

EFFECT ON MARKETS

Outcome indicator

Indicator Phrasing

INDICATOR PHRASING: % of market areas where the prices of essential food items have not increased due to the provision of cash / vouchers

What is its purpose?

The indicator shows the extent to which the provision of cash / vouchers and the resulting higher purchasing power of the local population caused increases in the prices of essential food items. It monitors a potential negative impact from the provided assistance. The methodology for monitoring food prices follows official WFP guidance; the causes of the potential price increases are assessed using an additional methodology.

How to Collect and Analyse the Required Data

Determine the value of this indicator by using the following methodology:

1) **Select the market areas** where you plan to conduct monitoring. Market areas should be understood as any geographical location where buyers and sellers come together to trade goods and services (e.g. a district town) – not specific shops or market stalls. It is recommended that you select a limited number (5 - 7) of market areas that are most important to the target population (e.g. district town markets or major Saturday markets in a given area). They can be identified using focus group discussions with the project participants living in different parts of your target area.

2) **Define the food commodities** whose prices you intend to monitor. Instead of monitoring the price of many commodities, WFP recommends only focusing on several key staple foods that are most commonly consumed by the target population (e.g., flour, oil, beans, etc.). Be very clear about the exact type and brand of each commodity you want to monitor. For example, prices of rice vary significantly according to the variety, place of origin, quality and brand.

At the same time, determine for each food commodity **the unit of measurement** (e.g. kg / grams / litres) **and currency** that will be used for monitoring (crosscheck the feasibility of your units of measurement with the selected sellers – see below).

After the first one or two rounds of data collection, review whether your monitoring system works and if required, adjust the types of monitored food commodities.

3) **Select the sellers / shops** from whom will you collect prices about the monitored food commodities. It is recommended that **in each market area** you:

- make a list of the sellers that 1) sell one or more of the monitored food commodities; and 2) are commonly used by the target population (e.g. people might prefer shopping in the local markets as opposed to supermarkets);
- as a next step, use random sampling to select at least two to three sellers of each commodity. If the same sellers are selling several of the monitored commodities, this will make your data collection work easier

4) **Decide on the frequency and timing** of price monitoring, depending on:

- when will you provide cash / voucher assistance
- for how long a period will you provide cash / voucher assistance
- how frequent are any major market days (e.g. every day? once a week?)
- your M&E capacities (e.g. number of staff that can monitor prices)

If the prices differ depending on the day of the week (e.g. weekdays versus prices during a major market day on Saturday), ensure that the prices are collected at comparable times.

5) **Define the methodology for assessing the causes of price increase.** First, decide by how much the price of a certain food commodity needs to increase in order for you to start assessing why it has increased. This can be, for example, if it increases by more than 20%. Next, define how you will assess the causes of price increase. For example, you can:

- first interview the sellers whose prices you monitored
- for the next step, verify the validity of their responses with other stakeholders, such as other sellers of the same commodities, suppliers of these sellers (the sellers can provide you with their contact details), customers / target group members (for example, you can ask them whether they experienced any shortage of the monitored food commodities that resulted in price increase and then correlate it with the time when the cash / vouchers were provided)

6) **Collect the required data:**

- Price monitoring: It is recommended that you use simple price recording forms that are based on the methodology defined above. To save time and resources, consider collecting the required information using SMS or phone calls and verifying the data by visiting some of the monitored sellers / shops. If during a particular monitoring round a specified type of food commodity is not available, a substitute type with very similar characteristics (if available) can be used.

- Assessing the causes of price increase: Whenever even one monitored commodity in any area increases in price by more than the benchmark defined in the previous step, use the above-described methodology to assess whether it is likely that the price increase was caused by the provision of cash / vouchers.

7) **Count the number of market areas** where it was never proven that an increase in prices was caused by the provision of cash / vouchers.

8) To **determine the indicator's value**, divide the number of market areas where it was never proven that an increase in prices was caused by the provision of cash / vouchers by the total number of monitored market areas. Multiply the result by 100 to convert it to a percentage.

Disaggregate by

Disaggregate the data by location and by the number of times the provision of cash / vouchers caused a price increase (in each of the monitored areas).

Important Comments

1) This guidance presents only a fraction of the best practices in conducting price monitoring. Take maximum advantage of the very useful tips provided in WFP's guidance Collecting Prices for Food Security Programming (see below).

2) Keep in mind that a larger availability of cash in the local economy is **just one of many reasons why food commodity prices can increase**. Others include, for example, inflation of the local currency, increases in the cost of these commodities at the (inter)national markets, supply-related difficulties (e.g. due to insecurity). Ensure that you assess them carefully before attributing any price increases to the provided cash / vouchers.