

**Market Assessment in Borno and
Yobe States as part of multi-sectorial
capacity assessment for Cash-Based
Transfer programming**

Nigeria

March 2017

Data collected in November 2016



**World Food
Programme**



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Key messages

Market availability and physical access

- Hikes in prices of food commodities in the markets of Borno and Yobe States as well as other parts of the country have been compounded by the ongoing economic recession, depreciation in the value of the Naira, increased cost of transportation and rising inflationary trends.
- Staple food commodities are widely available in the markets of Borno and Yobe States, with the exception of Gubio where traders reported limited availability of maize, yam, millet and fish.
- 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.

Characteristics of traders

- More than 80 percent of traders in both Borno and Yobe States have employed people in their business and these are mostly men. More than half of traders in both states have more than 5 employees.
- Only 1 out of the 126 traders interviewed in Borno State and 7 out of the 482 traders interviewed in Yobe State are female. Female traders are mostly engaged in both retail and wholesale/retail.
- Some 87 percent of traders (419) in Yobe and 77 percent (97 traders) of those interviewed in Borno State belong to a trader association.
- Whereas only 34 percent of traders (43) in Borno State have a valid food trading license, the proportion for Yobe State is 74 percent (357 traders).

Traders' business and response capacity

- The largest stocks of maize, millet, local rice and imported rice are held in Bullunkutu, Kasua Shanu and Bolore Stores in Borno State and in Jacusko-Buduwa, Bade-Gashua and Potiskum market in Yobe State.
- In the event of a 25 percentage point increase in demand, 78.6 percent of traders (99 traders) in Borno will be able to deliver adequate stocks within a week. Similarly, 80 percent of traders (385) in Yobe State have the capacity to respond to a 25 percentage point increase in demand within week.

Constraints to trader

- Lack of capital, insecurity and high cost of transport are the three main constraints affecting traders across the two north eastern states of Yobe and Borno. Among wholesale and wholesale/retailer traders in Borno State, the top constraint to trade is high cost of transportation while retailers are more concerned with insecurity. In Yobe State on the other hand, lack of capital is the top concern among all categories of traders.

Stock strategy

- Some 12.4 percent traders (60) in Yobe and 12 percent (15 traders) in Borno stored products from the last agricultural season in order to resell in 2017. In Yobe State, these traders are mostly located in Bade-Gashua, Potiskum and Bumsa markets and to a lesser extent Yusufari while in Borno State, these traders are in Konduga, Bolore stores and Abba Gamaram.

- As compared to the previous year, most traders in the markets of Borno State have observed a worsening access to storage facilities. In Yobe State on the other hand, an improvement in storage facilities has been observed by most traders.

Capacity for voucher

- **Some 65.9 percent of traders (83) in Borno State have bank accounts.** Of the traders with bank accounts, 36 percent (30) are retailers while 32.5 percent (27) are wholesale traders. Wholesale/retail traders constitute 31.3 percent (26). **Similarly, 67.6 percent of traders (326) in Yobe have bank accounts of whom 43.2 percent are wholesale/retail traders while 35.5 percent retailers and 21.4 percent wholesalers.**
- **Some 42.7 percent of traders (206) in Yobe and 38 percent of their counterparts (48) in Borno State are willing to accept Airtel mobile money payment from customers in exchange for food.**
- **Some 3-4 weeks delay in payments for additional demand would be problematic for 60% traders (76) in Borno and 55.4 percent of traders (267) in Yobe.**

Key Actions:

- Given the low proportion of traders who are willing to accept mobile money payment, it is recommended that sensitization is carried out to increase their knowledge and interest in such a modality.
- As 79% of traders in Borno and 87 percent in Yobe States are members of trader associations, it is commended that such associations be used to channel messages on sensitization, procurement and training in the event that a voucher is implemented.
- Traders who are willing to become mobile money agents need to be targeted by the Mobile Network Operator for training and sensitizing on the use mobile money and CTB.
- As 34% of traders in Borno State and 74 percent of their counterparts in Yobe State have a valid food trading license, they have already satisfied an important criteria for participating in a voucher scheme and could be considered in the targeting of traders.
- Given that the price of imported rice is mostly determined by individual traders, price monitoring of contracted traders will be key in the implementation of vouchers to ensure that such traders do not exceed a certain price threshold which should be aligned with the prevailing market price average.
- Considering that 3-4 weeks delay in payments for additional demand would be problematic for traders in the two states, WFP need to ensure that vouchers are regularly redeemed and payments made to traders if this modality is implemented.
- The current high inflation trend, the ongoing economic recession and the sluggish market conditions in some insurgency-affected locations coupled with the lingering insecurity in many parts of Borno and Yobe calls for regular monitoring of market supply conditions in the event that a voucher program is being implemented.

1. Introduction

The Boko Haram conflict in north eastern Nigeria has negatively impacted on trade in food commodities for the past six years as heightened insecurity has constrained access to markets. Despite some success by the Nigerian security forces in liberating a number of Local Government Areas (LGAs) in 2016, several communities within the axis of the Sambisa forest and the northern parts of Borno and Yobe States remain hard to reach and sporadic attacks persist in many rural areas. Consequently, markets in the affected LGAs, including Gubio, Magumeri and Maguno in Borno along with Gujba, Gulani Geidam and Yunusari in Yobe State remain volatile and the availability of food commodities is unstable. High level of insecurity in conflict-affected areas has restricted agricultural production to a few kilometers radius of major settlements while security restrictions on the cultivation of tall crops has relegated farmers to the cultivation of groundnuts and cowpea, thus decimating local food production and causing large production deficit¹.

The World Food Programme initiated a Cash-Based Transfer (CBT) program in 2016 to provide assistance to families affected by the crisis. A total of 173,000 beneficiaries in Borno and Yobe States were assisted through the use of cash with a transfer value of 23,550 per household. During the last quarter of 2016, the largest proportion of WFP's cash assistance to displaced and host households was in Borno State. As WFP scales up its operations in the northeast and explore ways of expanding its CBT/voucher initiative, a market assessment was initiated in some selected locations in Borno and Yobe as part of a multi-sectorial capacity assessment for CBT.

The purpose of this assessment was to evaluate the appropriateness of CTB in the selected locations and to provide information to support evidence-based programming in the ongoing WFP humanitarian response in the north eastern Nigeria. More specifically, the objective of the market assessment was to:

- Conduct secondary data analysis on a variety of indicators which include market function, food availability, physical access, financial transfers and the security situation in general;
- Evaluate food traders' capacity to respond to increased household purchasing power (e.g. storage facilities, duration of stocks and stock replenishment lead-time);
- Conduct competition analysis (e.g. hoarding and monopolies);
- Evaluate macro risks e.g. inflation, supply shortage, food import problems, security problems or corruption; and
- Evaluate traders' capacity for the implementation of CBT as well as their constraints.

2. Methodology and limits

Secondary data in the form of market prices of food commodities in Nigeria was obtained from FEWSNET. Primary data collection was carried out concurrently in 14 markets in Borno State and in 10 markets in Yobe State from the 16th to the 30th of November 2016. Two data collection tools were used: a trader questionnaire and a market questionnaire. The sample size for traders varied in the two states. In Borno State, one market questionnaire was administered to the head of the market/trader association while 3 retailers, 3 wholesale traders and 3 wholesale/retailer traders were interviewed in each market with the trader questionnaire. In addition to the ten main markets in Maiduguri and Jere, markets in Kondugu, Magumeri, Kaga and Gubio were also selected. The selection of markets for inclusion in the assessment

¹ FEWSNET, Nigeria Food Security Outlook, February to September 2017

was influenced by the prevailing security situation and as a result, only locations that were assessed by WFP security to be accessible were visited. Although Monguno was initially selected, the market could not be visited due to the occurrence of a security incident a day before the visit to the market. A total of 126 traders questionnaires were administered in Borno State.

In Yobe State on the other hand, 5 teams (of 6 enumerators each) were initially scheduled to interview a minimum of 160 traders. In each market, 16 traders were to be interviewed, one being the head of the market/traders association along with 5 retailers, 5 wholesale traders and 5 traders engaged in a combination of wholesale and retail. However, at the start of the data collection, the VAM/Supply Chain team members increased the number of traders to be interviewed based on the observation that a lot of big grain traders from whom major purchases are made were not actually inside the mainstream market. In order to account for the large number of big traders outside the typical market, the sample size was drastically increased in all the markets. In the end, the sample size was tripled and 482 traders were interviewed. Table 1 presents the distribution of traders interviewed by market in the two states.

Table 1 Sample size of traders by market in Borno and Yobe States

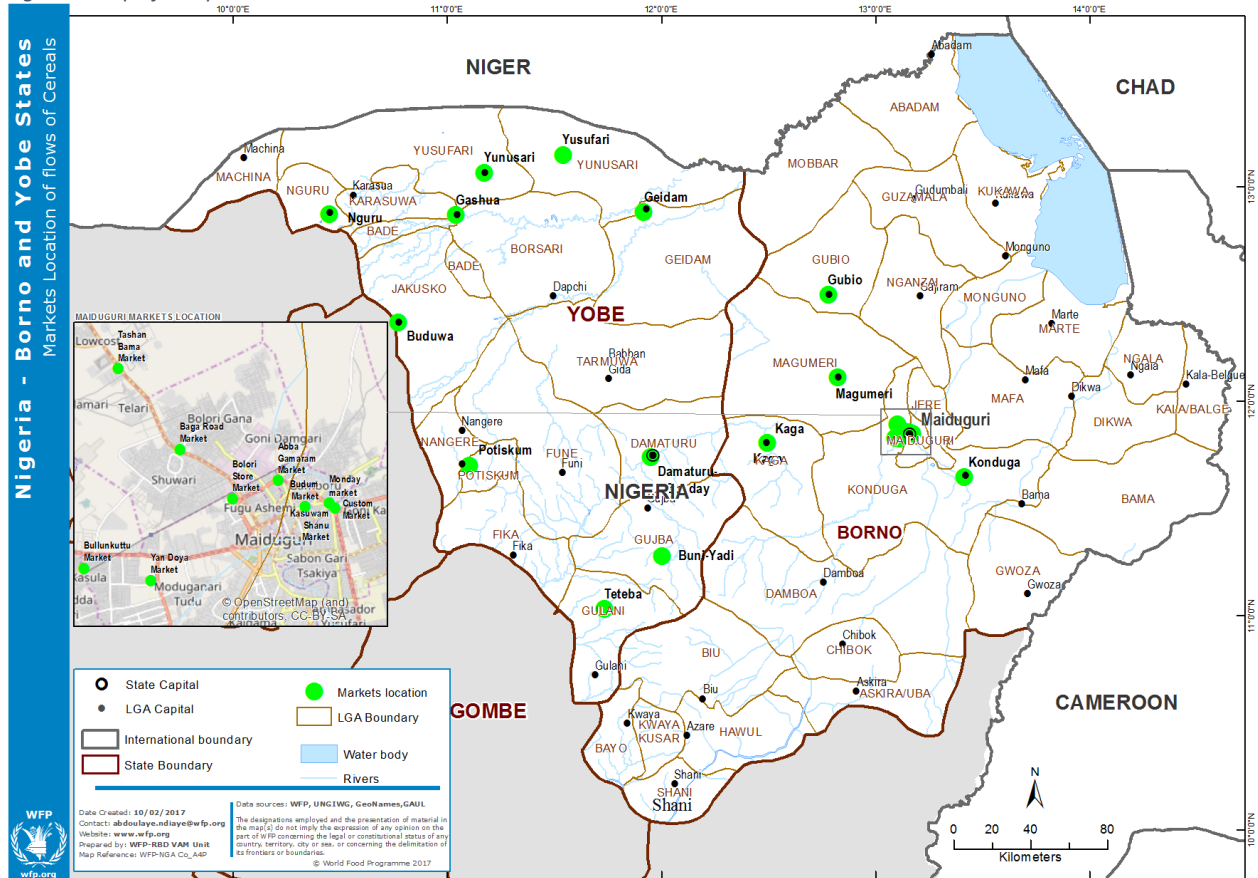
State	LGA	Markets selected	Traders	
			Total	Female share (%)
Borno	Maiduguri	Monday	12	0
	Maiduguri	Bullunkutu	9	0
	Maiduguri	Budum	7	0
	Maiduguri	Baga road	7	0
	Maiduguri	Yan Doya	12	0
	Maiduguri	Abba Gamanaram	9	0
	Maiduguri	Bolore Stores	7	0
	Jere	Custom	10	0
	Jere	Kasua Shanu	15	7
	Jere	Tashan Bama	9	0
	Kaga	Kaga	6	0
	Konduga	Konduga	6	0
	Magumeri	Magumeri	9	0
	Gubio	Gubio	9	0
Yobe	Bade	Bade-Gashua	70	4
	Damaturu	Damaturu-Sunday	46	0
	Geidam	Geidam	35	0
	Gujba	Gujba-Buni Yadi	32	0
	Gulani	Gulani-Bumsa	55	0
	Jakusko	Jacusko-Buduwa	47	6
	Nguru	Nguru	45	0
	Potiskum	Potiskum	78	0
	Yunusari	Yunusari	50	2
	Yusufari	Yusufari	24	0

Source: Trader Survey 2016

The upsurge in security incidents in Borno and in the city of Maiduguri, particularly at the time of the assessment meant that data collection took place in a very challenging environment. Major grain trading locations such as Biu, Ngala, Damboa and Monguno were excluded from the assessment as it was deemed unsafe for enumerators to travel to those areas. Furthermore, data collection in the markets within the city of Maiduguri was met with some level of resistance from traders who were aggrieved that humanitarian workers only collect price data from them without purchasing their food commodities. As

result, enumerators in Budum, Baga road, Kaga, Konduga and Bolore Stores interviewed a few traders less than originally planned. In some cases, the situation necessitated the intervention of the head of market/traders association to facilitate the participation of their members.

Figure 1 Map of sampled locations



3. Context

3.1. Insecurity affects trader and agriculture production in the northeast

Persistent security incidents associated with attacks by Boko Haram on communities in Borno and Yobe States has disrupted the lives and livelihoods of the local population and displaced a total of 1,483,149 people in these two states². While Borno is the epicenter of these attacks, Boko Haram has also made regular incursions into communities across the border in Cameroon, Niger and Chad, killing and displacing thousands of people. As the frequency of attacks has intensified during the past several years, agricultural production and market performance has suffered. While the displaced population of Borno and Yobe (1,370,880 and 112,269 respectively) have been unable to pursue agriculture-based livelihoods, most

² IOM, Displacement Tracking Matrix NO 13, December 2016

https://nigeria.iom.int/sites/default/files/dtm_reports/13%20DTM%20Nigeria%20Round%20XIII%20Location%20Assessment%20Report%20December%202016.pdf

affected host communities have restricted agriculture to the fields close to the settlement for fear of being killed or kidnapped. Consequently, staple food and cash crop production in Borno and Yobe states has declined below average while in some worst affected areas, there has been no production for three consecutive years³.

For many years, Nigeria has had a large deficit in rice production and also imported large quantities of wheat between 2011 and 2015. An average of 1.5 MT of rice and 4.2 million MT of wheat was imported into the country during this period. Due to the huge bill associated with the importation of rice and livestock, the rapid depreciation of the Naira has increased the cost of these imported food items. At the same time, neighboring francophone countries using the CFA franc have increasingly found cereal prices to be cheap in Nigeria, thus increasing the export of cereal to regional markets. This situation has contributed to price increases in local markets, negatively affecting the purchasing power of households and their access to food⁴.

Food availability in central and northern parts of Borno State along with the southern parts of Yobe where active insurgency activities continue to affect agricultural production is well below average. An assessment in Kaga and Kondugu by Christian Aid in December 2016 found that only 2.7 percent of the population cultivated crops and food production is well over 90% below average and with household harvest stock estimated to last for 3 months, food access would deteriorate substantially during the lean season months of 2017⁵. Similarly, pastoral resources such as pasture and water for livestock will be available for a limited period, but livestock body conditions could begin deteriorate just before the start of the rains which would affect their market value and the terms of trade between livestock and cereals⁶.

3.2. Nigerian economy is in economic recession

The Nigerian economy slipped into recession following two consecutive quarters of contraction in economic growth by 2.2 percent in the first quarter and 0.4 percent in the second quarter of 2016. While the agricultural sector contributed 40 percent to Nigeria's GDP, the oil sector contracted by 17.8 percent due to a combination of insecurity in the oil producing Niger Delta area (leading to weak crude oil exports) and low prices of oil.⁷

During the third quarter of 2016, the National Bureau for Statistics (NBS) estimated that the GDP contracted by -2.34 percent year on year, suggesting that growth during this period was 0.18 percentage point weaker than the previous quarter. The manufacturing sector shrank by 2.9 percent in the third quarter as a result of the depreciation in the value of the Naira and further compounded by slowed growth of 21.01 percent (year-on-year) in the oil sector⁸.

The external reserves of the country declined by 6.4 percent in the first half of 2016 to 26.36 billion as the Central Bank of Nigeria tried to settle foreign exchange backlogs associated with the introduction of flexible exchange rate policy in June 2016. As crude oil contributes 90 percent of the foreign exchange

³ Food Security Cluster, Cadre Harmonisé for Identifying Risk Areas and Vulnerable Populations in Sixteen (16) States of Nigeria, October 2016

⁴ FEWSNET, Nigeria market monitoring bulletin, September 9, 2016

⁵ Christian Aid, Rapid Humanitarian needs assessment in Kaga and Konduga LGAs, December 2016

⁶ Food Security Cluster, Cadre Harmonisé for Identifying Risk Areas and Vulnerable Populations in Sixteen (16) States of Nigeria, October 2016

⁷ ABN AMRO, Nigeria Watch: Nigeria slips into recession – 13th September 2016

⁸ National Bureau for Statistics, Nigerian Gross Domestic Product, Quarter three, 2016

earnings of the country, the fall in crude oil prices contributed to a steady decline in the external reserves of the country⁹. The value of the Naira in parallel markets depreciated by 43.3 percent between January and November 2016¹⁰. The situation has been further compounded by rising inflationary trends which reached 18.55 percent (year-on-year) in December 2016¹¹.

The ongoing recession is estimated to reduce business expansion, worsen the already high rate of unemployment and reduce the purchasing power of households. **According to the NBS, an increase in prices of meat, bread, cereals, oil and fats, fish, vegetables, milk and cheese, eggs, fruits, potatoes and yam contributed to a rise in food inflation from 17.19 percent in November to 17.39 (year-on-year) in December 2016¹².**

4. Trader characteristics

Almost all traders selected for this assessment are men and while this gender imbalance was not deliberate, it reflects the over-representation of men in the trade of food commodities in the markets of Borno and Yobe States. Out of a total of 126 traders interviewed in Borno State, only 1 trader was a female. The current security situation in Borno and other parts of north eastern Nigeria, characterized by suicide bombings of markets and public areas, along with social norms that limit women's role to some activities may explain the low participation of women in the sale of food commodities in the selected markets. Similarly, only 7 traders out of a total sample of 482 traders in the 10 markets of Yobe State were female.

In Borno State, all categories of traders are well represented, with 39.7 percent (50) identified as retailers while 28.6 percent (36) are wholesale traders. Those engaged in a combination of retail/wholesale constitute 31.7 percent (40). Some 14.3 percent of traders (18) have no education while only 5.6 percent of traders (7) have a university degree. Some 60.3 percent of traders (76) are involved in the sale of food items with another 36.5 percent (46) selling both food and non-food items.

In Yobe State, the proportion of traders is 21.4 percent (103) for wholesale, 35.5 percent (171) for retail and 43.3 percent (208) for wholesale/retail. Similar to the results for Borno State, 98.5 percent of traders (475) are male with only 1.5 percent (7 traders) being female (Figure 2). Most female traders are either retail traders or are engaged in a combination of wholesale/retail trade. Some 33.2 percent of traders (160) in the state have secondary school level education while 16.6 percent (80) have no education. Seventy-four (74) percent or 357 traders interviewed mainly sell food items while another 25 percent (122) deal in both food and non-food items.

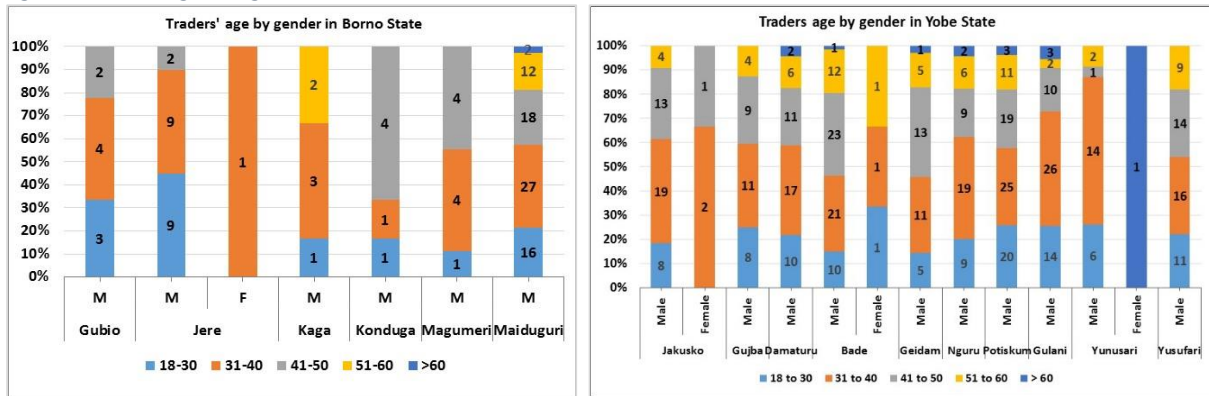
⁹ Zenith Economic Intelligence Weekly, Vol. 11 Number 35

¹⁰ Central Bank of Nigeria <https://www.cbn.gov.ng/rates/exrate.asp?year=2016&month=1>

¹¹ National Bureau for Statistics, Consumer Price Index, No.561, December 2016

¹² National Bureau for Statistics, Consumer Price Index, No.561, December 2016

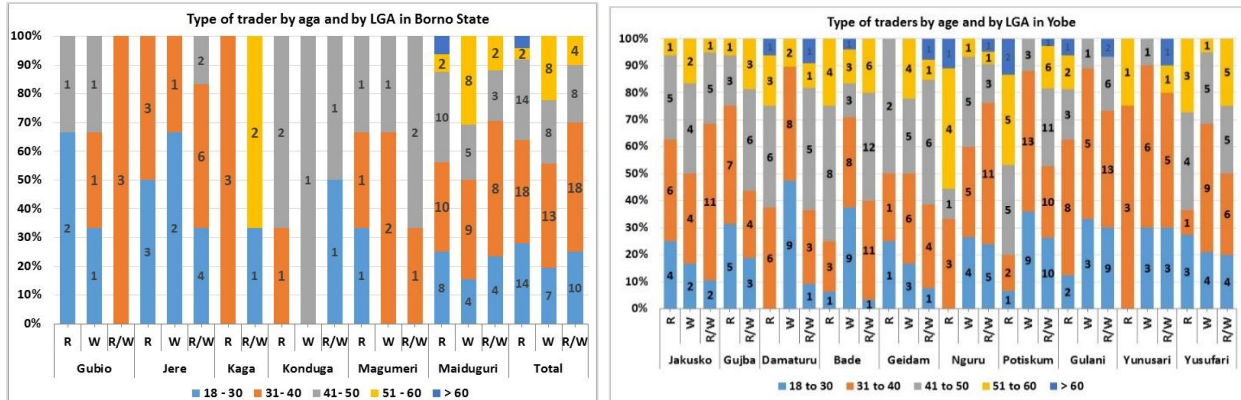
Figure 2 Traders age and gender in Borno and Yobe States



Source: Trader survey 2016

Some 62.7 percent of traders are between the ages of 31 and 50 years in Borno which is similar to Yobe (63.3 percent or 305 traders). Among the different types of traders in Borno, the highest share is in the 31 to 40 age group where the proportion of retail, wholesale and retail/wholesale is 36 percent, 36.1 percent and 45 percent respectively. Similarly, the highest share of retailers and wholesale/retailers in Yobe is in the 31-40 age group at 42.7 percent and 37.5 percent respectively while the 41-50 age group has the highest share of wholesales at 32 percent (Figure 3).

Figure 3 Types of traders by age and Local Government Area in Borno and Yobe States



Source: Trader survey 2016

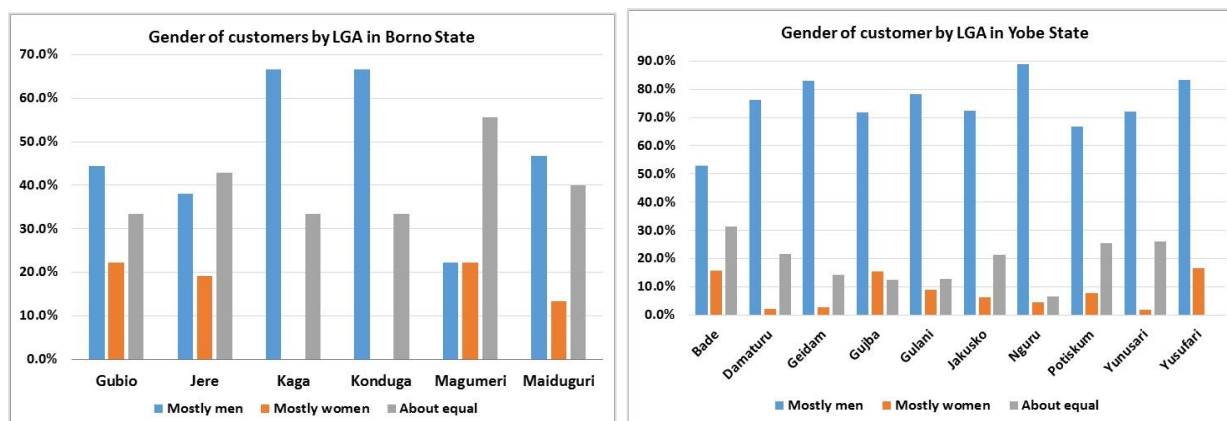
Yobe State has a larger proportion of traders with valid food trading license (74 percent) and over 40 percent of those with trading license are engaged in wholesale/retail trade. Eighty-seven (87) percent or 419 traders belong to an association. These traders benefit from their membership of the association through information sharing, dispute resolution, security and access to credit.

Thirty-four (34) percent or 43 traders in Borno have trading licenses. Half of all wholesale traders have food trading license, compared to 26 percent of retailers and 30 percent of wholesale/retail. Most traders are also members of an active trader association. These association support members by providing security in the market, legal services, helping members to go into cooperatives to access credit as well as fostering unity and the welfare of members.

In Borno, more than 80 percent of traders employ people to help in the sale of goods in their business, but there is a significant difference between LGAs. In Maiduguri LGA where a large number of traders were sampled for the assessment, 89.3 percent of traders have employed people, compared to 57.1 percent in Jere LGA. Seventy (70) percent or 82 traders have employed up to 4 people in their business while 19 percent employed up to 9 people. Across these markets, men are mostly favored by traders for employment, with traders employing a total of 429 men as compared to only 25 women.

In Yobe State, a slightly higher proportion of traders (84.2 percent or 406 traders) have employees in their businesses. Bade, Gujba, Potiskum and Yusufari have the highest proportion of traders who have employed people (>90 percent) while Yusufari had the lowest at 62.5 percent. Among traders who have employees, 50 percent have employed more than 5 people. In all, more than 3000 people are employed in the markets of Yobe State. Potiskum market has the largest number of people employed by traders at 498 while Yunusari has the lowest at 73. Out of the people employed by traders, 16 percent are women, suggesting that the trading is dominated by men (Figure 4).

Figure 4 Gender of customers by Local Government Areas in Borno and Yobe States



Source: Trader survey 2016

The low share of women as employees of wholesale traders has also been observed by a previous market assessment in the Lake Chad Basin¹³. The report specifically states that: “Gender divisions in market activities reflect general gender disparities existing in the four countries of the Lake Chad Basin. According to assessment results, female participation in agricultural trade appears to be low and women are more often found to be retailers than wholesalers. In North Nigeria, women role varies by ethnic group but women are often involved in post-harvest activities such as cleaning and sorting grains as it contains impurities.¹⁴

5. Trade flows and market access

5.1. Borno State

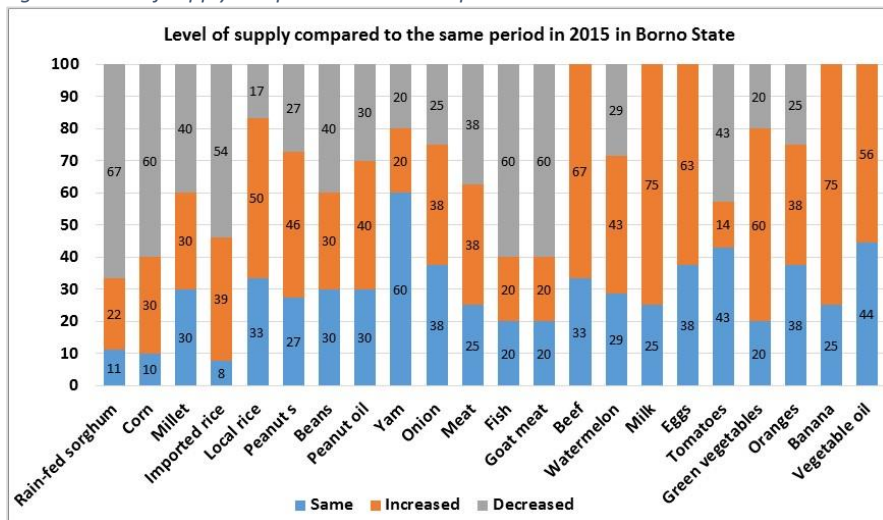
The supply of staple food commodities from other states is fundamental to the functioning of markets in Borno State. The ongoing conflict has changed pre-existing market supply dynamics as locations which were previously surplus areas have slumped to food production deficit. The production of maize, sorghum

¹³ Lake Chad Basin Crisis Regional Market assessment- June 2016

¹⁴ Lake Chad Basin Crisis Regional Market Assessment (WFP RBD June 2016)

and millet in Borno State is estimated to have decreased by -25.83%,-44.35% and -59.35% respectively in comparison with the five-year average¹⁵. Despite the prevailing insecurity situation and obstacles to trade, there exist active trade links between the grain markets of Kano, Kaduna and Bauchi and these two north eastern states. In Borno State, cereals, tubers and legumes such as sorghum, maize, millet, rice, beans, grounds and yam are widely available in most of the selected markets despite the impact of the conflict on local production (Figure 5).

Figure 5 Level of supply compared to the same period in 2015 in Borno State

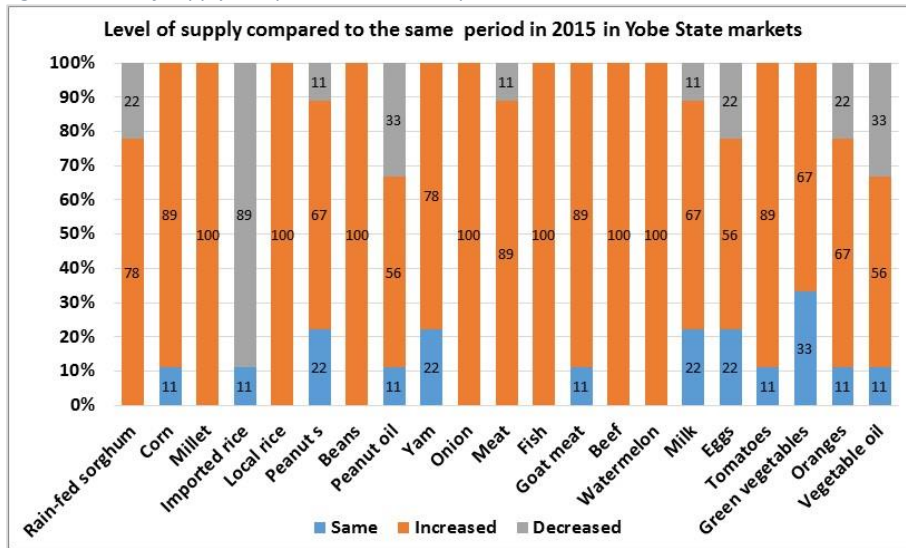


Source: Trader survey, 2016

However, traders in Gubio reported the lack of maize, yam and millet along with fish, eggs milk, tomato and spinach. Apart from these staple food commodities, food items such as fish, beef, eggs, tomato, vegetable oranges, banana and vegetable oil are generally not available in Magumeri. While rain-fed sorghum is mostly produced within the state, additional supplies are sourced from Adamawa, Gombe, Bauchi and Taraba. However, the supply of rain-fed sorghum has decreased when compared to the same period in 2015 due to high cost of transportation and insecurity in the Gowza area where much of the local sorghum production in the state takes place (Figure 6).

¹⁵ FEWSNET, Nigeria cereal production estimates for 2016.

Figure 6 Level of supply compared to the same period in 2015 in Yobe state



Source: Trader survey, 2016

Maize is widely available in most of the markets, but supply has decreased when compared to the same period last year. Most of the maize supplied to the markets of Borno is sourced from Adamawa, Katsina, Kaduna, Taraba, Bauchi and Benue States. Supplies from Bauchi and Kano are also important for millet availability in the markets of Borno. On the contrary, the supply of imported rice has decreased as compared to the previous year due to import restrictions. State level production accounts for the most of the market supply of local rice, but additional stocks are sourced from Jigawa, Katsina, Kebbi, Adamawa and Taraba. Beans is widely available in markets, mostly from production within Borno State, complemented with supplies from Kano. Yam is mostly supplied by other states such as Plateau, Taraba, Benue and Bauchi.

In Bullunkutu and Kasuwan Shanu markets in Maiduguri LGA where traders have large stocks of maize, millet, beans and local rice, supplies are sourced Askira Uba and Gamboru markets in Borno State as well as from Katsina, Kano, Adamawa, Kaduna, Bauchi and Taraba States. In Gubio market, maize and sorghum are supplied from Magumeri while local rice is supplied from Abadam, Jere, Maiduguri, and Zabamari markets.

5.2. Yobe State

Although cereal production in the state has increased from the previous year, the production of maize, sorghum and millet decreased by -68.85%, -15.70% and 9.30% respectively in comparison with the five-year average. Most of the rain-fed sorghum is supplied by producers within the state, complemented with stocks from Bauchi, Gombe, Kano, Kaduna and Taraba. Contrary to information available from production estimates, most traders have observed a decrease in the supply of sorghum as compared to the same period last year due to changes in demand.

Maize is generally available in most of the markets of Yobe and whilst a greater proportion of it is supplied from markets within the state, additional stocks are sourced from markets in Adamawa, Gombe, Biu LGA in Borno, Jigawa, Jos, Kaduna, Taraba, Kano, Bauchi, Nasarawa, and Niger States. Imported rice on the other hand, is sourced by traders from Kano or imported from Niger, India and Thailand. According to traders, the supply of imported rice has decreased due to the closure of borders or import restrictions.

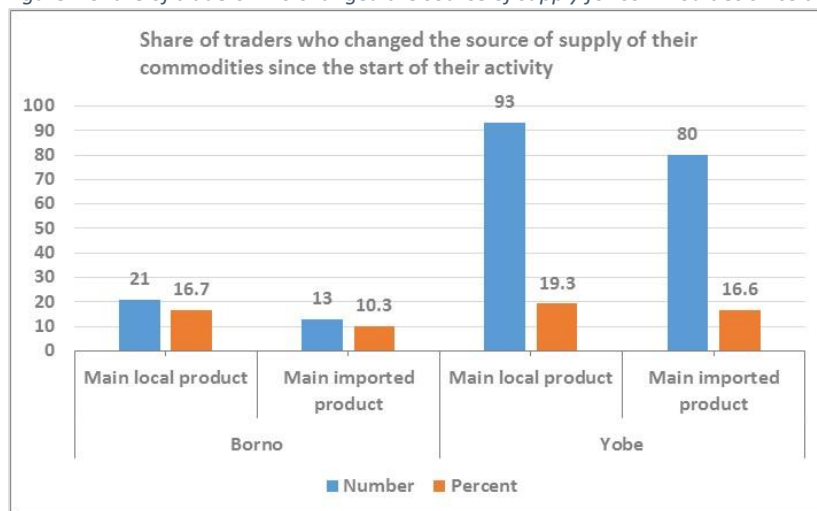
Most of the local rice available in markets of Yobe is sourced from the markets of Bauchi, Kano, Biu in Borno State as well as Jigawa and Kano. As compared to the previous year, the level of supply has increased in response to increased demand. While 56 percent of traders reported an increase in the supply of peanut, half of this supply in markets within the state is sourced from other states such as Gombi, Adamawa and Kano. Similarly, most of the yam available markets is supplied from Benue, Taraba, Niger, Nassarawa and Plateau States.

6. Supply chain

As market access is often affected by road blockages and numerous checkpoints, maintaining adequate supplies of food commodities is one of the major challenges facing traders. In Borno State, the market supply of imported rice is slightly more stable than the supply of local staples despite the impact of the depreciation in the value of the Nigerian Naira on the cost of imports. Some 54 percent of traders have not changed the sources of supply for the main imported food commodity as compared to 50.8 percent of traders for the main local product. This results is similar to the findings of an earlier market assessment of the Lake Chad basin countries¹⁶.

In Yobe State on the other hand, the supply of the main local product is slightly more stable than the main imported product. Whereas 20 percent of traders selected local rice as their main local product, 24 percent of traders also selected imported rice as their main imported product. Nearly 69 percent of traders who selected local rice as their main local product have not changed their supply sources since the start of their trading activity compared to 64.7 of traders who selected imported rice as their main import product (Figure 7).

Figure 7 Share of traders who changed the source of supply for commodities since the start of the activity



Source: Trader survey, 2016

In Borno State, most traders who selected imported rice and local rice as the main imported and local products respectively have changed their method of procurement by dealing with suppliers in a nearest town to reduce the cost of transportation and the reduce risk associated with insecurity in the state.

¹⁶ Lake Chad Basis Crisis Regional Market assessment- June 2016

Similarly, most traders of local rice in Yobe looked for a supplier in the nearest town to reduce the cost of transportation, but traders who selected imported rice changed their method of procurement by either looking for a supplier in the nearest town or by switching suppliers in the same locality.

In Yobe State, 76 percent of traders reported a decrease in the sale of the main local staple food commodities compared to the start of the trading. For the main imported product, 62.7 percent reported increased sales while to 6.2 percent recorded decrease in sales compared to the start of their trading. The main supply constraints are poor access roads and insecurity, border closures, inflation and high prices. In general, the main transportation constraints facing traders are cost (51%) and insecurity (22.6%). Only 18% of traders have their own transportation. Some 57.1% of traders are able to transport goods from the main supply source to the destination within one day during the dry season while 28% of traders spend 2 days. During the rainy season however, transport challenges are greater and 32.8% of traders spend 2 days to transport goods from the main supply source to the destination.

In Borno State, 37 percent of traders recorded an increase in the sale of local grains while 11.9 percent recorded a decreased in the sale of these same products. For traders of imported products 30.2 percent recorded an increase in sales while 14 percent experienced a decrease in sales compared to the start of their trade. The main supply challenges include high cost of food commodities, insecurity, reduced availability of some food commodities, depreciating currency and high cost of transportation.

7. Market integration and Prices

7.1. Market integration

As food commodities continue to be traded between markets of north eastern Nigeria and other parts of the country against the backdrop of insecurity, market integration is crucial for price stability and access by food insecure and vulnerable households. There is co-movement of maize prices in the key north eastern markets of Damaturu, Potiskum, Maiduguri and Biu which indicates strong market integration. These markets are also well integrated with Mubi in Adamawa, Dawanua in Kano and Saminaka in Kaduna. This implies that in spite of the ongoing conflict, maize continue to be traded between markets of north eastern Nigeria, contributing to relative price stability, improved food available and accessibility (Figure 8).

Figure 8 Price correlation for maize

	Biu	Damaturu	Gombe	Kano, Dawanau	Maiduguri	Mubi	Potiskum	Saminaka
Biu	1	0.95899	0.98936	0.95261	0.94906	0.97699	0.94918	0.92222
Damaturu		1	0.95866	0.97716	0.97877	0.96647	0.97275	0.97521
Gombe			1	0.95632	0.94037	0.97631	0.95135	0.92370
Dawanau				1	0.97480	0.98485	0.98756	0.96099
Maiduguri					1	0.96199	0.95424	0.97907
Mubi						1	0.98333	0.93579
Potiskum							1	0.93278
Saminaka								1

Source: FEWSNET

The market for cowpea shows poor integration between Dawanau and Biu and at the same time between Dawunau and Maiduguri. The market for cowpea in Maiduguri is also not well integrated with Kano and Biu. This implies that high the price of the commodity in some parts of north eastern Nigeria

does not necessarily provide any incentive to traders in neighboring states to supply the commodity to these areas higher prices (Figure 9).

Figure 9 Price correlation for cowpea

	Biu	Damaturu	Gombe	Dawanau	Maiduguri	Mubi	Potiskum	Saminaka
Biu	1	0.89792	0.92841	0.70932	0.79947	0.94838	0.90928	0.94404
Damaturu		1	0.93306	0.87177	0.80697	0.84278	0.94221	0.96406
Gombe			1	0.83939	0.82404	0.92468	0.95779	0.95876
Kano, Dawanau				1	0.74177	0.71100	0.84522	0.82668
Maiduguri					1	0.77469	0.82391	0.84110
Mubi						1	0.88005	0.93030
Potiskum							1	0.943361
Saminaka								1

Source: FEWSNET

The market for groundnuts in north eastern Nigeria are poorly integrated with other markets within the state and those in other states. Potiskum and Damaturu are both poorly integrated with Biu. At the same time, Maiduguri is also poorly integrated with Damaturu and Potiskum. However, Potiskum is well integrated with Damaturu, but poorly integrated with other key markets like Dawanau in Kano, Mubi in Adamawa and Saminaka in Kaduna (Figure 10).

Figure 10 Price correlation for groundnuts

	Biu	Damaturu	Gombe	Dawanau	Maiduguri	Mubi	Potiskum	Saminaka
Biu	1	0.79101	0.88230	0.87089	0.84125	0.81801	0.70563	0.50088
Damaturu		1	0.75848	0.59488	0.76354	0.76160	0.82736	0.61917
Gombe			1	0.79010	0.83968	0.84485	0.72615	0.66915
Dawanau				1	0.63570	0.73585	0.55015	0.48842
Maiduguri					1	0.70593	0.79860	0.55045
Mubi						1	0.67654	0.52227
Potiskum							1	0.74119
Saminaka								1

Source: FEWSNET

Local rice markets are well integrated in the north east and prices are highly correlated. There is co-movement of prices in the three north eastern markets of Damaturu, Maiduguri, Potiskum and Biu (Figure 11). In terms of imported rice, Potiskum is most poorly integrated with Damaturu, Maiduguri and Mubi in Adamawa. However, Damaturu market is well integrated with Mubi (Adamawa), Maiduguri and Saminaka in Kaduna State.

Figure 11 Price correlation for local rice

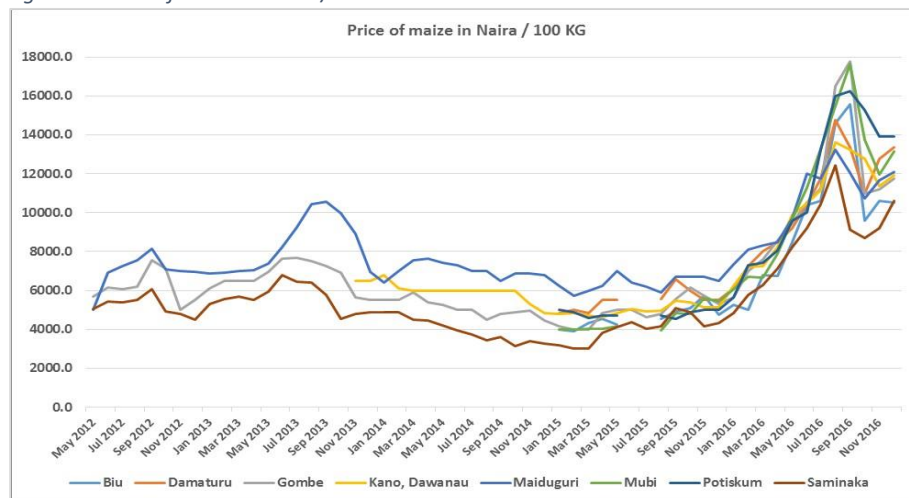
	Biu	Damaturu	Gombe	Kano, Dawanau	Maiduguri	Mubi	Potiskum	Saminaka
Biu	1	0.97169	0.97572	0.95354	0.98244	0.85711	0.94663	0.95573
Damaturu		1	0.95424	0.93810	0.95843	0.83088	0.90586	0.95265
Gombe			1	0.95123	0.97437	0.84615	0.90659	0.94965
Dawanau				1	0.96685	0.92662	0.92360	0.93226
Maiduguri					1	0.90089	0.94687	0.95092
Mubi						1	0.90780	0.77387
Potiskum							1	0.87751
Saminaka								1

Source: FEWSNET

7.2. Prices

Data on market prices is vital for the implementation of a Cash Transfer Program as monthly retail prices of staple food items are essential for calculating the transfer value paid to beneficiaries. These prices are obtained by setting up and collecting data on specific staple food items, enabling the organization to determine when a revision of the transfer value is necessary. Throughout 2016, the price of maize in the key markets of north eastern Nigeria and other parts of the country was volatile. In all of the eight selected markets (Figure 12), price increases were most dramatic between January and August 2016, with Maiduguri, Biu, Damaturu and Potiskum all recorded price increases of 177 percent, 141 percent, 81 percent and 184 percent respectively. Similar large price increases were recorded in Dawanau (118 percent), Mubi (191 percent) and Saminaka (156 percent). Since the commencement of the harvest of September, prices have decreased or remained stable. In Biu and Potiskum, the price of maize decreased by -32.5 and 14.3 percent respectively. In Damaturu and Maiduguri a percentage increase of 2 percent was recorded.

Figure 12 Price of maize in Naira/100 KG

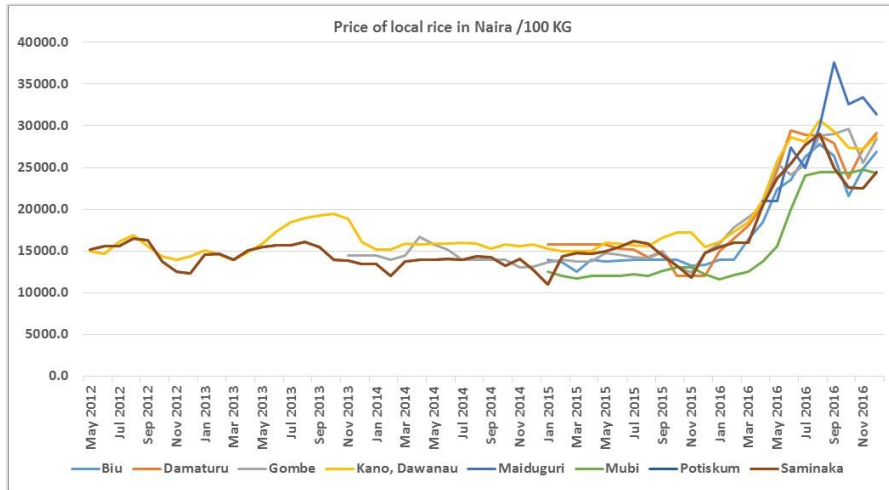


Source: FEWSNET

The price of local rice exhibited high volatility in 2016 (Figure 13) as well. The price of local rice began increasing in March 2016, reaching its peak in August and decreased afterwards. The exception is the Maiduguri market where the price increase was much higher. January to August price increase in Biu, Damaturu and Potiskum was 99 percent, 92 percent and 87 percent respectively. In Maiduguri, January to September price increase was 213 percent. This period of price increase was characterized by rapid

depreciation of the Naira and rising inflation across the country. The peak of the price increase reflects the impact of seasonal decline in food availability both at the market and household levels.

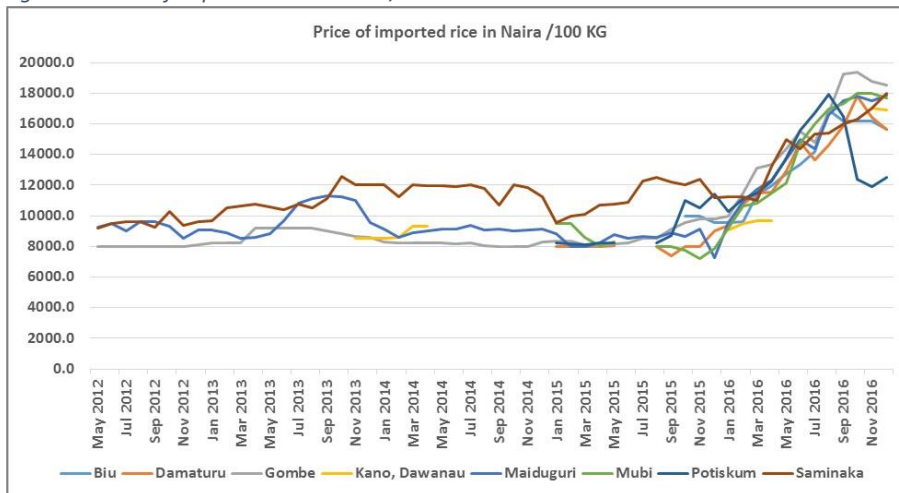
Figure 13 Price of local rice in Naira/100 KG



Source: FEWSNET

Imported rice price exhibited a similar trend like other cereals with prices increasing significantly between January and August 2016. At the end of December 2016, the price of imported rice had increased over its level for January by 67 percent in Damaturu, 87 percent in Maiduguri and 92.5 percent in Mubi compared to only 22 percent for Potiskum (Figure 14). These volatile market conditions, particularly in Borno and Yobe States likely had a negative impact on households' ability to purchase sufficient quantities of grain to meet their food needs.

Figure 14 Price of imported rice in Naira/100KG



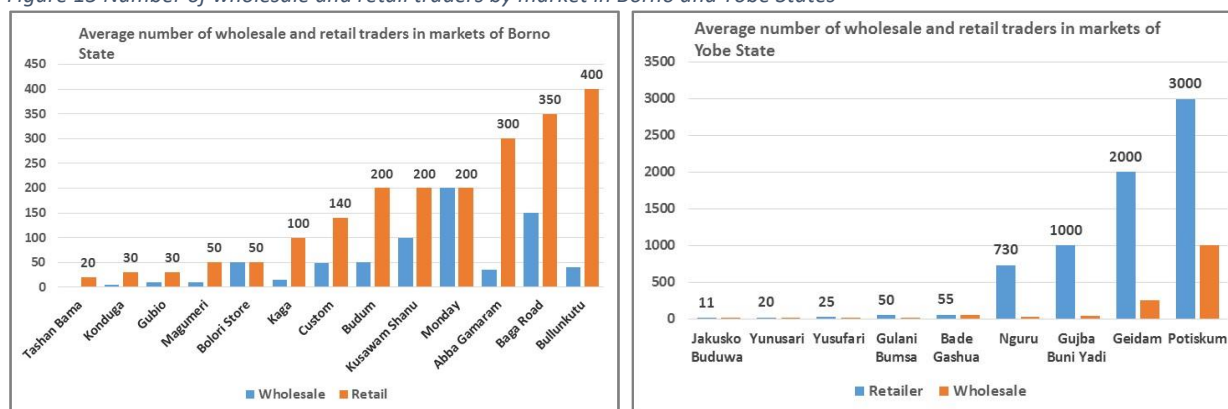
Source: FEWSNET

8. Market functioning

The continuous ambush of vehicles along major market routes and the ongoing attacks on communities and markets are the most salient threats to market access and functioning in both Borno and Yobe States. These conditions have constrained the movement of food and livestock particularly in parts of northern and central Borno as well as the southern parts of Yobe State¹⁷. According to the Armed Conflict Location and Event Data Project, there were at least five suicide attacks in markets at Madagali and Gombi in Adamawa State and in Maiduguri in Borno State. Access to Gubio and Magumeri markets has also been impacted by the insecurity and recurrent attacks. In Yobe State, Gujba-Bumsa and Geidam markets are not accessible throughout the year due to violence and insecurity.

In other locations in these two states where the assessment was carried, markets are accessible (sometimes with security escort) throughout the year and staple food commodities such rain-fed sorghum, corn, millet, imported rice, local rice, peanut oil, yam and meat are available. Markets in Borno and Yobe States also have a large presence of wholesale and retailer traders conducting brisk business in a wide range of food commodities. In Borno State for instance, the number of retailers at the market level range from 20 in Tashan Bama to 200 in Kasuwan Shanu and 400 in Bulluntuku market. On the contrary, the number of wholesale traders is generally low, with the average ranging from 5 in Kondugu to 48 in Custom market and 200 in Monday market. Figure 15 is the average number of wholesale and retail traders in Borno and Yobe markets.

Figure 15 Number of wholesale and retail traders by market in Borno and Yobe States



Source: Trader survey, 2016

In these markets, the price of locally produced food items are generally determined by the individual retail or wholesale traders. 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. In Borno,

¹⁷ FEWSNET, Nigeria market monitoring bulletin, September 9, 2016

most traders are of the view that the intervention of state and its partners has no influence on markets and all ethnic and religious groups visit these markets.

9. Volumes and flows

Generally, there are larger stocks of food items in markets of Yobe than in Borno likely due to the larger number of traders interviewed for Yobe. The quantity of food items in stock by market in Borno and Yobe is presented in Table 2 and 3. In Borno State, traders in Bullunkutu, Kasuwan Shenu, Bolori Stores and Gubio market have the largest stocks of maize, millet, local rice and imported rice.

Table 2 Quantities of food items in stock by market in Borno in November 2016

Quantities of food items in stock (MT) by market in November 2016 in Borno									
Market	Sorghum	Maize	Millet	Beans	local rice	imported rice	Groundnut oil	Sugar	Salt
Monday market	0.2	0.3	0.1	1.4	5.5	2.2	0.8	1.6	0.2
Bullunkutu	0.0	65.0	15.0	67.0	24.0	15.0	0.0	0.0	0.0
Budum	0.2	0.1	0.1	0.3	0.2	0.7	1.0	0.7	0.3
Custom	0.2	1.8	0.9	0.3	0.1	0.1	1.3	0.0	0.0
Baga Road	0.1	0.4	0.1	12.1	20.2	10.3	1.5	0.2	0.2
Tashan Bama	0.2	0.2	0.1	0.3	0.3	0.4	0.5	0.3	0.2
Kasuwan Shenu	0.5	28.3	43.3	28.8	261.3	10.5	24.1	38.2	34.4
Yan Doya	0.0	0.0	0.0	0.0	10.0	10.0	5.0	0.0	0.0
Abbaganaram	0.0	0.4	0.2	13.6	0.1	0.3	2.9	19.7	0.2
Bolori Stores	300.8	13.1	3.0	6.1	9.3	14.0	303.6	4.5	5.8
Kaga	0.1	0.1	0.0	0.1	0.1	0.3	0.5	0.1	0.1
Konduga	0.3	0.2	0.0	0.2	0.6	0.1	6.3	0.3	0.1
Magumeri	0.2	0.1	0.2	0.2	0.1	0.2	0.6	0.1	0.1
Gubio	0.0	10.3	2.0	14.3	83.7	10.8	0.5	0.1	0.0

Source: Trader survey, 2016

In Yobe State on the other hand, traders with the largest stocks of sorghum, maize, millet, beans and local rice are found in Jacusko, Bade-Gashua and Potiskum. Stocks of groundnuts are generally high in most markets in Yobe State.

Table 3 Quantities of food items in stock (tons) in November 2016 in Yobe State

Quantity of food items in stock (in MT) by market in November 2016 in Yobe									
Market	Sorghum	Maize	Millet	Beans	Local rice	imported	Groundnut	Sugar	Salt
Jacusko	63	30	59	53	39	0	154	27	27
Gujba-Buni	6	3	6	5	4	0	15	3	3
Damaturu	15	15	20	37	15	0	85	4	4
Bade -Gashua	44	52	93	63	81	0	27	41	12
Geidam	2	4	3	3	4	0	42	23	5
Nguru	15	15	12	6	5	0	16	4	18
Potiskum	41	37	110	72	12	0	636	6	9
Gulani	4	6	7	5	5	0	3	2	2
Yunusari	0	1	1	1	1	0	5	0	0
Yusufari	7	5	12	10	4	0	5	3	2

Source: Trader survey, 2016

Seventy-nine percent of traders of local staple cereals serve less than 20 customers per day while 13.7 percent have more than 50 traders in the markets of Yobe State. For those selling imported products, 60.8 percent have less than 20 customers a day. With regards to traders selling locally produced grains,

the most busy markets is Potiskum where 14 traders serve between 21 and 100 customers a day followed by Damaturu where 7 traders serve between 21 and 100 traders. In Gulani-Bumsa, 6 traders also serve between 21 and 100 traders a day. Potiskum market can also be described as the busiest market in terms of sale of local rice with traders selling more than 4000 metric tons of per week. In Jacusko-Buduwa market, 24 out of the 35 traders also sell more than 4000 tons of grain a week.

In relation to imported rice, Potiskum and Yusufari are the busiest markets, with the 25 out of the 51 traders in Potiskum selling more than 4000 tons while 24 out of the 36 traders in Yusufari also sell more than 4000 tons per week. In summary, 84.4 percent of traders of imported rice have more clients for their products compared to the start of the activity. The change in the number of customer is attributed to increased sales and better customer demand.

Among traders selling the main local products such as local rice and millet in Borno, 57.3 have less than 50 customers a day while 2.4 percent serve more than 100 clients per day. Traders making sales of more than 1000 tons are found in most of the markets in the state with the exception of Budum and Yan Doya markets. For those selling the main imported products, 46.8 percent serve less than 20 customers a day while 1.6 percent serve more than 100 customers. Most traders sell up to 100 tons of imported rice per week while 31.8 percent sell more than 1000 tons. On the basis of weekly sales, Monday market, Kasua Shanu, Bolore Stores are the busiest.

10. Traders' business capacity/Response capacity

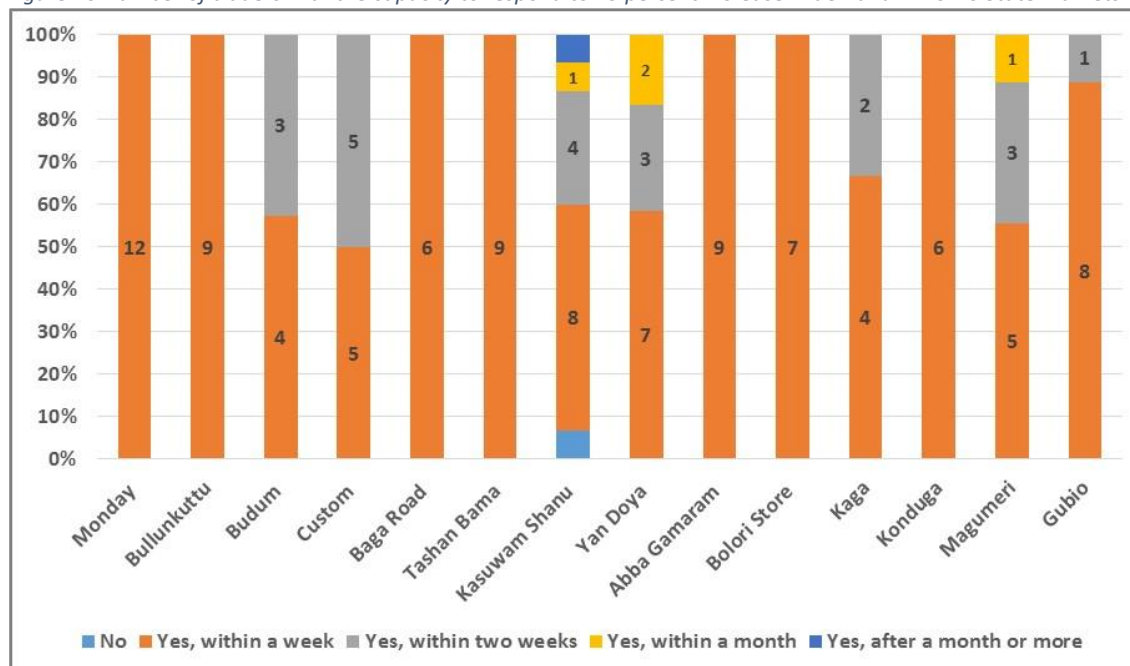
10.1. Borno State

Most of the traders interviewed in Borno are shop owners (57.9 percent), but 42 percent also currently rent their shops. These traders use their shops for the storage of goods, but some 36.5 percent of them also have additional storage facilities to cope with growing storage needs. Shops are either located inside the market (65 percent) or on the main street (33 percent).

Access to power is a serious challenge to shop owners as some business operations are significantly reliant on it, but only 40.5 percent of traders have power (either from the national grid or a generator) in their premises. As goods are sold in various units of measurements, access to scales is of tremendous importance to traders. **Some 51.6 percent of traders use non-standardized scales while standardized scales are used by 48.4 percent of traders.** Most wholesalers and wholesale/retail traders use standardized scales and scoops while most retailers use non-standardize scales.

In the event of a 25 percentage point sudden increase in demand from new and existing customers, 78.6 percent of traders (99) will be able to deliver adequate stocks within a week while 16.7 percent or 21 traders can deliver within 2 weeks (Figure 16). Most traders in half of the 14 markets of Borno State indicated that an increase in demand by more than 61 percent could become problematic to them. Ninety-four (94) percent of retailers can deliver within a week, compared to 63.9 percent of wholesale traders and 72.5 percent wholesale/retail traders. In seven markets namely, Monday market, Bullunkutu, Baga Road, Tashan Bama, Abba Gamaram, Bolore Store and Kondugu all traders have the capacity to respond to a 25 percentage point increase in demand within one week. A delay in payment by 3 to 4 weeks will be problematic for 59.5 percent of traders. However, unlike most retailers and wholesale/retail traders, 3-4 weeks delay in payment will not be problematic for 61 percent of wholesale traders.

Figure 16 Number of traders with the capacity to respond to 25 percent increase in demand in Borno State markets



Source: Trader survey, 2016

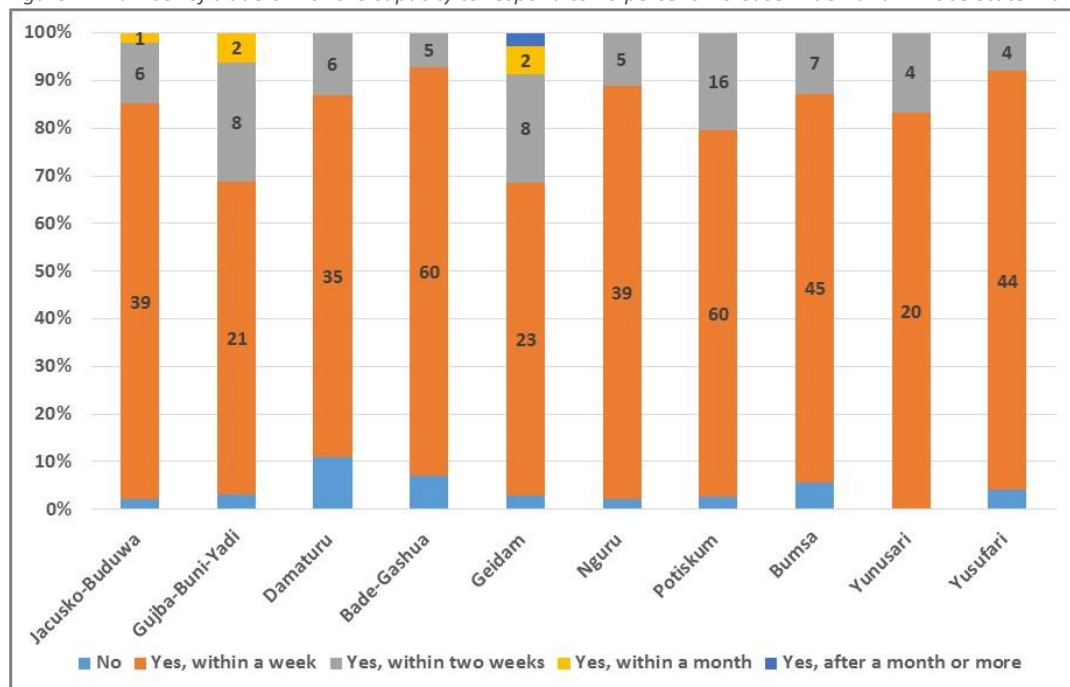
10.2. Yobe State

Shop ownership among traders is very high in the markets of Yobe State (86.3 percent). Some 47.5 percent of these traders also have additional storage facilities to cope with any need for space to store goods. Most of the shops are located inside the market (73 percent), but some are located along main streets (25 percent). Contrary to the situation in markets of Borno State, 55.6 percent of traders in Yobe use Standardized scales and scoops for weighing food commodities. In Gujba-Buni, Damaturu, Bade-Gashua, Geidam and Gulani markets, most traders use non-standardized scales.

However, when it comes to access to power in the shop, only 30.5 percent of traders have some form of power. Gulani-Bumsa and Gujba-Buni have the lowest proportion of traders with power at 5.5 and 3.1 percent respectively. Eighty percent or 386 traders in Yobe State have the capacity to respond to a 25 percentage point increase in demand within week, with another 14.3 percent or 69 traders able to respond in two weeks (Figure 17). A payment delay by 3 to 4 weeks would be problematic for 55.4 percent of traders.

While at least 20 traders in each of the ten markets of Yobe State have the capacity to respond to increased demand in one week, a delay in payment of 3 to 4 weeks would become problematic for most traders in Jakusko-Buduwa, Nguru, Potiskum and Yunusari markets. Some delay in payment will however not be problematic for most wholesale/retail traders. While such an increase would be problematic for 55.8 percent of male traders, it will not be problematic for 71.4 % of female traders.

Figure 17 Number of traders with the capacity to respond to 25 percent increase in demand in Yobe State markets



Source: Trader survey, 2016

11. Main constraints

Lack of capital, insecurity and high cost of transport are the three main constraints affecting traders across the two north eastern states of Yobe and Borno. Some 26.8 percent are primarily affected by lack of capital while 15.4 percent are affected by insecurity. Some 14.2 percent are affected by high cost of transportation in Yobe State. Similarly, 18 percent of traders are affected by lack of capital while insecurity and high cost of transport each affect 18.5 percent of traders in Borno State. In Yobe State, female traders are slightly more affected by lack of capital (33 percent compared to 26.7 percent), which is similar to the findings of the Lake Chad Basin market assessment in June 2016. Male traders in Borno are slightly more affected by insecurity (18.7 percent) and high cost of transportation (18.4 percent) while their female counterparts are concerned with low profit margins, lack of capital and high transportation cost (Table 4).

Table 4 Constraints affected traders by gender in Borno and Yobe States

	Borno		Yobe	
	Male	Female	Male	Female
Lack of money (capital/credit)	237	4	49	1
Low quantity/quality of supply	17	0	2	0
Low Demand	31	1	5	0
Access / Infrastructure	14	0	11	0
Insecurity	68	1	25	0
Transportation cost	34	0	13	0
Low profit margin	11	0	6	0
Government regulation	4	0	0	0
Lack of storage	15	1	2	0
Payment delay	31	0	4	0
Other specify	13	0	8	0

Source: Trader survey, 2016

Among wholesale traders and wholesale/retailer traders, the top constraint is high cost of transportation while retailers are more concerned with insecurity in Borno State. High cost of transportation is big concern to wholesale traders because they purchase in large quantities to resell. In Yobe State on the other hand, lack of capital is the top concern among all types of traders (Table 5).

Table 5 Constraints by type of traders in Borno and Yobe States

	Yobe		Borno			
	Wholesaler	Retailer	Wholesaler/ Retailer	Wholesaler	Retailer	Wholesaler/ Retailer
Lack of money (capital/credit)	44	95	102	10	22	18
Low quantity/quality of supply	4	5	8	0	1	1
Low Demand	7	8	17	2	3	0
Access / Infrastructure	6	5	3	3	2	6
Insecurity	11	22	36	8	12	5
Transportation cost	7	15	12	6	3	4
Low profit margin	1	5	5	2	1	3
Government regulation	1	0	3	0	0	0
Lack of storage	4	7	5	1	1	0
Payment delay	15	4	12	2	1	1
Other specify	3	5	5	2	4	2

Source: Trader survey, 2016

12. Stock strategy

Locally produced food commodities are subject to change in the level of market supply as a consequence of changes in seasonal trends in availability. Both Borno and Yobe States fall within the Savanna Agro-ecological zone where food shortages occur 3 to 4 months before the next harvest. This assessment set out to understand the practice of inter-seasonal storage among traders in the two states where agricultural production has suffered significantly from the impact of the conflict and displacement.

Some 60 traders or 12.4 percent stored products from the last agricultural season in order to resell later in 2017 in Yobe State. Of those who held stocks to resell, 76.7 percent are engaged in wholesale/retail while the rest are wholesale traders. These traders are mostly located in Bade-Gashua, Potiskum and Bumsa markets and to a lesser extent Yusufari, with few other traders in the other markets (Figure 18).

Figure 18 Number of traders who held stocks to resell in Borno and Yobe



Source: Trader survey, 2016

In Borno State, only 12 percent or 15 of the interviewed traders stored products from the last agricultural season to resell later in 2017. This is made up of equal proportions of wholesale, retail and wholesale retail traders. Traders from Konduga, Bolore stores and Abba Gamaram make up the highest proportion of those who held stocks.

In the markets of Borno, 13 traders or 86.7 percent of those stored products from the previous harvest to resell later did so for 1 to 3 months with the highest proportion of these traders in Bolore stores. In relation to the types of traders involved, 4 retailers, 4 for wholesalers and 5 wholesale/retail traders stored products to resell late in 2017.

Out of the traders who stored products to resell in Yobe State, 50 percent or 21 traders held it for 4 to 6 months, compared to 19 percent or 8 traders who held stocks for 7 to 12 months. Most wholesale/retail traders held their stock for 4 to 6 months while 38.5 percent of wholesalers held stocks for 7 to 12 months. Four traders in Gulani-Bumsa stored products for 7 to 12 months while 5 traders held stocks for 4 to 6 months in Potiskum (Table 6).

Table 6 Average number of months stocks are held by traders by markets in Borno and Yobe States

Markets	1 to 3 months	4 to 6 months	More than 7 months	Markets	1 to 3 months	4 to 6 months	More than 7 months
Jacusko-Buduwa	0	2	1	Monday market	1	0	0
Gujba-Buni-Yadi	1	1	0	Bullunkuttu Market	0	0	1
Damaturu	0	1	1	Baga Road Market	1	0	0
Bade-Gashua	5	5	0	Tashan Bama Market	1	0	0
Nguru	3	1	0	Yan Doya Market	2	0	0
Potiskum	1	5	1	Abba Gamaram Market	2	0	0
Gulani-Bumsa	0	2	4	Bolori Store Market	3	0	0
Yunusari	2	0	0	Kaga	1	0	0
Yusufari	1	4	1	Konduga	2	1	0
Total	13	21	8	Total	13	1	1

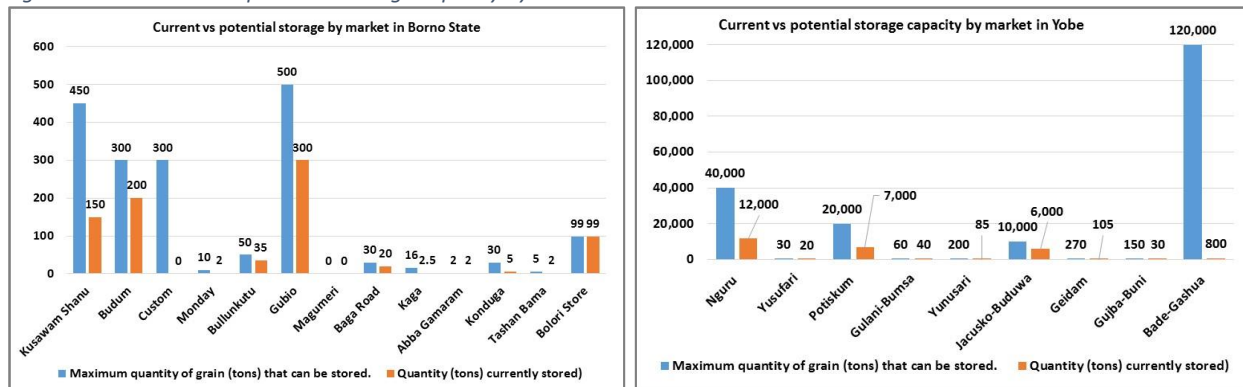
Source: Trader survey, 2016

As compared to last year, 53.8 percent of traders think that access to storage facilities has worsened in markets of Borno. In particular, storage conditions have worsened in Abba Gamaram, Baga road, Bolori stores and Monday market along with Gubio, Magumeri and Kaga. On the other hand, an improvement in storage facilities has been observed in most markets in Yobe State. The improvement in storage facilities occurred in Nguru, Yusufari, Potiskum, Yunusari, Jakusko and Bade.

The current storage capacity of traders is higher in Yobe State markets than in the markets of Borno State. In Yobe State, Nguru, Potiskum and Jacusko-Buduwa each have a storage capacity of 12,000, 7,000 and 6,000 tons respectively. At the same time, Nguru, Potiskum, Jacusko and Gashua have the highest potential storage capacity of 40,000, 20,000, 10,000 and 120,000 tons respectively (Figure 19)

As compared to markets in Yobe, both the current and potential storage capacity of Borno markets can be described as very low. In Borno State, the current storage capacity of markets range from 300 tons in Gubio to 200 tons in Budum (Maiduguri). The maximum potential storage capacity is also below 1,000 tons in all markets as compared the maximum potential storage capacity of 120,000 tons in Yobe.

Figure 19 Current versus potential storage capacity by market in Borno and Yobe States



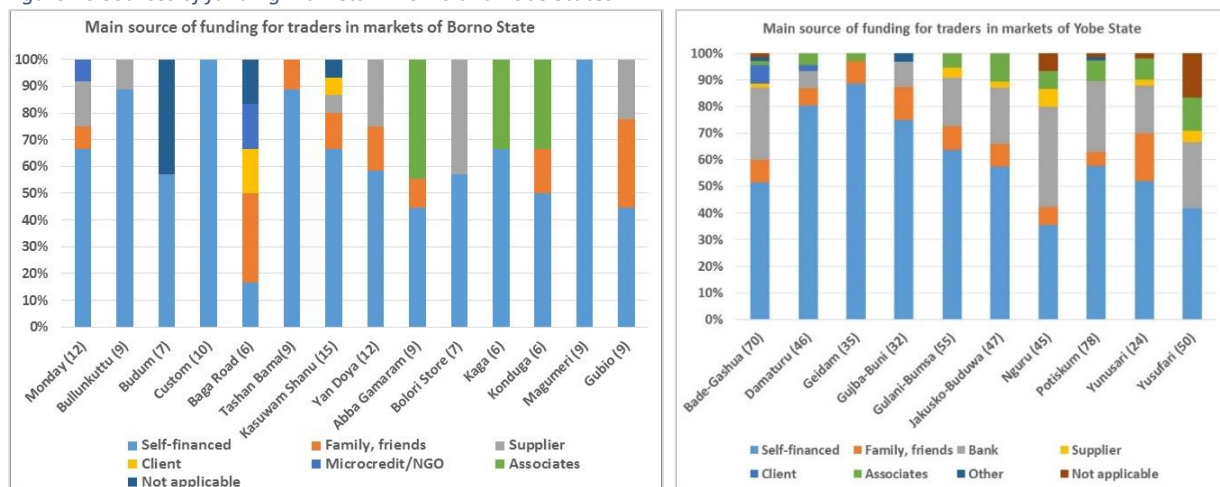
Source: Trader survey, 2016

13. Sources of funding and access to credit

Self-finance is the main source of funding for more than 60 percent of traders in Borno State. In addition to self-financing, family/friends and suppliers are the second and third most important sources of funding. Some 82.5 percent of wholesale/retailers and 72 percent of retailers are self-financed. Wholesale traders have more diversified sources of funding with 41.7 percent being self-financed while 22 percent are financed by family/friends and 14 percent by suppliers. In the markets of Borno State, the most prominent difference in funding is in Bolore stores market where 43 percent of traders are financed by suppliers while in Abba Gamaram 44 percent of traders are financed by associates (Figure 20).

In Yobe State, the primary source of funding for most traders (59.5 percent) is self-finance while bank loans are the second most important source of funding. Some 80.6 percent of wholesalers and 61.4 percent of retailers are self-financed while wholesale/retail traders tend to rely on a combination of self-funding (47.6 percent) and bank loans (31.3 percent). In most of the selected markets in Yobe, self-financing remain the dominant source funding with the exception of Yunusari, Ngeru, Bade and Potiskum markets where there is a significant reliance on bank financing/loans.

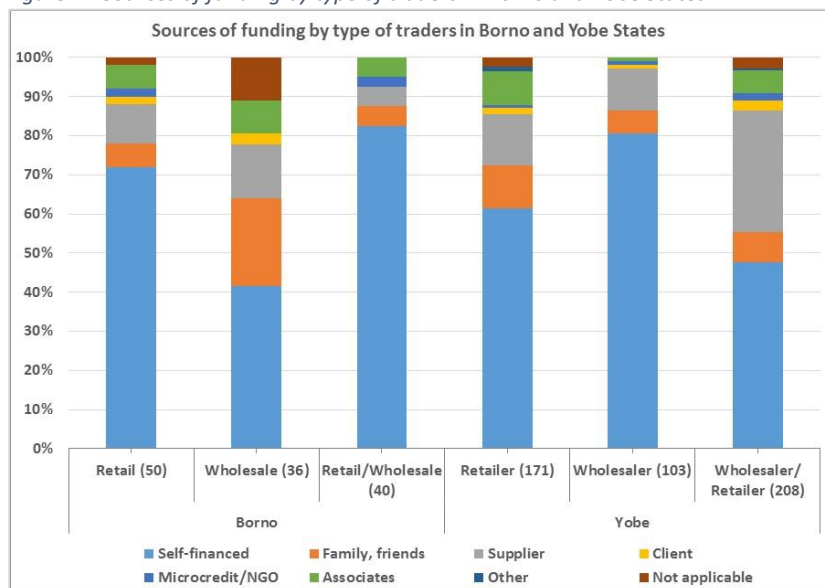
Figure 20 Sources of funding markets in Borno and Yobe States



Source: Trader survey, 2016

Some 65.9 percent of traders in Borno State have bank accounts of which 36 percent are retailers, 32.5 percent are wholesale traders and 31.3 percent are wholesale/retail traders. Seventy percent of self-financed traders have bank accounts (Figure 21). Of those who have bank accounts, 24 percent are with First Bank compared to 16% with Diamond Bank and 17% with UBA. As most of markets surveyed in the assessment are in Maiduguri, most of the traders with banks accounts are located there.

Figure 21 Sources of funding by type of traders in Borno and Yobe States



Source: Trader survey, 2016

In Borno State, less than half of the traders (48.4 percent) purchase their stocks on credit. The inability of traders to purchase stocks on credit would limit the capacity of some to expand their business due their own inability to sell goods on credit. More than half of the traders who purchased stocks on credit are in the Maiduguri and Jere LGAs. Most wholesalers purchased their stocks on credit while the practice is less common with wholesale/retail and retail traders. Some 83.6 percent of traders who purchased stocks on credit do not make any interest payment. These traders are required to settle the debt after sales (57.4 percent), within a week (21.3) or in two weeks (14.8 percent). A large share of traders (73 percent) sold goods on credit in November 2016. Some 48.3 percent of those traders made between 1 to 20 percent of the sales on credit while another 42.5 percent also made between 21 and 41 percent of the sales on credit.

Sixty-eight (68) percent of traders in Yobe have bank accounts of which 43.2 percent are wholesale/retail traders, 35.5 percent are retailers and 21.4 percent are wholesalers. Among traders with access to bank accounts, nearly 52 percent are customers of First Bank. In Yobe State, 53.7 percent of traders purchased stocks on credit. The purchase of stocks on credit is higher among wholesale/retail traders (45.6 percent) and lowest among wholesale traders. Among traders who purchased stocks on credit, 42 percent paid 0 interest while 21.6 percent paid more than 50 percent interest. Traders who purchased stocks on credit therefore have different payment terms, including payment after sales (48.6 percent) and repayment within one week (35.5 percent).

14. Cash-Based transfer

In Borno State only 4.8% of traders have ever participated in cash voucher program. These traders are located in Abba Ganaram, Baga Road market, Bolori stores, Monday market and Tashan Bama. Four of these are retailers while the remaining 2 are wholesale and wholesale/retailers. The main source of funding for most of these traders is self-finance. Five of these traders have bank accounts, with Diamond, Keystone, Zenith and Ecobank. Four of these traders purchase their stocks on credit, with the same number also selling products on credit in November 2016.

In Yobe State, some 10.4 percent (50 traders) of traders have ever participated in cash voucher program. Of the 50 traders who have previously participated in cash and voucher, 66 percent or 33 traders are engaged in wholesale/retail. Another 12 traders or 24 percent are into retail. A total of 24 traders are in Bade-Gashua while 10 of them are in Potiskum with a few of those traders in Jacusko, Gujba-Buni, Geidam, Nguru, Gulani and Yusufari. Most of the 50 traders finance their trade using bank loans but 17 traders rely on self-finance.

In Borno State, 46.8% of traders use Airtel mobile network compared to 19.8 percent who use MTN. Only 4% or 5 traders have e-wallet or mobile account on their cell phones, mostly with MTN. Some 40.5 percent (51) of traders are willing to accept mobile-money merchant payments from (new/additional) costumers if trained properly on that technology while 42.9% of traders are willing to become mobile company agents. For those traders who are willing to become mobile money agents, 68.5 percent (37 traders) use Airtel while 22 percent or 12 traders use MTN. Twenty-one (21) out of those traders are retailers while 17 are wholesale traders. More than 60 percent of these traders sell food, compared 35.2 percent who sell a combination food and non-food items. Monday market, Custom, Tashan Bama and Yan Doya markets have the largest number of these traders. Some 59.5 (75 traders) percent of traders consider their mobile network in the market to be very reliable. Of these traders, 65.3 (49 traders) percent are with Airtel and 26.7 (20) percent are with MTN.

In Yobe on the other hand, 45.9 percent or 221 traders are with Airtel compared to 52.3 percent or 252 traders who are with MTN. Seventy-seven (77) traders or 16 percent have e-wallet and half of these traders are with Airtel while the other half is with MTN. In addition, 42.7 percent or 206 traders are willing to accept mobile money payment from customers while 43.2 or 208 traders are willing to become mobile money agents. Among those who are willing to become mobile money agents, wholesale traders are least interested while 46.2 percent of those engaged in wholesale/retail and 39.9 percent of retailers are interested. Across markets in Yobe, Yunusari has the lowest number of traders who are willing to be mobile money agents.

Some 3-4 weeks delay in payment for additional demand would be problematic for 60% traders (76) in Borno and 55.4 percent of traders (267) in Yobe. This is a major constraint that needs to be considered in the implementation of a voucher program to ensure that vouchers are regularly redeemed and payments made to traders.

Finally, a multiple criteria was used to evaluate markets where CBT or voucher programs could best be implemented in both Borno and Yobe States. The starting point for this criteria is that a trader must both have the capacity to respond to a 25 percent increase in demand within a week and have access to a bank account. These two criterion could be considered as the pre-requisite for a trader to qualify for selection in a CBT or voucher program. In addition, the number of traders who are willing to accept mobile money

payments and those willing to become mobile money agents for each market is considered. Table 7 is the ranking of markets based on the number of traders who meet the criteria for participation in a CBT or voucher program. Monday, Abba Gamaram and Bolore Stores markets make up the top three in Borno.

Table 7 Ranking of markets based on suitability for CBT or voucher in Borno

Market	Number of trader with capacity to respond to 25 percent increase in demand within a week and have bank a account	Number of traders willing to accept mobile money payments	Number of traders willing to become mobile money agent
Monday	9	2	6
Abba Gamaram	7	2	1
Bolori Store	7	2	2
Bullunkuttu	6	3	0
Tashan Bama	6	2	5
Kasuwam Shanu	6	4	5
Konduga	6	2	3
Yan Doya	4	2	3
Gubio	4	3	3
Custom	3	2	2
Baga Road	2	1	1
Budum	1	0	0
Kaga	1	1	1
Magumeri	1	0	0

Source: Traders survey, 2016

Similarly, Table 8 is the ranking of markets in Yobe State based on the basis of the number of traders who meet the criteria for voucher or CBT. The three top ranked markets are Bade-Gashua, Potiskum and Yusufari markets.

Table 8 Ranking of markets based on suitability for CBT or voucher in Yobe State

Market	Number of trader with capacity to respond to 25 percent increase in demand within a week and have bank a account	Number of traders willing to accept mobile money payments	Number of traders willing to become mobile money agent
Bade-Gashua	51	15	19
Potiskum	50	18	17
Yusufari	33	20	21
Nguru	27	5	12
Damaturu-Sunday	24	8	11
Jacusko-Buduwa	21	8	11
Gulani-Bumsa	21	12	11
Geidam	17	10	10
Gujba-Buni Yadi	13	9	8
Yunusari	11	8	4

Source: Traders survey, 2016

Table 9 presents the main enabling factors or indicators that can support programmatic decisions on the implementation of CBT or vouchers along with the quantity of staple foods in stocks for all the assessed markets in the two states. While beneficiary caseloads have not been provided for each market, the quantity of staples in stock could be considered as the indicative threshold beyond which additional demand could jeopardize local market capacity

Table 9 Enabling factors for the implementation of Cash-Based Transfer or vouchers

Market	Percent	Valid food trading license	Member of a trader association	Do you employ people in your business?	Do you have power at your business?	Standardized scales and scoops	Response to 25% increase in demand in week	Payment delay of 3-4 weeks will be problematic?	Willing to transact through SCOPE e-vouchers	Have e-wallet or mobile money account	Willing to accept payments through mobile money	Willing to become a mobile money agent	Do you have a bank account?	Total quantity of cereals (MT)
		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Jacusko-Buduwa	Count	26	37	41	14	34	39	20	21	3	21	25	26	191.6
	%	55.3%	78.7%	87.2%	29.8%	72.3%	83.0%	42.6%	44.7%	6.4%	47.7%	53.2%	55.3%	
Gujba-Buni-Yadi	Count	29	26	30	1	8	21	23	15	3	21	20	20	19.16
	%	90.6%	81.3%	93.8%	3.1%	25.0%	65.6%	71.9%	46.9%	9.4%	72.4%	62.5%	62.5%	
Damaturu-Sunday	Count	39	36	35	6	15	35	29	14	5	22	21	29	65.186
	%	84.8%	78.3%	76.1%	13.0%	32.6%	76.1%	63.0%	30.4%	10.9%	53.7%	45.7%	63.0%	
Bade-Gashua	Count	48	69	66	40	28	60	46	38	25	24	25	61	270.066
	%	68.6%	98.6%	94.3%	57.1%	40.0%	85.7%	65.7%	54.3%	35.7%	53.3%	37.9%	87.1%	
Geidam	Count	29	27	28	8	11	23	27	21	4	18	20	19	13.177
	%	82.9%	77.1%	80.0%	22.9%	31.4%	65.7%	77.1%	60.0%	11.4%	58.1%	57.1%	54.3%	
Nguru	Count	36	42	33	17	38	39	15	11	12	7	15	32	48.014
	%	80.0%	93.3%	73.3%	37.8%	84.4%	86.7%	33.3%	24.4%	26.7%	21.2%	33.3%	71.1%	
Potiskum	Count	55	75	72	28	46	60	36	32	16	28	23	65	199.79
	%	70.5%	96.2%	92.3%	35.9%	59.0%	76.9%	46.8%	41.0%	20.5%	45.2%	31.1%	83.3%	
Gulani-Bumsa	Count	32	39	40	3	26	45	32	21	2	26	24	27	22.114
	%	58.2%	70.9%	72.7%	5.5%	47.3%	81.8%	58.2%	38.2%	3.6%	49.1%	48.0%	49.1%	
Yunusari	Count	18	22	15	10	20	20	8	7	0	9	6	12	3.35
	%	75.0%	91.7%	62.5%	41.7%	83.3%	83.3%	33.3%	29.2%	0.0%	37.5%	25.0%	50.0%	
Yusufari	Count	32	46	46	20	42	44	31	34	7	30	29	35	27.51
	%	64.0%	92.0%	92.0%	40.0%	84.0%	88.0%	62.0%	68.0%	14.0%	69.8%	63.0%	70.0%	
Monday	Count	6	9	11	3	11	12	8	4	1	2	7	9	6.1
	%	50.0%	75.0%	91.7%	25.0%	91.7%	100.0%	66.7%	44.4%	11.1%	25.0%	77.8%	75.0%	
Bullunkuttu	Count	0	8	9	1	2	9	5	1	0	3	0	6	104.0
	%	0.0%	88.9%	100.0%	11.1%	22.2%	100.0%	55.6%	33.3%	0.0%	100.0%	0.0%	66.7%	
Budum	Count	3	6	5	5	1	4	4	2	0	2	1	2	0.6
	%	42.9%	85.7%	71.4%	71.4%	14.3%	57.1%	57.1%	33.3%	0.0%	33.3%	16.7%	28.6%	
Custom	Count	8	6	9	0	10	5	6	8	0	7	7	8	3.0
	%	80.0%	60.0%	90.0%	0.0%	100.0%	50.0%	60.0%	80.0%	0.0%	70.0%	70.0%	80.0%	
Baga Road	Count	4	5	4	6	2	6	2	2	0	3	2	2	20.9
	%	66.7%	83.3%	66.7%	100.0%	33.3%	100.0%	33.3%	66.7%	0.0%	100.0%	66.7%	33.3%	
Tashan Bama	Count	3	5	5	2	6	9	8	4	0	3	7	6	0.7
	%	33.3%	55.6%	55.6%	22.2%	66.7%	100.0%	88.9%	44.4%	0.0%	33.3%	77.8%	66.7%	
Kasuam Shanu	Count	4	14	10	1	4	8	12	1	0	7	5	11	333.4
	%	26.7%	93.3%	66.7%	6.7%	26.7%	53.3%	80.0%	6.7%	0.0%	46.7%	33.3%	73.3%	
Yan-Doya	Count	0	11	11	1	1	7	7	4	0	7	6	9	10.0
	%	0.0%	91.7%	91.7%	8.3%	8.3%	58.3%	58.3%	44.4%	0.0%	77.8%	66.7%	75.0%	
Abba Gamaram	Count	4	3	8	9	4	9	2	2	1	2	1	7	0.7
	%	44.4%	33.3%	88.9%	100.0%	44.4%	100.0%	22.2%	66.7%	33.3%	100.0%	33.3%	77.8%	
Bolori Store	Count	3	7	7	6	7	7	2	4	2	2	2	7	326.2
	%	42.9%	100.0%	100.0%	85.7%	100.0%	100.0%	28.6%	100.0%	50.0%	100.0%	66.7%	100.0%	
Kaga	Count	3	3	6	5	2	4	3	3	0	3	3	2	0.4
	%	50.0%	50.0%	100.0%	83.3%	33.3%	66.7%	50.0%	100.0%	0.0%	100.0%	100.0%	33.3%	
Konduga	Count	4	5	6	5	2	6	0	3	1	2	3	6	1.1
	%	66.7%	83.3%	100.0%	83.3%	33.3%	100.0%	0.0%	100.0%	33.3%	100.0%	100.0%	100.0%	
Magumeri	Count	0	9	7	3	6	5	8	4	0	2	5	4	0.7
	%	0.0%	100.0%	77.8%	33.3%	66.7%	55.6%	88.9%	44.4%	0.0%	22.2%	55.6%	44.4%	
Gubio	Count	1	8	7	4	3	8	8	6	0	6	5	4	96.0
	%	11.1%	88.9%	77.8%	44.4%	33.3%	88.9%	88.9%	66.7%	0.0%	66.7%	55.6%	44.4%	

Source: Traders survey, 2016

15. Conclusions and Recommendations

Trading activities in the north eastern states of Yobe and Borno have suffered from more than five years of conflict and insecurity and commodity flows has become disrupted in some markets. The results of this assessment indicates that despite the opening up of access to some communities, insecurity continue to affect all year round access to markets in Gubio and Magumeri and Borno State as well as Gujba-Bumsa and Geidam in Yobe State.

In spite of these conditions, there is ongoing trade between Borno and Yobe on the one hand and the neighboring states of Adamawa, Katsina, Kaduna, Taraba, Bauchi, Kano, Jigawa, Kebbi and Benue on the other hand. The key markets of Damaturu, Maiduguri and Potiskum are to a large extent well integrated with these neighboring markets for some main staple food commodities such as maize and rice.

Thus, conditions in the key markets are generally favorable for the implementation of CBT. While most market conditions in these two states are competitive and it is easy to start a business, conflict and security conditions continue to affect access and the functioning of some markets. There is a large of number of wholesale and retail traders who would have the capacity to meet a 25 percentage point increase in demand within a week. These traders have access to financial services and over 40% (in both states) are generally willing to accept mobile-money merchant payments and to become a mobile money agent.

There is a lingering of risk of deterioration in the security situation in several market locations which could adversely impact on market supply and availability of key staple food items. It is there imperative to be pay attention to the evolving security situation and regular monitoring of markets is necessary to ensure that markets continue to function during the implementation of any CBT or voucher intervention.

As 79 percent of traders in Borno and 87 percent in Yobe are members of trader associations, such associations could be used to channel messages on sensitization, procurement and training to traders in the event that CBT or voucher is implemented in the assessed locations. Traders who are willing to accept Airtel mobile money as well as those who are willing to become mobile company agent need to be targeted by the Mobile Network Operator for training and sensitizing on the use mobile money and CTB.

As 34% of traders in Borno and 74 percent of their counterparts in Yobe State have valid food trading license, these traders have already satisfied an important criteria for participating in a voucher scheme and could be considered in the targeting of traders. Furthermore, given that the price of imported rice is mostly determined by individual traders, price monitoring of contracted traders will be key in the implementation of vouchers to ensure that such traders do not exceed a certain price threshold which should be aligned with the prevailing market price average.

Given the low proportion of traders who are willing to accept mobile money payment, it is recommended that sensitization is carried out to increase their knowledge and interest in such a modality.

As 79% of traders in Borno and 87 percent in Yobe States are members of trader associations, it is commended that such associations be used to channel messages on sensitization, procurement and training in the event that a voucher is implemented.

Traders who are willing to become mobile money agents need to be targeted by the Mobile Network Operator for training and sensitizing on the use mobile money and CTB.

As 34% of traders in Borno State and 74 percent of their counterparts in Yobe State have a valid food trading license, they have already satisfied an important criteria for participating in a voucher scheme and could be considered in the targeting of traders.

Given that the price of imported rice is mostly determined by individual traders, price monitoring of contracted traders will be key in the implementation of vouchers to ensure that such traders do not exceed a certain price threshold which should be aligned with the prevailing market price average.

Considering that 3-4 weeks delay in payments for additional demand would be problematic for traders in the two states, WFP need to ensure that vouchers are regularly redeemed and payments made to traders if this modality is implemented.

The current high inflation trend, the ongoing economic recession and the sluggish market conditions in some insurgency-affected locations coupled with the lingering insecurity in many parts of Borno and Yobe calls for regular monitoring of market supply conditions in the even that a voucher program is being implemented.