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MARKit: Market Monitoring for Program Decisions

March 31, 2021


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MARKit overview

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MARKit

MARKET MONITORING, ANALYSIS AND RESPONSE KIT

WHAT IS IT?

- Project-level market monitoring framework that guides users to determine the causes of abnormal price changes and make program adjustments, as necessary.

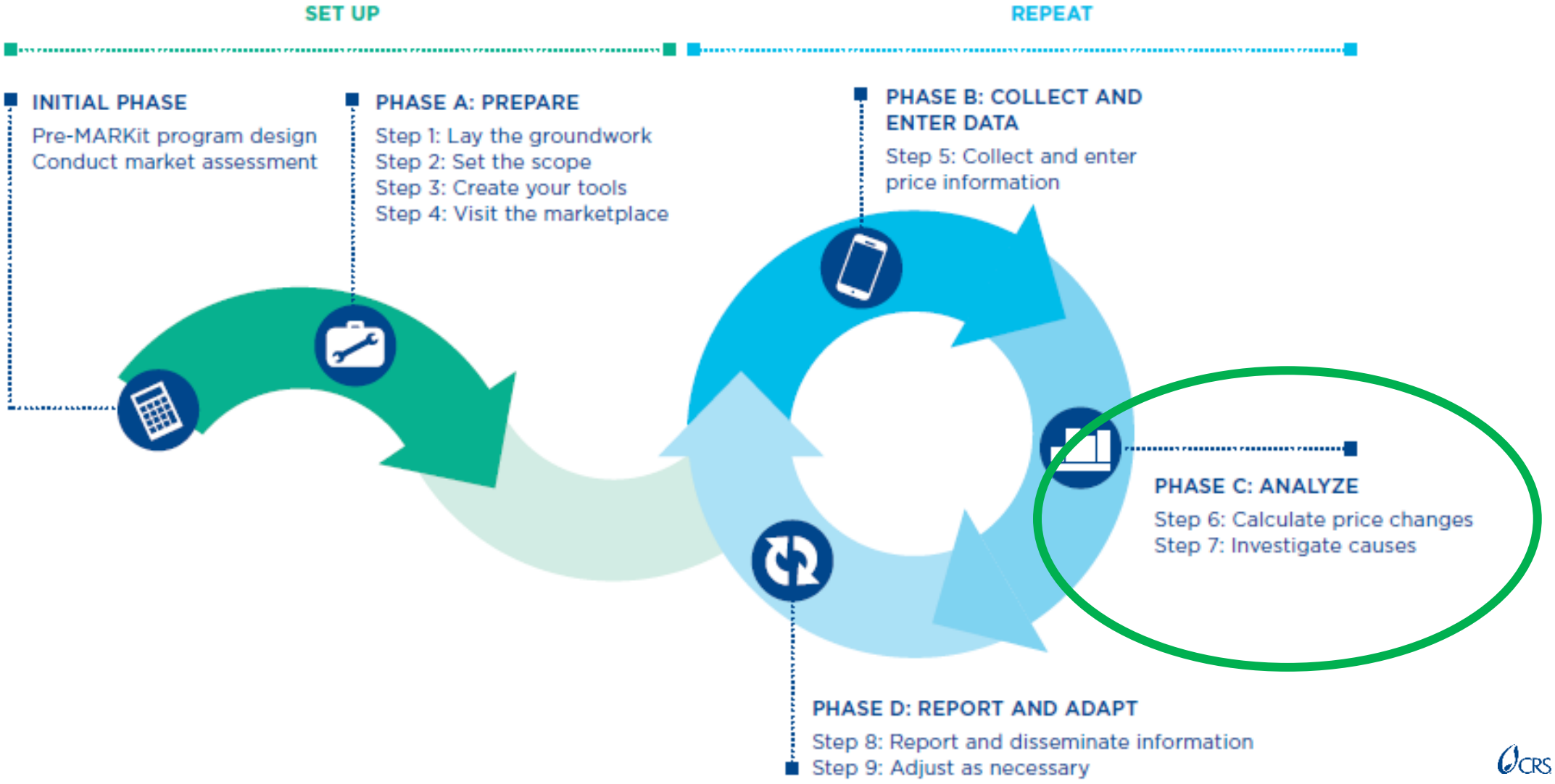
OBJECTIVES:

- Establish a harmonized approach to market monitoring.
- Support evidence-based decision-making and project design.
- Ensure programs remain responsive to changing market conditions.
- Mitigate unintended impacts on market systems; “do no harm.”
- Determine appropriate transfer values to meet identified needs.
- Promote learning and good practices in food assistance and other resource transfer programs

Some Lessons Learned

- Technically sound, overall useful
- Main challenges: too complicated, too long, too many markets
- No one reads the whole thing, very few people used the worksheets
- Secondary and historical data were rarely used
- Need to put more emphasis on proper set-up of the MARKit monitoring platform
- Need easy database for easier data entry and analysis
- MARKit is used for more than food programs

MARKit Overview (2020)



Step 6.1: Identify Abnormal Price Changes

Following each round of data collection, conduct the following analyses on the newly entered data.

- **Analysis 1**: In the database, highlight price change(s) that exceed a chosen % level
- **Analysis 2**: Compare the price change(s) against how prices should change in a given season
- **Analysis 3**: Compare the current monthly prices of a commodity to its monthly price during the last three to five years.
- **Analysis 4**: Compare monthly commodity prices in each intervention market with those in the regional source market.
- **Analysis 5**: (Vouchers only) Compare monthly prices between participating and non-participating vendors

Is further analysis needed?

Have prices changed beyond their threshold:
- For this period of time? **OR**
- Over the entire course of the project?

YES

Use the price change matrix (Figure 19) to characterize the price changes.

NO

SHOULD prices have changed over this period (e.g., according to your seasonal calendear)?

YES

NO

STOP!
No further analysis needed

Step 6.2: Characterize Price Changes

	One/few commodities	Many/all commodities
One/few markets	• Seasonality • Local supply shocks • Local demand shocks • Trader capacity/actions • Intervention	• Seasonality • Local supply shocks • Local demand shocks • Trader capacity/actions • Intervention
Many/all markets	• Seasonality • Widespread supply shocks • Widespread demand shocks • Global food prices • Policies	• Seasonality • Inflation • Exchange rates • Fuel prices • Widespread supply shocks • Widespread demand shocks • Policies

Step 7: Investigate the Causes

1. Seasonality
2. Supply shocks
3. Demand shocks
4. Trader capacity/actions
5. Intervention
6. Global food prices
7. Policies
8. Inflation
9. Currency exchange rates
10. Fuel prices

	One/few commodities	Many/all commodities
One/few markets	• Seasonality • Local supply shocks • Local demand shocks • Trader capacity/actions • Intervention	• Seasonality • Local supply shocks • Local demand shocks • Trader capacity/actions • Intervention
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Supply Shocks

Supply shocks result from changes in production levels and/or disruption to the movement of good along the supply chain.

- Supply shocks can be a factor for any price changes observed.
- Supply shocks can be local, regional or national, and they can affect a particular commodity or many commodities.

- **What is it?**
- **Why is it a factor?**
- **Analysis needed**
- **How to know this is influencing observed price changes**

Analysis	Data Requirements
• Refer to baseline market system map for possible interruptions	Baseline market information
• Conduct Key Informant interviews (see Worksheet 3 for guidance) with traders, and local partners/staff to understand disruptions to production and supply flows	Local informants, secondary reports, news reports

Step 9: Adjust as necessary

Adjustments to programs are determined by:

- The severity and duration of the price change
- The impact of the price change on beneficiaries and non-beneficiaries
- The risk that continuing the intervention (as is) will further exacerbate the price change
- What other organizations in the same area are doing or planning to do.

There are several levels of adjustments:

- No adjustments to the current program
- Minor adjustments to the program
- Drastic adjustments needed

Table 10: Possible price change scenarios and corresponding adjustments for food assistance programs

Current modality	Scenario	Possible response	Implementation requirements	Desired outcome and expected results of continued monitoring
1. Intervention				
Your program's intervention may be linked to, or exacerbate, certain scenarios listed below (highlighted in orange) as a result of other contributing factors (trader capacity, for example). This is not an exhaustive list of the possible ways in which your intervention may affect prices.				
2. Seasonality				
Cash or vouchers	**Price spikes** linked to seasonal/ lean season food shortages are identified.	Switch from cash or vouchers to local or regional purchase or in-kind distribution. *Increase the frequency of your cash or voucher distribution to spread the demand over time.*	Donor flexibility, rapid access to prepositioned food supplies or food in less affected markets.	Distributing food purchased in unaffected areas of the country or region, or transoceanic food assistance for the affected commodity should help bring prices back down to pre-shortage levels. Continue monitoring to know whether price levels have returned to normal or near normal.
Local/ regional purchase or in-kind (transoceanic purchase) distribution	**Prices of key staples have declined** due to a bumper harvest, and food security outcomes have temporarily improved for many beneficiaries, including the most vulnerable.	*Postpone the distribution* Consider shifting to cash or vouchers	Donor flexibility and production/market understanding	The decision to postpone LRP/in-kind distribution should be made when inserting more food into a market could cause prices to drop further, thereby affecting agricultural producers. Continue monitoring prices to assess whether beneficiaries are able to meet minimum consumption requirements and to assess if/when to resume distribution.
3. Local supply shock				

MARKit sample analysis

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Is further analysis needed?

Rice in Cheetah ↑
Maize in Cheetah ↑

Have prices changed beyond their threshold:
- For this period of time? **OR**
- Over the entire course of the project?

YES

NO

Use the price change matrix (Figure 19) to characterize the price changes.

YES

SHOULD prices have changed over this period (e.g., according to your seasonal calendear)?

Maize in Pantera

NO

STOP!
No further analysis needed

Step 6.2: Characterize Price Changes

	One/few commodities	Many/all commodities
One/few markets	• Seasonality • Local supply shocks • Local demand shocks • Trader capacity/actions • Intervention	• Seasonality • Local supply shocks • Local demand shocks • Trader capacity/actions • Intervention
Many/all markets	• Seasonality • Widespread supply shocks • Widespread demand shocks • Global food prices • Policies	• Seasonality • Inflation • Exchange rates • Fuel prices • Widespread supply shocks • Widespread demand shocks • Policies

Voices from the Field: Putting it into practice

Mainstreaming market monitoring at the IRC

Why we like MARKit

Aligned with IRC's goals for market analysis:

- Ensure that data collected is used
- Uses real-time data
- Incorporates non-price indicators – potentially reduces the need for heavier market assessments

Institutionalizing MARKit

- Go-to reference for market monitoring guidance (Cash resource catalog)
- IRC's market monitoring app - incorporates MARKit principles
- COVID-adapted market monitoring data collection form + guidance

Context Analysis: Central African Republic

Economic/ market situation

- Goods from Cameroon are blocked at the borders, creating a disruption in supplies and a rise in food prices on the markets.
- Increase in the prices of imported and local products, up to 100 percent, in the markets between late December 2020 and late January 2021.
- The products most affected are rice (100%), wheat flour (97%), and meat (64%).
- The cost of the food basket increased sharply due to higher prices for meat, oil, sugar, and rice in early January 2021 compared to November 2020

MARKit Opportunities

How much will MARKit help us?

- Get the market analysis and program response right in the design phase
- Track whether existing responses positively or negatively distort local markets
- Assess the continued appropriateness of the chosen delivery modality
- Determine whether the value and level of assistance remain adequate

Challenges

- Technical issues (electricity disruption; poor internet network)
- Challenge in supervising remotely the visit market place step
- Access to some important markets due to insecurity
- Finding an appropriate time to conduct training for staff

Voices from the Field: MARKit in Nigeria

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Nigeria

Context

. Limited humanitarian access
. High inflation
. Functioning market despite crisis

Market-based program

. Food assistance in Borno State
. E-voucher : 3 wallets
. 90,000 people receiving monthly top ups
. Two local partners

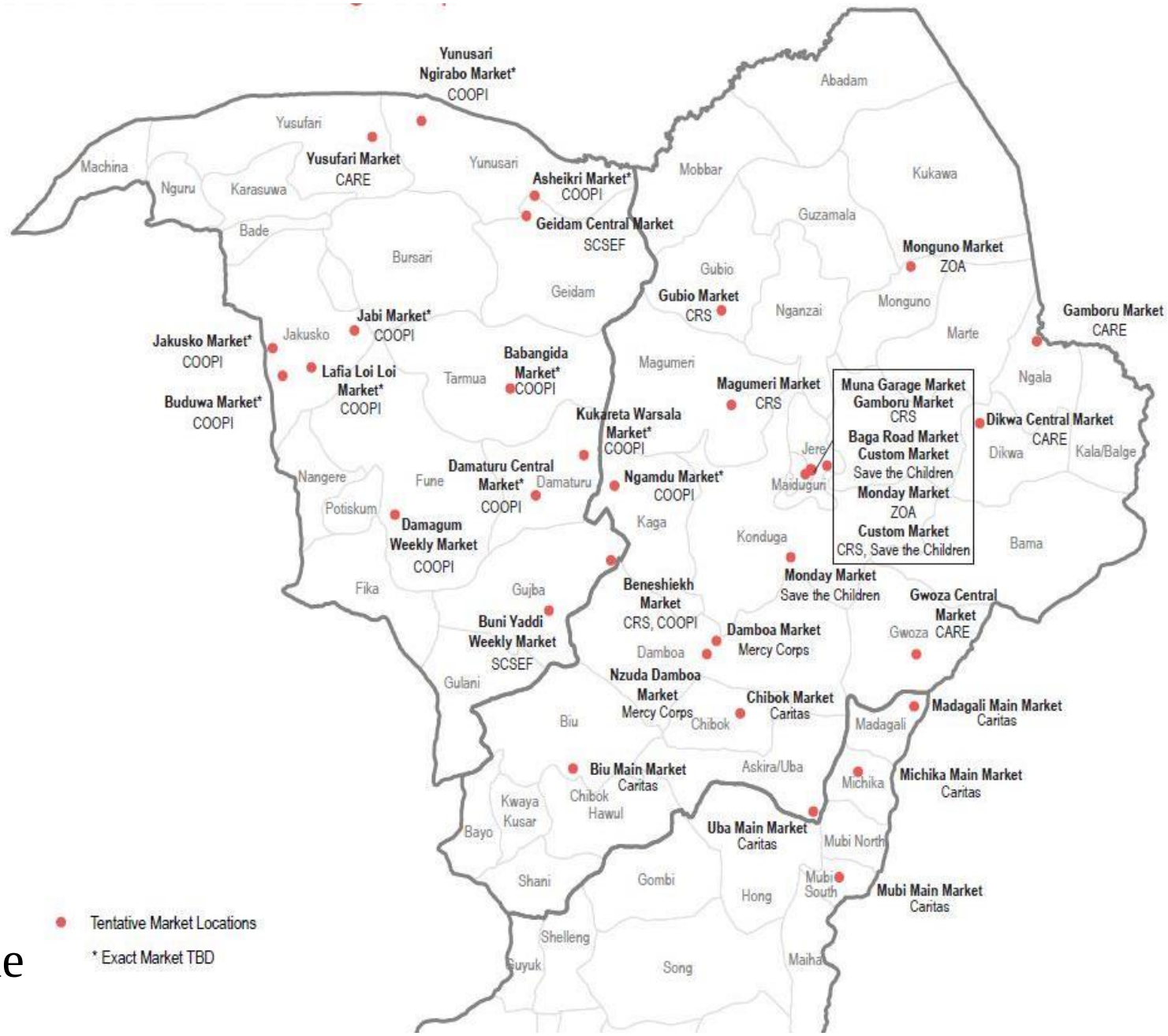
Market Monitoring

Objectives

- Joint monitoring
- Inform transfer value
- Food Security

Markets / Prices Monitoring

- Six markets
- Focus on SMEB items
- Weekly data collection
- Automated dashboard results
- Bi-weekly discussions of SMEB value
- Monthly reporting

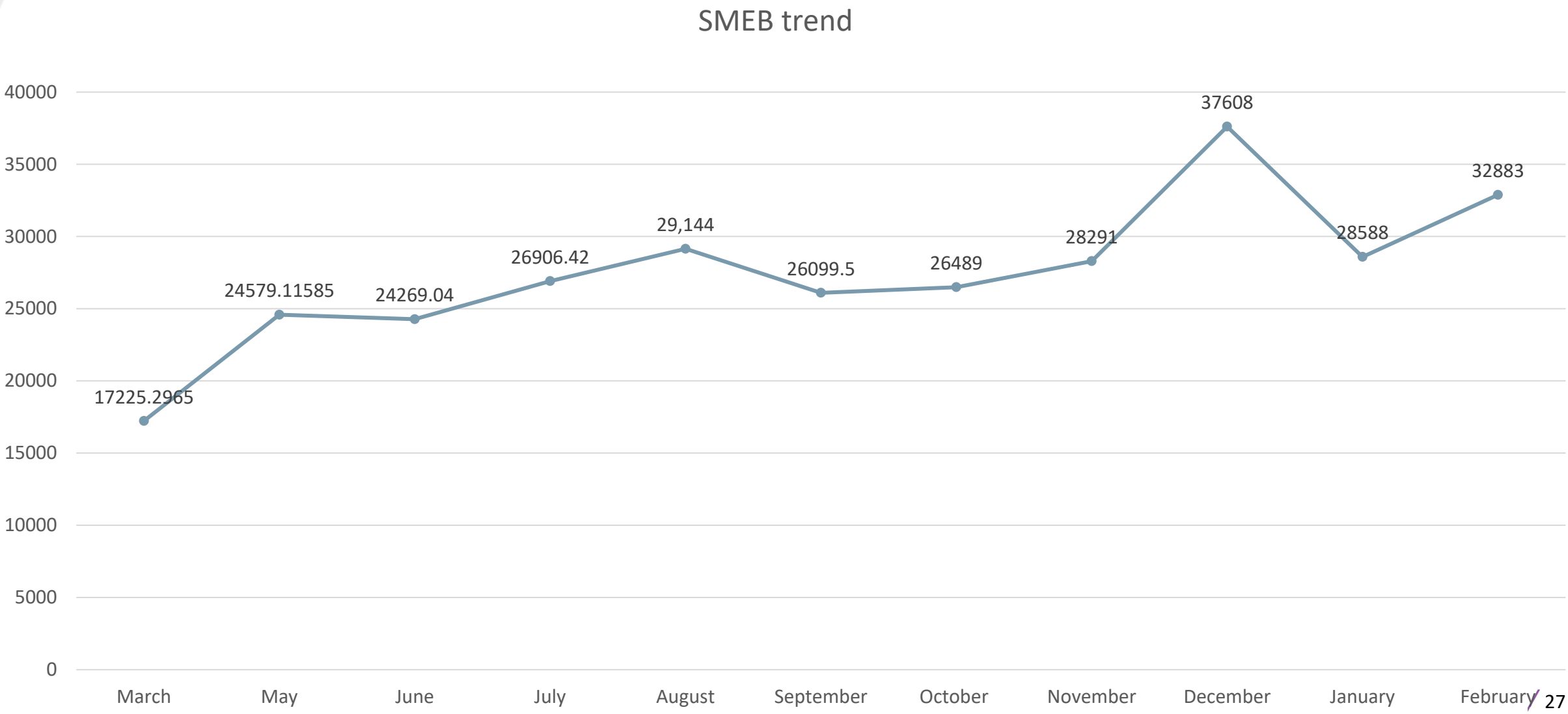


Market Monitoring Post-COVID-19

Adaptative Measures

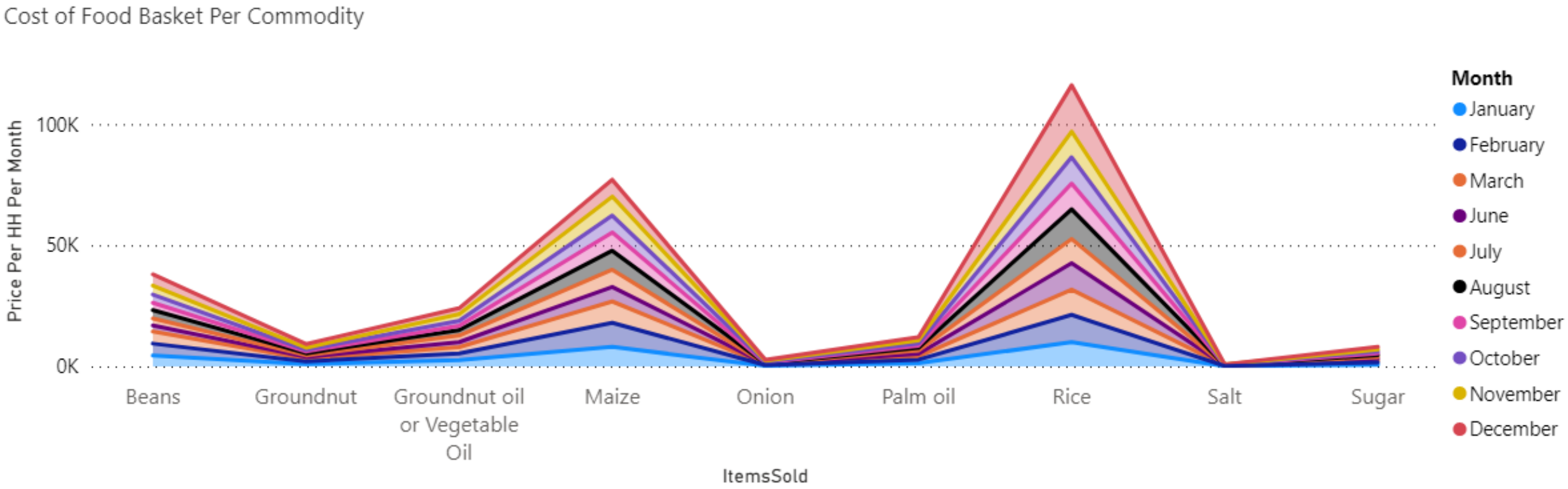
- Disabling biometric verification
- Increase the number of vendors
- Increase frequency of data collection – from monthly to weekly monitoring
- Include COVID-19 impacts questions in the tools
- Analysis data per location
- FSS Task-Force to monitor SMEB value and adjust transfer value
- Increase the transfer value three times in one year

Results - Increase Transfer Value



Results

Which commodities drive the increase?



Results

Market Monitoring Report

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Market Monitoring - January Report

Introduction

In January 2021, price monitoring was conducted in the field in Jere and Magumeri LGA, with both CRS and non-CRS vendors. As humanitarian access was still restricted in Kaga and Gubio LGAs, the market team was not able to go to Gubio LGA markets. Market officers collected data when vendors came to the office to sign their invoices before payments or call non-CRS vendors to conduct the survey remotely. The frequency of data collection in Magumeri LGA is lower because access to Magumeri LGA resume for only one week in January 2021.

Location	Date
Gubio	January 13th, 28th
Magumeri	January 26th
Jere	January 11th, 19th, 28th
Kaga	January 14th, 21th, 28th

The annual inflation rate increased for the 16th straight month to 15.75 percent in December 2020, the highest since November 2017. Due to the macroeconomic pressures, petrol prices are 14 percent higher than at the same time last year. **Prices of most staple food remain atypically high in January, about 50 to 100 percent above average. This is not only driven by the poor macroeconomic but also the below-average 2020/21 harvest and market supply coupled with atypically high market demand.**

Income opportunities across the northeast remain limited, give persisting, and continued high levels of conflict with sustained displacement. Despite the recent harvest, many households continue to be market dependent with lower than usual purchasing power. In December 2020, humanitarian actors provided food assistance to almost 40 million beneficiaries across BAY States. Many households continue to have limited access to food, and face crisis (IPC Phase 3), while those in difficult to access areas are expected to face emergency (IPC Phase 4). A Famine (IPC phase 5) risk persists in the even households are cut off from food and income sources, including humanitarian assistance for a prolonged period of time.[1]

Key Findings

This month, prices continue to be high even if the average decreases driven by Gubio prices. However, it does not mean prices are not high. Prices in all LGAs remains higher than the 5 years average.

In January 2021, the MEB variation (22.79%) in Gubio is above the 15% recommended by the FSS Task Force. However, the MEB is lower than in December (38%). As prices are decreasing, the prices will continue to be closely monitor to see if the MEB value decrease below the 15% or if an adjustment in the transfer value is needed.

The MEB in Magumeri, Jere and Kaga remains below the 15% recommended variation.

[1] https://fews.net/west-africa/nigeria

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Table of Market Prices

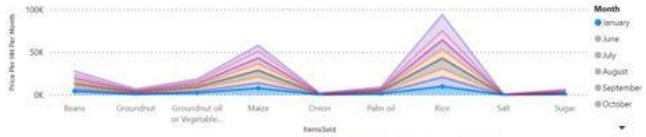

Table 1: Cost of Food Basket per Commodity in average in Kaga, Magumeri, Jere and Gubio LGAs, from June 2020 to end of January 2021.

In January 2021, the average prices decrease due to important decrease in Gubio prices. It does not reflect general price decrease.

Explanation of Price Changes

LGA	January	June	July	August	September	October	November	December	Total
Gubio	**430**	**381**	**326**	**344**			**428**	**539**	**508**
Beans	354	234	250	240			274	426	**401**
Groundnut	354	273	269	297			269	714	**633**
Groundnut oil or Vegetable Oil	907	613	667	675			1000		**789**
Maize	337		231	279			363	187	**206**
Millets	179	163	192	182			132	285	**267**
Onion	142	212	48	24			153		**123**
Palm oil	930	608	667	650			1000	900	**880**
Rice	446	462	423	492			483	919	**834**
Salt	138	158	48	102			121	105	**109**
Sugar	514	538	462	500			483	800	**746**

LGA	January	June	July	August	September	October	November	December	Total
Gubio	430	381	326	344			428	539	508
Kaga	**420**	**349**	**441**	**422**	**333**			**387**	**376**
Beans	355	188	247	290	282			321	**287**
Groundnut	395	295	310	346	330			374	**339**
Groundnut oil or Vegetable Oil	909	764	1102	717	588			865	**769**
Maize	196	162	185	246	201			183	**196**
Millets	204	153	162	192	194			167	**186**
Onion	70	143	77	95	94			95	**92**
Palm oil	825	744	1097	912	570			846	**756**
Rice	470	419	449	485	465			412	**457**
Salt	111	38	40	35	100			47	**79**
Sugar	483	492	500	863	485			491	**514**

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LGA	January	June	July	August	September	October	November	December	Total
Gubio	430	381	326	344			428	539	508
Kaga	420	349	441	422	333			387	376
Magumeri	426	359	384	410			474	438	409
Maiduguri	**430**			**322**	**362**	**405**	**386**	**416**	**415**
Beans	404			187	189	302	257	315	**354**
Groundnut	435			402	373	318	344	375	**404**
Groundnut oil or Vegetable Oil	832			548	657	687	686	762	**776**
Maize	202			185	203	186	162	162	**196**
Millets	183			183	181	199	161	180	**184**
Onion	246			314	394	380	491	481	**301**
Palm oil	885			494	517	675	686	762	**798**
Rice	445			502	501	483	432	455	**457**
Salt	160			124	147	298	154	181	**181**
Sugar	500			351	459	517	502	489	**493**

LGA	January	June	July	August	September	October	November	December	Total
Gubio	430	381	326	344			428	539	508
Kaga	420	349	441	422	333			387	376
Magumeri	**426**	**359**	**384**	**410**			**474**	**438**	**409**
Beans	460	230	267	332			405	380	**338**
Groundnut	477	345	308	370			441	431	**385**
Groundnut oil or Vegetable Oil	877	694	683	775			1045	849	**790**
Maize	214	161	173	204			192	180	**195**
Millets	202	154	173	184			172	218	**184**
Onion	115	192		154			571		**168**
Palm oil	896	732	668	775			900	883	**792**
Rice	438	524	447	559			500	439	**517**
Salt	48	39	124	42			38	46	**49**
Sugar	522	509	458	511			553	518	**510**

Table 2: Average price per kg in Gubio, Magumeri, Kaga and Jere LGAs.

All prices remain particularly high. Gubio's prices decrease and are now closer to the rest of the LGA prices except for Maize which is more expensive in Gubio than any other LGAs). The price per kg explicit more the continuous high prices found in the market even if the average is a little lower than previous data collection. The decrease is driven by Gubio high decrease. However, Gubio prices were extremely high. In January they converge to others LGAs prices that are still higher than the five years average.

MEB Changes

The MEB is calculated per household (5) using the last FSS approved template. The average MEB variation compare to the baseline MEB is 7.68%. The variation still respect the 15% variation recommended by the FSS.

Table 4 shows a drop in MEB value in January 2021, as mentioned before it is driven by Gubio's decreases prices but it stays as high as previous months.

In Gubio LGA, the MEB varied by 22.79%. It is above the 15% recommended variation by the FSS but it is decreasing compare to the 38.31% in December. Prices will continue to be monitored to assess if prices continue to decrease before requesting adjustment of transfer value.

Discussion

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