

Market Analysis

in the context of Needs Assessment and Modality Selection Process

General TOR

Background

This section should highlight the context of the country and the operation within which the market assessment is to be carried out; e.g.

The [Country] has gone through several crises since independence: the revolution of 2005; extreme winter crisis of 2008 and 2009 followed by drought and surges in food and fuel prices; the revolution of 2010; and the ethnic conflict in 2010. Since 2010, a high-level of political instability has prevailed, aggravated by a worsening economic backdrop, and increasing poverty. The [Country] is yet again at a peak of tensions not seen since early 2010 just prior to the President being ousted from power, which unleashed an inert-ethnic crisis that saw 400 people killed, tens of thousands displaced, and hundreds of thousands flee the country as refugees. The [Country] is a net importer of food items and as such is held hostage to exogenous factors which have a direct impact on local food availability and costs. This was seen in 2010 and exacerbated the reliance of vulnerable groups on international food assistance. According to the recent EFSA, 18 percent of the [Country's] population is food insecure, out of which 3 percent – severely.

WFP has been providing targeted Vulnerable Group Feeding (VGF), livelihood and mitigation support to food insecure rural communities through Food for Asset/Training (FFW/T), and support to the government for developing an effective food security monitoring system (FSMS). In accordance with WFP's strategy which is closely aligned to the strategy of the Government of [Country], the CO clearly indicated in the PRRO document the intention of starting Cash for Work/Training (CFW/T) activities within the framework of the PRRO.

The high seismic activity and the constant threat posed by extreme weather and natural disasters, all of which could lead to a rapid escalation in food and fuel prices, determined the need for Country Office in [Country] to be ready to quickly respond in case of a sudden emergency. The CO is therefore requesting to undertake preliminary studies, including a market analysis, in order to settle a ready-to-use package that would ascertain which transfer modality, or mix of modalities, is the most appropriate for WFP's interventions, so to lay the foundations for cash and voucher programmes that would follow at the immediate aftermath of a crisis.]

Objectives

The **overall objective** of the market assessment is:

to be inserted by CO; e.g. ...

To examine the appropriateness of food assistance programming that is based on cash, voucher or in kind transfers in [Country/specific region of country] and to furnish WFP with essential information for decision-making in the context of deploying either or a combination of the above transfer modalities.

More specifically the study will:

1. Identify and roughly sketch the **supply chain of key staple commodities** that are critical to food security of vulnerable households.
2. Analyse the **historic and current availability** of both staple and fresh food commodities on local markets including potential recent changes and patterns of **seasonality**.

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3. Analyse the overall **market environment** in which food commodity trade takes place, including relevant government policies and regulations, the (current) socio-political situation, security, road and transport infrastructure; corruption etc.
4. Describe the **market structure** in terms of actors and institutions of relevant supply chains, barriers and **constraints** to enter trade or maintain and increase levels of supply, as well as market catchment areas.
5. Analyse the **market conduct**, i.e. price setting behaviours, weights and standards including the transparency of transactions, competition and potential corruptive behaviour.
6. Identify key market outcomes such as seasonality and volatility patterns of prices, market integration with supply sources, including physical flow of commodities.
7. Analyse the market's **potential for responding** to demand increases, e.g. storage facilities, duration of stocks, stock replenishment lead-time, and expected price developments due to increased levels of demand.
8. Provide/collect price data and develop **price scenarios** for different **food commodity** to be used in developing potential food baskets and transfers values, and to support cost efficiency/effectiveness analysis, that can facilitate decisions if and when to switch between different transfer modalities or food baskets depending on seasons.
9. Analyse affected populations' **demand conditions**: their **physical and economic access** to local markets (including inflation patterns of food and non-food commodities, households' purchasing power, livelihood and market participation behaviours, self-sufficiency and resilience statuses, and preferences).
10. Formulate and - if possible - map food market related **recommendations** on i) **suitable areas**, ii) **periods** of the year and iii) **scale** conceivable to support either cash/voucher or in kind based interventions as well as iv) how to **address identified bottlenecks** for traders to meet increased demand and strengthen respective supply chains.

Methodology

1. Secondary literature review of CFSVAs, EFSAs, external supply/value chain assessments
2. Secondary data review
 - a. Analysis of price series for relevant commodities, i.e. seasonal indices, grand seasonal indices, volatility analysis, price forecasting etc. – utilisation of WFP and external price data
 - b. Analysis of food balance sheet data, i.e. production, import and export data
3. Primary data collection in different markets in form of trader survey incl. trader and/or market questionnaires or focus group discussions with key informants and consumers/beneficiaries [*markets and geographic areas to be determined and specified*]

Outputs

A market analysis [**mission**] report summarising the main findings from the secondary and primary data analysis, highlighting the potential for deploying cash, voucher and/or in-kind transfers in WFP's programmes, if found to be appropriate, further indicating:

- a. The potential scale and geographical locations for the use of each transfer modality or combination of transfer modalities in geographic areas cash/vouchers,
- b. Timeframes and seasonality,
- c. Potential risks and recommendations for mitigation associated with a market based response.

TEMPLATE TO BE ADAPTED TO THE CONTEXT

Assessment Team

[list assessment team members and potentially respective tasks/outputs]

Timeframe

An indicative schedule of activities is outlined in the two tables below depending on the context of the assessment, i.e., the urgency and comprehensiveness of the assessment as well as the staff. It is subject to the fulfilment of all preliminary administrative requirements and represents an ideal scenario in terms of focus and support. Further reviewing may be considered to accommodate the proposed planning with the effective data collection and cleaning timing.

Table 1: Timeframe in rapid onset emergency

	Week 1	Week 2	Week 3	Week 4
1. Background literature review				
2. Time-series price analysis				
3. Interviews with key informants				
4. Mapping the supply-chain(s)				
5. Analysis and report writing				
6. Call for comments and reviews				
7. Market Assessment final release				

Table 2: Timeframe in pre-crisis baseline market assessment/slow onset emergency

	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12
1. Background literature review												
2. Time-series price analysis												
3. Interviews with key informants												
4. Mapping the supply-chain(s)												
5. Refinement of tools												
5.1 Re-alignment/translation of existing tools												
5.2 Field testing [can be integrated with training]												
5.3 Fine-tuning of tools												
6. Selection of markets/sampling												
7. Recruitment of enumerators												
8. Training of enumerators												
9. Data collection												
10. Data Entry												
11. Data Cleaning												
12. Analysis and report writing												
13. Call for comments and reviews												
14. Market Assessment final release												