



Advocacy Note: Change of Transfer Value for Food Assistance

Third Edition; Updated 18 June 2021

1. Background

In 2020, macroeconomic conditions deteriorated sharply, following the drop in international oil demand, which led to a decline in revenue; the subsequent depreciation of the NGN has pushed up staple food prices. As a result of higher food prices, in combination with reduced access to income given movement restrictions, poor households are facing increased difficulty accessing food.

Despite the slight increase in crude oil production and international crude prices from March to April 2021, poor macroeconomic conditions persist. The National Bureau of Statistics indicates the annual inflation rate dropped by .05 percent from March to 18.12 percent in April. This is the first decline in inflation since the closure of the land borders in about 20 months (FEWSNET, May 2021).

As of May 2021, cost of food in Nigeria increased 22.28 percent in May of 2021 over the same month in the previous year. The upward trend is mainly linked to pandemic disruptions and dollar shortages as well as lingering restrictions on imports of certain food items despite the reopening of the country's borders. At the same time, the incessant attacks on farmers and farmlands have prevented farmers from operating at optimal capacity which causes some shortages of goods (National Bureau of Statistics, Nigeria, May 2021)

According to WFP March 2021 Market Monitoring Report in Borno and Yobe states, prices of staple foods have generally increased in March 2021 as compared to the same period last year in many markets. Food supplies in the markets are lower and food prices are higher across most monitored markets. Underpinned by the insecurity and Nigeria's Dollar crunch, the continuing inflationary pressure on the food prices in the country to impact negatively on food security throughout northeast Nigeria.

Ultimately, this has led to an increase in cost of the Minimum Expenditure Basket (MEB) for food, reducing the food access by the already vulnerable households supported by the various government and non-government partners. In Maiduguri Metropolitan Council (MMC) and Jere for instance, the Save The Children monthly monitoring indicated that the cost of MEB has increased by about 46% between May 2020 and May 2021.

What are the thresholds for changing the Food Basket Transfer Value?

The Food Security Sector guidance indicates that partners can change the Transfer Value if the Transfer Value provided to beneficiaries has changed (reduced or increased) by (-/+) 15% as compared to the prevailing market calculation, as indicated by the various food price monitoring in the local markets.

Trend of changes in Food Basket Transfer Value since 2020

In August 2020, partners through bi-weekly monitoring of food prices noticed a sustained change in the cost of Food Minimum Expenditure Basket which was +15% above the respective partners Transfer Values to beneficiaries. This was necessary and sufficient to trigger change in the Transfer Value which led to the first edition of [Advocacy Note \(September, 2020\)](#) for Increase in Transfer Value.

In March 2021, food prices continued to increase generally. However, in Gubio Local Government Area specifically, the cost of the food MEB has exceeded the September 2020 Advocacy Note Values by over 15% for about 3 months of biweekly market monitoring by the partner (Catholic Relief Services, January 2021), hence requiring an upward [increment of the Transfer Value for Gubio in March, 2021](#) to ensure households can meeting the necessary food requirements.

As at June 2021, the food prices have continued to increase. The bi-weekly monitoring of the prevailing cost of Food Minimum Expenditure Basket for the base markets in Maiduguri Metropolitan Council (MMC), indicate that new prevailing market cost is 6,421 Naira and 4,495 Naira as the 100% and 70% prevailing cost of Per Capita (Per Person) Food MEB and Transfer Value respectively, which are over 20% the September 2020 recommended Transfer Value, hence meeting the threshold for increase in food Transfer Value

2. Recommendation

For Borno, based on the above, the Food Security Sector Food Assistance Taskforce through monitoring of food prices recommends all partners implementing food assistance through Cash Voucher Assistance (CVA) in Maiduguri Metropolitan Council (MMC), to increase the Per Capita cost of Food Basket MEB and **Transfer Value** to 6,421 Naira and **4,495 Naira** as the 100% and **70%** prevailing cost of Per Capita Food MEB and Transfer Value respectively, currently at local market rates.

For LGAs around Maiduguri and the deep-field LGAs where food assistance is provided through Cash Voucher Assistance (CVA), where the market food price monitoring indicates that the Per Capita values are lower than MMC figures above, the Transfer Value in those respective LGAs will be brought up to the same level as MMC above (6,421 Naira and 4,495 Naira as the 100% and 70% per capita value). This is because it is expected that MMC is the main supply market for majority of the LGAs in Borno State. Therefore, areas where food prices would be lower than MMC are highly likely not real market food prices, but as a result of sale of humanitarian assistance at lower prices in those LGAs, hence making those food prices artificially lower.

For areas where partners monitor and notice a higher the cost of MEB higher than that of MMC, then the higher MEB in those LGAs will be reviewed and the Transfer Value maintained (at that value higher than MMC), to ensure access to food by the vulnerable households. Only Gubio LGA is in this category so far. On this note, since the Gubio March 2021 Per Capita (Per Person) Values are higher than MMC June, 2021 values, the March 2021 Per Capita (Per Person) Values for Gubio will be maintained with the 100% cost of MEB at 6,860 Naira and Transfer Value (70% of Cost of MEB) at 4,802 Naira (Catholic Relief Services, March 2021).

In Yobe, thanks to the data from the World Food Programme, the Food Assistance Taskforce recommended the use of Damaturu Cost of MEB (100%) as 6,041 Naira and the **Transfer Value (70% cost of MEB) as 4,229 Naira.**

Partners are encouraged to ensure sensitization with all beneficiaries about the increase in Transfer Value, but also inform them that in event that the cost of the MEB reduces as indicated by the continuous market food price monitoring, the Transfer Value will be reduced accordingly.

Partners providing assistance through Cash Voucher Assistance (CVA) will include 2,000 Naira per household per month in addition to the household food basket calculation.

References

1. Nigeria national Bureau of Statistics (May, 2021)
2. WFP Yobe and Borno Market Monitoring (March, 2021)
3. Save The Children Monthly Market Food Price Monitoring (May, 2021)
4. FEWSNET Nigeria Food Security Alert (May, 2021)
5. Catholic Relief Services Monthly Market Price Monitoring (May 2021)
6. ZOA Monthly Market Food Price Monitoring (May, 2021)
7. Mercy Corps Monthly Market Food Price Monitoring (May, 2021)
8. WFP Yobe and Borno Market Food Price Monitoring (May, 2021)

Food Security Sector Food Assistance Taskforce Members: *Mercy Corps, Catholic Relief Services, Action Against Hunger, ZOA, Save The Children, Norwegian Refugee Council, Danish Refugee Council, World Food Programme, International Medical Corps, INTERSOS, ACTED, JDPC, GREENCODE, SWNI, CCDRN, CARE, Christian Aid, Cash Working Group*