Baseline market information checklist[[1]](#footnote-1)

### Which market information is relevant when developing a baseline and predicting the likely effects of a chosen scenario?

Market information should be integrated into a broad situation analysis covering essential needs, food security, livelihoods, shelter, household preferences, government policies etc. The analysis of the market information available should result in a clear and comprehensive understanding of the current or ‘normal’ conditions of markets that are critical for the chosen scenario.

The relevant market information is the following:

* What are the critical market systems?
* How are they structured?
* How, potentially, can they respond to the chosen scenario?

Before proceeding with market information gathering and analysis, you should check first whether there is any secondary data available, particularly reports on past events that were similar to the chosen scenario.

**Tool 5.1** explains the process and suggests criteria for the selection of markets that are critical for the chosen scenario.

**Tool 5.2** explains how to develop baseline market maps, which graphically represent the market actors in a chain, their interaction, and the way in which infrastructures and services support the market and describe the external environment that influences the functioning of the market.

**Tool 5.3** provides checklists that can be used in focus group discussions and interviews with the target population, traders and key informants.

The information gathered either from secondary sources or directly from stakeholders should allow you to make assumptions about how the chosen scenario might impact the market.

## TOOL 1: BASELINE MARKET SELECTION

### Purpose

This tool will help you to:

* Identify the markets that are critical in the chosen scenario.
* Select the market to analyse in the scenario development.

### How to use it

This tool is an adaptation of Tool 1.2: Critical Market System Selection, which is developed fully in Chapter 1: Assessment. For further details you should refer to it.

The baseline market selection should be carried out by means of a participatory exercise with a group of stakeholders that can bring knowledge about local context and markets. A maximum of 12 participants including staff from programme and support functions, National Society volunteers and possibly key informants should be involved.

An initial brainstorming session can help the group to develop a list of commodities, services and income opportunities that are vital for the target population and that have been affected particularly by shocks in the past.

The selection of markets to be analysed in the scenario development should be based on the two following criteria:

* Importance of the specific market system for the target population
* Likelihoods and potential impact of the chosen scenario on each market

In order to give the necessary weight to the different criteria, scores from 1 to 3 (high to low) can be attributed to each criteria and a matrix can be used to facilitate the ranking.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | | | **Importance of market system** | | |
| *Low* | *Middle* | *High* |
| 1 | 2 | 3 |
| **Likelihood and  potential impact** | *High* | 3 | 3 | 6 | 9 |
| *Middle* | 2 | 2 | 4 | 6 |
| *Low* | 1 | 1 | 2 | 3 |

### Other factors that could be considered in the selection of the baseline markets are:

* *Compatibility with the characteristics of the agency (agency’s mandate, competencies and capacity)*
* *Complementarity with government policies and programmes (presence, capacity and coverage)*

## TOOL 2: BASELINE MARKET MAPPING

### Purpose:

This tool will help you to:

* Develop baseline market maps
* Reduce the time needed to conduct the market analysis and take response decisions after a shock
* Predict the effects of a potential shock on the critical market systems in a given scenario

### How to develop a baseline market map

This tool is an adaptation of Tool 1.4: Market Mapping from Chapter 1: Assessment, with a focus on the development of baseline maps.

Baseline market maps can be represented graphically by three linear components: i) market chain, ii) supporting infrastructure and services; iii) external environment.

#### i) Market chain

The central feature of any market-system map is a ‘chain’ of different market actors who exchange, buy and sell commodities as they move from the primary producer to the final consumer. The market chain identifies the actors and their businesses in the chain, the linkages between them, who sells to whom and how.

#### ii) Supporting infrastructure and services

This mapping should allow you to identify and represent the most crucial elements of infrastructure and services and link them to their users within the market chain. It should also allow you to under­stand the role that infrastructure and services play in maintaining the market system’s efficiency and accessibility.

#### iii) External environment

This component of the mapping process is concerned with rules, regulations, issues and trends that have significant influence on the market environment in which market actors operate.

Market chain for rice in Compostela and New Bataan municipalities



**‘Forecast maps’** can also useful also in contingency planning. They represent post-shock changes that are expected to occur in the market system. Forecast maps should take into account information on market actors’ expectations regarding the market capacity to recover, government and non-govern­ment plans to respond to a shock, and potential seasonal effects on prices, production, access, etc. They are difficult to draw as they are based on ex-ante information and expectations but can provide essential indications regarding the type of support needed over time.

For further details on how to develop baseline and forecast maps, refer to Tool 1.4.

## TOOL 3: BASELINES: CHECKLISTS FOR INTERVIEWS WITH TARGET POPULATION, TRADERS AND KEY INFORMANTS

### Purpose of the tool

This tool will help you to understand:

* the market demand and its seasonality, how much the population of interest depends on the market and the gap between what they need and what they can access in the market.
* the market supply potentialities and the traders’ capacity to expand their supply (how quick­ly they can do it, at what price and for how long)
* the market structure, competitiveness and functioning

### How to use the tool

This tool should be used to lead Focus Group Discussions (FGD) and individual interviews with the target population, traders and key informants.

In order to assemble representative groups of the target population, you should contact either local authorities or key informants, explain your interest, and ask them to put together a group of six to eight men and women who have a good understanding of the community and its livelihoods. If your target population consists of different livelihoods groups, you may want to analyse them separately as they may use markets differently. In addition, be aware of gender and ethnicity dynamics and if required, conduct separate FGDs.

Traders can be interviewed individually or in FGD. If the choice is for individual interviews, you should interview at least three or four traders of each typology in each location. When dealing with big traders and wholesalers, individual interviews are more advisable. In this case, it is likely that you will be able to talk to only a few (one or two) of these big actors in each location. If the choice is for FGDs, you should assemble minimally homogeneous groups, divided according to the traders’ typology, with eight to ten participants in each. You should conduct at least one FGD with each typology of trader in each location.

Key informants can be government representatives, market officials, agricultural officers, etc. Each of them will have a good knowledge of some issues and, potentially, less knowledge of others. Before each interview, you should revise the checklist and choose what to ask, according to the situation. It is very important that you adopt an open and explorative attitude and that you consider gender, protection, security and ethnicity aspects. Which questions to ask will depend on the area of expertise and know­ledge of the key informant being interviewed.

### Checklist for target population

#### Access and dependency on the market

* What quantities of key commodities are accessed or sold in the market? What is the demand for labour (e.g. number of days/month) in the market?
* What is the quality of commodities that households access or sell in the market?
* What are the purchasing or selling prices for key commodities? What are the ‘normal’ wages? Is there a minimum wage?
* What proportion of key commodities is accessed in the market? (Indicate a percentage)
* What proportion of the households’ incomes normally comes from selling these commodities in the market or through labour? (Indicate a percentage)
* Are households able to access the needed amounts or to generate the needed incomes from the market? If not, why not?
* Which are the ‘normal’ payment modalities and frequencies of payment?
* Are households able to access credit (either formal or informal) and from whom? What are the conditions (amounts, duration and interest rates)?
* Can households count on social support, such as borrowing, remittances, etc.?

#### Physical access to the market

* Which marketplaces/suppliers/working places do households access?
* Explain the dynamics of the households’ access to the marketplaces/suppliers/working places (distance, means of transport, cost and duration of the trip, frequency of visits).
* Does any particular social group (gender, age, ethnicity, etc.) have limited access to the market (labour opportunities)? Why?

#### Preferences

* Which are the household preferences and choices in terms of type and/or quality of commodities?

### Checklist for traders

#### Characteristics of the trader(s)

* Describe the typology of the trader(s).
* Which are the commodities/services do they trade?
* Who are their customers? Where do they come from? Do customers change depending on the season?

#### Procurement practices

* When, where and from whom do traders procure the commodities? What is the origin of the commodities?
* How much do traders buy now/during ‘normal’ times?
* Do traders borrow money to purchase the commodities they sell? If yes, under which conditions (how much, who from, when, interest rate, pay-off time)?
* Which are the months when the procurement prices are higher? And lower?

#### Level of competition

* How many traders sell the same commodities in the area?
* Are all the traders the same size?
* Can consumers negotiate prices?
* How do traders set the prices for the commodities they sell?

#### Selling practices

* What is the volume of sales during the different months of the year (in ‘normal’ times)?
* What are the selling prices of the key commodities?
* Do traders extend credit to their customers? If not, why not? If yes, when, to whom and under which conditions?

#### Access to infrastructure / services

* How do traders normally transport the commodities to the warehouse and/or to the market (means of transport ownership, costs, distance, time, reliability)?
* What storage capacity do traders have?
* When and for how long do traders store commodities?
* Where do they store them and at what cost?
* Which types of technology do traders use/and with which are they familiar?
* Do traders access either formal or informal banking?

### Checklist for key informants

* Which goods and services are vital for the livelihoods of the most vulnerable?
* How do they access these goods and services normally?
* How much do they depend on the market to access them?
* Who are the most relevant market actors? How do they interact?
* Are traders able to meet the normal demand? Are there any seasonal changes?
* Would traders be able to meet an increased demand? At what cost?
* Are there enough buyers and sellers to ensure competition and limit the risk of price distortion?
* What are the normal price levels? How do they fluctuate?
* Which infrastructure and services are important for the market to work well?
* What are the external factors affecting the market?

1. The tools made available have been extracted from the MAG (Market Analysis Guidance) RC-RC 2013. [↑](#footnote-ref-1)