



Nigeria

Rapid market assessment in Bullumkutu, Baga Road and Monday market of Maiduguri.

January, 2019

Key Highlights

- Adequate stocks of local rice, imported rice, maize and red beans are widely available in all three main markets through regular trade with markets in Biu (Borno State), Potiskum (Yobe State), Mubi (Adamawa), Kaduna, Taraba, Lagos and Niamey in Niger Republic.
- Baga Road and Bullumkutu markets continue to operate below their levels at pre-crisis level.
- The volume of trade and number of traders in all three markets has increased during the past 2 years in response to increased demand for food commodities from the growing population in Maiduguri Metropolitan Council.
- In general, traders have the capacity to supply adequate stocks of various food items to meet an increase in demand within one to two weeks.
- The prices of food commodities are determined based on associated cost (transportation and other cost), not set by an organized body of wholesale or retail traders.
- Based on the findings on market functionality, market competitiveness and the capacity of traders to absorb an increased demand for food commodities, market-based food assistance intervention are feasible in Maiduguri.

Background

Since the beginning of 2016, there has been a resurgence of trading activities in Maiduguri due to the opening up of several key transport routes and a gradual improvement in the security situation. This notwithstanding, some markets continue to operate below their level at pre-crisis. The recent attacks by Non-State Armed Groups (NSAGs) on major settlements in Kukawa Local Government Area in the north eastern part of Borno State resulted in a huge influx of more displaced population into the city of Maiduguri. As the functioning of markets is critical to the food needs of displaced people and host community households, it has become necessary to evaluate the current functionality of markets and capacity of traders to meet the food needs of the growing population.

A rapid assessment of three key markets close to several locations housing displaced population in Maiduguri was carried out on the 17th and 18th of January 2019. Bullumkutu market which is located at the western part of the city of Maiduguri is within close proximity to Teachers Village camp, NYSC camp and the Bakasi camp while Baga Road market which is located towards the southern stretch of the city is the nearest market to Gubio camp. Lastly, Monday market is located at the center of the city and is the main source of food commodities for most residents in the city of Maiduguri.

Objectives

The objective of the rapid assessment was to evaluate the functionality of markets in Maiduguri and the capacity of traders to respond to a potential increase in demand for food items and to provide information to decision makers on the feasibility of market-based food assistance as a mechanism for supporting the displaced population.

Methodology

Data was collected through key informant interviews with heads of markets or chairpersons of trader associations in each of the three markets. In addition, interviews were conducted with 1 retailer, 1 wholesale and one combined wholesale/retail trader in each of the three markets.

Findings

Market characteristics

In Monday market, an estimated 1000 traders are involved in the sale of food items. Of these, an estimated 300 are wholesale traders and 700 are retailers. While the number of traders is low compared to pre-crisis, trading activities have actually increased as compared to the past 2 years. Similarly, over 100 retail and wholesale traders are involved in the trade of food commodities in Baga Road market of which an estimated 30 are wholesale traders and 70 are retailers. The total number of traders have increased as compared to the same period last year when the total number was estimated at 80. The increase in the number of traders in the market is due to improved access to market supplies resulting from improved harvest during the past growing season.

Furthermore, more than 120 traders are engaged in the trade of food items at both wholesale (20) and retail (100) levels in Bullumkutu market. Compared to the last two years, the number of traders has also been boosted by the resumption of peace and increased demand for food.

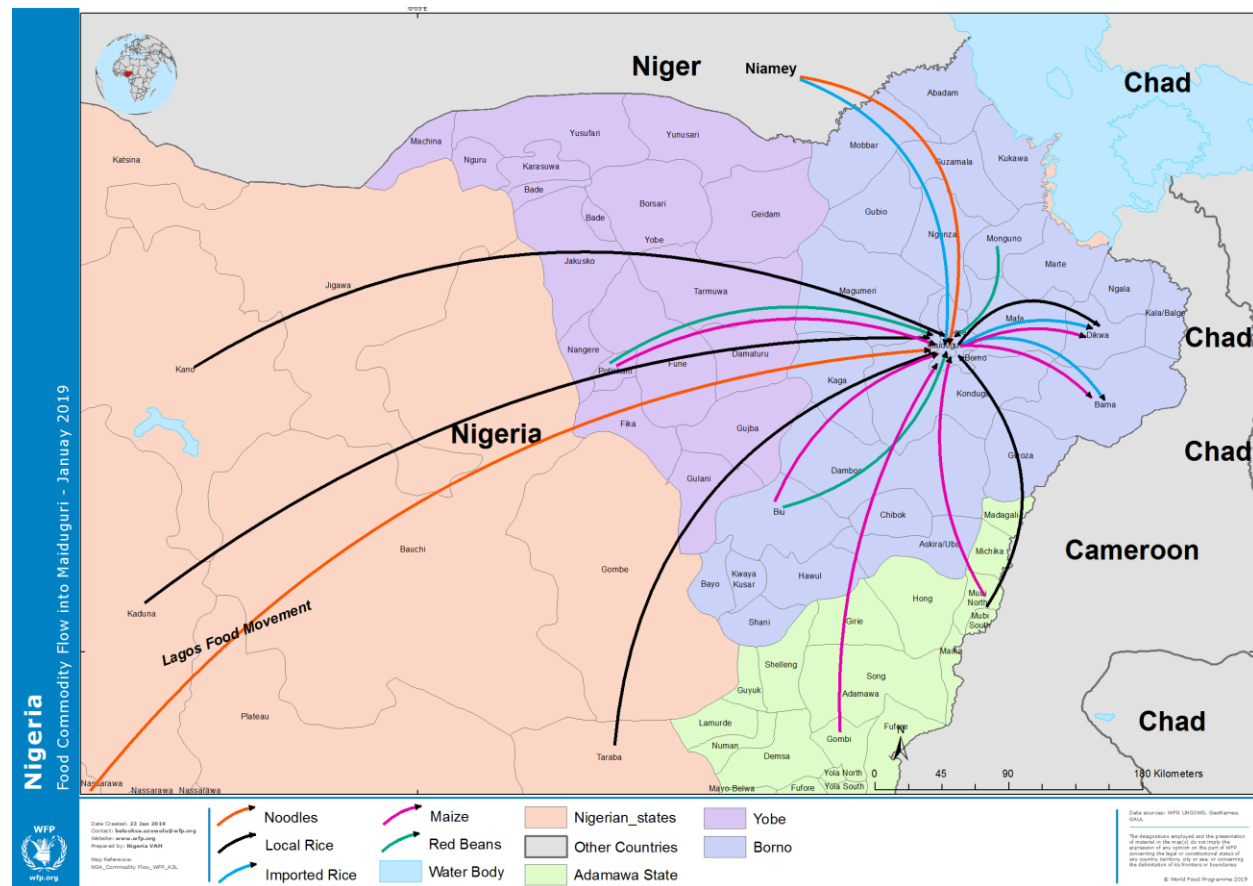
Market functionality

Currently, the demand for staples such as rice has increased while the demand for noodles, maize flour and wheat has declined in Monday market. While the Baga Road and Bullumkutu markets have largely recovered and a growing number of traders sell food items at competitive prices to meet demand by the increasing number of customers, the number of traders remain below pre-crisis because the security situation hinders the participation of traders from Chad and Cameroon. In terms of market competitiveness, prices of food commodities in these markets are determined based on associated cost (including transportation cost) and not set by an organized body of wholesale or retail traders.

Commodity supply and flows

The main food items traded in the three markets are local and imported rice, maize, red beans and noodles. Cross-border trader remains important in the operations of markets in Maiduguri with imported rice being brought in from Niamey (Niger Republic) while local rice is supplied from Kano market. Stocks of maize are currently being supplied from Mubi market in the Adamawa State while noodles is imported from Niamey in Niger Republic. During the past two years, the market sources of these commodities have changed as imported rice was previously imported from Maroua in Cameroon, while maize was supplied

from Biu markets. The changes in the source of supply from these locations is the result of road closures and insecurity along trade routes as well as restrictions on the importation of certain food items.



In Baga Road market, the three key food commodities in terms of quantities sold are local rice, red beans and maize. Taraba and Kaduna markets are the main sources of supply for local rice. Red beans is mainly supplied from Monguno, Biu and Potiskum markets while maize is also supplied from Biu and Postiskum markets. Two years ago, maize was supplied from Taraba and Biu while rice was brought in from Kaduna and Taraba states. Compared to the past 2 years, the number of customers buying food items has increased as the population of Maiduguri has grown over time.

In the market of Bullumkutu, maize, rice and noodles are the three main food items sold by traders. While Biu (Borno State) and Gombi (Adamawa) are the current sources of maize supply, most traders supplied the commodity from markets in Katsina and Kaduna States two years. The recent change in the source of supply is due to high cost of transportation. Local rice is currently being supplied from Mubi and Jabarmari (Borno) markets while noodles is supplied from Lagos and Niamey in Niger Republic.

There is adequate number of retail traders selling in small quantities in all markets to cater for the needs of poor households and displaced population who typically purchase food items in small quantities. These traders sell food items in units of measurement such as 1.25 kg (small mudu) and 2.5 kg (big mudu) enabling vulnerable households to access small quantities to meet some of their food needs.

Response capacity

In general, traders have adequate stocks of rice, maize and other key staples in warehouses to meet any potential increase in demand in Monday market.

These traders currently provide credit to customers and in turn received stocks on credit from suppliers which is repaid within a specified period. Customers currently buy reduced quantities maize and rice due to the improved food production and availability of household level stocks.

In the coming three months, prices are expected to rise due to normal seasonal decline in household level stocks and supplies to markets. In the case of imported rice, supply challenges from exporting countries and import restrictions could play a role in price increases.

Adequate stocks of rice, maize, beans and other staple food items are currently available at the Baga Road and Bullumkutu markets and most wholesale traders have large stocks of these food commodities to meet an upsurge in demand. In these two markets, wholesale traders provide credit mostly to regular customers and in turn receive credit from their main suppliers. In the coming three months, the prices of locally produced food commodities are expected to increase as supplies to markets gradually decline. In particular, the price of red beans which has increased during the past 3 months due to high preference for it over other type of beans is expected to increase further.

Constraints/Threats

Lingering insecurity is one of the main challenges affecting the flow of food commodities between Maiduguri and major trading hubs as sporadic attacks along trade routes often result in the loss of goods. In addition, higher transport charges by some transporters who transport goods through the highly volatile trade routes was cited as a contributor to the relatively higher prices of some food items in Maiduguri in December 2018.

Conclusions and recommendations

Traders in the three main markets assessed in Maiduguri sell a diverse range of staple food commodities to a growing customer base at competitive prices. Adequate and regularly replenished quantities of the key food commodities are currently available in all markets to meet existing demand. Most wholesale and retail traders have the capacity to absorb a 50% increase in demand within one to two weeks.

Based on the findings on market functionality, market competitiveness and the capacity of traders to absorb an increased demand for food commodities, market-based food assistance intervention are feasible in Maiduguri. Nevertheless, the security context of the Borno State and the substantial dependence of these Maiduguri markets on supplies from other states necessitate continuous monitoring of markets in terms of prices, commodity availability and market functionality.