

# WFP/FEWS NET Market assessment in Borno, Yobe and Adamawa States

## Nigeria

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December 2017  
Data collected in August 2017



**World Food  
Programme**

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Data collected in August 2017  
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## Contents

<b>Key findings from markets across North East states of Adamawa, Borno and Yobe.....</b>	<b>1</b>
<b>1. Introduction and context .....</b>	<b>4</b>
<b>1.2. Objectives of assessment.....</b>	<b>5</b>
<b>2. Methodology .....</b>	<b>5</b>
<b>3. Findings.....</b>	<b>7</b>
<b>3.1. Trader characteristics.....</b>	<b>7</b>
3.2. Key markets in north eastern Nigeria .....	8
3.2.1. Status and types of markets .....	8
3.2.2. Frequency of operation.....	8
<b>3.3. Availability of essential food items in markets .....</b>	<b>9</b>
3.3.1. Key commodities available in markets .....	9
3.3.2. Seasonal calendar .....	10
3.3.3. Seasonal trends in availability of food in markets .....	11
<b>3.4. Current and seasonal commodity prices .....</b>	<b>11</b>
3.4.1. Current food price trends .....	11
3.4.2. Seasonality and trend in prices .....	13
3.4.3. Price projection or outlook .....	13
<b>3.5. Traders' response capacity .....</b>	<b>14</b>
3.5.1. Number of traders dealing in food commodities .....	14
3.5.2. Response capacity.....	15
3.5.3. Storage facilities /Quantities sold/stock strategy.....	17
3.5.4. Challenges to sales expansion and response capacity.....	18
<b>3.6. Traders and households' access to markets.....</b>	<b>18</b>
3.6.1. Distance to markets and cost of transportation .....	18
3.6.2. Market access and road network.....	19
3.6.3. Restrictions and barriers to markets.....	19
<b>3.7. Market functioning.....</b>	<b>19</b>
<b>3.8. Finance and communication services .....</b>	<b>20</b>
<b>3.8.1. Banks and other financial service providers.....</b>	<b>20</b>
<b>3.8.2. Mobile communication networks.....</b>	<b>21</b>
<b>3.9. Constraints.....</b>	<b>22</b>
<b>3.10. Conclusions and recommendations.....</b>	<b>23</b>

## List of Tables

Table 1 Markets and number of traders sampled .....	6
Table 2 Percentage of traders dealing in various commodities by market .....	14
Table 3 Access to financial service by market.....	21
Table 4 Access to phone network by market.....	22

## List of Figures

Figure 1 Percentage increase in weekly sales compared to one year ago .....	10
Figure 2 Seasonal calendar for northern Nigeria .....	11
Figure 3 Price of staples in Maiduguri market for August 2017 compared to 5-year average.....	12
Figure 4 Average price of staple food commodities in key markets of north eastern Nigeria.....	12
Figure 5 Seasonal indices for Maiduguri, Damaturu and Mubi markets .....	13
Figure 6 Traders capacity to absorb increased demand for food commodities .....	15
Figure 7 Traders' maximum capacity to absorb increase in demand, by percentage .....	16
Figure 8 Lead-time to supply the market.....	16
Figure 9 Places where traders store food commodities .....	17
Figure 10 Type of trader by size of storage .....	17
Figure 11 Average distance travelled to market during the rainy and dry seasons .....	18
Figure 12 Number of retail and wholesale traders of most important food commodity.....	20

## Key findings from markets across North East states of Adamawa, Borno and Yobe.

### Key markets typologies, actors and recovery levels in north eastern Nigeria

- Most markets in the Borno, Yobe and Adamawa States of Nigeria have begun to function well with a large presence of retail and wholesale traders selling a wide range of food items. The strong trade relationship which exist between the assessed markets across the three states as well as markets outside of the region ensures continuous supply and fair availability levels for key staple food items. However, markets in partially accessible locations such as Gwoza, Ngala, Bama, Konduga, Gulak and Michika remain fragile and are characterized by limited availability of key staple food commodities.
- The growing signs of market recovery and functioning is reflected in the increased weekly sale of food items reported by traders which resulted mostly from increased customer demand and improved security situation.
- Majority of the assessed markets were dominated by retail traders with each having above 100 retailers, but the number of wholesale traders in some markets was low, with Yusufari reporting 5 traders in this category.
- Eighty-two percent of the surveyed markets were formal markets where licenses/permits are required by traders to operate and such markets are subject to regular monitoring by relevant government authority. Also, most of the markets (about 74 percent) open daily to customers and traders while others are weekly markets.

### Food stocks and availability in markets

- Essential locally produced staples are widely available in most markets with maize grain locally produced rice and millet being the three most important food commodities.
- Increasing supply of staples is observed at the markets, due to improved security situation and favorable agro-meteorological conditions in locations where crop cultivation occurs. This development together with increased demand triggered increased trading activities and market availability of staples.
- Food stocks available for trading were limited in Gwoza, Garkida, Konduga, Hong, Mafa, Magumeri and Dikwa where market supplies were already at their below normal levels in August. In addition to production decline resulting from the ongoing hostilities, this anomaly was further reinforced by market access constraints associated with the prevailing insecurity and poor road conditions during rainy season in these locations.

### Food prices

- At the time of the assessment, the average retail prices for major staples like maize, imported rice, local rice and millet at Monday market, Maiduguri were higher than the five-year average prices by 77%, 47%, 37% and 89% respectively. However, these high nominal prices (relative to average) are not limited to north eastern Nigeria, but prevail across the country.
- A comparison of retail prices for key markets in the north east revealed that Mubi market (in Adamawa State) had the lowest prices for maize, imported rice, local rice and millet. On the other hand, prices for maize, local rice and brown beans were relatively higher in Damaturu when compared to Uba, Mubi and Maiduguri markets.

### **Traders' supply response capacity to increased demand**

- Over 80 percent of the surveyed traders admitted to having the capacity to adequately respond to a 25 percentage point increase in current demand, but if the demand for food items were to increase by 50 percent, only about 54 percent of traders would have the capacity to respond effectively. However, with a 100 percent increase in demand, just about 27 percent of traders will be able to respond effectively.
- With regards to the response time, about 61 percent of traders expressed readiness to deliver adequate quantities of goods to meet increased demand within one week in the event of a 25 percentage point increase in demand while another 20 percent would require about 2 weeks to meet such an increase in demand.
- In almost half of the markets surveyed (Damaturu, Gwoza, Jakusko, Yusufari, Garkida, Konduga, Gombi, Damboa, Mafa, custom market, Gulak, Gamboru-Ngala, Monday and Askira Uba markets), traders had access to their own warehouse storage space outside the market in addition to storage space available in the main markets. In effect, there are sufficient storage facilities to accommodate additional stocks in the event of an increase in demand for more food resulting from the scale up of cash-based transfer programs.

### **Inter-market linkages and trading**

- The inter-market routes between major markets in the North East region are very long, averaging more than 100 kilometers. The longest distances are between Gwoza and Mubi markets (135 KM), Geidam and Gashua markets (130 KM) and Tetteba (Gulani, Yobe state) and Gombe markets (120 KM). The long distances travel by traders, coupled with poor road conditions and insecurity contribute to high cost of staples as these factors are considered part of the transaction costs for determining market prices.
- Poor road infrastructure such as un-tarred roads and collapsing bridges constraints the transportation of goods and trading activities to markets in Gwoza, Tetteba (Gulani), Bama, Gombi, Uba, Mubi, Hong, Dikwa and Mafa. Consequently, the traders suffers losses through wastages in commodities before reaching destination markets.

### **Constraints**

- The top three major constraints identified by the traders as impediments to full market recovery in the region are: lack of capital<sup>1</sup> (38 percent) and low level of demand<sup>2</sup> (8.3 percent). Specifically, in Adamawa, the three main constraints affecting trading activities are inadequate capital, poor road infrastructure and lack of credit. Similarly, trade in both Yobe and Borno states is significantly constrained by inadequate capital, poor means of transport and low level of demand. Additional constraints identified at the market level include the prevalence of in-kind food aid which affects the demand for some food commodities.

### **Finance and communication services situation**

- The conflict between the state and the Non-state Armed Group (NSAG) has caused significant destruction of infrastructure in north eastern Nigeria which has consequently affected all facets of economic development including the operations of banking and financial service infrastructure

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<sup>1</sup> Own capital (26.9%), foreign exchange (3.1%) and credit (7%)

<sup>2</sup> Demand (8%), security (5.3%) and food aid (5%)

and local markets. As a result, about 40 percent of the traders could no longer access banking services in Adamawa and Yobe states, while about 70 percent lacked access in Borno state where the destruction has been more significant.

- More than half of traders (56.9 percent) obtained credit to purchase stocks, mostly from suppliers and Individuals rather than banks. Stock credit from suppliers, is more accessible to traders in Adamawa (53 percent) than their counterparts in Borno (32.3 percent) and Yobe State (36 percent).
- In hard-to-reach locations like Gwoza, Bama, Dikwa, Gamboru-Ngala and Konduga, there are no banking services available and traders have no access to formal financial transactions through banks.
- Some 82.7 percent of surveyed traders owned mobile phones, with 60.8 percent of these phone users subscribing to prepaid services. At the state level, phone ownership among traders was highest in Adamawa (95.3 percent) and Yobe States (81.3 percent) and lowest in Borno (76.9 percent). Airtel (39.2 percent) and MTN (36.9 percent) are the two dominant mobile phone network operators in the north east, but MTN was more popular with traders in Adamawa (60.9 percent) while Airtel was the network of choice for traders in Borno (43.5 percent) and Yobe (38.7 percent).
- Most traders in Gwoza, Dikwa, Mafa and Monguno reported the lack of network coverage while other traders in Konduga, Bama and Damboa also reported poor mobile network coverage in those locations.

## **Recommendations**

- The implementation of cash based transfers could take advantage of the large number of traders with food trading licenses which is an essential requirement for traders to qualify for participation in CBT implementation.
- At the same time, cash transfer programmes should be implemented on pilot basis or on small scale to gauge the market response and allow adequate time to further evaluate any economy-wide impact on the community and its livelihoods.
- Furthermore, traders' associations could form the backbone for further efforts towards scaling up the cash-backed CBT approach, but this should be based on adequate understanding of local conditions including retailer assessment, procurement and training of traders.
- As a prelude to the large-scale implementation of cash transfers (either through mobile money or voucher transfer), price monitoring system should be implemented in the key markets, including hard-to-reach areas.
- Moreover, assessment of capacity of key service providers such as financial service institutions to determine whether cash will be readily available in the project locations should be undertaken. The capacity of mobile telecommunication service providers (in the case of mobile money transfer) should also be assessed to determine the networks with reliable and wide coverage in the project location as well as the presence and willingness of vendors to undertake cash-out for beneficiaries.

## 1. Introduction and context

In the three crisis-affected states of Borno, Yobe and Adamawa in north eastern Nigeria, markets remain fragile with reduced level of activity, reduced number of traders and low volume of stocks as insecurity remain the key factor hampering movement and trade. While the threat of suicide bomb attacks in markets remain high, ambushes along major trade routes have also made travel along such roads riskier, contributing to reduced trade flows and access to markets when compared to the pre-crisis period.

The ongoing hostilities have dissuaded many households from participating in agriculture and other livelihood activities, limiting local food production and supplies to markets and thus contributing to high prices of staple food commodities. At the same time, access to key livelihood and income earning opportunities, including wage labor and employment has waned, contributing to reduced purchasing power of households across the north east.

A recent livelihood and market recovery assessment undertaken by a group of Non-governmental organizations in north eastern Nigeria found that poor quality of road network, destroyed market infrastructure and the closure of banks and microfinance institutions not only hampered access to agricultural inputs, but also income-generating activities and access to finance to improve agricultural production. The report also highlighted emerging signs of market recovery characterized by increasing number of customers, reconstruction of damaged market shops and stalls as well as the impact of improved management of household and community-owned storage facilities on improved incomes and food security<sup>3</sup>. These developments have the potential to bolster livelihoods that rely on markets.

As humanitarian actors strive to scale-up their operations to reach those most in need of assistance through various assistance modalities, the analysis of market trends has become crucial for understanding how markets are responding to the crisis as well as the impact of the humanitarian interventions on these markets. Since April 2017, WFP has assisted about 186,000 beneficiaries through Cash-Based Transfer (CBT) in Borno and Yobe States, but aims to scale-up to reach over 350,000 beneficiaries by the end of 2017. Despite the growing interest in Cash-Based Transfers (CBT) programmes and the preference among stakeholders due to its cost effectiveness, it still remains uncertain how markets will respond to increased demand and whether the conditions will be favorable for WFP and its beneficiaries in a fast changing environment as north eastern Nigeria.

According to WFP's report on market assessment in Borno and Yobe States in 2016, markets in these two states are accessible throughout the year with the exception of Gujba-Bumsa and Geidam markets (Yobe) as well as Gubio and Magumeri (Borno) due to insecurity<sup>4</sup>. On the other hand, a FEWS NET market monitoring bulletin observed some measure of disruption in market functionality despite improvements in the security situation in North East of Nigeria, which has hampered trade flows with other parts of the country as commodities previously sourced from the North East to South West and South East markets are now mostly procured from markets in the north central and north western states.

The World Food Programme in partnership with FEWS NET conducted a market assessment in August 2017 (the peak of the lean season) to provide evidence-based information to enable humanitarian actors gain updated insights into how well markets are functioning and recovering in north eastern Nigeria and the impact of cash-based interventions on the economy and also the conflict affected households.

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<sup>3</sup> USAID, Mercy Corps, Action Against Hunger, COOPI, CRS, IRC and Oxfam (2017), Northeast Nigeria Joint Livelihood and market recovery assessment

<sup>4</sup> Market Assessment in Borno and Yobe States as part of multi-sectorial capacity assessment for CBT programming, 2016



## 1.2. Objectives of the assessment

The purpose of this assessment was to explore the prospects of implementing CBT in the selected locations and to provide information to support evidence-based programming in the ongoing humanitarian response in the north eastern Nigeria. More specifically, the overall objectives of the market assessment were to:

- Evaluate the appropriateness and feasibility of CBT as a food assistance modality for the target population across prioritized Local Government Areas; and
- Inform CBT programme scale-up within WFP and guide food security sector partners with regards to decision making on the best transfer modality.

## 2. Methodology

In order to achieve the objectives of the assessment, secondary data review was conducted to gain insight into the state of the markets, identify markets of interest and map out trade flows for primary data collection. Existing price monitoring data and market knowledge from WFP's price monitoring and partners like FEWS NET were used to understand price trends as well as serve as a baseline and basis of comparison with findings from primary sources of information.

In addition, primary data collected from trader and market surveys constituted a major source of data for this assessment. Two different survey questionnaires were administered: a trader questionnaire and general market questionnaire. A structured trader questionnaire was administered to purposively selected traders, selling at the level of retail, wholesale and 'collector' in order to assess food availability and flows within the market which will ultimately inform response options. In addition, one head of market or head of traders' association was also interviewed in each market. In each market, a total of 9 questionnaires were administered to traders (3 wholesale, 3 retail and 3 collectors). The assessment was conducted in 27 key markets across the three north eastern Nigeria States (Table 1).

# Nigeria - Adamawa, Borno and Yobe States

Market Assessment Coverage, September 2017

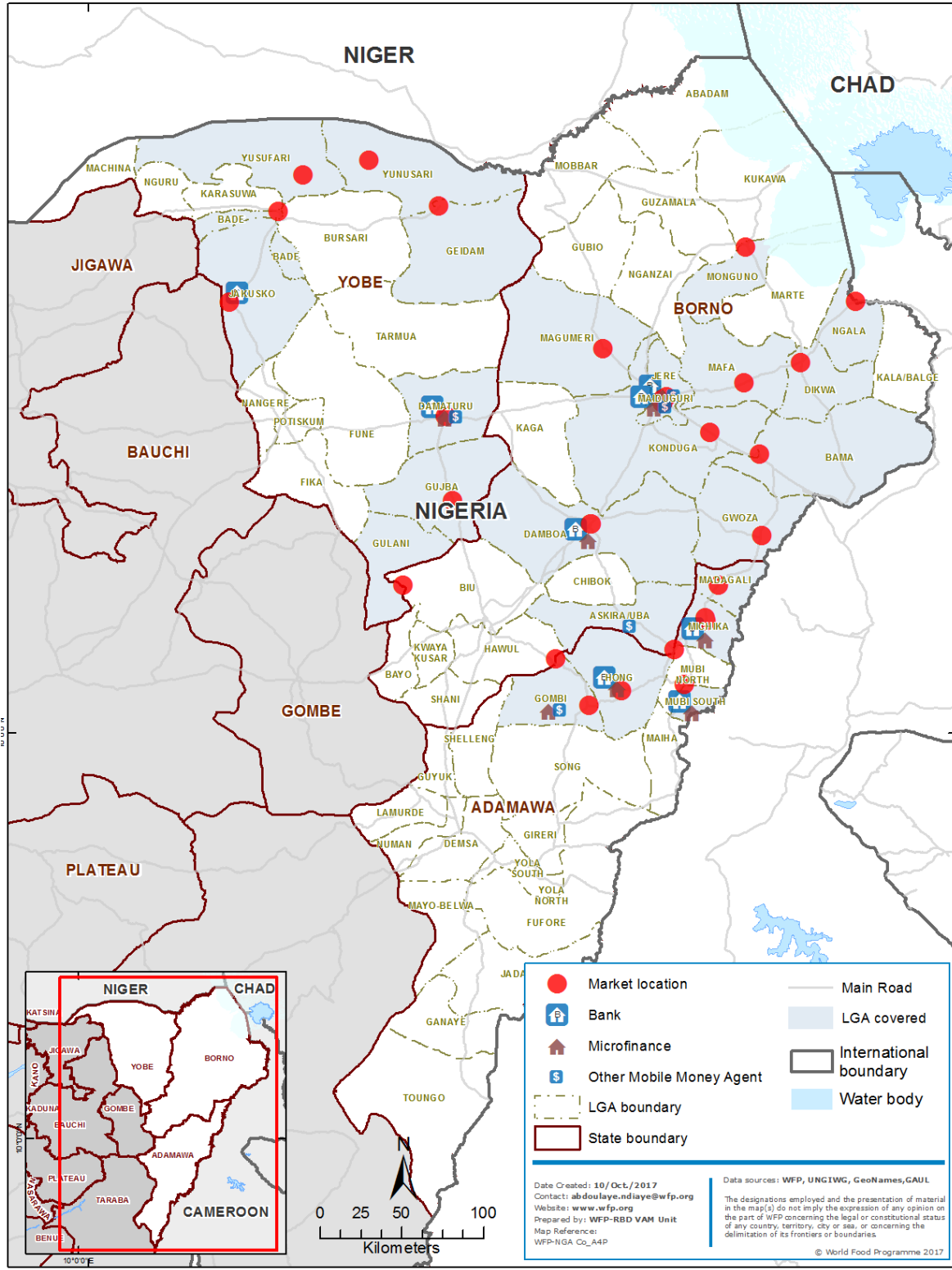


Table 1 Markets and number of traders sampled

State	Name of market	LGA	Total traders sampled
Adamawa	Uba main market	Hong	10
Adamawa	Garkida market	Garkida	9
Adamawa	Gombi market	Gombi	9
Adamawa	Mubi grains market	Mubi South	9
Adamawa	Hong market	Hong	9
Adamawa	Michika market	Michika	9
Adamawa	Gulak market	Madagali	9
Borno	Gwoza main market	Gwoza	9
Borno	Konduga market	Konduga	10
Borno	Bama central market	Bama	10
Borno	Dikwa central market	Dikwa	9
Borno	Damboa market	Damboa	20
Borno	Monguno market	Monguno	9
Borno	Mafa central market	Mafa	9
Borno	Magumeri central market	Magumeri	8
Borno	Custom market	Jere	12
Borno	Gamborum main market	Ngala	9
Borno	Monday market	Maiduguri Metropolitan	11
Borno	Uba (Askira) market	Aski Uba	8
Yobe	Damaturu Central	Damaturu	12
Yobe	Geidam central market	Geidam	9
Yobe	Jakusko main market	Jakusko	9
Yobe	Bade market	Bade	9
Yobe	Yusufari central	Yusufari	12
Yobe	Yunusari	Yunusari	6
Yobe	Buni-Yadi (Friday market)	Gujiba	9
Yobe	Tetteba market (Gulani)	Gulani	9

Source: WFP/FEWSNET market assessment 2017

### 3. Findings

#### 3.1. Trader characteristics

There is significant gender imbalance and limited participation of women in trading activities across the three states. Only 15 out of the total of 260 traders interviewed were female and female traders were mostly involved in retail trade. Some 31.9 percent of traders were engaged in retail compared to 23.8 percent in wholesale and 20.2 percent in collection. The dominance of male traders in the trade of food commodities is consistent with the findings of previous market assessment in April 2017 and could be influenced by the social status of women and their limited access to funding to finance their trade<sup>5</sup>.

Some 32.7 percent of traders sold goods in the open market while 67.3 percent sold in shops, with 51.7 percent of traders being owners of their shops compared 48.1 percent of traders in rented stores. Nearly 80 percent of traders had been in the business for more than three years. While 33.5 percent of traders had trading licenses, more than 56.3 percent of traders maintained that trading license is not required to

<sup>5</sup> WFP Market Assessment in Borno and Yobe States as part of multi-sectorial capacity assessment for Cash-Based Transfer programming, April 2017

run such businesses. Over 60 percent of retailers, wholesale traders and collectors each had trading licenses for their business. Yobe State had the highest proportion of traders with trading license and these traders are made up of an equal proportion of wholesalers and retailers. Some 87.8 percent of traders noted the presence of a traders' union in the market, but 25.1 percent were not members of an association or union. Shop ownership was high among traders, with 39.9 percent of traders owning one shop while 42.6 percent of traders owned more than one shop. Shop ownership was lowest among collectors compared to other types of traders.

Most retail and wholesale traders sold their food commodities in a shop while collectors mostly traded in the open market. Collectors were mostly involved in the trade of cereals and pulses with little activity in the trade of tuber, dairy, fruits and vegetable. With retail and wholesale traders, there was a high proportion of traders engaged in the sale of dairy products and fats.

More than half of retailers and wholesale traders owned their shops, with at least 40% of all categories of traders renting their shops. At the state level, shop ownership among traders in the market was lowest in Borno State (38.7 percent) and highest in Yobe (65.3 percent) than in Adamawa State (60.9 percent). In addition, few traders in Gwoza, Bade, Uba, Dikwa, Monguno, Mafa, Magumeri, Custom market and Askira Uba market owned shops in which they sell goods and were mostly renting.

## 3.2. Key markets in north eastern Nigeria

### 3.2.1. Status and types of markets

Some 57.5 percent of the key informants interviewed were market chairpersons while 35 percent were heads of trader associations. Eighty-two (82) percent of markets were formal markets which are monitored and are subject to tax administration by the government and all markets operate regularly throughout the year. Generally, Gamboru-Ngala, Gulak, Mafa, Monguno and Konduga markets had fewer traders than other markets in the north east irrespective of whether it is lean season or post-harvest with the number of traders ranging between 51 and 100. Most other markets tend had more than 100 retailers both during the lean season and at post-harvest period. Geidam, Jakusko, Bade, Buni-Yadi in Yobe State along with Askira Uba in Borno and Garkida in Adamawa State had the largest number of wholesale traders during the lean season. Seasonal decline in market supply of stocks, along with poor road conditions are some of the factors contributing to decrease in the number of traders during the rainy season.

### 3.2.2. Frequency of operation

Periodic markets are common in northern Nigeria and are generally characterized by days of trading activities separated by days of little or no activity with market days held at regular intervals. Most of the markets (74.4 percent) visited during the assessment operate daily with a small proportion (15.4 percent) operating once a week. Most daily markets operate in urban areas where there is sustained demand for products throughout the week while weekly markets are generally more characteristic of rural areas. In other cases, urban trade is sustained by regular daily market interspersed with the main weekly market day.

### 3.3. Availability of essential food items in markets

#### 3.3.1. Key commodities available in markets

Essential locally produced staples were widely available in the markets of north eastern Nigeria with maize grain (51.3%), locally produced rice (12.9%) and millet (12.9%) being the three most important food commodities. While locally produced rice, millet and maize grain/pasta constitute the three most important food commodities in Yobe State, maize grain, sorghum and millet are the three most important food commodities in Borno. Most of the stocks available during the lean season are normally traded and the quantities traded during this period are usually lower in most of the markets as compared to post-harvest period.

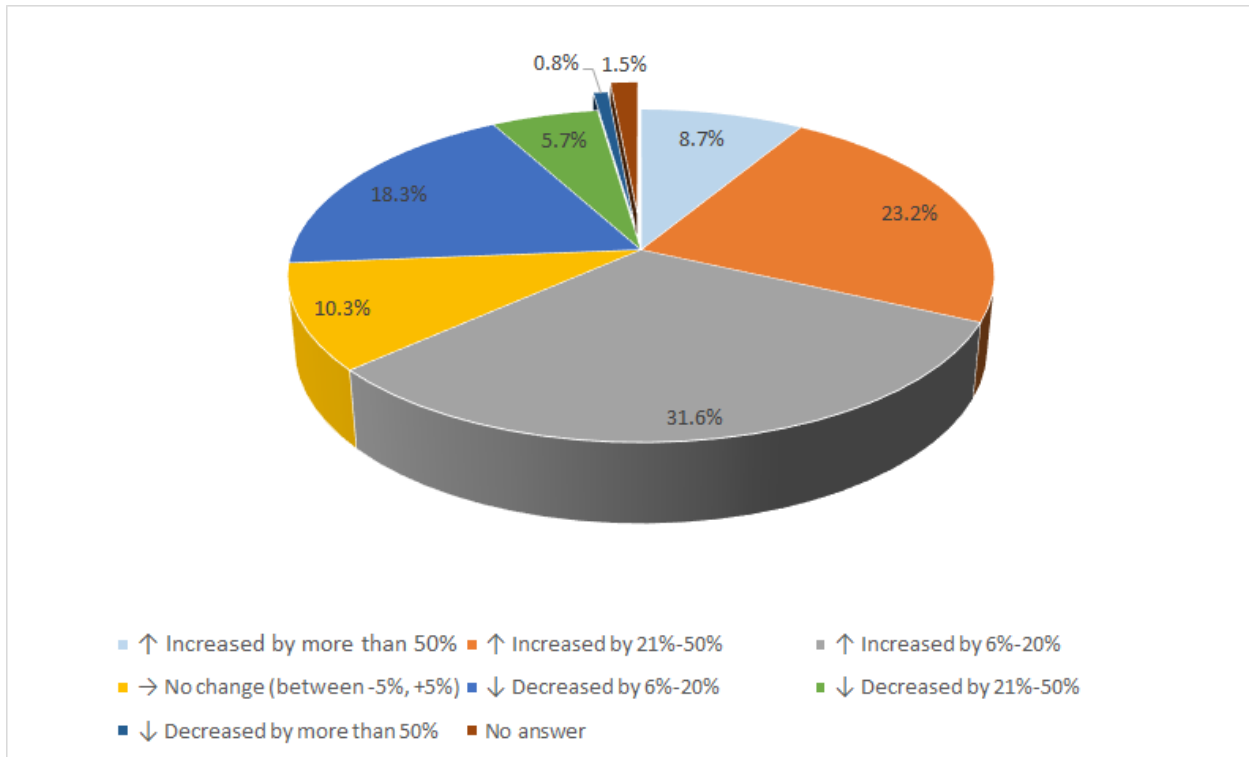
At the time of the assessment, traders reported changes in the availability of the most important food commodities, notably maize and sorghum in some markets. The increased availability was due to improved security conditions and increased supply/production, which was triggered by favorable weather conditions.

The key food commodities were however not widely traded and available in all the markets of the north east. The availability of these commodities was generally limited in Gwoza main market, Garkida, Konduga markets, Hong, Mafa, Magumeri and Dikwa. The limited availability of these commodities was linked to a seasonal decline in the market supply at the time of the assessment and the apparent market access constraints associated with the prevailing insecurity in these locations.

On average, 11 to 50 clients purchase maize grain from 44.1 percent of traders each week while 51 to 100 clients purchase the same commodity from 29.5 percent of traders on weekly basis. Some 31.6 percent of traders reported 6-20% increase in weekly sales of maize grain compared 23.2 percent who reported 21 to 50 percent increase due to increased customer demand. On the other hand, 10.3 percent report no change in weekly sales while 18.3 percent noted a decrease of 6 to 20 percent in weekly sale (Figure 1). Among the markets reporting a decrease in sales are Geidam central market [55.6 percent of traders for a decrease of 6-20% while 22% for decrease of 21 to 50 percent], Jakusko main market [44 percent of traders for a decrease of 6-20 percent and 33 percent for decrease of 21 to 50%] and Garkida market [55.6 percent of traders for a decrease of 6 to 20 percent]. In addition, 33 percent of traders in Bade, Mubi, Hong and Monguno reported a decrease of 6 to 20 percent in weekly sales. While the three key food commodities are traded in most markets during the lean season and also post-harvest, the quantities of the food items available vary in response to seasonal decline in the stocks held at the market level as well as household supply to markets.

The three main reasons for the change in weekly sales are: increased demand from customers within the LGA, improved security and relatively improved crop harvest. While demand for staple food commodities has increased across most of the markets in the three states, insecurity remained a challenge for traders in Damaturu, Gwoza, Tetteba-Gulani, Bama, Gombi, Hoang, Dikwa, Mafa, Michika and Gulak markets. The two main important buying sources for maize grain at post-harvest are wholesale traders and farmers. Traders in the assessed markets purchased maize grain from a diverse range of sources, but wholesale traders were the main source for most traders in the selected markets. Farmers were the main source of maize grain for most traders in Konduga, Mubi, Hong, Mafa and Michika at post-harvest while collectors constituted the main sources of this staple for traders in Damaturu, Buni-Yadi, Bama and Damboa markets at post-harvest.

Figure 1 Percentage increase in weekly sales compared to one year ago



Source: WFP/FEWSNET market assessment 2017

In terms of the two main state sources, traders are more generally reliant on sources within the state to purchase food commodities at post-harvest. In Yobe State, traders complemented state level sources with purchases from other states, while traders in markets of Borno relied on a combination of purchases from markets in Borno and Adamawa. Grains from Monday market in Maiduguri and Mubi market in Adamawa as well as from Uba market constituted the source of stocks for traders in Gwoza. In effect, a wide range of sources are available to traders during the post-harvest period with most traders having between 1 and 10 sources.

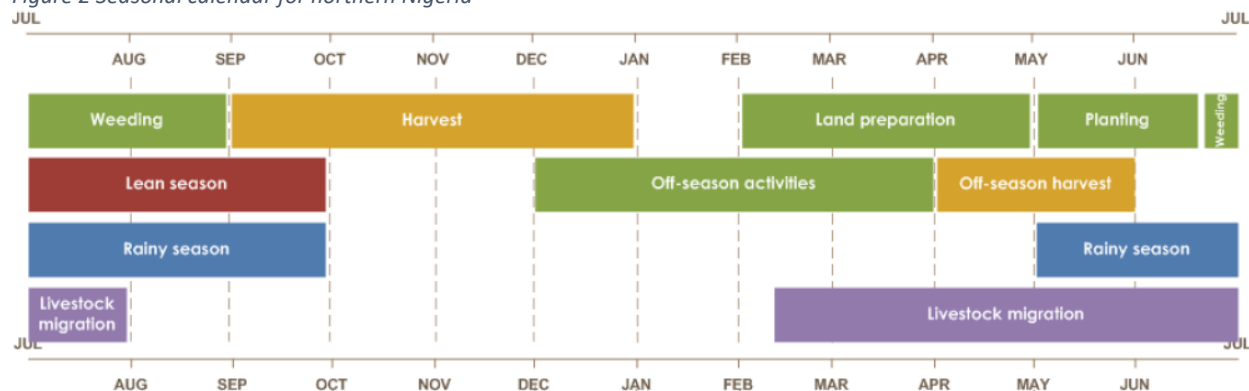
During the lean season, when stock levels decline and market supplies are lower, traders rely on wholesale traders (33.5%) and collectors (28.1%) for the supply of food commodities. In markets of hard-to-reach areas such as Gwoza, Konduga, Hoang, Magumeri and Mafa, collectors and farmers are a more reliable source of maize grain during the lean season. Traders in Borno State are reliant on sources within that state during this period, complemented by supplies from Adamawa. Whereas traders in Garkida, Michika and Gulak relied on a combination stocks from markets in Adamawa and Borno, traders in Gombi and Hong relied solely mainly on stocks from markets in Adamawa.

### 3.3.2. Seasonal calendar

The market availability of key staple food items in northern Nigeria is influenced by seasonal changes in the market supply of these food items. While most of this area experiences one major rainy season and the main agricultural activities take place between June and October each year, dry season cultivation of

sorghum, rice and wheat during December to April is also very important. The period of June to August is characterized by reduced household level stocks and decline in market supply of food commodities. October to December is the period of crop harvest and markets remain well supplied with staple food items from this period until the end of April during normal times (Figure 2).

Figure 2 Seasonal calendar for northern Nigeria



Source: FEWSNET

### 3.3.3. Seasonal trends in availability of food in markets

As most parts of the three states experience a unimodal rainfall pattern, agricultural production is limited to the main rainy season which runs from June to October each year. The early green harvest occurs in September while the main harvest of crops occurs in October to December enabling households to bolster their food stocks and for market supplies to improve as a result of the increased inflows. At the same time, dry season harvest of sorghum, rice and wheat in April/May also complements available market stocks.

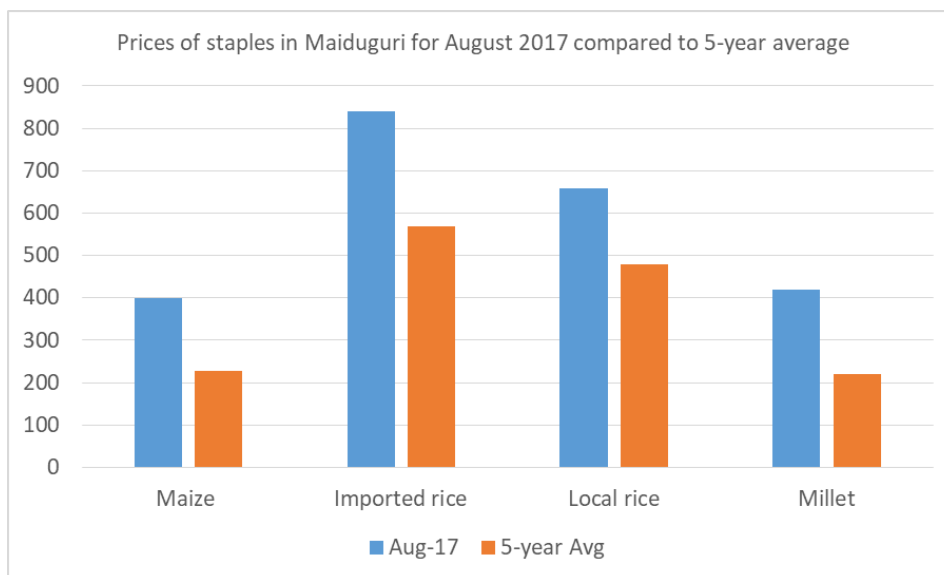
However, as a result of seasonal changes in the level of household stocks and supplies to markets, the months of May to August which coincide with the lean period are characterized by decrease or depleted stocks at the household level and low market availability of most staple food items. With decreased market supply of food commodities, prices typically reach their peak during the lean season. As a result of decreased food supplies at the household level during the lean period, poor and marginal agricultural households are compelled to rely on markets to meet their food needs at high prices.

## 3.4. Current and seasonal commodity prices

### 3.4.1. Current food price trends

Retail prices of staple food items collected during the assessment in August 2017 were well above the 5-year average by a significant margin. However, these high nominal prices (relative to average) are not limited to north eastern Nigeria, but prevailed across the country. In Maiduguri (where 5-year average prices are available), the average retail prices for maize, imported rice, local rice and millet at Monday market, Maiduguri were higher than the five-year average prices by 77%, 47%, 37% and 89% respectively (Figure 3).

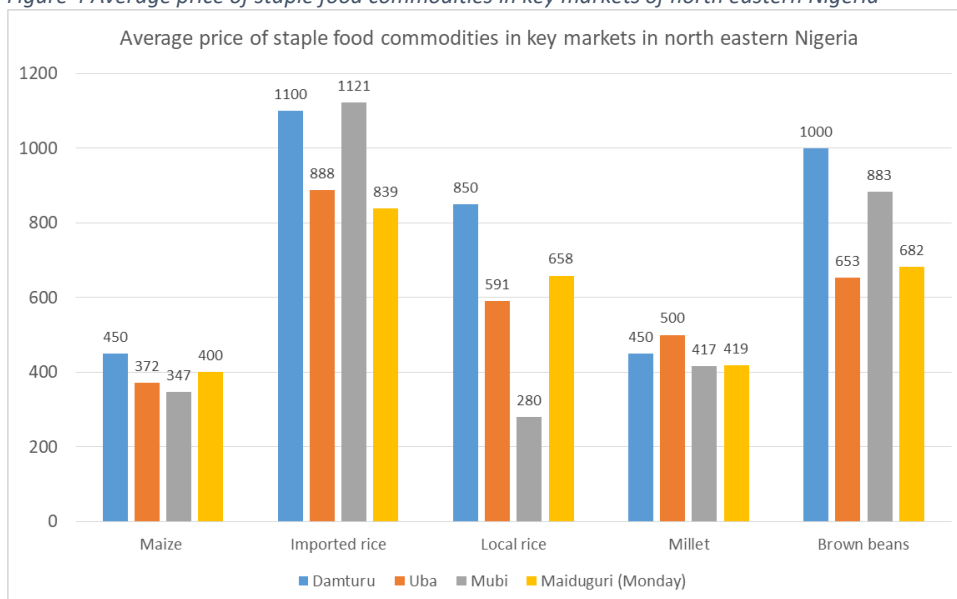
Figure 3 Price of staples in Maiduguri market for August 2017 compared to 5-year average



Source: WFP/FEWSNET market assessment 2017, FEWSNET Price data

In comparing the retail prices in key markets of the north east, Mubi market (in Adamawa State) had the lowest price for maize, local rice and millet. On the other hand, prices of maize, local rice and brown beans were relatively high in Damaturu as compared to Uba, Mubi and Maiduguri markets (Figure 4).

Figure 4 Average price of staple food commodities in key markets of north eastern Nigeria



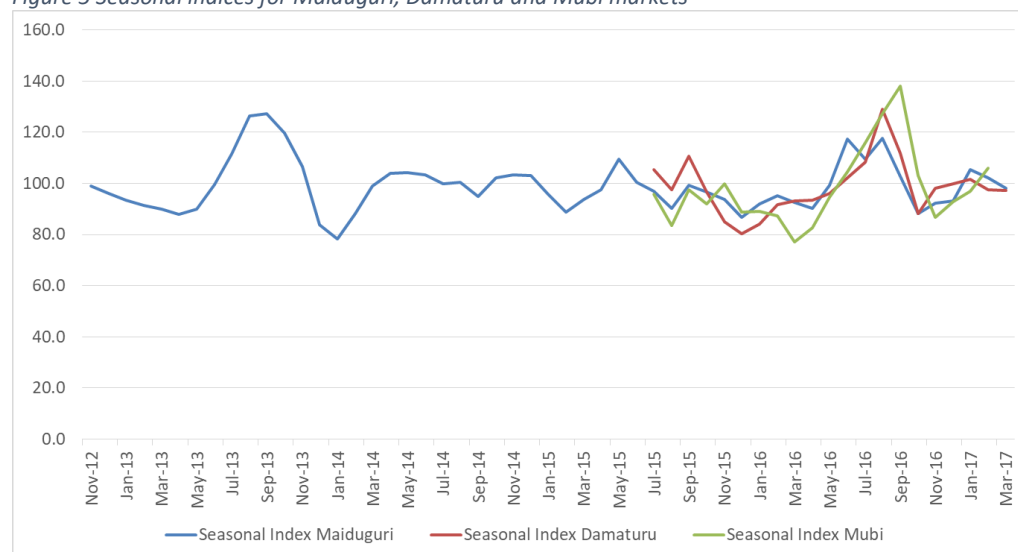
Source: WFP/FEWSNET market assessment 2017



### 3.4.2. Seasonality and trend in prices

The seasonal index indicates the ratio between a price at a given time and its centered moving average over the year that incorporates the full cycle of the seasonal patterns. An analysis of the moving average for maize price shows that while seasonality affect these prices, there are also cyclical fluctuations associated with the impact of the hostilities on market supplies. The seasonal index for Maiduguri (for 2013), indicates a modest seasonal trend with maize price at its lowest level following the completion of the harvest in December and rising considerably during the lean season months of June to August (Figure 5). On the other hand, there were less obvious seasonal patterns in 2014 and 2015 which coincided with the intensification of hostilities and significant market disruptions in the three north eastern states. However, normal seasonal patterns for Maiduguri, along with Damaturu and Mubi markets were re-established in 2016 as security conditions improved and markets supplies were sustained.

Figure 5 Seasonal indices for Maiduguri, Damaturu and Mubi markets



Source: FEWSNET price data

In relation to current price trends, the August retail prices of maize (collected during the assessment) were very high in key markets of north eastern Nigeria where the impact of conflict conditions on agricultural production and market functioning affected supplies and market availability. In August 2017, the retail price of maize was above the previous year by 4% in Maiduguri, 13 percent in Damaturu and 5.5 percent in Mubi. As compared to the same period for 2015 however, prices were much higher by 170.2 percent in Maiduguri, 160.5 percent in Damaturu and 296.6 percent in Mubi. In a normal agricultural year, the retail prices of food items are generally low during the first four months of the year and increase to its peak in July and August and thereafter declines.

### 3.4.3. Price projection or outlook

In north eastern Nigeria, the main seasonal harvest of crop occurs between October and December improving household level availability of own-produced stocks and increasing the supply of food commodities to local markets. The arrival of stocks produced by farmers within the north eastern states, complemented by supplies from other parts of Nigeria generally contributes to an increase in the price of staple food commodities in local markets. Some 47.5 percent of traders noted the current retail price of maize will decrease by up to 50 percent while another 45 percent anticipated an increase in price of up to 50 percent. For sorghum and millet, some 32.5 percent of traders anticipated some price increase in the

coming six months. On the other hand, 37 percent of traders also anticipated a decrease in price of up to 50 percent. The main reasons for the anticipated decrease in retail price is increased supply or production due to favorable weather conditions as well as improved security situation and access to land.

### 3.5. Traders' response capacity

#### 3.5.1. Number of traders dealing in food commodities

The total of 260 traders from 27 markets sold a wide variety of staple food items including maize, imported rice, local rice, millet, sorghum, brown beans and white beans. Out of the 260 traders, 160 traders (64.6 percent) sold maize grain compared to the 170 (65.4 percent) for local rice and 167 (64.2 percent) for brown beans. Fewer traders sold millet (122 traders or 46.9 percent) and sorghum (127 traders or 48.8 percent) as compared to other key staples. In markets of hard-to-reach areas such as Gwoza, Geidam, Garkida and Gulak fewer traders sold maize grain which is an indication of the limited availability of such food commodities in those markets (Table 2) and the fact that in these areas sorghum and millet are the preferred cereals<sup>6</sup>.

Table 2 Percentage of traders dealing in various commodities by market

Markets	Maize	Imported rice	Local rice	Millet	Sorghum	Brown beans	White beans
Damaturu Central (n=12)	92%	92%	100%	83%	33%	100%	100%
Gwoza main market (n=9)	22%	0%	11%	22%	44%	11%	22%
Geidam central market (n=9)	11%	67%	78%	44%	33%	33%	33%
Jakusko main market (n=9)	44%	67%	100%	44%	22%	78%	100%
Bade market (n=9)	56%	56%	67%	67%	11%	78%	67%
Yusufari central (n=12)	50%	75%	75%	67%	67%	92%	75%
Yunusari (n=6)	100%	100%	100%	100%	100%	67%	100%
Buni-Yadi (n=9)	56%	56%	67%	56%	33%	44%	67%
Tetteba market (Gulani) (n=9)	56%	22%	78%	78%	89%	78%	89%
Uba main market (n=9)	90%	40%	100%	60%	60%	60%	70%
Garkida market (n=9)	22%	56%	11%	11%	22%	22%	33%
Konduga market (n=10)	40%	60%	20%	20%	20%	40%	40%
Bama central market (n=10)	70%	70%	90%	80%	70%	70%	70%
Gombi market (n=9)	56%	22%	33%	56%	22%	0%	44%
Mubi grains market (n=9)	100%	78%	11%	67%	100%	100%	89%
Hong market (n=9)	89%	11%	44%	89%	89%	67%	89%
Dikwa central market (n=9)	100%	44%	89%	11%	56%	22%	89%
Damboa market	95%	100%	100%	32%	32%	100%	100%
Monguno market (n=9)	56%	89%	89%	22%	44%	44%	44%
Mafa central market (n=9)	44%	56%	56%	33%	44%	78%	67%
Magumeri central market (n=8)	75%	0%	75%	75%	0%	38%	25%
Custom market (n=11)	91%	9%	9%	91%	55%	64%	18%
Michika market (n=9)	100%	100%	100%	0%	100%	100%	100%
Gulak market (n=9)	22%	56%	78%	22%	44%	67%	67%
Gamborum main market (n=9)	100%	100%	100%	0%	100%	100%	0%
Monday market (n=10)	30%	30%	30%	40%	40%	60%	50%
Uba (Askira) market (n=8)	50%	38%	25%	0%	13%	63%	38%
<b>Total (260)</b>	<b>65%</b>	<b>57%</b>	<b>65%</b>	<b>47%</b>	<b>49%</b>	<b>64%</b>	<b>64%</b>

Source: WFP/FEWSNET market assessment, August 2017

<sup>6</sup> EFSA October 2017

As the security situation improves and the area under cultivation increases slightly, the improved harvest of crops provided most traders (54 percent) with alternative sources for the purchase and trade of food commodities. Consequently, the principal buying source for most traders (54 percent) has changed compared to one year ago thanks to improved harvest of crops than the previous year. Most of these traders anticipated a change in the principal buying source in the next six months as the next major harvest of staple crops will contribute to increased market supply from farmers across the Local Government Area and within the same state. Traders in the selected markets mainly sold food commodities to other traders within the LGA (33.6 percent) and traders within the state (31 percent).

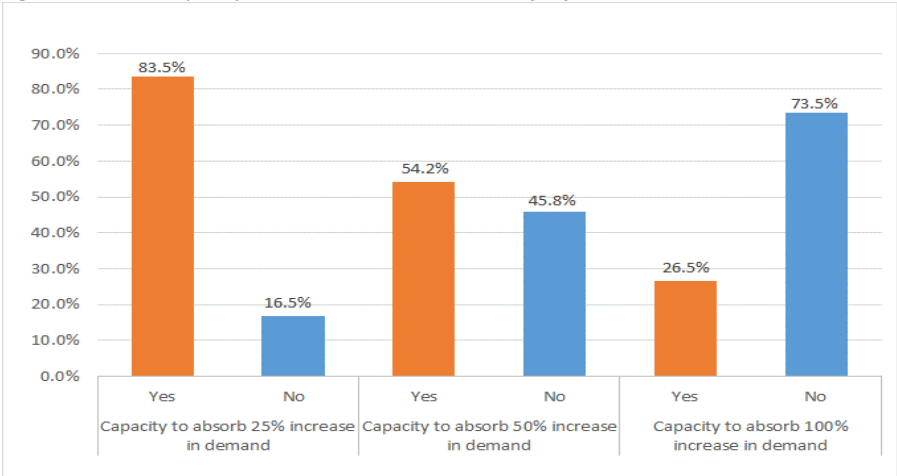
3.5.2. Response capacity

Within the last six months, most traders (65.8 percent) were able to maintain adequate stock levels to avoid stock out or poor stock levels. While most traders did not experience stock outs during the last six months preceding the assessment, poor stock levels remained a serious concern to more than 30 percent of traders and is mainly the result of poor availability of the product, logistical issues or remote of the location, poor or limited storage facilities, lack of capital and increased demand for the product.

Some 83.5 percent of traders had the capacity to absorb a 25 percentage point increase in demand, but if the demand for food items were to increase by 50 percent only 54.2 percent of traders would have the capacity to respond. With a 100 percent increase in demand on the other hand, only 26.5 percent of traders will be able to absorb the growth in demand. With regards to the response period, 60.5 percent of traders will be able to deliver adequate quantities of goods to meet an increase in demand within one week in the event of a 25 percentage point increase in demand while 19.8 percent would have the capacity to meet the increase in demand within two weeks. Among the three categories of traders, 58.3 percent of retailers, 67.2 percent of wholesale traders and 56.6 percent of collectors had the capacity to deliver adequate stocks of key food commodities in the event of a 25 percent increase in demand.

At the state level, the proportion of traders with the capacity to absorb a 50 percentage increase in demand for the most important food commodities was 56.3 percent in Adamawa, 52.1 percent in Borno and 56 percent in Yobe. In the event of a 100% percent increase in demand, the proportion that can absorb an increase in demand reduced to 34.4 percent in Adamawa, 15.7 percent in Borno and 37.3 percent in Yobe. In each of these three states, more than 50 percent of traders can deliver adequate stocks of food commodities within a week in order to meet a 25 percent increase in demand (Figure 6).

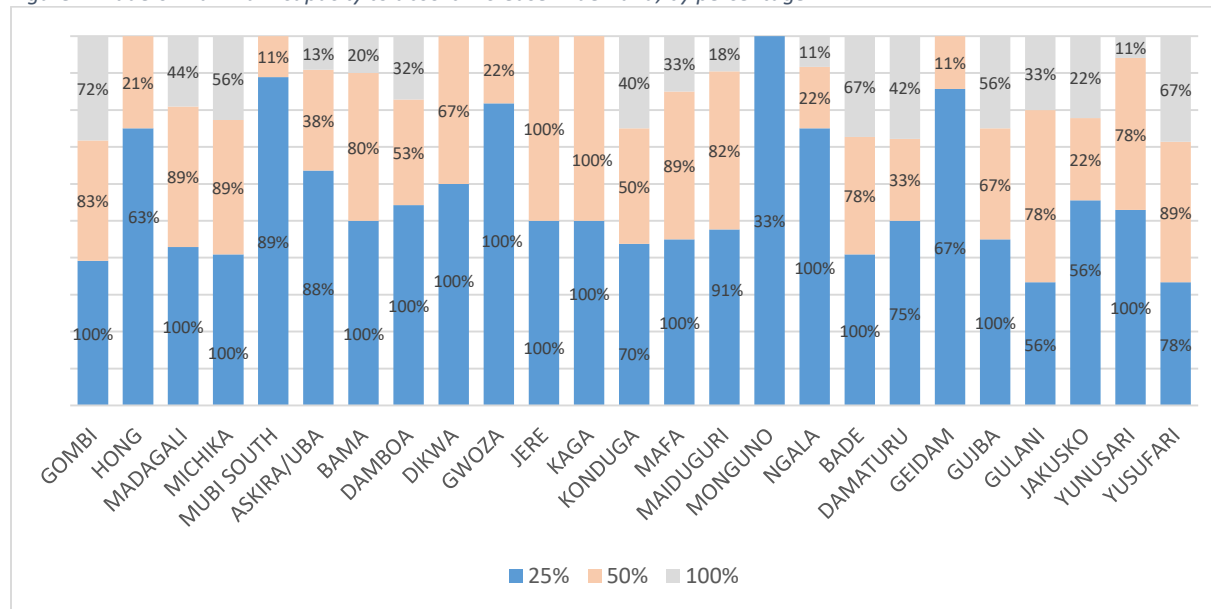
Figure 6 Traders capacity to absorb increased demand for food commodities



Source: WFP/FEWSNET market assessment 2017

However, at LGA level major concerns arose from traders located in Konduga, Monguno, Geidam, Gulani, and Jakusko. In these areas between 33 percent and 67 percent of traders would not be able to absorb a 25 percent increase in demand. Thus, it is important to investigate and monitor the local supply conditions in these areas. Only traders in Jere and Kaga could meet a 50 percent increase in demand whereas none of the LGAs can completely handle a 100 percent increase in demand. Considering these findings, scale-up of a CBT interventions should be partial and gradual. However, these findings should be put in context for markets in urban areas like Maiduguri, Jere, and Damaturu where demand is relatively higher compared to rural areas (Figure 7).

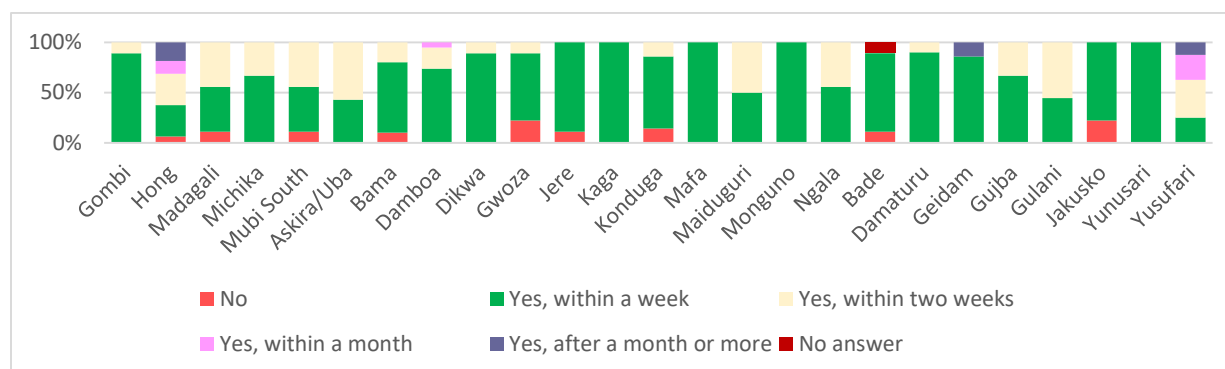
Figure 7 Traders' maximum capacity to absorb increase in demand, by percentage



Source: WFP/FEWSNET market assessment 2017

Among all interviewed traders that can respond to an increase of the demand, more than 90 percent are confident that they will be able to restock in less than two weeks (**Error! Reference source not found.**). However, it is clear that traders will require some lead time to overcome trade constraints such as transport and financial capacity. In fact good and timely communication and awareness raising will be required.

Figure 8 Lead-time to supply the market

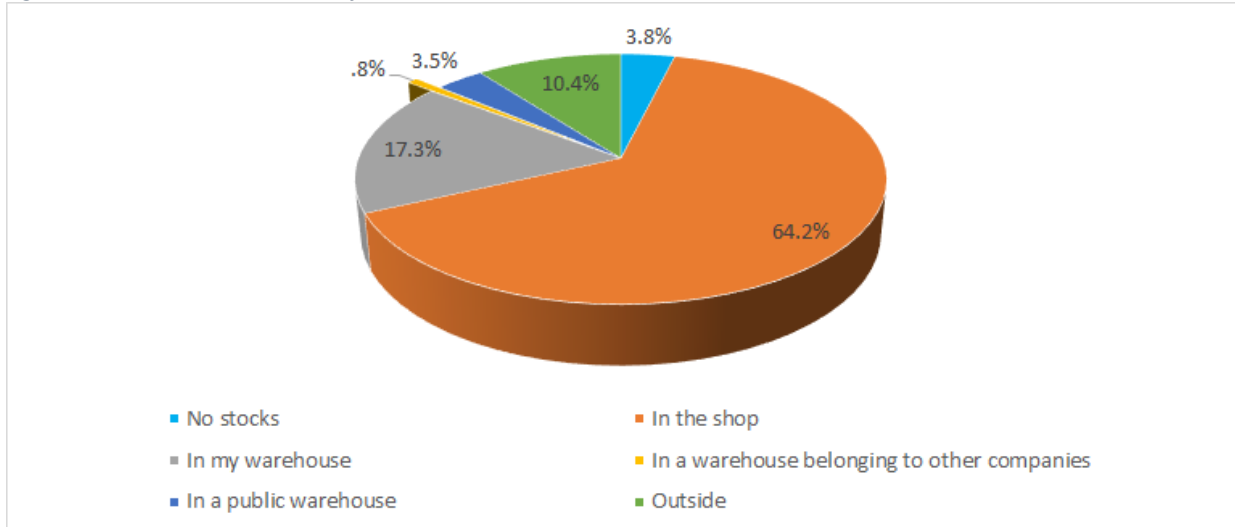


Source: WFP/FEWSNET market assessment 2017

### 3.5.3. Storage facilities /Quantities sold/stock strategy

At the time of the market assessment, 3.8 percent of traders had no extra stock of food commodities in storage, but for those who had stock, 64.2 percent stored their goods in the shop while 17 percent stored products in their own warehouse. In 25 out of the 27 markets surveyed in the three north eastern states Nigeria, storage systems mostly consist of shops complemented by storage space in a warehouse.

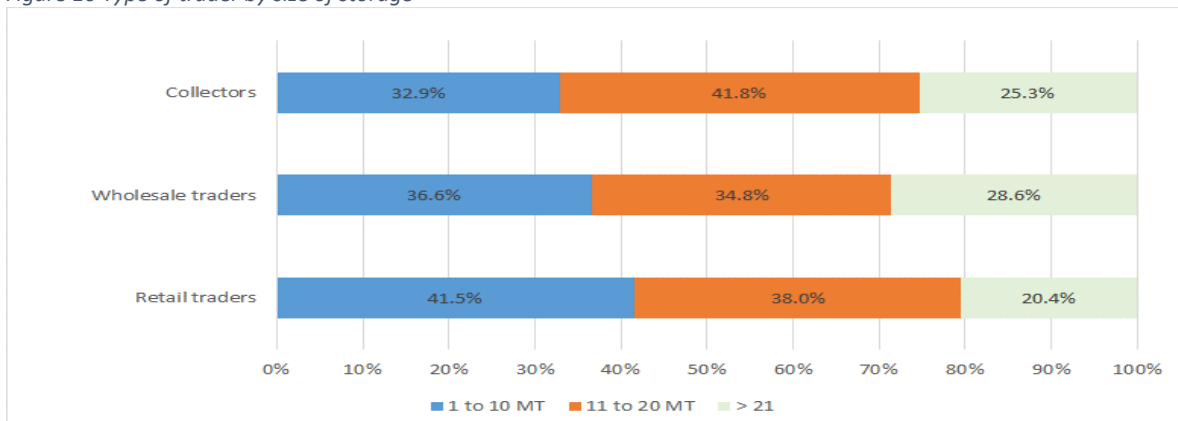
Figure 9 Places where traders store food commodities



Source: WFP/FEWSNET market assessment 2017

The exception is Hong and Magumeri markets where 44 percent and 75 percent respectively stored their goods outside the shop. In effect, there are sufficient storage facilities in the market to take care of additional stocks in the event of an increase in demand for food commodities resulting from the scale up of cash-based transfer programmes. In half of the markets surveyed in the assessment (Damaturu, Gwoza, Jakusko, Yusufari, Garika, Konduga, Gombi, Damboa, Mafa, custom market, Gulak, Gamborum-Ngala, Monday and Askira Uba markets), traders had access to their own warehouses in addition to storage space available in the shop. Among the three categories of traders, there are twice as many wholesale traders who stored commodities in their warehouse than retailers and three times as many wholesale traders who stored food commodities in their warehouses than collectors (Figure 10).

Figure 10 Type of trader by size of storage



Source: WFP/FEWSNET market assessment 2017

### 3.5.4. Challenges to sales expansion and response capacity

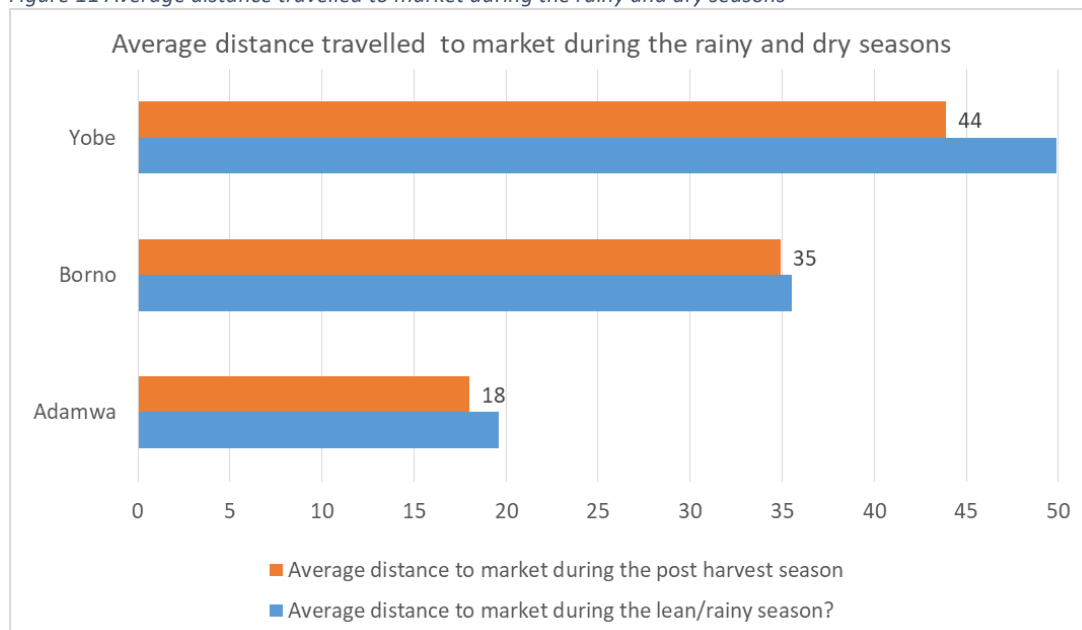
The assessment examined the main constraints preventing traders from doubling the quantities of key food commodities sold in the market and identified these constraints as lack of own capital (26.9 percent), lack of credit/high cost of credit (7.7 percent) and lack of demand for traded items (8.3 percent), lack of means of transport (7.1 percent), poor road infrastructure/high cost of transportation (5.8 percent), high insecurity (5.3 percent) and lack of storage facilities (5.3 percent). The existence of these constraints implies that the capacity of many traders to participate in the implementation of cash transfer programmes could be undermined by their inability to raise adequate capital or access credit to pre-finance large stocks needed to meet any increased demand.

## 3.6. Traders and households' access to markets

### 3.6.1. Distance to markets and cost of transportation

On average, most traders travel long distances to the nearest market in the north east, but this does not vary significantly between the rainy season and the dry season. The average distance to markets across the north east is 36 kilometers during the rainy season and 34 kilometers during the dry season. The difference in distance travel between these two periods results from deterioration in road conditions and diversions from the main access point. The average distance travelled during the rainy season is higher in Yobe state (50 KM) than in Borno (36 KM) and Adamawa (20 KM) States (Figure 11). The longest distances are between Gwoza market and Mubi (135 KM), Geidam and Gashua (130 KM) as well as Tetteba (Gulani) market and Gombe (120 KM). The long distances travelled by traders, coupled with poor road conditions and insecurity contributes to increased cost of staples as these factors are considered in the determination of selling prices by traders. The other markets with significant distances are Bama-Maiduguri Monday market (75 KM), Damboa-Askira Uba market (80 KM) and Monguno-Baga main market (70). Some traders sold their goods at markets which are a few kilometers (1-5 KM) away from their homestead and this include those trading in Bayan Tasha-Damaturu sunday market, Bama central market-Soye, Gombi-sohon, Kasuwa, Michika-Bazza market, Gamboru(Ngala)-Ladi Potoko market, Custom-Muna market, Custom-Gamboru(Maiduguri) market and Monday-Muna market.

Figure 11 Average distance travelled to market during the rainy and dry seasons



Source: WFP/FEWSNET market assessment 2017

On average, it cost NGN 244 Naira to travel from the homestead by truck to the nearest market during the rainy season and NGN 164 Naira to travel between the two places during the dry season. The average travel cost by truck between markets during the rainy season is higher in Yobe (667 Naira) than in Borno (452 Naira) and Adamawa (NGN 156 Naira). During the dry season, when road conditions are much better, the average travel cost is higher in Borno (NGN 405 Naira) than in Yobe (NGN 300 Naira) and Adamawa (156 Naira).

### 3.6.2. Market access and road network

The functioning of markets in north eastern Nigeria is severely hampered by a confluence of factors ranging from insecurity to poor road infrastructure and unavailability of transportation facilities. Most traders lived in locations which are linked by tarred roads or highways to the market. In those locations, most of the roads (70 percent) are tarred. The locations that reported non-tarred roads include Gwoza, Tetteba market (Gulani), Bama central market, Gombi, Uba main market, Mubi, Hong, Dikwa and Mafa.

### 3.6.3. Restrictions and barriers to markets

A number of fees and permits are enforced on traders operating in the north eastern state, which like many other parts of the country could constitute restrictions and barriers to market entry. The permits and fees include business permit, land rates for permanent buildings, daily market rates and other informal fees. Some 66.7 percent of traders reported being charged fees for business permit which is generally easy to obtain. In addition, 64% are charged land rates for permanent buildings while 48.7 percent paid daily market fees. Business permit fees are common in the three north eastern states, but land rates for buildings are more commonly paid by traders in Adamawa (87.5 percent) than those in Borno (61.9 percent) and Yobe State (50 percent). On the contrary, more traders (61.9 percent) in Borno paid daily market fees than their counterparts in Yobe (40 percent) and Adamawa (25 percent). Those changes add to the operational cost of business and affect the bottom line of traders.

## 3.7. Market functioning

The threat of ambush along major trade routes and suicide attacks in markets remain the biggest threat to trading activities and the functioning of market. Several of the markets assessed can only be reached with security escort and this include Maiduguri-Bama, Damboa, and Gwoza among others. As a result the functioning of markets in partially accessible locations such as Gwoza, Ngala, Bama, Konduga and Gulak has been affected not only by limited access to those locations, but also security restrictions and curfews put in place to forestall any attacks. This notwithstanding, trade relationships persist between markets across the length and breadth of the three north eastern states which ensures the continuous supply and availability of key staple food items.

The growing signs of market recovery and functioning is reflected in the increased weekly sale of food items reported by traders. Increasing weekly sales results mostly from increased customer demand, improved market supply and improved security conditions. Furthermore, markets in the three states have increasing number of retail and wholesale traders selling a wide range of food items. More than half of the assessed markets have more than 100 retail traders (Figure 12).

Figure 12 Number of retail and wholesale traders of most important food commodity



Source: WFP/FEWSNET market assessment 2017

In these markets, the price of locally produced food items are generally determined by the local middlemen or market sales agents. In the case of imported rice however, prices are determined by the wholesaler on account of the high cost of import tariffs imposed on such commodities. With regards to the competitiveness of the market system, most traders think that it is easy to open a business with easy entry and exit depending on access to capital and the level of profit margins.

While there is generally no government intervention in the determination of prices, food commodities are traded based on prices fixed by wholesale traders in the market or prices determined by each trader. In the case of cereals and pulses, prices are either fixed by several wholesale traders for the particular commodity or each trader determines their own price for a particular commodity.

In Adamawa, 25 percent maintained that all traders together fix a range of prices or a minimum retail price at the start of the trading day. In Yobe and Borno States, cereal prices are mostly determined by each trader.

### 3.8. Finance and communication services

#### 3.8.1. Banks and other financial service providers

The destruction of infrastructure in north eastern Nigeria has affected all facets of economic development including the operations of banking and financial service infrastructure as well as local markets. The impact has been particularly more intense in Borno State where the hostilities have had more severe consequences. Less than half of traders (46.9 percent) in the three states as a whole have a dedicated bank for their business, but more than half of traders in Adamawa (59.4 percent) and Yobe (58.7 percent) State had access to such service compared to their counterparts in Borno (33.1 percent). Among traders who had banks accounts, 25 percent are with First Bank, with fewer traders banking with UBA (8 percent), GT Bank (1.9 percent), Diamond (1.1 percent) and Unity Bank (3.8 percent). More traders in Adamawa (42.2 percent) and Yobe States (34.7 percent) had bank accounts with First Bank than in Borno (10.5 percent).



Table 3 Access to financial service by market

	Have bank account for business	Name of bank						Purchase stocks on credit	Source of credit			Same source of credit as last year
		GT Bank	First Bank	UBA	Zenith Bank	Diamond Bank	Unity Bank		Bank	Individual	Supplier	
Damaturu Central	91.7%	8.3%	25.0%	16.7%	0.0%	16.7%	0.0%	83.3%	0.0%	0.0%	83.3%	50.0%
Gwoza main market	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	55.6%	0.0%	55.6%	0.0%	44.4%
Geidam central market	33.3%	0.0%	33.3%	0.0%	0.0%	0.0%	0.0%	11.1%	0.0%	11.1%	0.0%	0.0%
Jakusko main market	22.2%	0.0%	22.2%	0.0%	0.0%	0.0%	0.0%	55.6%	0.0%	0.0%	55.6%	33.3%
Bade market	55.6%	0.0%	55.6%	0.0%	0.0%	0.0%	0.0%	22.2%	0.0%	0.0%	22.2%	22.2%
Yusufari central	83.3%	0.0%	50.0%	0.0%	0.0%	0.0%	0.0%	41.7%	25.0%	0.0%	16.7%	41.7%
Yunusari	100.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	83.3%	83.3%	0.0%	0.0%	83.3%
Buni-Yadi (Friday market)	44.4%	22.2%	11.1%	11.1%	0.0%	0.0%	0.0%	77.8%	0.0%	0.0%	77.8%	66.7%
Tetteba market (Gulani)	33.3%	0.0%	0.0%	33.3%	0.0%	0.0%	0.0%	33.3%	0.0%	22.2%	11.1%	11.1%
Uba main market	50.0%	0.0%	20.0%	10.0%	10.0%	0.0%	10.0%	90.0%	0.0%	30.0%	60.0%	20.0%
Garkida market	66.7%	0.0%	66.7%	0.0%	0.0%	0.0%	0.0%	66.7%	0.0%	0.0%	66.7%	66.7%
Konduga market	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	50.0%	0.0%	0.0%	40.0%	10.0%
Bama central market	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Gombi market	44.4%	0.0%	33.3%	0.0%	0.0%	0.0%	11.1%	55.6%	0.0%	0.0%	55.6%	44.4%
Mubi grains market	44.4%	11.1%	33.3%	0.0%	0.0%	0.0%	0.0%	44.4%	0.0%	0.0%	44.4%	33.3%
Hong market	55.6%	0.0%	11.1%	0.0%	0.0%	0.0%	44.4%	77.8%	0.0%	44.4%	33.3%	55.6%
Dikwa central market	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	88.9%	0.0%	0.0%	88.9%	77.8%
Damboa market	26.3%	0.0%	15.0%	5.0%	0.0%	0.0%	0.0%	63.2%	0.0%	20.0%	40.0%	60.0%
Monguno market	77.8%	0.0%	22.2%	44.4%	0.0%	0.0%	0.0%	88.9%	0.0%	0.0%	66.7%	22.2%
Mafa central market	66.7%	0.0%	0.0%	22.2%	0.0%	0.0%	33.3%	77.8%	0.0%	66.7%	11.1%	11.1%
Magumeri central market	25.0%	0.0%	12.5%	12.5%	0.0%	0.0%	0.0%	87.5%	0.0%	87.5%	0.0%	37.5%
Custom market	81.8%	0.0%	8.3%	33.3%	0.0%	0.0%	8.3%	18.2%	0.0%	8.3%	8.3%	8.3%
Michika market	100.0%	0.0%	77.8%	11.1%	0.0%	0.0%	0.0%	88.9%	0.0%	0.0%	88.9%	22.2%
Gulak market	55.6%	0.0%	55.6%	0.0%	0.0%	0.0%	0.0%	44.4%	0.0%	22.2%	22.2%	44.4%
Gamborum main market	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	44.4%	0.0%	11.1%	33.3%	33.3%
Monday market	50.0%	9.1%	18.2%	9.1%	0.0%	0.0%	0.0%	40.0%	0.0%	0.0%	36.4%	36.4%
Uba (Askira) market	75.0%	0.0%	50.0%	0.0%	0.0%	12.5%	0.0%	62.5%	0.0%	0.0%	62.5%	25.0%

Source: WFP/FEWNET market assessment 2017

More than half of traders (56.9 percent) obtained credit to purchase stocks, mostly from suppliers (38.4 percent) and Individuals (13.7 percent) rather than banks (3 percent). Stock credit from suppliers, is more accessible to traders in Adamawa (53 percent) than their counterparts in Borno (32.3 percent) and Yobe State (36 percent). Due to a number of reasons, including owing outstanding balance, less than half of traders (35.7 percent) are able to maintain the same credit sources as the previous year. However, 85.8 percent of traders are able to provide credit to some of their customers and 50 percent of traders reported having more customers requesting for credit compared to the same period last year.

In hard-to-reach locations like Gwoza, Bama, Dikwa, Gamboru-Ngala and Konduga there are no banking services and traders have no access to bank accounts. Similarly, Jakusko, Tetteba (Gulani) and Damboa have fewer traders with access to bank accounts.

### 3.8.2. Mobile communication networks

The destruction of telecommunication infrastructure hampered the operations of some mobile network operators in the three states. This notwithstanding, access and ownership of mobile phones was very high among traders (82.7 percent) and most of these phone users (60.8 percent) subscribed to prepaid services. At the state level, phone ownership among traders was high in Adamawa (95.3 percent) than and Yobe States (81.3) and lower in Borno (76.9 percent). Airtel (39.2 percent) and MTN (36.9 percent) were the two dominant mobile phone network operators in the north eastern state, but MTN was popular with traders in Adamawa (60.9 percent) while Airtel was the network of choice for traders in Borno (43.5 percent) and Yobe (38.7 percent). Most traders reported the absence of network coverage in Gwoza,

Dikwa, Mafa and Monguno. In addition, most traders in Konduga, Bama and Damboa reported poor mobile network coverage in those locations (Table 4).

Some 95.9 percent of traders in the north east did not own a computer in their business. Access to consistent power was one of the major challenges facing traders and just 13 percent of traders had access to consistent power, but even 20.8 percent of those traders experienced daily power cuts.

Table 4 Access to phone network by market

Markets	Phone ownership	Mobile network				Mobile network coverage					
		MTN	AIRTEL	GLO	ETISALAT	Excellent	Good	Satisfactory	Poor	No coverage	Not applicable
Damaturu Central	100.0%	83.3%	0.0%	0.0%	16.7%	83.3%	8.3%	8.3%	0.0%	0.0%	0.0%
Gwoza main market	44.4%	22.2%	22.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%
Geidam central market	100.0%	22.2%	77.8%	0.0%	0.0%	66.7%	33.3%	0.0%	0.0%	0.0%	0.0%
Jakusko main market	100.0%	55.6%	33.3%	0.0%	11.1%	77.8%	22.2%	0.0%	0.0%	0.0%	0.0%
Bade market	100.0%	55.6%	33.3%	0.0%	11.1%	33.3%	66.7%	0.0%	0.0%	0.0%	0.0%
Yusufari central	100.0%	33.3%	66.7%	0.0%	0.0%	25.0%	41.7%	33.3%	0.0%	0.0%	0.0%
Yunusari	100.0%	0.0%	100.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Buni-Yadi (Friday market)	11.1%	0.0%	11.1%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
Tetteba market (Gulani)	33.3%	11.1%	11.1%	0.0%	11.1%	0.0%	0.0%	66.7%	33.3%	0.0%	0.0%
Uba main market	100.0%	20.0%	70.0%	10.0%	0.0%	0.0%	10.0%	70.0%	20.0%	0.0%	0.0%
Garki market	100.0%	100.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Konduga market	90.0%	0.0%	90.0%	0.0%	0.0%	0.0%	10.0%	0.0%	80.0%	0.0%	10.0%
Bama central market	10.0%	0.0%	10.0%	0.0%	0.0%	0.0%	0.0%	10.0%	90.0%	0.0%	0.0%
Gombi market	100.0%	66.7%	33.3%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
Mubi grains market	66.7%	33.3%	33.3%	0.0%	0.0%	0.0%	88.9%	0.0%	0.0%	0.0%	11.1%
Hong market	100.0%	33.3%	66.7%	0.0%	0.0%	0.0%	88.9%	11.1%	0.0%	0.0%	0.0%
Dikwa central market	55.6%	22.2%	22.2%	11.1%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%
Damboa market	100.0%	0.0%	95.0%	0.0%	0.0%	0.0%	0.0%	47.4%	52.6%	0.0%	0.0%
Monguno market	88.9%	33.3%	0.0%	33.3%	22.2%	0.0%	0.0%	0.0%	11.1%	77.8%	11.1%
Mafa central market	77.8%	55.6%	22.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	88.9%	11.1%
Magumeri central market	37.5%	0.0%	37.5%	0.0%	0.0%	0.0%	0.0%	87.5%	0.0%	0.0%	12.5%
Custom market	90.9%	16.7%	58.3%	8.3%	0.0%	0.0%	90.9%	9.1%	0.0%	0.0%	0.0%
Michika market	100.0%	88.9%	11.1%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
Gulak market	100.0%	88.9%	0.0%	11.1%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
Gamborum main market	100.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
Monday market	100.0%	36.4%	45.5%	0.0%	9.1%	10.0%	90.0%	0.0%	0.0%	0.0%	0.0%
Uba (Askira) market	100.0%	50.0%	50.0%	0.0%	0.0%	0.0%	87.5%	12.5%	0.0%	0.0%	0.0%

Source: WFP/FEWNET market assessment 2017

### 3.9. Constraints

The top three constraints affecting traders are lack of own capital (26.9 percent), lack of demand (8.3 percent) and lack of credit/high cost of credit (7.7 percent). It is important to note that 5 percent of traders attributed their inability to expand trade to the existence of large quantities of in-kind food distributions by humanitarian actors and the Government of Nigeria. In Adamawa, the three main constraints affecting trading activities were lack of capital, poor road infrastructure and lack of credit. Trade in both Yobe and Borno was constrained by lack of capital, lack of means of transport and lack of demand.

In addition to these general constraints, traders in various markets faced different kinds of challenges. Among these, is too much in-kind food aid in Yusufari (19.4%), Yunusari (11.1%), Konduga (16.7%), Dikwa (29.6%), Monguno (22.2%) and Mafa (14.8%). Insecurity was also considered a major constraint in Geidam (11%), Yunusari (16.7%) Uba (16.7%), Mubi (11%) and Damboa (15.8%)

### 3.10. Conclusions and recommendations

Despite the ongoing concerns about insecurity, market conditions in the three north eastern states are characterized by the increasing availability of key food commodities, improved market supply and increased customer demand. The increasing number of retail and wholesale traders, along also with the increasing weekly sales indicates the competitive nature of these markets, which also reflects the level of market activity, functioning and recovery.

Some 83.5 percent of traders have the capacity to absorb a 25 percentage point increase in demand, but if the demand for food items were to increase by 50 percent only 54.2 percent of traders would have the capacity to respond. With a 100 percent increase in demand on the other hand, only 26.5 percent of traders will be able to absorb the expansion in demand.

In spite of the growing signs of recovery, markets remain fragile in many hard-to-reach areas like Gwoza, Bama, Dikwa, Gamboru-Ngala and Konduga where there are no banking services available and traders have no access to bank accounts. In these markets (Gwoza main market, Garkida, Konduga markets, Hong, Mafa, Magumeri and Dikwa) fewer traders are selling maize grain which reflects the limited market supply and availability. At the same time, insecurity remain a challenge for traders in Gwoza, Tetteba-Gulani, Bama, Gombi, Hoang, Konduga Dikwa, Mafa, Michika and Gulak markets. Furthermore, traders reported the lack of mobile telecommunication network in Gwoza, Dikwa, Mafa and Monguno while those in Konduga, Bama and Damboa reported poor mobile network coverage in those locations. The combination of poor market access and insecurity, limited market availability of key staples, limited access to financial service providers and poor coverage of mobile phone network implies that the implementation of cash transfers could be constrained in such locations. In all other locations where markets are functioning, the following recommendations are proposed:

- The implementation of cash based transfers could take advantage of the large number of traders with food trading licenses which is an essential requirement for traders to qualify for participation in CBT implementation;
- At the same time, cash transfer programmes should be implemented on pilot basis or on small scale to gauge the market response and allow adequate time to further evaluate any economy-wide impact on the community and its livelihoods. Indeed, a sudden increase in demand may take the traders by surprise and create market distortion. The weak demand caused by the continuous decreasing purchasing power of the population and the current in-kind food assistance discourages traders from expanding their business in areas where supplying the market is not challenging.
- Furthermore, traders' associations could form the backbone for further efforts towards scaling up the cash-backed CBT approach, but this should be based on adequate understanding of local conditions including retailer assessment, procurement and training of traders.
- As a prelude to the large-scale implementation of cash transfers (either through mobile money or voucher transfer), price monitoring system should be implemented in the key markets, including hard-to-reach areas.
- Moreover, capacity of assessment should be undertaken for key service providers such as financial service institutions to determine whether cash will be readily available in the project location. The capacity of mobile telecommunication service providers (in the case of mobile money transfer) should also be assessed to determine the network with the most reliable and wide coverage in the project location as well as presence and willingness of vendors to undertake cash-out for beneficiaries.



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