MARKit: Market Monitoring for Program Decisions

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Speakers

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MARKit overview
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)

**INITIAL PHASE**
- Pre-MARKit program design
- Conduct market assessment

**PHASE A: PREPARE**
- Step 1: Lay the groundwork
- Step 2: Set the scope
- Step 3: Create your tools
- Step 4: Visit the marketplace

**PHASE B: COLLECT AND ENTER DATA**
- Step 5: Collect and enter price information

**PHASE C: ANALYZE**
- Step 6: Calculate price changes
- Step 7: Investigate causes

**PHASE D: REPORT AND ADAPT**
- Step 8: Report and disseminate information
- Step 9: Adjust as necessary
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 calendar)?

**YES**

**NO**

STOP!
No further analysis needed
## Step 6.2: Characterize Price Changes

<table>
<thead>
<tr>
<th></th>
<th>One/few commodities</th>
<th>Many/all commodities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>One/few markets</strong></td>
<td>• Seasonality</td>
<td>• Seasonality</td>
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<tr>
<td></td>
<td>• Local supply shocks</td>
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<td></td>
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<td>• Inflation</td>
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<td>• Exchange rates</td>
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<td></td>
<td>• Global food prices</td>
<td>• Fuel prices</td>
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<td></td>
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<td>• Policies</td>
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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
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

<table>
<thead>
<tr>
<th>Analysis</th>
<th>Data Requirements</th>
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<tbody>
<tr>
<td>• Refer to baseline market system map for possible interruptions</td>
<td>Baseline market information</td>
</tr>
<tr>
<td>• Conduct Key Informant interviews (see Worksheet 3 for guidance) with traders, and local partners/staff to understand disruptions to production and supply flows</td>
<td>Local informants, secondary reports, news reports</td>
</tr>
</tbody>
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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
MARKit sample analysis
Is further analysis needed?

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
- NO

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

- YES
- NO

STOP!
No further analysis needed

Rice in Cheetah ↑
Maize in Cheetah ↑
Maize in Pantera
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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
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

SMEB trend

<table>
<thead>
<tr>
<th>Month</th>
<th>Value</th>
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<tbody>
<tr>
<td>March</td>
<td>17225.29</td>
</tr>
<tr>
<td>May</td>
<td>24579.11585</td>
</tr>
<tr>
<td>June</td>
<td>24269.04</td>
</tr>
<tr>
<td>July</td>
<td>29,144</td>
</tr>
<tr>
<td>August</td>
<td>26099.5</td>
</tr>
<tr>
<td>September</td>
<td>26489</td>
</tr>
<tr>
<td>October</td>
<td>28291</td>
</tr>
<tr>
<td>November</td>
<td>37608</td>
</tr>
<tr>
<td>December</td>
<td>28588</td>
</tr>
<tr>
<td>January</td>
<td>32883</td>
</tr>
<tr>
<td>February</td>
<td></td>
</tr>
</tbody>
</table>
Results

Which commodities drive the increase?

Cost of Food Basket Per Commodity

- Beans
- Groundnut
- Groundnut oil or Vegetable Oil
- Maize
- Onion
- Palm oil
- Rice
- Salt
- Sugar

Month
- January
- February
- March
- June
- July
- August
- September
- October
- November
- December
### Results

**Market Monitoring Report**

**Market Monitoring - January Report**

In January 2021, price monitoring was conducted in the Ibadan, Ifo, and Ilorin LGAs, with both CRS and non-GRS versions. As a result of the tension and poor market access, inflation was higher in Ife and Ilorin LGAs than in CRS. In the market, there were many more oranges than other vegetables and fruit in excess supply, which led to lower prices. The frequency of price collection in Ibadan LGA decreased between the survey periods, but it remained relatively high.

The average price of oranges increased in January 2021, driven by the high demand for oranges during the month. In January, the average price of oranges increased by 12.1% compared to December 2020, which was the highest since November 2017. The increase was driven by the high demand for oranges during the month, which led to higher prices.

Income opportunities across the northeast remain limited, giving rise to continued high levels of emigration to urban centers in search of better jobs, higher incomes, and improved living standards. The average price of oranges increased in January 2021, driven by the high demand for oranges during the month. In January, the average price of oranges increased by 12.1% compared to December 2020, which was the highest since November 2017. The increase was driven by the high demand for oranges during the month, which led to higher prices.

Key Findings

- This month, prices continue to be high even as the average decreases driven by cheaper prices. However, it does not mean prices are not high. Prices in all LGAs remain higher than the 5-year average.

- In January 2021, the MGE (market gap) in Ibadan is above the 5% recommended by the FG-MEP. However, the MGE is lower than in December 2020. As prices are decreasing, the MGE will continue to be closely monitored to see if the MGE value decreases below the 5% or if an adjustment in the transfer value is needed.

- The MGE in Ifo and Ilorin remains below the 5% recommended average.

1. https://crs.ng/resources/nigeria
Discussion
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