Cash Consortium for Iraq

Brief: COVID-19 Impacts on Prices and Markets

March - October 2020

INTRODUCTION

The purpose of this brief is to present descriptive statistics of two parallel and ongoing streams of CCI data collection on prices and markets to understand the following:

> **Goal 1:** Understand the impact of COVID-19 and associated restrictions on the market system/access to goods across Iraq since March
>
> **Goal 2:** Identify potential points of critical hardship which may have long-lasting effects on households (spikes)
>
> **Goal 3:** Identify specific geographic areas that are more affected than others

The **CCI Enhanced Frequency Price Monitoring (EFPM)** is a weekly survey of the prices and availability of a variety of food and non-food items from shops across 25 districts in 10 governorates that started on 12-March. The **CCI Beneficiary Market Perspectives Survey (BeneMark)**[1] is a weekly survey of perspectives on prices, availability of goods and household activities of vulnerable households across 16 districts in 5 governorates that started on 30-March. The analysis in this brief is based on data up to and including the 8-Oct (EFPM) and the 19-Oct (BeneMark). The analysis in this brief is only inclusive of primary source data. See Annex for data coverage.

THE COMMON BASKET AND THE PRIORITY ITEMS

For this analysis there are two groupings of items. The **Common Basket**[2] is a group of 13 food and non-food items with the weights of the Survival Minimum Expenditure Basket (SMEB) but with a reduced selection of items to ensure adequate data coverage for each. The purpose of this grouping is to enable inter-governorate comparison of price changes as they impact the aggregated and weighted Common Basket, and thus how they impact the household. The **Priority Items**[3] are the top ten items that have been purchased by households since the beginning of data collection, every item was purchased by at least 50 per cent of households interviewed and are consistent across governorates. The purpose of using this group of items is to focus in on the impact of price changes and shortages on items that are frequently sought after in the current climate.

METHODOLOGY

CCI Enhanced Frequency Price Monitoring

150-200 shops | 10 Governorates | Weekly | 15-March - 8-Oct | Total = 3740

At the onset of the COVID-19 pandemic, the CCI initiated a heightened frequency of price monitoring. The enhanced Frequency Price Monitoring (EFPM) draws upon the standard Joint Price Monitoring Initiative (JPMI), which is conducted every two months across Cash Working Group partners with analysis supported by the REACH Initiative. CCI partners determined that due to the level of disruption anticipated in markets across Iraq, status of shops and prices should be reviewed on a more regular basis to understand the level of fluctuation and impacts across the country. EFPM includes data on prices of key food and non-food commodities, dynamics related to stocking and supply chains, and whether shops have made any changes to adapt their operations in light of COVID-19. The survey is intended to produce indicative results. It is conducted with approximately 200 shops across 10 governorates. For nine weeks CCI partners conducted EFPM on a weekly basis. As of mid-May, data collection has been scaled back to every two weeks. For the purposes of analysis, the data is compared to a pre-COVID-19 baseline collected in January, for which only 5 governorates (Anbar, Diyala, Kirkuk, Ninewa and Salah al Din) are covered.

1 Weekly outputs produced for this survey can be found here

2 Bulgar, Lentils, Rice, Salt, Sugar, Vegetable Oil, Wheat Flour, Soap, Toothbrushes, Detergent, Shampoo, Toothpaste, Sanitary Napkins.

3 Vegetable Oil, Detergent, Rice, Soap, Disinfectant Solution, Sugar, Salt, Wheat Flour, Lentils, Shampoo.

CCI Beneficiary Market Perspective Survey

160 households | 5 Governorates | Bi-Weekly | 30-Mar – 18-Oct | Total = 3069

The Beneficiary Market Perspectives Survey (Benemark) is a household survey that was introduced to complement the price monitoring conducted with market actors to better understand the perspective of vulnerable households in relation to their own consumption behaviors and experiences of changing market dynamics due to COVID-19. The BeneMark survey includes questions on whether local shops are open, perceptions in price changes and shortages of key commodities, priority goods, as well as the household's ability to work and to meet basic needs. The survey provides a repeated cross-section of the district areas and intends to provide indicative results of changes to vulnerable households in light of COVID-19 related policy changes. It is conducted across 5 governorates with 10 households from each of the 16 districts that CCI partners currently cover.

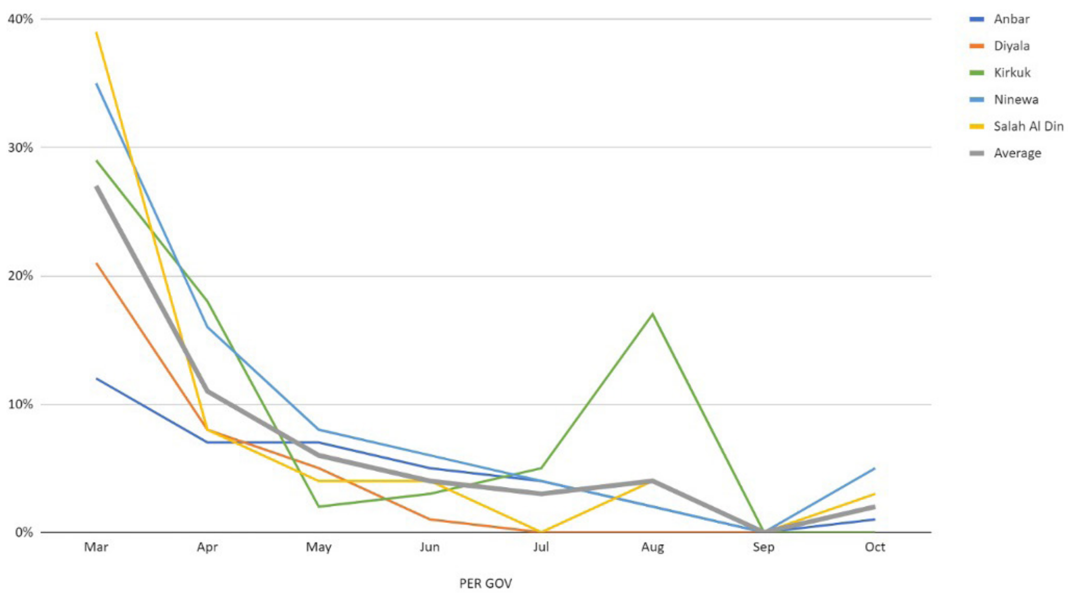
LIMITATIONS

The number of interviews conducted for the EFPM varies week on week and by location. Data is only considered in the analysis if there are a minimum of two data points (prices) for an item per round of data collection per governorate. The average number of data points per item per round per governorate is 35. The Benemark survey is a repeated cross-section of the districts and not longitudinal. The risks of attrition and assessment fatigue of participants during this difficult period were considered to outweigh the value of collecting panel data for this exercise. The selection of households was stratified by district and selected randomly. Both EFPM and Benemark are conducted mostly over the phone due to the COVID-19 movement restrictions and risk of transmission. Findings should be considered indicative only. The data for EFPM and Benemark was initially collected on a weekly basis but due to competing priorities and relative stabilisation of the situation on the ground the data collection shifted to once every two weeks and finally once every four weeks. The stratification of the sample across districts remains the same but the sample size, when considering month by month change, varies. See Annex 2 and 3 for sample size numbers.

SHOP CLOSURES

During the last seven months, Iraq has experienced lockdowns and intermittent movement restrictions as a result of the spread of COVID-19. As a result of these restrictions, consumers' access to shops, access of shops to wholesalers and access of wholesalers to trade routes have all been interrupted. The severity of the pandemic and measures implemented to control it varied by governorate and even by district. Graph 1 shows the proportion of households per month of data collection that were reporting their local grocery shop to be closed. Across governorates, around a quarter of local shops were closed due to the curfew in March and early April, reaching highs of 41 per cent and 38 per cent in Kirkuk and Ninewa respectively. While by May the average across governorates stabilised at around five per cent and has remained below five per cent since then. October has seen a small uptick in shops being reported closed, largely driven by Ninewa (5 percent) and Salah al Din (3 per cent).

Graph 1. Proportion (%) of HHs Reporting Shop Closed, per governorate



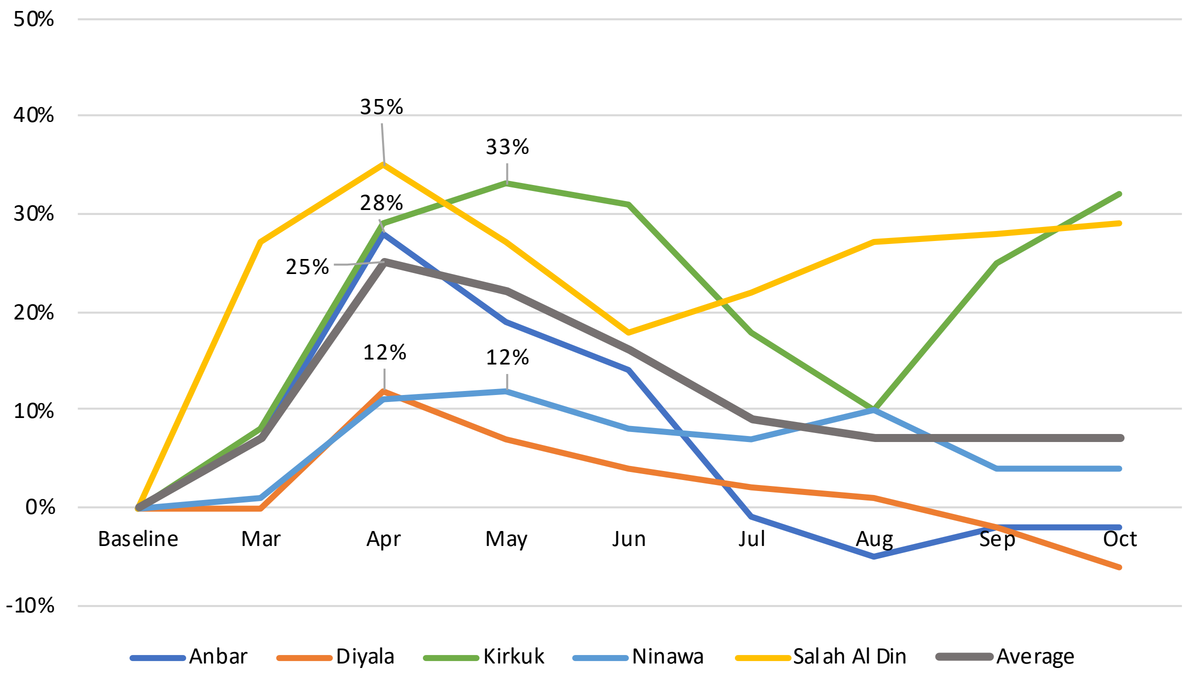
Source: Benemark

PRICE FLUCTUATIONS

Common Basket

In order to assess the effects of price fluctuations per location, the analysis will rely on the weighted Common Basket to understand how price fluctuations of necessary items may impact locations differently. On average across governorates, the price of the Common Basket was at its highest in April at 25 per cent higher than pre-COVID price. All governorates experienced their peak in either April or May and have since seen improvements. Salah al Din, Kirkuk and Anbar saw the largest increases with the common basket at 35, 33 and 28 per cent more expensive than pre-COVID at their peak, while Ninewa and Diyala experienced smaller spikes, both at 12 per cent. After initial decreases following the peak in Kirkuk and Salah Al Din, they have both experienced an increase in prices again over the past few months with Kirkuk currently at 32 per cent higher and Salah Al Din at 29 per cent higher than pre-COVID. Anbar and Diyala, on the other hand, appear to be benefitting from a price of the common basket that is lower than what it was in January by -6 per cent in Diyala and -2 per cent in Anbar. This divergence between governorates will need to be explored further and it is possible that seasonal differences that would usually impact prices in the autumn compared to January may provide some explanation.

Graph 2. Percentage Change of Price (Common Basket) Compared to January (Pre-COVID) Baseline



Source: EFPM

Table 1. Percentage change in the Common Basket at October (Endline) and on Average compared to January (Baseline)			
	Baseline (January)	Endline (October)	% Change Baseline to Endline
Anbar	85,961	83,874	-2%
Diyala	84,358	79,657	-6%
Kirkuk	70,266	93,013	32%
Ninawa	78,825	82,136	4%
Salah Al Din	68,735	88,558	29%

Per Item

Most of the items that were prioritised during the past months experienced an increase in price as compared to pre-COVID prices,[4] which will negatively impact households' purchasing power as it relates to these items. For socio-economically vulnerable households, any increase in the price of essential items can make them unaffordable and reduce the quantity and diversity of items that can be purchased by the household. As shown in Table 2, Lentils and Rice prices in October remain 13 and 10 percent higher than those product prices in January, on average. Detergent, Vegetable Oil, Sugar and Wheat Flour also appear to be higher than pre-COVID prices. Disinfectant and Salt, however, appear to have decreased in price compared to before the pandemic. Dramatic spikes in prices could have lasting, negative effects on consumption. As shown in Table 2, there were spikes in the prices in certain items during different parts of the year. For example, the price of salt in Diyala was 127 IQD on average pre-COVID and in March the price spiked to an average of 527 IQD presenting a 315 per cent increase.

Table 2. Percentage change of Priority Items at Endline (October) and on Average compared to January (Baseline)

Items	Baseline Price (JPMI January)	Endline Price (EFPM October)	Baseline to Endline % Change	Spike % Change		
Lentils	1177	1326	13%	41%	Kirkuk	May
Rice	1055	1166	10%	79%	Anbar	April
Sugar	774	820	6%	48%	Diyala	June
Vegetable Oil	1352	1443	7%	21%	Salah al Din	March
Salt	477	382	-20%	315%	Diyala	March
Wheat Flour	784	822	5%	47%	Salah al Din	April
Detergent	968	1048	8%	101%	Kirkuk	October
Soap	245	244	0%	16%	Salah al Din	March
Shampoo	1333	1366	2%	93%	Diyala	March
Disinfectant Solution	1241	1120	-10%	45%	Salah al Din	May

Source: EFPM

SHORTAGES

Per Item

The disruptions to the market also caused shortages for retailers, as assessed by the price monitoring survey (EFPM), and experienced by consumers (BeneMark). Table 3 shows the proportion of households and retailers who have reported shortages in items over the past 9 months. This allows us to compare the relative levels of shortages between products. From the consumer perspective, more than 16 per cent of households reported shortages in disinfectant solution and around 10 per cent in detergent, lentils, rice and vegetable oil. From the retailer perspective, more than 10 per cent of shops reported shortages in disinfectant solution followed by lentils, wheat flour, rice and vegetable oil. As per the third and fourth columns of Table 3, the items where shortages were experienced by the consumers were quite closely reflected by the shortages experienced by the retailers as assessed by the two surveys.

Table 3. Overall proportion (%) of Retailers and Consumers Reporting Shortages, per item

Item	Benemark %	Percentage Point Difference	Rank Difference	Item	EFPM %
Disinfectant Solution	16%	5%	0	Disinfectant Solution	11%
Detergent	11%	8%	-6	Detergent	3%
Lentils	10%	3%	1	Lentils	7%
Rice	9%	3%	1	Rice	6%
Vegetable Oil	9%	3%	-1	Vegetable Oil	6%
Sugar	8%	3%	1	Sugar	5%
Wheat Flour	8%	1%	3	Wheat Flour	7%

4 For more detail on seasonal price fluctuations in the first half of the year, consult the CWG/CCI/WFP/REACH paper 'Impact of COVID-19 on Markets and Prices'

Table 3. Overall proportion (%) of Retailers and Consumers Reporting Shortages, per item					
Item	**Benemark %**	**Percentage Point Difference**	**Rank Difference**	**Item**	**EFPM %**
Bath Soap	7%	4%	-2	Bath Soap	3%
Bulgur	6%	2%	3	Bulgur	4%
Toothbrush	6%	4%	-2	Toothbrush	2%
Bin Bags	4%	1%	2	Bin Bags	3%

Per Month

According to these two streams of data collection, both households and shopkeepers are experiencing fewer shortages than earlier in the year. Table 4 shows the proportion of households and shopkeepers reporting shortages in three items where the highest shortages were experienced each month. In March, 34 per cent of households were reporting shortages in disinfectant, 23 in rice and 16 in lentils whereas in October only 6 per cent are reporting shortages in disinfectant, 10 per cent in lentils and 4 per cent in rice. Out of the shopkeepers interviewed in March, 20 per cent reported shortages in disinfectant, 8 per cent in rice and 10 per cent in lentils and in October these figures are 0, 1 and 1 per cent respectively.

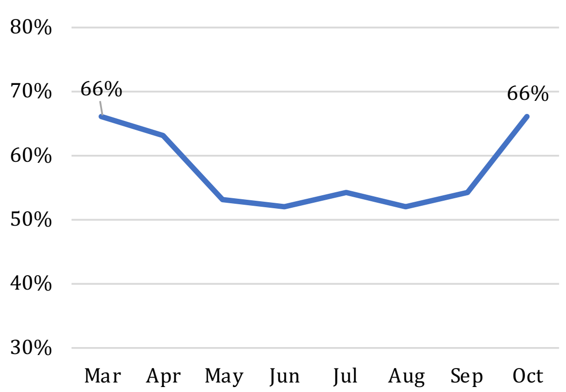
Table 4. Shortages of Key Items, per month						
	Disinfectant		**Rice**		**Lentils**	
	Benemark	**EFPM**	**Benemark**	**EFPM**	**Benemark**	**EFPM**
Mar	34%	20%	23%	8%	16%	10%
Apr	27%	19%	14%	14%	14%	18%
May	19%	5%	11%	3%	13%	4%
Oct	17%	2%	8%	2%	11%	1%
Aug	16%	1%	8%	2%	10%	0%
Jun	15%	4%	11%	0%	8%	1%
Jul	12%	3%	3%	1%	5%	0%
Sept	6%	0%	10%	1%	4%	1%

ABILITY TO MEET BASIC NEEDS

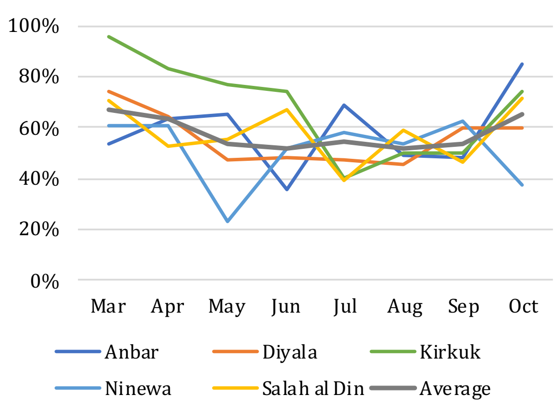
Per Month

The COVID-19 pandemic and containment measures put in place by the government have had an impact on the ability of households to meet their basic needs. This has been primarily due to restrictions on movement and lack of income. Graph 5 shows the proportion of households who report not being able to meet their basic needs each month. The highest proportion unable to meet basic needs was in March with 66 percent. While the situation appears to have improved over the past months, an uptick can be seen in September and October. Graph 6 shows the significant variation between governorates on this variable. This indicator does not appear to show any consistency across governorates, perhaps due to the subjectivity of its nature. The uptick from September to October does appear across multiple governorates thus further monitoring should be carried out.

Graph 5. Proportion (%) of HHs Reporting Unable to Meet Basic Needs



Graph 6. Proportion (%) of HHs Reporting Unable to Meet Basic Needs, per gov



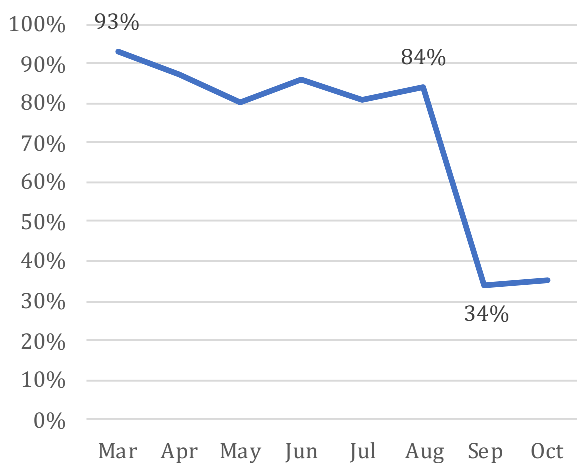
Source: Benemark

ABILITY TO WORK

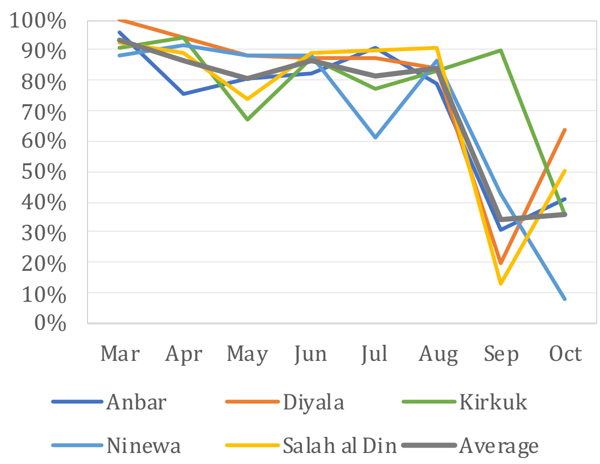
Per Month

The capacity of household members to work was negatively impacted by the curfews, lockdowns and movement restrictions. Graph 7 shows a month by month breakdown of proportion of households reporting an inability to work. The most commonly cited reasons being movement restrictions and lockdown related business disruptions. While relatively stagnant since the March, a substantial improvement in households' ability to work can be noted between August and September where the proportion of households reporting inability to work drops from 84 percent to 34 per cent. Graph 8 shows the governorate breakdown showing that this shift was experienced across all governorates. The change in sample size in September, mentioned in the Limitations section, means the size of the shift may not be able to be determined but the shift itself does appear to be meaningful. On the 8th September, there was an easing of COVID restrictions across Iraq following authority directives.[5] Importantly, this entailed a curfew only active between 23.00 and 5.00[6] thus enabling the movement of workers. Anecdotally, these changes in restrictions appear to have had a significant, positive impact on the ability of daily workers to find jobs - a key source of income for many vulnerable households. Additionally, it was suggested that there might be a seasonal effect that explains part of this shift. Consultations with CCI staff indicate that there may be a yearly uptick in work around August and September time due to the weather changing and preparations being made for winter that may affect both the construction and the agriculture sectors. The second round of the ILO-CCI Labour Market Assessment will shed more light on changes to the situation of workers and enterprises during this period.[7]

Graph 7. Proportion (%) of HHs Reporting Unable to Work



Graph 8. Proportion (%) of HHs Reporting Members are Unable to Work, per gov



Source: Benemark

5 https://www.garda.com/crisis24/news-alerts/377066/iraq-authorities-ease-covid-19-restrictions-september-8-update-50
6 https://reliefweb.int/report/iraq/iom-iraq-covid-19-response-overview-3-18-august-14-september-2020
7 Report forthcoming in January 2021. Report from first round can be found here

CONCLUSION

The effects of the COVID-19 outbreak in Iraq have disrupted both consumers and retailers. The two data collection initiatives monitoring price and market changes over the past seven months has demonstrated the severe impact the crisis has had for socio-economically vulnerable households. The price increases and shortages across a variety of essential items suggest that households experienced reduced purchasing power with the resources they did have and, with shortages, at times none at all. Among the governorates, it seems that Kirkuk, Salah al Din and Diyala appear to have been hit the hardest in terms of price disruptions. Kirkuk and Salah al Din experienced the largest increases in price of the common basket of goods and increased prices persist today. Diyala appears to have experienced the most shocks across essential items. The proportion of households reporting that they were unable to work due to Covid-19 seems to have experienced a large drop in September. While challenges to income generation and meeting basic needs persist in the Iraqi context, it appears that the critical hardship with regard to those factors measured in these surveys was experienced in the month of April and the effects of the crisis since then seem to have improved. Further research and monitoring is necessary to ensure visibility on any lasting impacts of these dramatic economic disruptions caused by COVID-19 in Iraq.

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About the Cash Consortium for Iraq (CCI): The CCI is a multi-donor, multi-program partnership that has implemented over $160,000,000 USD in humanitarian and recovery funding since its formation in 2015. The CCI is comprised of the Danish Refugee Council (DRC), the International Rescue Committee (IRC), the Norwegian Refugee Council (NRC), Oxfam and Mercy Corps as lead.

The CCI focuses on harmonized implementation at scale to meet basic needs and support the self-reliance of vulnerable populations with cash- and market-based approaches across the nexus.

RELIEF

RECOVERY

RESILIENCE

ANNEX.

Annex 1. Priority Items: Proportion (%) of households by items purchased most frequently in the 7 days prior to the survey

Item	# HHs	% of HHs
Vegetable Oil	2454	80%
Rice	2380	78%
Detergent	2360	77%
Disinfectant Solution	2352	77%
Soap	2272	74%
Sugar	2046	67%
Salt	1848	60%
Wheat Flour	1722	56%
Shampoo	1645	54%
Lentils	1433	47%
Toothpaste	1160	38%
Water	1125	37%
Bulgur	1049	34%
Toothbrush	961	31%
Sanitary Napkins	918	30%
Bin Bags	685	22%
Water Trucking	300	10%

Annex 2. EFPM No. Data Entries per item per month

	Jan	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Grand Total
Lentils	251	479	929	401	303	465	430	343	172	3773
Rice	260	491	963	404	322	492	445	355	178	3910
Sugar	256	489	956	404	316	490	445	350	174	3880
Veg Oil	260	497	976	411	323	493	449	357	176	3942
Bulgur	244	484	920	387	308	479	424	338	173	3757
Salt	260	493	974	409	326	487	445	350	177	3921
Flour	243	447	890	387	316	454	405	339	168	3649
Water	231	442	912	394	302	455	415	346	162	3659
Detergent	258	491	973	412	319	480	446	355	175	3909
Soap	260	491	976	413	318	492	447	356	175	3928
Toothbrush	239	463	924	396	308	469	433	345	166	3743
Toothpaste	242	471	934	395	304	472	433	350	166	3767
Shampoo	253	472	947	401	317	480	440	351	175	3836
Solution	234	439	870	384	291	450	419	329	165	3581
Bin Bags	196	365	727	334	236	361	371	289	121	3000
Napkins	226	416	814	350	270	382	382	315	143	3298

Annex 3. Benemark No. Data Entries per governorate per month

	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Grand Total
Anbar	52	201	162	199	99	127	29	86	955
Diyala	19	79	61	79	40	44	10	30	362
Kirkuk	21	83	60	80	40	60	10	39	393
Ninewa	43	159	110	159	79	81	40	78	749
Salah al Din	41	118	99	120	59	83	30	60	610
Grand Total	176	640	492	637	317	395	119	293	3069