

# Pre-crisis Market Assessment Report



October 2019

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## BACKGROUND

Nepal is a disaster prone country where every year many people lost their lives and property, destroy livelihoods with long term implications for sustainable development. Multiple and recurrent natural hazards such as earthquakes, floods, landslides etc. are some of the major hazards that periodically hit the country. In recent years, country has faced various disasters like Flood 2008, 2013, 2014, 2017 and 2019 as well as Earthquake 2015. Recently on July 2019, floods and landslides triggered by torrential rainfall have impacted man lives and caused the extensive destruction of infrastructures.

Nepal Red Cross Society (NRCS) actively engaged in disaster response every year. NRCS volunteers and staffs get deployed for assessment, search and rescue and for relief distribution in the affected areas. NRCS has also been engaged in various cash transfer program during disasters and conflict response. Different cash distribution activities are implemented through NRCS for the immediate response as well as for livelihood sustainability.

NRCS has been using Cash Transfer Program since 2002 in response to a number of disasters to support livelihoods programming, micro-economic initiatives, temporary shelter and toilet construction, water supply, food and non- food items. During earthquake 2015, 49,996 households received seasonal support of NPR. 10,000 per household. Similarly, 5,811 households of Kathmandu valley were supported with NPR. 5,000/households for purchasing seeds. Further, livelihood cash grant support during earthquake and floods are highly appreciated globally. Before distribution, market survey was also conducted by NRCS.

Nepal Government as well as different humanitarian agencies have prioritized cash in their strategic plans. Social Protection assistance through banking system is on progress. Various agencies are increasing their capacities on cash transfer using new technologies. Recently, World Food Program (WFP) also conducted market assessment in various flood affected districts. Financial Services Providers are also engaged in cash distribution through different banking modalities.

The important steps to be followed to distribute cash in affected areas is market assessment. Based on the secondary data and discussion with CWG and DM Department, **Siraha district** is selected as it is one of the flood affected district where every year many people are affected and displaced. Recently, flood affected Siraha and market chain was also disrupted there. Therefore, there is a need for the cash feasibility study and basic understanding of key markets in Siraha. Market assessment will help to figure out the present context as well as market data will support in strengthening the response capacity and in decision making on appropriate relief services. It will assist the key markets areas of affected municipalities to recover.

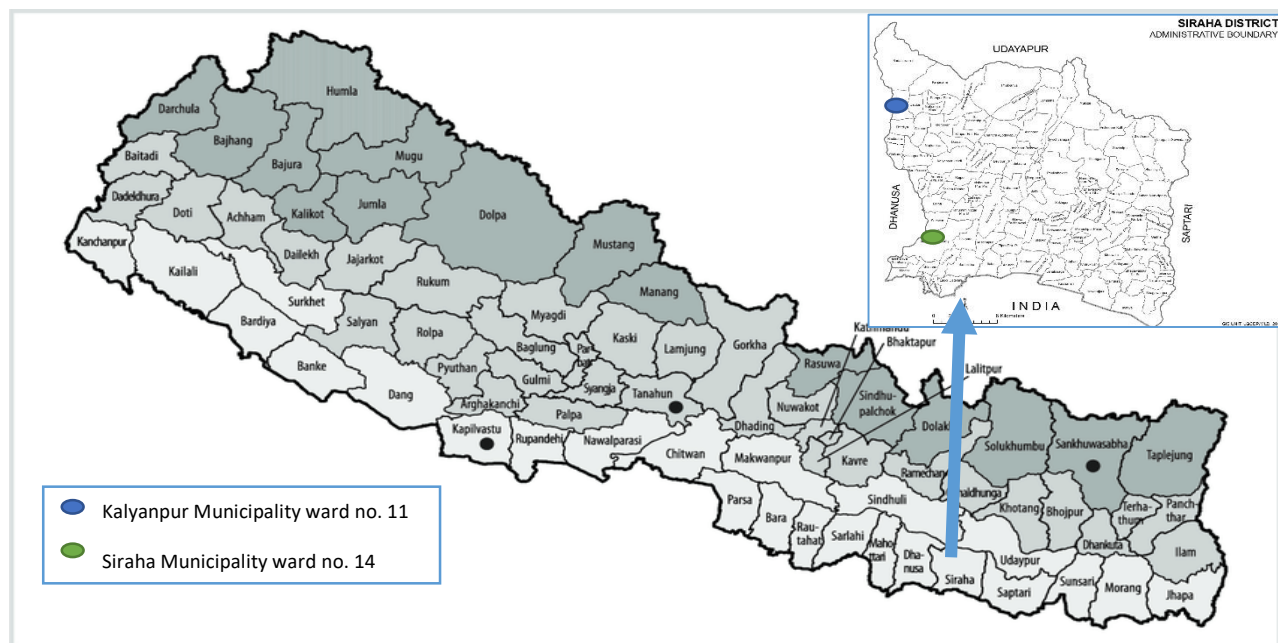
## DISTRICT'S REFLECTION

Siraha is one of the district of Nepal lies in Province 2. It covers an areas of 1,188 km square and it has population of 637,328 in 2011. The majority of population is Maithil Brahmin. It is situated in

southern part of Nepal attached nearby Nepal-India's border. Siraha district is one of the flood affected district where every year people experienced the impact due to the limited outlet of the water in some areas and rise in water level of the nearby rivers; Gagan and Kamala Rivers.

On 2014, 2017 and 2019, many houses were destroyed due to flood in Siraha. Nepal Red Cross Society Siraha District Chapter is actively involved in disaster response each year. On 2017 flood, 60 volunteers were mobilized immediately after flood. Siraha district chapter coordinated regularly with District Disaster Management Committee (DDMC) and NRCS Disaster Management Department in each disaster faced by Siraha. Non-food relief items (NFRI) sets, hygiene kits as well as mosquito nets are distributed to the flood affected families.

Mainly, two areas were selected for Market assessment in Siraha district. Both areas are recurrently affected by flood: Siraha Municipality, ward no. 14 and Kalyanpur Municipality, ward no. 11. Both wards are mostly affected due to overflow of Kamala River. Below map<sup>1</sup> shows Siraha district with both wards.



Map of Nepal showing Siraha district

## OBJECTIVES OF PRE-CRISIS MARKET ASSESSMENT (PCMA)

After the meeting with representatives from NRCS Siraha district chapter two most affected wards were selected. The main objectives of PCMA are as follows:

- To conduct pre-crisis assessment for market of affected areas of Siraha district to plan appropriate response modality.
- To provide the information of the cash feasibility study in Siraha district.
- To build capacity of staffs and volunteers in market analysis.

<sup>1</sup> Source of Map: [https://www.google.com/search?q=siraha+district+map&sxsrf=ACYBGNIQR8Roi-YnAlCs5Nsf2YIFiMeFIQ:1574619337102&source=lnms&tbn=isch&sa=X&ved=2ahUKEwiQ9vmRuoPmAhWZXCskHT5mCvcQ\\_AUoAXoECA0QAw&biw=1366&bih=657#imgdii=A\\_VyB9FoyKtpMM:&imgsrc=5Z35NCo\\_dmJB9M:](https://www.google.com/search?q=siraha+district+map&sxsrf=ACYBGNIQR8Roi-YnAlCs5Nsf2YIFiMeFIQ:1574619337102&source=lnms&tbn=isch&sa=X&ved=2ahUKEwiQ9vmRuoPmAhWZXCskHT5mCvcQ_AUoAXoECA0QAw&biw=1366&bih=657#imgdii=A_VyB9FoyKtpMM:&imgsrc=5Z35NCo_dmJB9M:)

## KEY ANALYTICAL QUESTIONS

1.	How is the selected commodity market system during normal time and how will it behave during the floods?
2.	Is it supplying the appropriate volume/quantity of goods?
3.	What are the most appropriate ways to reduce the possible impact of the floods on selected commodity market system and on the target population's access to market?
4.	What are the coping strategies of market actors?

## METHODOLOGY

The assessment team consists of three members from Cash Working Group (CWG). The team conducted assessment as well as prepared PCMA report.

Name	Position
Pallavi Singh	Team Leader
Tilak Shrestha	Member
Dikendra Pokhrel	Member

The modalities followed for PCMA are:

- Review the secondary data of Siraha district.
- Meeting with NRCS Siraha District Chapter for selection of most affected areas and critical market.
- Focus Group Discussion (FGD)/Key Informant Interview (KII) with selected affected communities
- KII with NRCS Siraha District Chapter president and committee members
- KII with market wholesalers/retailers
- KII with Chamber of Commerce members of Siraha district

The assessment team followed the following steps for PCMA in Siraha district:



*Steps of Market Assessment*

## MARKET SYSTEM SELECTION

The assessment team used different tools to identify distinct critical market in terms of emergencies. The team conducted meeting with Siraha District chapter's volunteers and staff who were involved

in flood response and with the findings of discussion market system selection tool was used for further selection. The important selected market systems were:

- *Tarpaulin*
- *Blanket*
- *Dignity kits*
- *Beaten rice (Dry food item)*
- *Rice and Dal (Staple food items)*

The above selected market systems were ranked and first highly ranked is **beaten rice**. (See Annex 2: PCMA Market System Selection exercise). The assessment spend two days for pre-crisis market assessment in Siraha district.

## MARKET MAPS AND ANALYSIS

### I. BEATEN RICE

Mostly in Terai belt, beaten rice (Chiura) is one of the consumable food item. It is taken in different forms: raw, fried or with milk/curd. It is one of the light food produced from various varieties of rice. In Siraha, there is local production as well as imported from India i.e. Jayanagar. Beaten rice is consumed during normal time and also during disaster (flood). The affected people of Siraha districts are distributed beaten rice during emergencies. The below maps show the baseline beaten rice market map (Figure 1) and after disaster beaten rice market map (Figure 2).

#### Core Market Chain

##### Farmers:

Beaten rice is processed by the small and large farmers in the processing mill. Sometimes, processing mills collect the paddy from farmers and processed them and sell it to wholesalers and large retailers. Mostly, small and large farmers also hire the land or use own land to produce paddy. Small as well as large farmers sell beaten rice (after processing) to wholesalers and large retailers in Siraha bazar, Maadar Bazar (1 km away from Siraha Municipality, ward no. 14), Mirchaiya and Kalyanpur.



**Wholesalers/collectors:**

Wholesalers are also the collectors in Siraha. They collect paddy from farmers and process them for selling to large and small retailers. They also collect beaten rice from farmers directly. Most of the wholesalers are in Mirchaiya and Siraha Bazar. The wholesalers of Mirchaiya sell beaten rice to the retailers of Kalyanpur Municipality, ward no. 11. Whereas, the wholesalers of Siraha Bazar sell to the retailers of Siraha Municipality ward no. 14.



*Interview with wholesaler of beaten rice in Kalyanpur Municipality ward 11*

**Retailers:**

There are large as well as small retailers in Siraha bazar, Maadar Bazar, Mirchaiya and Kalyanpur. Large retailers collect beaten rice from wholesalers and farmers, sell it to local (small) retailers and consumers of Siraha Municipality, ward no. 14 and Kalyanpur Municipality, ward no. 14. Local retailers also sell to consumers of same areas.

### Key Infrastructure and Services

During supply of beaten rice, transportation is the major service where market actors rely on. The farmers use cart and tractors as a means of transport to transport paddy to the processing mills. Sometimes mediators play a role for transporting paddy/beaten rice to processing mills or to the wholesalers/retailers using their own vehicles or on rent. Large retailers use hired vehicles as means of transportation. Similarly, small local retailers use bicycles or rickshaws to carry beaten rice.

Processing mills are located in the Siraha bazar as well as Kalyanpur where processing of paddy is done. They are the major service providers for consuming beaten rice. Small farmers also use mills for their own consumption purpose.

Banks as well as suppliers provide credit to the farmers as well as retailers/wholesalers. Retailers also get beaten rice in advance for a week from wholesalers. Likewise, wholesalers have storage facilities to store up to 100 sages of beaten rice. But retailers don't store more than 10-15 sages of beaten rice due to lack of storage. But within a day their wholesalers can supply as per need.

Labor workers also provide services to large farmers and wholesalers. They also work in processing mills to load and unload sages of beaten rice and paddies respectively.

Seed and tools are foremost important for farmers. They buy the tools and equipment from nearby market and India (Jayanagar). Sometimes, seeds are supported by the local government which is not enough. Farmers also store seeds but that is also not enough. So, they have to depend on nearby market or India for purchasing.

### External Environment

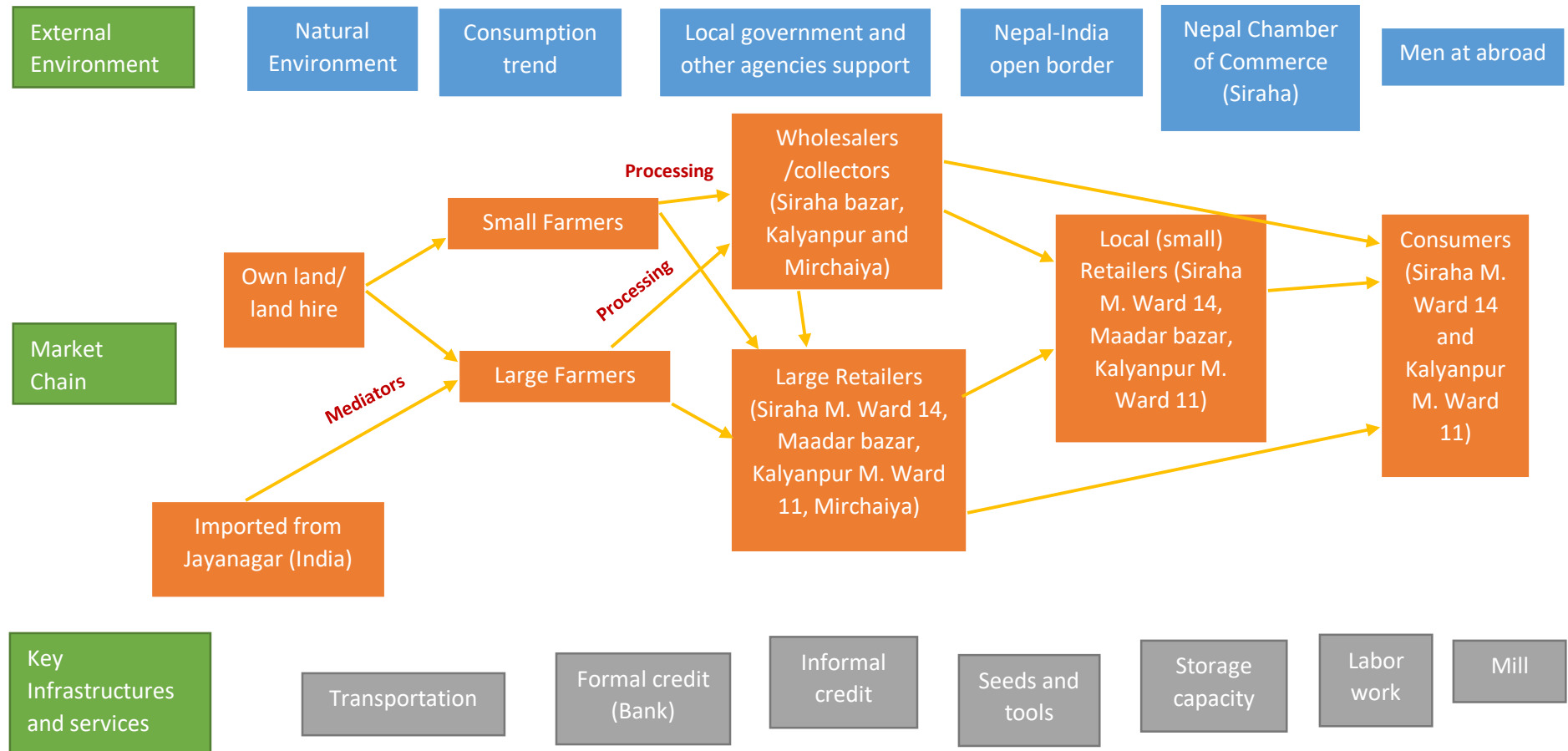
Due to recurrent flood, the assessment areas are mostly affected. Due to open Nepal and India border, there is also the fluctuation in the price of beaten rice. The seeds, tools and beaten rice can be purchased easily in lower price in India.

The beaten rice market system is also affected by migration of male farmers to India for seasonal work. Female farmers are only engaged in cultivation of paddy where it affects in production level. Nepal Chamber of Commerce, Siraha also supported in supplying needy items to the affected people. They also helped in controlling fluctuation of price of beaten rice in the market.

Similarly, there are local government and different agencies who distribute seeds and tools frequently and hampers the nearby market. During disaster, beaten rice are distributed by different agencies which fluctuate the price of beaten rice.



**Baseline Map of Beaten Rice (Figure 1)**



### Impact of flood on beaten rice market system

There is recurrent flood in Siraha district and mostly these two selected wards are affected a lot. Nepal Red Cross Society as well as other agencies support during response. Volunteers are mobilized for assessment, search and rescue and relief distribution. To overcome such troublesome situation, ready to eat food specially beaten rice are distributed during emergencies. There is transportation disruption, markets under water and inflation of goods during flood. The assessment team also interviewed wholesalers, retailers and community people (farmers) to know the impact on the flow of beaten rice market system.



*Focus Group discussion with community people, farmers and chairperson of Siraha Municipality ward 14*

### Impact on farmers:

During monsoon, lands own for growing paddies are under water for a week which decreases the production scale. Some farmers have stock at home creating temporary '*Bhakari*' (*traditional way of storing grains*) but flood wash away more than 70% of their stocks. Due to less seeds stock, there is rise of price of seeds in market.

### Impact on wholesalers/collectors:

Although there is no affect in storing sages of beaten rice but there is difficult to supply beaten rice to large and small retailers due to transportation disruption. They mentioned that they don't increase the price of beaten rice but due to high labor and transportation cost there is increase in

price. But however they try to minimize the additional cost. Sometime they are forced to increase price due to cost increased in processing as well.

During flood, there is demand of beaten rice from different organizations and community people. But it is difficult to fulfill all demand at a time.

#### **Impact on retailers:**

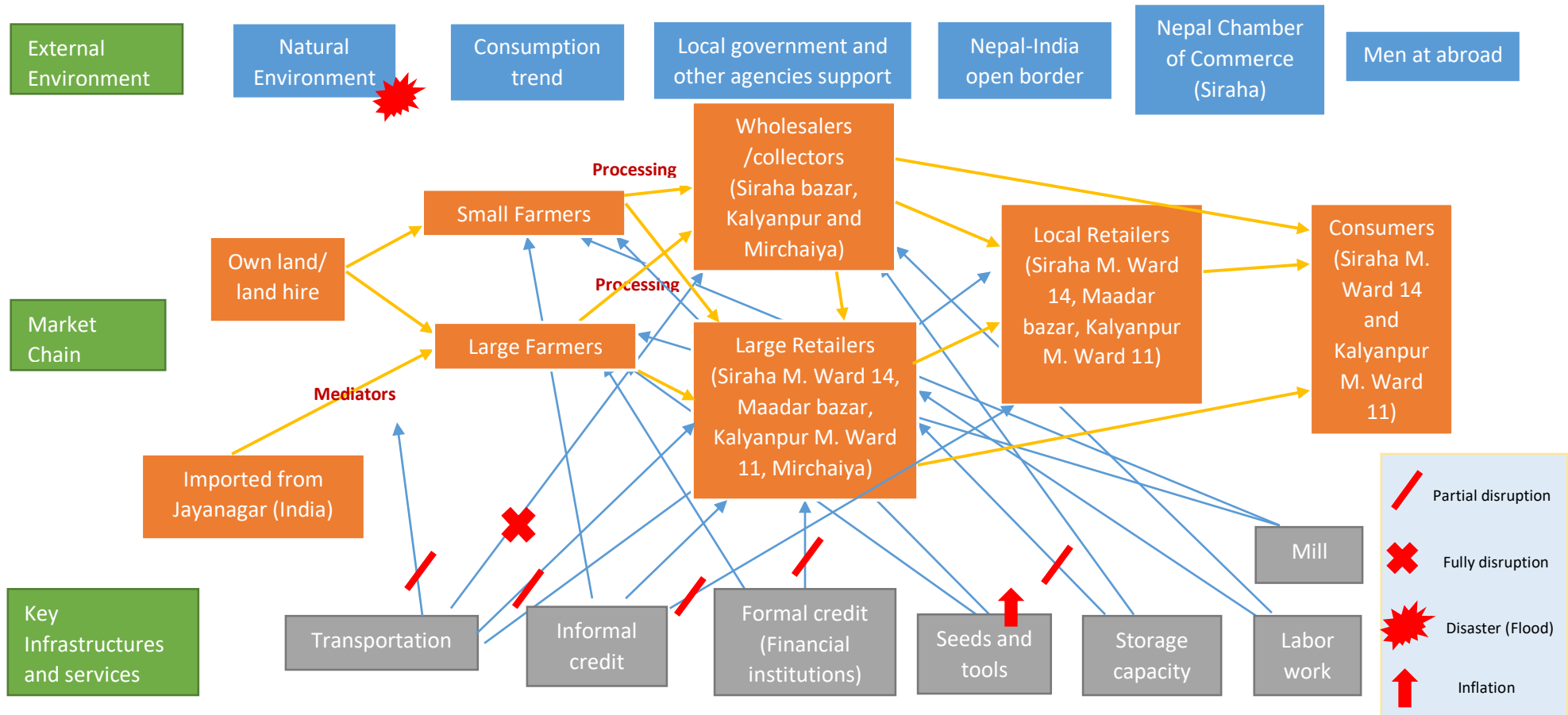
The assessment team interviewed the retailers in two assessment areas. Large retailers had the problem of storage so they put less stock. They also have problem to get credit from financial institutions due to flooding. Similarly, due to transportation disturbance it takes 2/3 days to bring goods in their shops. There is also less demand of beaten rice in retailers as different organizations support them with beaten rice and other ready to eat food items.

Local retailers have problem to get informal credits due to flooding. For two to three days, local shops are under water so it takes time to run their shops.

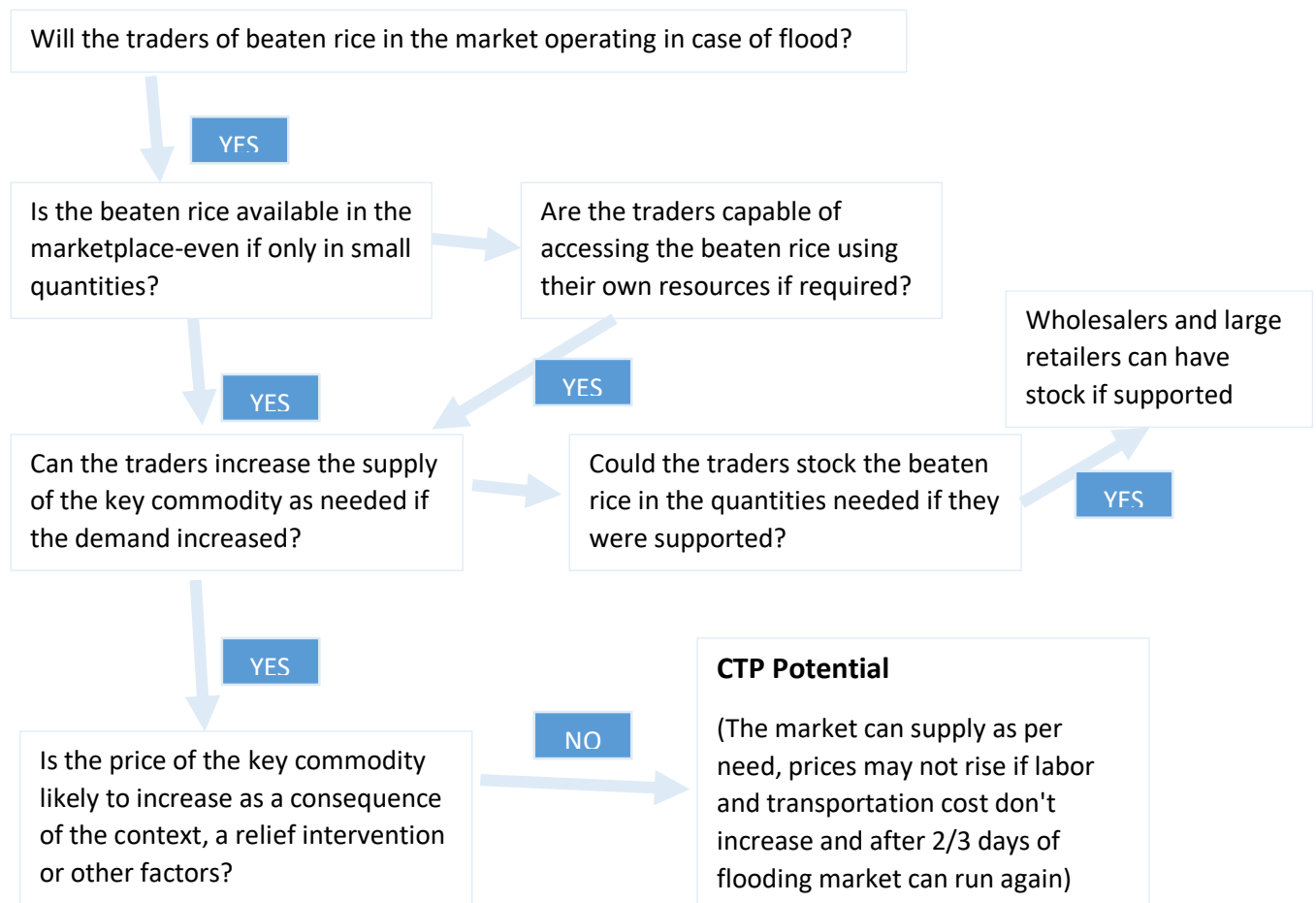


*Interview with retailer in Maadar Bazar*

**Market Map of Beaten Rice after flood (Figure 2)**



## DECISION TREE TO ASSESS MARKET RESPONSE CAPACITY



*Decision tree on cash intervention in Siraha*

The above figure shows the decision tree on cash intervention in selected assessment areas. The decision tree shows that there is potential of Cash Transfer Programming (CTP) due to the traders' capacity of accessing beaten rice to the affected population through support. The market is functioning in all areas after 2/3 days of flooding. Therefore, there is possibility of cash based intervention if storage capacity is enhanced and transportation as well labor work cost is fixed.

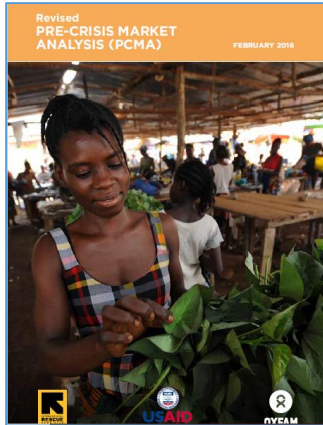
The assessment team found the following recommendations (short and long-term) to improve and strengthen the beaten rice market system in Siraha district. The recommendations focused on designing market based resilience programming in Siraha district.

Short –medium term	Long term
<p>Storage capacity</p> <ul style="list-style-type: none"> <li>- Store houses can be constructed targeting of flood by the wholesalers and large retailers.</li> <li>- Repair and renovate the existing stores.</li> <li>- Provide education to farmers on safer grain storage strategies.</li> </ul> <p>Coordination</p> <ul style="list-style-type: none"> <li>- Coordination mechanism should be developed among local government and stakeholders before distributing commodities or cash.</li> <li>- Standby agreement should be done with transportation companies and labour on charges.</li> </ul> <p>Capacity enhancement</p> <ul style="list-style-type: none"> <li>- Volunteers and staff capacity on cash and market assessment should be enhanced.</li> </ul> <p>Preparedness</p> <ul style="list-style-type: none"> <li>- Cash preparedness activities should be launched at District Chapter for further cash distribution at district level.</li> </ul>	<p>Monitoring</p> <ul style="list-style-type: none"> <li>- Regular monitoring of market (beaten rice) is needed with setting market indicators</li> <li>- Updates the information of market (beaten rice)</li> <li>- The information gathered during market assessment is used not only on crisis time but also used in recovery/long-term market studies and analysis.</li> </ul> <p>Assessment and planning</p> <ul style="list-style-type: none"> <li>- Financial service providers mapping should be done at local level and standby agreement should be done as cash interventions will be done.</li> <li>- Stakeholders mapping should be done.</li> <li>- Agricultural organizations providing qualitative seeds should be assessed.</li> </ul> <p>Advocacy</p> <ul style="list-style-type: none"> <li>- Advocacy should be done to Local government on providing employment opportunities for men who are going abroad.</li> </ul>

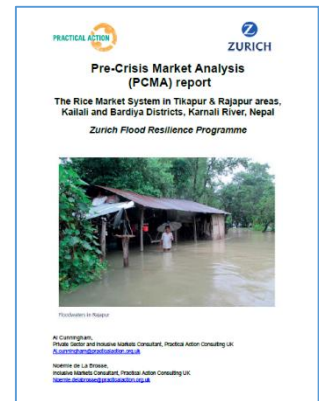


## REFERENCE

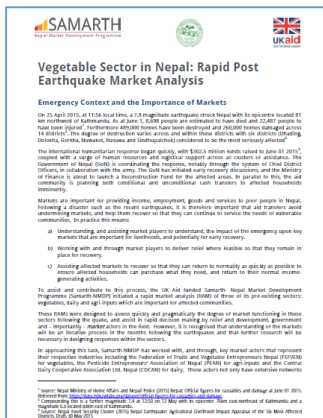
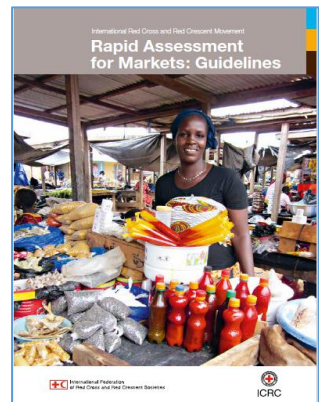
Pre-crisis Market Analysis (PCMA) Report: The Rice market system in Tikapur & Rajapur areas, Kailali and Bardiya Districts, Karnali River, Nepal



Revised Pre-crisis Market Analysis (PCMA), February 2016



Rapid Assessment for Markets: Guidelines, 2014



Vegetable Sector in Nepal: Rapid Post Earthquake Market Analysis



## ANNEX 1

### DATA COLLECTION TOOL 1: FGD QUESTIONNAIRE FOR COMMUNITY/WARD REPRESENTATIVES

**Name of the community:**

**Population size:**

**Date of FGD:**

**In normal time:**

1. Where is your nearby market to buy daily needy **items**? How do you reach there?
2. Do you know how many wholesalers and retailers are there?
3. Are those items available normally?
4. What is the difference in the prices in nearby market and main market?
5. Do you check the quality of **items** in the market?
6. How do you get cash to purchase those items? (Sources of income generation and modality of getting cash)

**In crisis time: (heavy flood)**

1. How do you get your needy items during crisis time?
2. Who are the suppliers (main actors) at that time?
3. What is the situation of prices, volumes and stocks of those items?
4. What is the quality of items?
5. How do you get access to market?
6. How do you get cash to purchase those **items**? (Sources of income generation and modality of getting cash)

### DATA COLLECTION TOOL 2: KII WITH WHOLESALER/RETAILERS

**Name of interviewer:**

**Date of interview:**

**Name of market:**

**Type of marketplace (local, district, regional):**

**Name of interviewee:**

**Type of trader:**

**In normal time**

1. Where do you normally buy the key **items**? (Location, name of supplier)
2. Where is your store? What is the condition of store?
3. Can you supply as per the demand of people increase?
4. Where do you supply your **items**?
5. Does any factors affects in the quantity and prices of that item?
6. Do you provide your customers credit? How many and with what conditions?
7. Do your supplier give you credit?

**In crisis time: (heavy flood)**

1. How was your shop after flood?
2. How do you store your goods during crisis time?
3. Do you supply the goods as per the demand during crisis?
4. Who are the customers who come in your shop?
5. How was the demand of .....item after flood?
6. Was there any change in the supply of ....item after flood?
7. How many wholesalers and retailers here?
8. Are you still able to get the ...item from your usual sources after crisis?
9. Do you change in price during crisis time?
10. Do you still give your customers credit after flood?
11. Do your supplier give you credit?

**DATA COLLECTION TOOL 3: KII WITH REPRESENTATIVE FROM DISTRICT CHAMBER OF COMMERCE****Name of interviewer:****Date of interview:****Name of interviewee:**

1. How many major markets available here for affected areas..?
2. Where and how do traders register?
3. During normal times and crisis time, do the demand fulfilled from those markets of affected areas?
4. How do you support community and market during crisis?
5. Do you have decided the selling rate of each goods?
6. What are the factors affecting in the prices and volumes of ...item?
7. How do you work on the fluctuating prices of ....item during crisis?
8. Any challenges/limitations

**DATA COLLECTION TOOL 4: KII WITH DISTRICT CHAPTER AND SUB CHAPTER****Name of interviewer:****Date of interview:****Name of interviewee:**

1. How do you response during flood? (Relief distribution, cash??)
2. Do you have experience in cash distribution? In which sector?
3. Do you have experience in market analysis before distributing cash?
4. What is your role in linking market and community people?
5. What were the challenges faced and lesson learnt?
6. What are the coordination mechanisms used during response to link up with market?

## ANNEX 2

### PCMA MARKET SYSTEM SELECTION SYSTEM: market selection criteria, weighting, scoring and ranking

Market Selection Criteria	Weight	Tarpaulin	Blanket	Dignity kits	Beaten Rice (Ready to eat food item)	Rice and Dal (Staple food item)	Notes
a. Is there sufficient demand for the product or services? (1= no demand, 3= high demand)	<b>3</b>	3 (9)	2(6)	2(6)	3(9)	2(6)	
b. Is there need of the product or services? (1=no need, 3=high need)	<b>3</b>	3(9)	2(6)	3(9)	3(9)	2(6)	
c. Is there quick response on emergencies on this sector? (1=no response, 3=fast response)	<b>3</b>	2(6)	1(3)	1(3)	3(9)	2(6)	
d. Is the product available in the market? (1=not available, 3=more available)	<b>3</b>	2(6)	1(3)	1(3)	3(9)	1(3)	
e. Is there the local production of the product? (0=no local production, 2=local production)	<b>2</b>	0(0)	0(0)	0(0)	1(2)	2(4)	
f. What is the supply capacity of the product? (1=less supply capacity, 3=high supply capacity)	<b>3</b>	2(6)	2(6)	1(3)	3(9)	2(6)	
g. Will the stock available during emergencies? (1=no stock, 2=less stock, 3=high stock)	<b>3</b>	2(6)	1(3)	1(3)	2(6)	2(6)	
h. Is this product the most consumable one? (1=non consumable, 3=most consumable)	<b>2</b>	3(6)	1(2)	2(4)	3(6)	2(4)	

Market Selection Criteria	Weight	Tarpaulin	Blanket	Dignity kits	Beaten Rice (Ready to eat food item)	Rice and Dal (Staple food item)	Notes
i. Do smallholder's farmers or entrepreneurs have the potential to be competitive in the sector? (1=low potential to be competitive, 3=high competitively potential)	3	2(6)	0(0)	1(3)	2(6)	2(6)	
j. Is the sector a priority for government and/or other actors in the area? (1= low importance, 3=high importance)	3	3(9)	1(3)	2(6)	2(6)	2(6)	
k. Sector is likely to be negatively affected by flooding and market actors need support to reduce flood impact (1=not very likely to be affected, 3=very likely to be affected)	3	3(9)	1(3)	2(6)	3(9)	1(3)	
l. Potential income increase for target group (1=low potential for income increase, 3=high potential for income increase)	3	3(9)	1(3)	1(3)	2(6)	1(3)	
m. Sector is of specific interest in terms of potential impact on gender and social inclusion (1=sector is not that relevant for gender equality and inclusion, 3=sector is very relevant)	3	3(9)	2(6)	3(9)	2(6)	2(6)	
<b>GRAND TOTAL</b>		<b>90</b>	<b>44</b>	<b>58</b>	<b>92</b>	<b>65</b>	
<b>RANKING</b>		<b>2</b>	<b>5</b>	<b>4</b>	<b>1</b>	<b>3</b>	

## ANNEX 3

### LIST OF INTERVIEWS AND FOCUS GROUP DISCUSSIONS

<b>Siraha M.</b>	<b>Community people</b>
	Farmers
	Chairperson of ward office
	Wholesalers of Maadar bazar
	Retailers of Maadar bazar
<b>Kalyanpur M.</b>	Community people
	Farmers
	President of NRCS Sub-Chapter
	Chairperson of ward office
	Owner of Processing Mill
	Wholesalers
	Retailers
<b>Siraha Bazar</b>	Representatives of NRCS District Chapter
	Wholesaler
	Chairperson of Nepal Chamber of Commerce, Siraha

