**Part 1.3 Multi-Sector Market Assessment**

Of the needed goods and services, what can be purchased locally, at what price? Can supply meet total demand? What depth of analysis is necessary to make a “good enough” decision?

**What It Is**

The Multi-Sector Market Assessment (MSMA) is a process whereby there is a final determination of what goods and services can be purchased in sufficient and reliable quality and quantity to meet emergency needs – and therefore the cost of which can be included in the MPG transfer. The MSMA will use either a Marketplace or Market Systems Analysis. Market Systems Analysis can also help to identify complementary market interventions to support markets to meet demand or alternatives to CBIs. What follows is a summary of the more detailed MSMA in Annex 1.

**Essential Checklist**

A quick way to narrow down what to include in the MSMA is to exclude those goods/services that cannot be met through CBIs. These include sector-specific needs that are unlikely to respond to demand caused by an increase in purchasing power, e.g. vaccinations (Table 2), or goods and services that were excluded in the first-glance Market Situation Analysis.

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**TABLE 2. Excluding items from the MSMA**

| Markets which did not exist or functioned poorly prior to the crisis, or which have specialist suppliers. For example, tents or emergency water storage systems. |
| Public or social goods or services which households may not value but which have population-wide or significant household-level impacts, such as education, psychosocial help and vaccination. |
| Goods and services for which people might not be Willing to Pay, e.g. common services such as roads or security |

**Translating needs (and wants) into total demand.**

Demand and supply sides of markets are important in market analysis, in order to ascertain how well the market system can meet the objective of meeting people’s basic needs in a crisis. The ability of the market to meet demand depends in part on traders’ and/or service providers’ willingness or ability to secure enough supplies to meet this demand, and in part on the traders’/service providers’ ability to absorb the cash they receive for their goods and services and re-stock to continue meeting demand.

In the MSMA we are concerned with total demand:

\[
\text{Total Beneficiary Demand} + \text{Other People's Demand} + \text{Government/Agency Purchases} = \text{Total Demand}
\]

Or another way to calculate this is:

\[
\text{Total Population} \times \text{Quantity per person/household} + \text{Government/Agency Purchases} = \text{Total Demand}
\]
FIGURE 4. Deciding on the Depth of Market Analysis

**Marketplace Analysis:** Rapid and focuses on what is being traded in a marketplace and what traders think they can deliver to meet demand. Sufficient where markets are vibrant, functioning, and/or seen to be recovering. Information available.

**Value or Supply Chain Analysis:** More involved. Requires tracing where supplies come from and factors affecting supplies. Suitable where historically markets were vibrant but presently supply is limited. More information needed to ensure supplies will continue or increase in future (e.g. perishable food items or imported goods).

**Market Systems Analysis:** Maps social, political, economic, cultural and physical factors affecting a market. Used when supply is uncertain or complicated (e.g. vaccinations in remote health clinics, rental markets or livelihood assets). Needed to inform advocacy or market interventions.

CaLP’s Minimum requirements for market analysis in emergencies suggests that if total demand increases by more than 25% in urban areas or 10% in rural areas when compared to pre-crisis demand, a Market Systems Analysis may be necessary (Box 1 and Figure 4).

- Remember, however, that “need” does not automatically translate into demand. People may choose ultimately NOT to buy/pay for a particular service or good for a wide range of reasons. Sometimes people will substitute one product for another. As long as it meets the price and quality criteria, this is acceptable. This is another reason why market analysis should strive to be “good enough”. It is impossible to predict and account for all factors affecting supply.

For each type of “demand”, develop a critical markets shortlist. This might include staple foods, fresh foods, hygiene items, clothing, rental accommodation, water services, utility services, energy/fuel supplies, etc. See the detailed Annex 1 MSMA for examples.

Decide if Marketplace Analysis is sufficient or Market Systems Analysis is necessary to have a “good enough” understanding of whether supply can meet demand (Figure 4, Table 3 and Box 6).

If security allows, go to the market!

**TABLE 3. Deciding between Marketplace and Market Systems Analysis**

<table>
<thead>
<tr>
<th>Consider Marketplace Analysis and Monitoring</th>
<th>Select Market System Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short intervention time frame (&lt;3 months)</td>
<td>Longer intervention time frame (&gt;3 months)</td>
</tr>
<tr>
<td>Visible abundance/supply in marketplace</td>
<td>Uncertainty about supply</td>
</tr>
<tr>
<td>Short/local supply chains</td>
<td>Longer/international supplies</td>
</tr>
<tr>
<td>Trader capacity high (finance available, networks exist)</td>
<td>Low trader capacity</td>
</tr>
<tr>
<td>Good information flows in market system</td>
<td>Poor/broken information flows (speculation/rumours)</td>
</tr>
<tr>
<td>Simple market systems: few actors</td>
<td>Complex market systems</td>
</tr>
<tr>
<td>NO significant market problems/breakages/leakages</td>
<td>Income markets/livelihoods support</td>
</tr>
</tbody>
</table>
### TABLE 4. Examples of Representative Markets for Goods and Services

<table>
<thead>
<tr>
<th>Critical product or service</th>
<th>Information on demand</th>
<th>Preliminary market information</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hygiene products</strong></td>
<td>Includes toothpaste, soap and sanitary products. Usually purchased from market stalls. Household needs = 1 tube + 1 bar + 1 pack per week</td>
<td>Traders source from 5–6 wholesalers who in turn source from national distributors. Most items come from country Z. Main constraining factor will be exchange rates.</td>
</tr>
<tr>
<td><strong>Household goods</strong></td>
<td>One-off purchase per household of 2 buckets, 3 pots, 1 stove, 6 cups/plates/spoons</td>
<td>As with hygiene products but also available through second-hand market.</td>
</tr>
<tr>
<td><strong>Fresh produce</strong></td>
<td>Interchangeable amount of tomatoes/ spinach/ potato/onions; 2kg/household/week</td>
<td>Used to be locally sourced. Potential to reinstate local production in 3 months!</td>
</tr>
<tr>
<td><strong>Rental markets</strong></td>
<td>Medium-term shelter solution (3–6 months). One room per 2–3 people.</td>
<td>New market arising from crisis. To be analysed further.</td>
</tr>
<tr>
<td><strong>Childminding / schooling</strong></td>
<td>Households are saying this would greatly help invest in future and provide “time” for adults to seek employment/work.</td>
<td>Informal services are popping up which some providers charge for and others provide in exchange for in-kind (e.g. part of food ration).</td>
</tr>
</tbody>
</table>

### IF SUPPLY CHAIN OR MARKET SYSTEMS ANALYSIS IS NECESSARY, FOLLOW THESE STEPS

1. **Identify representative markets (Table 4).** A representative market is when the supply of a single item can represent multiple items, i.e., they have similar demand, supply chains and providers, e.g. the soap supply chain is probably similar to the toothpaste supply chain.

2. **Undertake market mapping exercise** identifying the factors that influence supply. Some general tips on how to carry these out in multi-sector contexts are listed below. This is a growing body of knowledge, so this is not a comprehensive set of tips!

3. **For groups of products (fresh food, household or water and sanitation non-food items)** identify common market services and enabling environment factors affecting different market chains. This will greatly reduce the research work, and also help to establish patterns early on. You can use colour-coding on one “map” to identify services which are specific to any one market or common to more than one market (Figure 5).
FIGURE 5. Market Map Example

Market environment
- Import policy/taxes
- Natural environment & resources
- Transport sector
- Regional and global supplies and prices
- Trade rules & competition policy
- Competition
- Consumer trends
- Gender roles & behaviour
- Social norms and informal networks
- Quality standards & regulations

Market actors
- Producers
- Importers
- Traders
- Processors
- Wholesalers
- Retailers
- Consumers (women and men beneficiaries, other poor, other population)

Market services
- Production
  - Financial management
  - Accreditation
  - Extension
- Procurement
- Information
- Quality assurance
- Other services
- Transport
  - Vehicles
  - Fuel
  - Spare parts
- Savings
- Credit
- Insurance
- Finance to retailers etc.
For single sector markets:

- **Food markets**: Price tracking in food markets is fairly well established, and market analysis is becoming more commonplace. Remember to use these existing sources of information to supplement market information. Focus on supply and traders’ capacity to expand staple food markets.\(^{20}\)

- **Water markets**: Look out for the “market services” or related products which may be critical or even more important than “water” itself. For instance, the “trucking” or transportation system may be the market system to analyse because it is the main determinant of water costs/prices as well as availability.

- **Shelter or housing** consists of many different options and it will be important to understand the relationship between, for example, tented and rental accommodation. They are, strictly speaking, two separate markets – with very different services, inputs and enabling environments – but because people may seek to move from one (tents) to another (rental), and because the quality of housing determines the level of other needs (especially heating/clothing/blankets), it is important to understand the relationships between the market systems.

- **Health and education** services are comprised of multiple, inter-related systems (facilities, personnel, supplies). Some of these are public goods and others depend on markets (medicines and medical supplies, school materials). Break them down to determine if and what market assessment is necessary. Recognise that while these are public goods, we know people will try to fill gaps through “private” means if they have to.

- **Transport markets**: Transport plays a key role in people’s ability to access goods and services and to earn a living. It is vital to understand how transport, or other related commodities such as fuel, may be affected by the crisis. Transport markets also need to be assessed before designing a response that may divert available trucks or cars away from other critical uses.

- **Livelihoods markets** require Market Systems Analysis. Households will prioritise re-establishing their livelihoods early on in a crisis. Livelihood markets include the inputs people need to produce outputs (goods and services) which they then sell, including their labour.\(^{21}\)

  - Don’t forget that an important “market” that affects consumers and suppliers/service providers is the financial services market. Detailed guidance on financial services assessment is found on CaLP.

  - In some circumstances, crisis-affected people will be prepared to pay for security, particularly where local or international peacekeepers are unable to guarantee safety from violence. This presents a dilemma for humanitarians and donors who don’t want “their” money being used to pay armed groups. Use a community-led protection approach: work with communities to understand who is providing security services, if there are alternatives, or how “services” can be made more accountable. Use participatory monitoring to detect potentially exploitative relationships.

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\(^{20}\) Staple food is a food that is eaten regularly and in such quantities that it meets a large part of calorie needs.

\(^{21}\) M4P or Practical Action.

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**BOX 6. MARKETPLACE AND MARKET SYSTEMS ANALYSIS IN NEPAL AND THE PHILIPPINES**

Following the earthquake in Nepal, historically developed and integrated markets were able to quickly reinitiate the flow and supply of goods despite the disruptions to infrastructure. For food and non-food items traded in markets, visiting markets and conducting trader surveys was adequate to determine reliable supply. For shelter items, where markets were not developed, more in-depth analysis was required to inform response.

In post-Haiyan Philippines, many items were needed to reconstruct shelter, provide basic needs and recover livelihoods. To meet needs, food, non-food and livelihood-inputs supply chains clearly needed reconstruction. The Market Systems Analysis informed appropriate market support, to avoid recreating the weak livelihood-input markets that existed prior to the disaster.
Systematically looking at how one factor – such as a policy or a financial service – affects different market systems can help achieve scale across sectors. The aim is to identify a few areas of support, and the incentives that will make them work better. Then step back and allow these critical interventions in infrastructure, service and policy to leverage change across multiple market systems!

The outcome is a top-level picture of market systems’ supply or the ability to meet the needs following a crisis a) for a specified period of time, b) at an acceptable price and c) to minimum quality levels.

In addition to a detailed understanding of what can reliably be purchased locally and at what cost, the MSMA identifies:

- Recommendations on complementary supply-side interventions.
- Insurmountable factors negatively affecting market systems (within the time frame of the intervention).
- How in-kind assistance might impact market recovery.
- A list of indicators to monitor a) whether markets are meeting needs, and b) if markets are adversely affected by humanitarian interventions (both cash-based and in-kind).

**Do No Harm/Do More Good**

During the MSMA, remember to analyse access to goods and services from a target populations’ perspective. For example:

- Analyse whether there are obstacles for specific crisis-affected groups, e.g. elderly or disabled people, to access certain services, shops or traders. Consider obstacles such as the need to pay others to pick up and deliver goods.
- Determine whether beneficiaries will be able to reach and return home from the services/markets within daylight hours. If they cannot go on foot, consider if they can afford safe, secure transport or if the cost would need to be included in a transfer.

- Assess the opportunity costs/savings to access the local market and compare with in-kind distributions if appropriate.
- Remember that traders/service providers are often crisis-affected as well. Their recovery is also essential. They may play an important role in communities, both through the provision of essential goods/services and providing credit, financial services, etc.
- Watch out for risks to markets such as monopolies, cartels or price fixing.

**EVERY MINUTE COUNTS!**

- Post-crisis, using focus group discussions and individual interviews, ask what people can easily find in the markets and how much it will cost (See Box 7).
- Ask people how they previously met needs and what has changed. This is a quick way to determine market disruptions.
- In displacement contexts, consult with the host community, particularly where IDPs/refugees do not have sufficient information about markets and prices.
After the earthquake in Nepal, Danish Church Aid rapidly translated existing IFRC Rapid Assessment of Markets (RAM) questionnaires, previously translated into Nepali, into a smart-phone app to facilitate multi-agency collection of market data to inform cash interventions. It took two and a half weeks to generate enough information to compare between areas. Although most agencies used the RAM tool, there were different views regarding how much market analysis was needed. For example, one agency moved extremely fast after the earthquake to distribute unconditional cash to elderly people in Gorkha district without any formal market assessment data. The distributions were based on beneficiaries’ own reports that what they needed could be obtained on the market, which post-distribution monitoring later substantiated. Other agencies used their own assessment formats, but none implemented the more thorough – but also more time- and labour-intensive – Emergency Market Mapping and Analysis (EMMA) surveys in the first month after the earthquake.

RESOURCES

Detailed Annex 1 [MSMA guidance](#) developed for this toolkit.

- **Minimum Requirements for Market Analysis in Emergencies** (CaLP)
- **EMMA guidelines** and **Emergency Market and Mapping Assessments** (EMMA) and **Pre-crisis Market Mapping Analysis** (PCMMA)
- **Cash in Emergencies Toolkit** (IFRC)
- **Rapid Assessment of Markets** (RAM) (IFRC)
- **Participatory Market Systems Development** (Practical Action)
- **Market Information and Food Insecurity Response Analysis** (MIFIRA) (USAID)
- **Making Markets Work for the Poor (M4P)** (DFID/SDC)
- **Guide for Protection in Cash-based Interventions**, p. 8–9
- **Philippines Haiyan Response: A multi-sectoral review of the use of market analysis and the design and implementation of CBIs**
- **Development of a Framework for Multipurpose Cash Assistance to Improve Aid Effectiveness in Lebanon: Support to the Market Assessment and Monitoring Component**

22 HPN, “Hello, money: the impact of technology and e-money in the Nepal earthquake response”, Danish Church Aid, October 2015