencies look to help crisis-affected people by working through markets, they are caught between the competing demands of generating sustainable change through systems-level work and guaranteeing needs are met for the most vulnerable. Early attempts by aid agencies to implement market approaches in crisis contexts have shown promise but evidence remains thin due to the inherent challenges of operating and measuring systems-based changes within such environments, as well as the institutional barriers and traditional aid practices that continue to hinder innovation both within and across agencies.

Building off the experience of a 12-month market systems development pilot responding to the latest influx of South Sudanese refugees in Uganda's West Nile region, this paper reflects on the operational challenges and learning questions teams face when designing, implementing and evaluating market programmes in the context of wider relief efforts. While these reflections represent the experience of one team, in one location, they speak to broader themes in the ongoing global debates around coherence and self-reliance. With the goal of informing future strategies and practice, both internally and externally, experiences like the one shared here bring our humanitarian and development colleagues together in the same room to reflect on what coherence looks like in practice. While this may take many forms depending on the context and poses some significant technical questions, these challenges make the call to action more compelling and reinforce our commitment to supporting long-term solutions for crisis-affected populations.

Displacement at the humanitarian-development nexus

Business as usual has become untenable. With 68 million displaced people in the world and counting (UNHCR 2018), the aid sector has finally accepted that displacement is rarely a short-term problem¹ and that long-term ways of supporting displaced people need to be found. There is increasing agreement on some of what needs to change. Once displacement is established as a medium- or long-term problem, there are no good reasons to plan or fund assistance as a succession of short-term projects. There are advantages to helping displaced people to enjoy the same rights, the same access to services and the same opportunities to earn a living as everyone else, supporting their ability to be self-reliant. This is partly because it treats the displaced better — as people with their own rights and lives to live; partly because it avoids parallel service delivery for the displaced, with unnecessary administrative complications and costs, and the resentments that this often causes when services are perceived by hosts to be better than what they get; and partly because donors think that it will ultimately reduce humanitarian needs if the displaced can be helped to look after themselves.

Finding solutions is proving difficult, though, because of complications from all sides. Host Governments are usually reluctant to encourage huge population influxes to stay permanently, and many struggle to pay for adequate services for their own populations, even without adding more demands. Donors can rarely make future commitments for the decades of funding that may be needed and fear becoming overly responsible for paying

¹ "Once displaced for six months, a refugee is likely to be displaced for at least three years... 80% of refugee crises last for ten years or more..." Crawford et al, 2015. "The average length of stay in these states of virtual limbo is now [2011] approaching 20 years, up from an average of nine years in the early 1990s." Milner and Loescher 2011. It hasn't got better since 2011.

for more services in hosting countries. Parts of the humanitarian community insist on minimum standards for the displaced which are often higher than those 'enjoyed' by the local population, arguing that bringing levels down to what is normal locally would infringe their protection mandate, through which they are concerned with the welfare of every individual displaced — a concern not replicated for the local population.²

SEEING LONG-TERM DISPLACEMENT AS A DEVELOPMENT CHALLENGE

Several declarations and initiatives in the last decade have treated long-term displacement as a long-term development challenge, rather than solely as a humanitarian emergency challenge. In 2010, UNHCR, World Bank and UNDP launched the Transitional Solutions Initiative, which led to the Solutions Alliance in 2014, a partnership-oriented approach for humanitarian and development actors addressing protracted displacement. In 2016, the UN adopted the Comprehensive Refugee Response Framework (CRRF), calling for the inclusion of refugees in communities from the beginning so that they can “thrive, not just survive”.

There are examples in several countries of commitments to a more integrated model, supporting refugees and host populations together. Since 2016 the Government of Kenya has worked with UNHCR, UN-Habitat, the World Bank and others on the development of the local economy for refugee camps and the neighbouring populations. In Ethiopia and Jordan, development donors have been financing “jobs compacts” or Economic Opportunities Programmes, where investment is made in a local economy in return for a commitment that refugees will share the employment benefits. UNICEF has recently investigated an integrated model for basic services delivery for refugees and host populations in Ethiopia.

These trends take place against a broader view of the need to combine short- and long-term aid instruments more coherently, an idea seen since 2011 in discussions about resilience (e.g. DFID 2011), in 2016 from the commitment at the World Humanitarian Summit to strengthen the development-humanitarian nexus or in recent talk of development-humanitarian coherence (e.g. OECD 2017).

Over the past decade, aid actors have increasingly incorporated market-sensitive approaches in the use of cash-based assistance to support basic needs of vulnerable populations. More recently, a greater focus on self-reliance has led some agencies to look more closely at how the functioning of markets impacts people affected by crises. This in turn has led them to move 'beyond cash' (Mercy Corps, 2018), using aid interventions to help people find a better livelihood from the market — potentially helping them both to sell and buy at more favourable prices. This has taken them even closer to an area of economic development practice, an approach called market systems development (MSD) that addresses constraints in markets in order to have widespread positive impact.³

2 In contexts where Minimum Standards for humanitarian aid exceed the living conditions of host communities, the SPHERE Handbook recognises local conditions must be taken into account and advises that programmes should be designed with equality of the affected and surrounding populations in mind. The support of both displaced and host communities is increasingly accepted by donors.

3 See for example Springfield Centre (2008) and <https://www.enterprise-development.org/wp-content/uploads/m4pguide2015.pdf>

A NOTE ON TERMINOLOGY

For the purposes of this paper, a marketplace refers to a physical location where exchange of goods and services occurs. A market, in contrast, stretches beyond the physical marketplace to include a range of interrelated actors and systems following often unwritten rules and norms.

Within the scope of market-based programming, aid practitioners often differentiate between interventions that use or are sensitive to markets (ex. household cash distributions), support or integrate markets (ex. cash transfers to traders), and those that support larger systems change (ex. companies incentivised to expand goods or services to a new geography).⁴

Market systems development (MSD) is a specific approach to poverty eradication that supports larger systems change and is also known as 'making markets work for the poor'. Based on in-depth analysis focusing on the role of the poor in market systems, MSD initiatives facilitate shifts in the behaviour of market actors to increase access to goods and services for vulnerable target populations. Strengthening market systems can take many forms and involves understanding and engaging with market-supporting functions, including financial services, transportation, information services, energy, natural resources, and infrastructure as well as other components of the enabling environment such as social norms and regulations.⁵

Refugees and IDPs often live in geographically marginalised and under-developed areas where much of the local population suffers from chronically low incomes and where markets are under-developed. In theory, MSD approaches could be an answer to some of the challenges to supporting the livelihoods of displaced people and the local populations in an integrated way, and could bring a new level of collaboration between humanitarian and development actors. Coverage could be much higher, because a better functioning market should benefit more people than can be assisted with direct delivery of assistance. Benefits should continue long after the project ends if markets continue to supply goods and services. Tensions may be avoided between host communities and the displaced when strengthened markets are accessible to both. Projects don't create a stigma of need, or incentives to portray oneself as vulnerable. It is easier to avoid difficulties with targeting and its frequent companion, corruption. Independence, initiative and work are rewarded through market-based approaches. Donors may also hope that supporting self-reliance proves cheaper than long term direct delivery of assistance.

However, early attempts by aid agencies to implement MSD programmes have shown that it will not be so simple, in part because of fundamental differences between the traditions of humanitarian and development agencies and departments within the same organisations. The humanitarian principle is that aid must be prioritised for those with the greatest need, and organisations have created practices aimed to create minimum conditions for each crisis-affected individual. Market support does not work like that. A MSD approach to helping the displaced looks to create improved economic opportunities by addressing problems with how markets are working for a target population, but it cannot guarantee how or whether people take advantage of those opportunities. MSD programs minimise their financial input into the market in order to avoid the distortions that in-kind distributions have often created, and because short term incentives tend to encourage short-term behaviour change, rather than self-sustaining market outcomes. Working through markets will inevitably mean that some people are left behind, and many aid actors fear that market opportunities tend to be exploited best by those with the most resources. Although humanitarian agencies are increasingly drawn to working *through* markets, by this they often mean giving cash (or skills) to targeted individuals to use in the market. Arguments thus continue, whether MSD is at all appropriate for crisis affected people, whether MSD should be used to help the better-off in tandem with standard relief delivery for those classed as vulnerable, or whether and how cash-based interventions can be effectively sequenced with MSD so as to balance the needs of vulnerable individuals as aid efforts shift toward supporting self-reliance.

⁴ Updated market-based programming framework, Markets in Crisis Group, 2016: <http://www.cashlearning.org/downloads/mbp-framework2may2017final-2.pdf>

⁵ This description of markets and their corresponding systems was taken from Mercy Corps' "Beyond Cash: Making Markets Work in Crisis" paper published in 2018.

Piloting a development-humanitarian hybrid for market support

It has proven difficult to move beyond theoretical arguments because so little has been published about the actual results of MSD interventions in such situations. The use of MSD in crises is still very new and the approach presents challenges to attribute systemic impact to one set of interventions in stable contexts, let alone in the midst of crisis. A literature search for this paper found increasing advocates of the principle of taking a more market-driven approach to refugee crises — but no empirical evidence of the impact of such interventions on the livelihoods of different people. This makes it hard to know how far claims about potential benefits for many people are realistic, or whether the risks that those most in need will be left behind are well-founded. Given this dearth of evidence, the experience of a one-year MSD pilot project in West Nile Uganda is worth sharing.

WHY WE NEED TO INVEST IN EVIDENCE

Several factors contribute to the dearth of evidence on the effectiveness of MSD in protracted crises. First, the use of MSD in crises is new. For those programmes and agencies testing the viability of the approach in fragile environments, contextual and technical challenges impact their ability to prove impacts are a result of an intervention and not due to external factors:

- › Attributing the impact of a systems-focused intervention to a single project can be tricky because the target population is served indirectly, in this case through facilitation of market actors, rather than through direct targeting. Not only are these individuals sometimes hard to find, but it can be difficult to understand the depth and limitations of the benefits these individuals experience as a result of systems-level interventions because implementers can't predict who they are in advance. These challenges exist for MSD programmes operating in stable contexts too and are only compounded in crisis by factors such as repeated displacement (among others).
- › The thin markets found in crises often lack accurate data and information regarding market functions and target populations. Finding and/or gathering this information as a programme often depends on the degree of access and severity of the crisis during implementation.
- › Finally, there is often a lack of time and resources to implement sufficiently rigorous evaluative activities to prove the effectiveness of systems-level interventions in more humanitarian contexts.

If anything, our sectors' answer to these challenges should be to continue improving our evidence, rather than prioritising interventions that are easier to measure, even if their impact is limited. For an overview of promising early examples of evidence Mercy Corps has gathered from its own programming, see their "[Beyond Cash: Making Markets Work in Crisis](#)" paper.

A consortium of Mercy Corps, the Palladium Group and DanChurchAid ran a 12-month pilot project assisting both South Sudanese refugees and local populations in West Nile, a remote and underdeveloped part of Northern Uganda.⁶ The consortium worked on agricultural value chains, through an approach which blended the MSD and humanitarian schools of thought by catalysing opportunities for better off farmers and market actors

⁶ The reflections in this paper are representative of Mercy Corps-led program components only.

while also addressing some of the barriers to market participation for recently displaced refugees. In practice, this meant providing a much greater degree of subsidy for refugees in the belief that they were otherwise unable to pay for agricultural inputs and services, and to traders, in order to accelerate their uptake of new practices.

Northern Uganda provided a good opportunity to test such a project for several reasons. There has been a very long history of refugee presence in Northern Uganda, and it was clear from early on that the displacement from insecurity in South Sudan was likely to continue for some years. During previous waves of displacement, the Government of Uganda had worked with international aid agencies to assist refugees through a self-reliance strategy (UNHCR 2003). One of the reasons such a strategy arose in Uganda is that refugees there have long enjoyed significant rights: freedom of movement, rights to work and many are even given plots of land which they can cultivate.

The hybrid MSD-humanitarian approach was based on several assumptions:

- › The arrival of displaced populations in geographically marginalised areas presented market opportunities for the local economy;
- › Displaced populations would benefit from greater market engagement (e.g. buying more agricultural inputs, selling more produce in more formal markets) in the same way as host populations;
- › Displaced populations faced financial constraints that limited their market engagement;
- › Because they were less familiar with agricultural and market conditions in Northern Uganda, they were less likely to recognise the benefits of some forms of market engagement (specifically, investment in purchased agricultural inputs, market-oriented production) and thus less likely to engage optimally in the market.

The pilot project worked at various links of the value chain, with both buyers and sellers of agricultural inputs and of agricultural produce. It gave coupons to displaced and local farmers as a way of subsidising improved seeds and services, to stimulate demand for them and thus to improve agricultural productivity. It also worked with local traders and input suppliers, subsidising them to undertake more outreach activities and helping them to develop better relationships with their national suppliers.

PILOT DESIGN

The implementing partners targeted 5,000 smallholder farmers in West Nile (1,500 refugees and 3,500 host community members) across two districts and two refugee settlements to increase incomes and support growth in the agribusiness sector. The pilot's key activities included:

- › Working with seed companies to invest in new seed varieties in target areas and train local agricultural input dealers;
- › Supporting local agricultural input dealers to build out a network of agents into targeted areas and complete promotional campaigns to build demand. In refugee settlements, introducing input dealers to potential agents and linking those agents with farmers;
- › Partnering with post-harvest handling technologies and tillage service providers to expand into refugee and host communities;
- › Forming refugee farmer groups and hiring agricultural extension trainers to support field-level instruction on best practice;
- › Supporting access to inputs for farmers through promotional coupons for improved seeds, hermetic bags and tillage services;
- › Building formal linkages between farmers and off takers;

Additional detail on the context, design and impact can be found in [the pilot's final evaluation report linked here](#).

What the pilot does and doesn't tell us

A recently published [evaluation of the pilot](#) concluded that it had been broadly successful in achieving changes in markets with both traders and farmers.⁷ Support for input suppliers, service providers and traders in agricultural produce resulted in a better connected and more vibrant market sector during the year of the pilot. Traders made a wider range of products available, including new seed varieties. They expanded their business models, hired more staff and offered a wider range of services. Seed companies, which had largely ignored this more remote part of the country, began working with agro-dealers to overcome transportation challenges, while agrodealers combined to negotiate better prices for bulk orders. Market subsidies increased the participation of refugee and host farmers in markets. They used more ploughing services, increased their purchase of new seed varieties; and more farmers sold crops to the semi-formal sector.

OBSERVED CHANGES IN WEST NILE

The final evaluation noted several market changes in West Nile. While these changes cannot be directly attributed to the program, the pilot likely played a key role in contributing to these outcomes.

National seed companies began working with local agro-dealers in West Nile

Agro-dealers in West Nile had previously been unable to negotiate credit terms or order large volumes and often felt inferior to larger customers, such as NGOs, buying from seed companies in bulk. The pilot provided a guarantee to initiate credit terms and, at the end of the pilot, order volumes were growing and seed companies were still allowing credit terms. To overcome transportation challenges, some agro-dealers supported by the pilot also began combining individual orders to place bulk orders. Seed companies expressed a desire to work directly with agro-dealers, rather than through NGOs.

Agro-dealers made a wider range of products available and expanded their business models, hiring more staff, reaching more customers and offering a wider range of services

Agro-dealers in West Nile cost shared with the pilot to promote improved seed varieties and provide discounts for interested refugee and host community farmers. Three marketing methods that agro-dealers adopted based on their perceived success of the marketing activities under the pilot, as well as positive feedback from customers, included: collection of customer contact information in a database, use of SMS as a means to communicate with customers, and use of megaphones to promote products and services at market days. Agro-dealers also began building out their use of agent models to distribute products including cost sharing for establishing outlets near refugee settlements, providing training to agents and storing stock. The evaluation was not able to track individual impact by interviewing the same farmers over multiple seasons, however, agro-dealers noted increased demand for non-pilot supported seeds and inputs, indicating a potentially positive trend for an emerging input market.

The pilot, though, taught us perhaps less than we would have liked. It is hardly a lesson that discounts on goods and services result in greater market activity, and the evaluation could tell us little about the overall impact on the livelihoods of refugees or the local population. Fundamentally, it is too soon to know whether the behaviour change of businesses will last beyond the life of the project. Nonetheless, there is encouraging evidence that a “thin” market is getting a little less thin⁸ and it is reasonable to hope that farmers enjoyed economic benefits if they followed practises, like using better seeds, which are believed to improve their productivity.

⁷ The study methodology was not designed to prove that any changes over the year were caused by the project. It is reasonable, though, to believe that the intervention did play some causal role.

⁸ A thin market has few buyers and sellers and is characterized by low trading volumes and high price volatility — with prices often being set by individual negotiation, where negotiating power may be highly unequal. Margins may be high and market information low, with an absence of insurance, futures markets, etc.

Beyond giving some grounds for optimism, the most important contribution of the pilot and its evaluation report may be the clues which can be found regarding the two fundamental challenges which will have to be faced if market-based approaches are to be successful in refugee situations: the bureaucratic difficulties and the knowledge gaps that constrain programme development.

Twin challenges: bureaucracy and information

The bureaucratic difficulties are the more obvious, and they are numerous. Bringing about change to markets in a local economy can only be done at scale: yet without the evidence that such interventions work (and provide value-for-money), it has been hard to find the resources to experiment on the necessary geographic- and time-scales. Despite the consensus that more aid coherence is needed across the development-humanitarian divide, the two financing systems remain largely separate. Development donors are still reluctant to work in crises, which pose unfamiliar challenges, and humanitarian donors remain focused on meeting basic needs and early livelihood recovery. Yet, ironically, both are funding the same operational organisations who work in parallel in the two separate worlds. The evaluation showed that a one-year pilot was too short to achieve enough change, and yet most humanitarian donors still work on annual funding horizons.

THE UNEASY CO-EXISTENCE OF MSD AND RELIEF

The MSD pilot team engaging market actors in West Nile often found incentives are skewed due to the impact of direct distributions. For example, at aggregation points during harvest season, farmers with locally grown sorghum faced competition from households selling their sorghum rations at cheap prices. Distribution of in-kind seeds and tools also undercut markets for agriculture inputs. The few sellers of inputs existing in and around the refugee settlements in West Nile complained that these free distributions prevented them from expanding into the settlements. This undermined the project's ability to meet its objectives of helping farmers to improve their sorghum production and helping input suppliers to increase market activity in higher quality agricultural inputs.

Cash programming took well over a decade to become mainstream, and although there is much rhetoric of support for more developmental approaches to refugee support, the growth of market programming may be much slower. MSD in West Nile challenged a basic humanitarian paradigm far more fundamentally than cash programming, because even when the project outputs of supporting market activity were achieved, it was not possible to guarantee that pre-determined individuals' needs were met. An MSD approach will never meet the standards of those concerned with the welfare of every individual, even if it is able to have a measurable and sustainable impact on refugee populations. This reality should not discount the value of an MSD approach, but should push forward a conversation about how to layer different strategies to maximise benefits to crisis-affected groups.

It is hard to find support for projects that want to combine market development with some form of relief through a market subsidy, as this consortium found in West Nile. The relief component was controversial for seasoned MSD professionals, who saw it as contradicting market development. At the same time, the idea that refugees could be expected to pay something for services and inputs was controversial for other implementing agencies with an explicit focus on the most vulnerable. Despite talk of a nexus between the development and humanitarian worlds, the idea that refugees in West Nile were in need of assistance, but still capable of doing much for themselves, did not fit easily into either aid category.

CONFLICTING SUBSIDY STRATEGIES

Implementing teams in the field struggled to understand clearly how to work with different types of financial support, especially if they were not involved in initial project design. Mercy Corps' team in West Nile implemented this MSD pilot simultaneously with a more traditional livelihood recovery program, both using subsidies though they had different objectives. The MSD pilot used partial subsidies so refugees could buy seeds from local input suppliers at discounted prices, in an effort to spur uptake of a new product and to encourage local agro-dealers to make longer-term investments in refugee areas. The more traditional project gave refugees vouchers to obtain free seeds from input suppliers, in order to support food security for 'the most vulnerable'.

Unclear of the different reasons for using subsidies, and because direct delivery of inputs and blanket food distributions were the norm for aid agencies in the area, field team members at times promoted Mercy Corps as the provider of improved and discounted seeds to farmers in the MSD pilot, rather than promoting local agro-dealers who were selling the discounted seeds to build up their business in the settlements. This unintentionally undermined the project's desire to facilitate local business growth and catalyse longer term relationships between suppliers and farmers. This example also highlights the nuance involved in properly training and orienting teams who are used to working in direct delivery programs on the facilitation approach at the core of MSD.

The information gap has been more hidden, but it may prove the greater barrier to successful interventions. It is characteristic of the aid sector that much of the discourse advocating for developmental approaches relies on intuitively plausible arguments rather than detailed empirical analysis. This leads easily to a belief that if MSD is the right direction to take, then as long as an MSD project is implemented successfully, it must be helping the displaced and local populations. The pilot examined here largely reached its targets — and yet Mercy Corps found itself asking more questions than finding answers by the end of the project. The pilot highlighted key information Mercy Corps needed to improve MSD programming in West Nile while emphasising that short donor time-frames in protracted crisis context for designing and implementing projects make compiling this information much harder to do.

Is designing MSD in crisis contexts harder than aid agencies realise?

It is not simple to design a successful agricultural market development programme, even where there is no displacement or migration crisis. To identify which market changes are possible and which will improve the livelihoods of a target group, both market and non-market failures need to be pinpointed and explained. And yet, market development programming in a refugee situation is even more difficult to design than in less fragile contexts. The market problems are often complicated by remoteness, thin markets and lack of data, huge influxes of distributed relief goods, and the fact that non-economic rules (e.g. power relations, kinship obligations) may play a greater role in determining behaviour. It is impossible in such a situation to diagnose the problem and design a solution by relying on assumptions about farmers' knowledge, behaviour and abilities. For example, it was reasonable for the West Nile project to assume that farmers would make greater profits if they bought more quality inputs. But the high pressure of time demands in such an environment, the presence of other actors providing fully subsidised inputs and perhaps the fact that senior staff in West Nile did not include agricultural economists, meant that it was challenging to fully investigate assumptions about *why* farmers were not currently buying quality inputs. The pilot subsidised inputs to refugee farmers on the assumption that they either could not afford to buy them or that they were not aware enough of the benefits that they would be willing to invest in them. At the end of the pilot, it is still not clear: a) without a subsidy, how far would it have been profitable for farmers to buy inputs (and profitable for dealers to stock more goods and to engage in outreach marketing)? and b) if it was profitable, what were the problems that the subsidy was supposed to solve?

THE CHALLENGE OF DIAGNOSING MARKETS

Good market programming requires in-depth analysis of market constraints before finalizing activity design and on an ongoing basis throughout implementation. **Although humanitarian programs, particularly those that integrate cash-based assistance, now regularly include market assessments (to understand the capacity of marketplaces to supply goods and absorb cash), the depth of this analysis is not sufficient to understand systemic market constraints.** This is partly a factor of time given short funding cycles as well as often challenging operating contexts and dynamics. The 12-month West Nile pilot had just over one month to engage agro-dealers and farmers in the next planting season. Without the time to diagnose root causes, the team based the design of activities on certain assumptions. Even with time for deeper analysis and staff with market expertise, humanitarian situations make an understanding of market dynamics much harder. In West Nile, for example, sudden shifts in population levels and the huge market footprint of in-kind distributions make it difficult to understand market opportunities in real time.

A combination of a wide range of expertise, economic and non-economic, is needed to analyse which market changes could lead to better outcomes, and then to design an intervention that is most likely to bring about such changes. It is very difficult to bring together all the skills needed. Development economists and market experts do not often feel comfortable analysing humanitarian crises, where markets are thin, and there is little reliable data; and they are rarely familiar with humanitarian principles. It is not possible, though to substitute their expertise by giving an experienced programme manager a short course on market assessments in crises. Aid agencies need to creatively find ways to incorporate this expertise in their teams in order to move beyond assumption-based theories of change (for example, recruiting for new and different skill sets, ensuring proper budget for advisory services, or cultivating partnerships with other agencies).

At the same time, very little guidance is available on how to adapt MSD for crises or refugee situations. Although guidance exists on the design of MSD programming in stable contexts, (see *further reading* below), for the much more difficult area of working with markets in crises, only short introductions are available. These are very useful documents for understanding the overall ideas, but nothing with the level of detail or professional expertise needed to help agencies who want to test this approach.⁹



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Building an evidence base: the need for agency guidance

It is not surprising that there are no detailed guides, grounded on evidence, because there have been very few experiences to date on which guidance could be based. It is less easy to justify why there is little guidance for agencies on what evidence and learning they could most usefully be collecting in order to build up that evidence base. With hindsight, Mercy Corps can see which additional information could usefully have been collected before, during and after the pilot: and with hindsight, the need is clear for help in designing monitoring systems and commissioning evaluations, which can both guide the management and design of MSD projects for refugees and hosts in West Nile, and be useful to the wider community of practice. Such guidance should offer help on

⁹ See for example Nutz 2017, IRC 2016, Simpson and Juillard 2018.

identifying where implicit assumptions are being made about market functioning and farmer behaviour. The guidance could then help operating agencies to ensure that monitoring information allowed them to test the analysis and assumptions that had been made in project design even as the project was being implemented. It would also help ensure that agencies such as Mercy Corps collected the right information to know what impact the projects had on different people's lives and why. Without help to generate the evidence and learning required, we will have to wait too long for credible guidance to emerge on designing this new kind of intervention.

WHAT QUESTIONS WILL MONITORING AND EVALUATION HAVE TO ANSWER IN FUTURE WEST NILE MSD PROJECTS?

This paper does not aim to set out a full list of questions for the monitoring and evaluation of market support interventions in situations of mass displacement. The paper does argue, though, that far more detailed and nuanced information is needed if we are to properly understand how such projects work and thus to develop guidelines for their design. For example, aid agencies need to be able to dig into the dynamics and rights that change access to land over different seasons and over time. They also need to understand agricultural labour dynamics as they relate to wage rates, and the potential impact that subsidies for mechanisation have on the income potential of different refugee groups. And aid agencies must be able to analyse market opportunities, understanding not only formal and export markets, but highly fluid informal markets as well.

Where do we go from here?

Displaced people are active agents, looking to take as much control of their own lives as they can. Governments do not see a contradiction between their efforts to help their citizens in marginalised areas by stimulating the local economy and ensuring that markets work better for local people, and at the same time offering welfare and other assistance to those who need it most. Aid actors find it hard to cope with the need to run two kinds of assistance at the same time because we have built up separate bureaucracies for delivering them, and mind-sets in the humanitarian and development worlds make it hard to talk to each other and change long-engrained practices. As a result, we are failing displaced people and their hosts, who want to be self-reliant and want markets to function in ways that make that possible. While there are technically difficult challenges in knowing how best to deliver this, there should be no doubt that these are challenges that we need to face up to. There is much to learn about how far market systems development approaches can help people affected by crises, when to include some direct welfare elements and how best to achieve this. There is no justification for delaying the start of that learning process.

Conclusions and recommendations

- › Adaptations of MSD for crises and refugee situations offer enough promise to warrant wider experimentation. However, significant investment is needed to design them well. Humanitarian donors will have to find ways to fund adequately the analysis needed and to finance market-based responses over longer time-frames.
- › If humanitarian and development agencies take their commitments to the nexus and to aid coherence seriously, then they need to find ways to move beyond rhetoric and bring their distinct competencies in collaboration to work on markets in crises.
- › The need for more traditional humanitarian relief and protection interventions will continue. Although these can potentially undermine market-based approaches, this does not have to be the case. Aid coherence means that projects should not be designed and considered according to the priorities and mandates of individual agencies or donors in isolation, without considering their impact on the overall outcome for the affected population. Sector wide collaboration is required to find ways to meet a diverse set of needs in ways that are mutually compatible. The difficulties in achieving this are enormous: amid the rhetoric for coherence and nexus, they have not been adequately recognised and are not being adequately addressed.
- › There is an urgent need to develop guidance on monitoring and on evaluation for humanitarian adaptations of MSD programming. Where several agencies are running different programmes around agricultural livelihoods, they will all benefit if more collaborative approaches can be developed for answering questions which affect them more generally.
- › It is reasonable that we do not yet know how best to adapt MSD to refugee situations or other crises. Humanitarian agencies need to understand just how difficult good MSD programming is and the scale of the challenges facing them. Recognising the difficulties is the first necessary step to developing better practice. It will not be acceptable if we still have similar knowledge gaps on how to adapt MSD in five years' time.
- › Working through markets has the potential to achieve much greater change for many people. However, it demands ways of working that fall outside the traditional expertise of humanitarian agencies, and which are uncomfortable for a tradition that is focused on the specific needs and outcomes of each individual at risk. This is not an argument for staying away from what is difficult, but rather an argument to embrace fully the challenge of working differently.

Further reading

On developmental approaches to crises and protracted displacement:

Transitional Solutions Initiative: UNDP and UNHCR in collaboration with the World Bank

<https://www.unhcr.org/partners/partners/4e27e2f06/concept-note-transitional-solutions-initiative-tsi-undp-unhcr-collaboration.html>

Humanitarian Development Coherence, OECD

<https://www.oecd.org/development/humanitarian-donors/docs/COHERENCE-OECD-Guideline.pdf>

On market systems development:

The Operational Guide for the Making Markets Work for the Poor (M4P) Approach

<http://www.springfieldcentre.com/wp-content/uploads/2014/09/2014-09-M4P-Operational-Guide-with-watermark1.pdf>

On markets in crises:

Beyond Cash: Making Markets Work in Crisis

<https://www.mercycorps.org/research/beyond-cash-making-markets-work-crisis>

Markets in Crises: the Implications for Humanitarian Action

<https://www.odi.org/sites/odi.org.uk/files/resource-documents/11722.pdf>

And some forums where you can find out much more:

Markets in crises <https://dgroups.org/dfid/mic>

SEEP network (resilient markets, responsible finance and much more) <https://seepnetwork.org/>

Building Effective and Accessible Markets (BEAM exchange) <https://beamexchange.org/>

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About Mercy Corps

Mercy Corps is a leading global organization powered by the belief that a better world is possible. In disaster, in hardship, in more than 40 countries around the world, we partner to put bold solutions into action — helping people triumph over adversity and build stronger communities from within. Now, and for the future.



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