
Market Assessment

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A market assessment is essential in order to determine whether a cash or voucher intervention is appropriate in any particular situation. At the very least, it should establish whether markets are functioning or likely to recover quickly following a disaster, and whether the basic items that people need are available in the market. This can be done quickly in the first few days following a rapid-onset emergency or any time before designing a CBI, by visiting markets and interviewing traders. When time permits, a more detailed market assessment should be conducted, as part of an in-depth analysis.

Before launching a CBI, IOM staff should begin by reviewing recent assessments or any other reliable study (external and internal) to establish whether existing information on households' needs and markets is sufficient for establishing the appropriateness of cash and vouchers. If the required market information and analysis are not adequately covered in existing studies, a complementary market assessment and analysis becomes necessary to establish the appropriateness of using cash or vouchers.

Market assessment purpose:

- Undertaking a thorough market assessment ensures that the project will not have harmful and unintended negative consequences on the market and beneficiaries. Market assessment can be understood as **the gathering and analysis of minimum market information** required to make programmatic decisions. The purpose of doing a market assessment is to **limit** the risk of an intervention doing harm.
- **Make an informed decision** on the best modality of assistance depending on the context.
- **Increase** the effectiveness and efficiency of humanitarian responses.
- **Strengthen** interventions by identifying new avenues to support existing market structures.

The market assessment is implemented to assess the availability as well as the quality of critical material(s) and goods in the local market, establish a baseline in terms of price monitoring, and identify if the market capacity will withstand the added stress of a potential market-based intervention. The market assessment is to be undertaken in coordination with the [CBI Feasibility Assessment](#). It needs to also consider the outcomes of the CBI feasibility assessment.

The market assessment is not to be considered a unique exercise to the respective intervention. Market assessment can be sourced from inter-agency forums or partners. IOM should always aim to avoid duplicating the efforts of partners or its own. However, the market assessment design and methodology must be appropriate to the context and the intervention foreseen – quality is

to be ensured. If IOM does the market assessments, this should be a collaboration between thematic units, a CBI officer and the resource management team.

Secondary data can be used to complement the market assessment exercise. A thorough desk review of the data available can therefore advise on the nature and extent of data to be collected to fulfil the basic requirements of a market assessment.

Aspects to consider as part of a market analysis:

- Links between markets and household food security and livelihoods.
- Market integration, including trade flows if possible.
- Price analysis, including food and non-food item inflation, price trends for preferred and less preferred items, volatility and seasonality.
- Competition analysis (e.g. hoarding and monopolies).
- Traders' capacity to respond to increased household purchasing power (e.g. storage facilities, duration of stocks and stock replenishment lead-time).
- Market environment, including policies and regulations (e.g. tariffs and commodity movement restrictions), security, road and transport infrastructure and barriers to passage, including corruption issues.
- Traders' access to credit, including channels and costs.
- Vulnerable households' effective demand, including physical access to markets, access to credit and purchasing power.
- Protection related considerations.
- Household allocation of resources and decision-making, including gender and disability related perspectives, priorities and preferences.
- Macro risks, e.g. inflation, supply shortage, financial institution failures, security problems or corruption (see [Analyse the Risks](#)).

3.3.1 Tools for market assessments

A market-analysis tool provides guidance on selecting the most important factors to investigate in order to determine whether a market functions well or not. It divides the market into three clusters. **The market environment** covers everything from infrastructure to government policies. **The market chain** considers the various parties who are involved in trading, the value that they take at each stage, and their capacity to meet the potential demand. **Key infrastructure and market services** include transport, credit for traders, and information on prices and availability in key markets, all of which affect the ability of a product to reach a certain point at an affordable price. Within each of the three clusters, there is a range of variables that need to be considered to assess whether the market is functioning well.

The choice of market assessment will vary based on the context. There is currently no standardized IOM market assessment tool.⁹ Country offices are free to select the market assessment tool of their choice from the following; it is also to be tailored to the context, adding parts from other tools to complement as needed.

Table 3: Comparative Table of Market Assessment Tools and Guidance

Purpose	RAM	EMMA	PCMA	MAG	Oxfam 48h tool	MSMA	VAM
Light touch analysis	✓				✓		✓
In-depth analysis		✓	✓	✓		✓	
Slow onset crisis		✓	✓	✓	✓	✓	✓
Rapid onset crisis	✓	✓	✓		✓	✓	✓
Recovery phase			✓	✓		✓	✓
Preparedness phase	✓	✓	✓	✓			✓
Situation analysis	✓	✓	✓	✓	✓	✓	✓
Response analysis	✓	✓	✓	✓	✓	✓	✓
Monitoring		✓	✓				
Multisector	✓	✓	✓	✓	✓	✓	

Adapted from the online course [“A practical guide to market analysis in humanitarian response”](#), developed by the CALP Network and the International Rescue Committee.

Tips for a successful market assessment:

- **Involve procurement/logistics staff**, as they usually have a good knowledge of local markets and are used to dealing with traders.
- Adopt a multisector approach, focusing on commodities, services and markets that are central to households’ priority needs and livelihoods.
- Base your analysis on secondary data, and on first-hand information from the affected population and other key market informants.
- Cross-check information coming from different sources.
- Use maps to graphically represent how markets are organized and how they have been affected.
- When drawing conclusions and making recommendations, make clear reference to findings (including risks related to protection, security, organization’s reputation, etc.) on which they are based.

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⁹A tool is currently being developed and will be available in the next version of the CBI Manual.

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