



FSNIS/FAO Methodology / Approach

The primary market data and information for more than 300 food and non-food commodities are collected from 120 monitored markets covering 62 urban and 58 rural markets of twenty-two (22) governorates. through the Governorate Focal Units (GFUs). The primary data on prices is collected from at least three representative market centers in the main cities and 3-4 markets in the districts (rural areas), the weekly average is calculated which averaged for the month. Retail prices of the indicated number of commodities as well as wholesale prices of the basic imported food and the locally produced vegetables are monitored and collected every week. With a well-designed and prepared collection tool, quantitative information is captured, tabulated, documented, and managed within the overall program database. Such data and information are used to update the program's dashboard, and SharePoint, as well as produce a regular market bulletin every month, monthly and quarterly food security updates, and share with partners (like FSAC) when needed.

So far, and from the lessons learned, it is observed that the major difference between us and our colleagues in WFP is related to the retail prices of imported vegetable cooking oil. Our market monitoring data revealed that there are two kinds of edible cooking oil consumed by the Yemeni people across the country. These kinds are classified into two groups, the first preferred group of cooking oil constitutes the available different brands of vegetable cooking oil that are imported from abroad (Arab and non-Arab states mainly Gulf countries, Egypt, Turkey, and Malaysia) and the second group is mainly the available different brands that the raw materials is originally imported and locally processed or/and refilled by Yemeni relevant factories.

There are many trademarks of both types, and they vary from one to another also their prices vary from one to another. However, vegetable-sourced cooking oil is the most preferred by consumers almost overall the country and due to its lower prices compared to the other types, few people (mainly the poorest) and those engaged in industry business prefer to purchase Malaysian palm oil for their manufacturing purposes. Quantities of the two groups are available in the local markets in many packages made of plastic and metal and in different units of measurement as bottles and gallons with a wide range of sizes ranging between one litter and 20 litters, while the most bought for consumption purposes is between 1.8 – 5 liters. Further, the retail prices of existing brands available in the local markets varied widely reaching 1200 YER / Lt for the high-quality oil (Imported Sunflower Oil) in SBA and 3540 YER / in IRG. Similarly, the retail prices of 850 YER / Lt (SBA) and YER 3200 / Lt (IRG) for corn cooking oil.

In general, this big variety of brands, huge price variation, and consumption habits and preferences are controlled by many factors and choices, the most important are as follows:

- There are no restrictions on the suppliers/importers of food commodities in importing items without the other.
- The local market is open and the traders are controlling the process of the sale. As a result, there has been a great diversity in the commercial brands of goods imported from cooking oils that may reach 10 brands in an individual governorate.
- In addition to the commodity price, the household economic capacity to purchase determines consumption trends and selection for what brand.

- The level of the availability (available – partially available – not available) of certain commodities in the market forces the consumers to go for alternative brands.
- Nutritious and health awareness of a household about the importance as well as advantages of vegetable cooking oils in terms of purity, free of cholesterol in addition to the validity date is considered one of the factors determining the consumption preference of a brand and not others.
- Seasons that are associated with great demands, mainly during wedding parties, and religious events such as Ramadan, and the following festivals in which consumed quantities increased.

FAO MFB Calculation

Simply, our methodology for calculating the minimum cost of a food basket for a household consisting of 7 members depends on the following:

- Five main nutritional components and as recommended in terms of quantities for each component, including (Wheat flour (75 kg), Iodized salt (1 kg), Vegetable oil (8 L), Kidney beans (10 kg), Sugar (2.5 kg)).
- To calculate the monthly cost for a governorate, according to the equation of multiplying the specified quantity for each component by its current price for the same month, and then summing all those values to represent the monthly cost.,
- Below is an example of Abyan's MFB _January _2024

MFB's main components	Jan_024_retail price	Monthly MFB cost
Imported Kidney Beans (Grain) - 1 kg	2,798	27,984
Imported Sunflower Oil - 1 L	3,024	24,191
Imported Wheat Flour - 1 kg	950	71,250
Local table salt - 1 Kg	220	220
Sugar - 1 kg	1,414	3,535
		127,180

Exchange Rate

In the same way, when collecting prices for food commodities in the monitored markets, the weekly data collectors in certain governorates visit the shops and exchange agencies located in those parallel markets and other nearby markets and record the unofficial exchange rate (buy-sell) of the Yemeni Riyal against the US dollar on that day, and it is repeated. This process is carried out for three days during the week, and the weekly average for that week is calculated, which is repeated 4 times during the month. The monthly average is calculated based on that. It should be noted here that since the official exchange rate is known and remains fixed for long periods, the focus here is on the parallel market to know and calculate the unofficial exchange rates as it is unstable and continues to fluctuate daily and sometimes within the day.

CONCLUSION

Considering the above approach being followed currently, existed situation of the cooking oil market, and indicated controlling factors, therefore, we insist on registering different prices for different brands available to reflect the reality of market functionality and consumption style of different social groups of the population in terms of their income levels (poor - middle income - high income), while WFP is recording the retail price of cheapest cooking oil (Palm) with a 700 YER / Lt. In addition to slight changes in the prices of other components, that shows the differences in the cost values. Additionally, despite this price variation, it is difficult for us to identify and limit our price monitoring to one or two brands, as the number and types of brands differ and vary greatly from one market to another within and/or between governorates. Finally, I think the applied methodology taken by the program is the right way to show the price trend of imported commodities alongside the continued deterioration of YER against foreign currencies over time.

In a linked matter, for your information, there are currently many collaboration efforts going on between our program and WFP, aiming at discussing both methodologies and looking for points of convergence to agree on a common methodology that will result in more accurate and reliable data.