Joint Market Monitoring

Situation in Critical Markets along the Line of Contact in Donetsk and Luhansk GCA. Round III

February 2018

Funded by
European Union
Civil Protection and
Humanitarian Aid

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Abbreviations

ABA – Area Based Assessment

ACF – Action Contre la Faim

CaLP – Cash Learning Partnership

CBI – Cash-based intervention

GCA – Government controlled areas

KI – Key informant

NGCA – Non-government controlled areas

MDM – Médécins du Monde

MM – Market monitoring

NFI – Non-food item

NRC – Norwegian Refugee Council

PIN – People in Need

SCI – Save the Children International

Overview

This report, drafted by ACTED, represents the findings of the third round of joint market monitoring (MM) undertaken collaboratively by ACCESS partners, Norwegian Refugee Council (NRC) and Save the Children International (SCI). The study aimed at exploring critical market networks which cover both essential goods that are necessary to ensure survival (such as food items, medicines or hygiene items) and non-essential goods that support the livelihoods of the conflict affected population (such as construction materials and agricultural inputs). This MM started in August 2017 and was intended as an iterative quarterly exercise, aimed not only at providing a snapshot of the situation at the moment of data collection, but also at measuring trends over time, in terms of access and affordability of goods on the markets as well as markets and supply chains capacities.

The report presents and analyzes the data obtained in the winter round of the study (February 2018), following mostly the same methodology as in Rounds I and II. It also looks at changes and trends affecting markets in all rounds, be they seasonal or of any other nature. The survey provides a comprehensive picture of the markets in the target area, covering 39 localities along the contact line in Luhansk and Donetsk oblasts in GCA. **In contrast to the first and second round, the round 3 report also includes a snapshot picture of market centers in NGCA (Donetsk and Luhansk cities) and a comparative analysis of availability and prices of essential food and hygiene items between market sub-centers in GCA, two market centers in NGCA and Kiev.** Below are the key general and market sector findings of MM survey, covering summer 2017 to winter 2018:

- *General:*
  - High price tended to remain the main problem faced by customers in accessing all categories of goods on the markets, with proportion of respondents reporting this problem increasing from 81% in Round I to 94% in Round III.
  - Basic goods (food and hygiene items) were overall fully available except in Bolotene, where the only operational shop closed in autumn 2017 so all interviewees there indicated unavailability of all goods.
  - The price level was overall perceived as high across all market centers with a strong tendency for customers in larger towns (market sub-centers) to report high prices more frequently than customers in the semi-periphery and periphery.
  - None of the respondents reported a general price reduction in any of the rounds of MM, although the quantitative analysis showed small reduction in price for certain commodities.
  - The average increase in prices for Food/NFIs as compared with average prices reported in Round I was as follows: (1) Food + 11%, (2) Medication + 1%; (3) Coal + 20%; (4) Firewood + 32%; (5) Hygiene + 10%.
  - No particular difficulties or bottlenecks regarding supply chains across all market sectors were detected: most retailers reported no difficulties re-supplying.
  - 95% of traders across all sectors underlined selling Ukrainian products.
  - In a few locations, traders reported that in kind humanitarian aid provision had negatively affected demand, notably for food and construction materials.
- *Food:*
  - The proportion of respondents reporting price increases consistently grew since the first round.
  - The food price increase trend is apparent at some level in 84% of locations where the comparison with the first round was possible.
  - The most significant price increase since the first round was observed for eggs, with an average price increase of 57% comparing Round III and Round I.
  - Low demand for curd cheese and vegetables was reported in the majority of peripheral markets as the local population largely grows vegetables for personal consumption and produces homemade curd cheese.

- Beef, pork and pork fat appear to be consistently in low demand in the periphery in all three rounds of MM. These products tended to be unavailable in shops/markets in at least half of locations surveyed, in all rounds of MM.
- The overall trend for lower/higher price level locations to concentrate around the same centers remained consistent for all rounds of MM, with lower price level locations concentrated around Bakhmut and Popasna, and higher price locations situated in areas around Stanytsia Lughanska and in Southern Donetsk areas near Volnovakha and Sartana.
- The majority of customers in all locations chose to purchase the cheapest food items from available items.
- Food prices were generally comparable in markets of different categories, larger centers with shorter supply chains were 3-4% cheaper than average prices;
- Dairy products, vegetables and meat products were considerably more expensive in Donetsk city (NGCA), while bread, eggs and poultry were much cheaper in both Luhansk city and Donetsk city (NGCA) than in GCA. The biggest difference in price was identified for vegetables in Luhansk city – where prices were 32% higher than the average level in GCA.
- The analysis of data on origin of supply in all rounds of MM showed that at least 82% traders are either fully or partially re-supplied from local producers from within their rayon and/or oblast.
- In all rounds of MM all interviewed food retailers reported that the food items they sell are produced in Ukraine (either locally or in other regions).
- For all commodity groups, except bread, the restocking frequency in the periphery was at least twice less frequent than in market sub-centers.
- The average price for food in Donetsk city was 7% higher than in Kiev and 2% higher than in market sub-centers in GCA; food prices were on average approximately equal in market sub-centers in GCA and Luhansk city.

- *Hygiene*

  - Hygiene items were reported to be fully available in 100% of market sub-centers and semi-peripheral localities while partial/limited availability was reported in three periphery locations (Lobacheve, Peredilske, Troitske) and unavailability reported in 1 location (Bolotene).
  - The proportion of customers in market sub-centers reporting high hygiene item prices has grown from 50% in the first round of MM to 95% in the third round.
  - Consistently throughout the rounds of study, the least available hygiene items are both adult and infant diapers, which are not available in at least 53% and 29% locations monitored, respectively.
  - The majority of retailers selling hygiene items pointed out the steady increase in prices in all rounds of MM, however, average price appeared to remain unchanged between Round I and Round II and increased by 10% from Round II to Round III.
  - Average prices for hygiene items in the periphery are 14% higher than in market sub-centers.
  - Prices for NFIs (hygiene) are at 25% above average level in Donetsk city, while in Kiev they are 25% below average.
  - The majority of traders reported that the most popular and sold type/brand of soap, washing powder, hygiene pads and toothpaste are not the cheapest ones.
  - Around 75% of retailers re-stock hygiene NFIs from local suppliers within the Oblast.
  - At least 95% retailers highlighted selling hygiene items produced in Ukraine and up to 42% retailers reported selling goods produced abroad.
  - Average restocking period for the hygiene items was 8 days.

- *Fuel*

  - Since MM round 1, in line with expected seasonal patterns, customers reported an increased availability of firewood, while the proportion of locations where either all or a part of respondents reported unavailability of firewood has decreased.
  - While the overall proportion of respondents interviewed who reported unavailability of coal remained unchanged in the third round, the proportion of locations where either all or a part of respondents reported unavailability of coal decreased since Round II. Respondents in Hirske, Novhorodske and Zolote no longer reported coal to be unavailable in their locations, while all the

respondents in Peredilske reported unavailability of coal in the third round of MM.

- The average price of 1 m^3 of firewood reported by customers increased steadily since Round I, growing by 25% from the first to the second round and by a further 7% between round 2 and 3.
- Comparing to MM round 1 price data, the average price for 1 ton of coal reported by customers increased by 12% and 20% in Rounds II and III, respectively.
- In wintertime, the average price for coal in Luhansk GCA was 13%-14% less than in Southern and Northern Donetsk GCA.
- For the customers in the periphery and semi-periphery the cost of delivery of coal needed for winter (2-3 tons) was reportedly as high as 1,200 UAH representing 22% of total coal costs for a minimum recommended amount of coal for a full winter season[1].
- Local population in periphery and semi-periphery reported bad quality of coal, including that of the coal provided by humanitarian actors.
- Respondents in several peripheral locations (Chermalyk, Hranitne, Myronivskyi, Novotroitske, Starohnativka and Stepne) continued to report frequent illegal logging despite the risk of injury or death in the areas with high concentrations of unexploded ordnances and explosive remnants of war.

- *Construction materials*

- Almost one-fourth of customers interviewed (mostly in peripheral localities) reported that construction materials were not available in their location.
- Construction materials were available across the majority of locations, either immediately or on demand/order during all MM rounds. However, construction materials were reported to be fully unavailable in Bolotene, Lobacheve, Krymske, Starohnativka, Troitske and Zolote-4. Residents of these locations reported that they travel for construction materials to semi-peripheral markets or market sub-centers.
- The majority of retailers pointed out very low demand level for construction materials in winter time, especially those used for external works.
- No significant change in supply chains of construction materials was reported since the first round of MM – most of the retailers restock from within their oblast or rayon.
- At least 95% traders reported selling construction materials produced in Ukraine.

- *Agricultural inputs*

- The majority of retailers reported strong seasonal trends in demand for agricultural inputs, so they do not keep such goods during the winter. Stores selling agricultural inputs did not operate in winter in several peripheral locations.
- Overall, prices for all agricultural inputs are higher in market sub-centers.
- The average price increase was 4% in Round II and 7% in Round III (in relation to Round I data), although prices changes varied greatly across items.
- The proportion of traders selling agricultural inputs produced within the rayon has grown since the second round of MM.

- *Medication*

- Increase in price for medications was 4% in Round II and 1% in Round III.
- Customers in market sub-centers and semi-periphery reported either full or partial availability of medication noting that all the necessary medication could be purchased in local pharmacies or via Internet. In contrast, unavailability of medication was widely reported in the periphery.

- *Financial institutions*

- Financial institutions were fully available in market sub-centers, mostly available in semi-periphery and mostly unavailable in peripheral locations.
- Long queues were reported by respondents in the majority of locations with operational banks or ATMs.

[1] Winterization Recommendation 2017-2018. Ukraine Shelter/NFI Cluster

Methodology

This MM study mainly follows the methodology established initially in the Market Monitoring design (see Annex 1) and implemented in MM Round I and Round II. However, when incorporating lessons learnt from the first and second rounds of MM some adjustments were made to the methodology for Round III. These are outlined in the section below.

Geographic scope

To provide a more comprehensive picture of market access in the communities along the line of contact, in Round II ACCESS partners agreed to allocate more resources to market data collection and expand MM to cover (1) isolated localities in the same areas of Donetsk and Luhansk GCA, where difficulties with market access were reported in earlier assessments and (2) the Southern Donetsk area which was not covered in Round I.

As a result, the survey in Round II and III covered 39 localities[2] along the contact line in Luhansk and Donetsk oblast GCA. In order to analyze the market data, locations were aggregated into three categories, according to their market capacity and remoteness:

- **periphery** (villages in 5 km area with low market capacity, which represent the lower market level and cannot, in any sense, be considered as market centers);
- **semi-periphery** (villages or small towns in 5 km area that represent low-level centers of their respective market areas);
- **market sub-centers** (towns or cities outside of 5 km area with high multi-sectoral market capacity, which are the centers of the respective market areas including peripheral and semi-peripheral localities).

The geographic coverage of the third round of MM was expanded to 3 new locations – Donetsk city (NGCA), Luhansk city (NGCA) and Kiev in order to provide broader picture of differences in prices between markets in GCA situated along the line of contact, market centers in NGCA and Kiev. Due to security reasons, the data monitored included only price data for essential food and hygiene items using the same list of goods as for other markets. The price data collected was then subjected to comparative analysis with market sub-centers surveyed in GCA.

All market areas surveyed in Round III of MM are shown on Map 1.

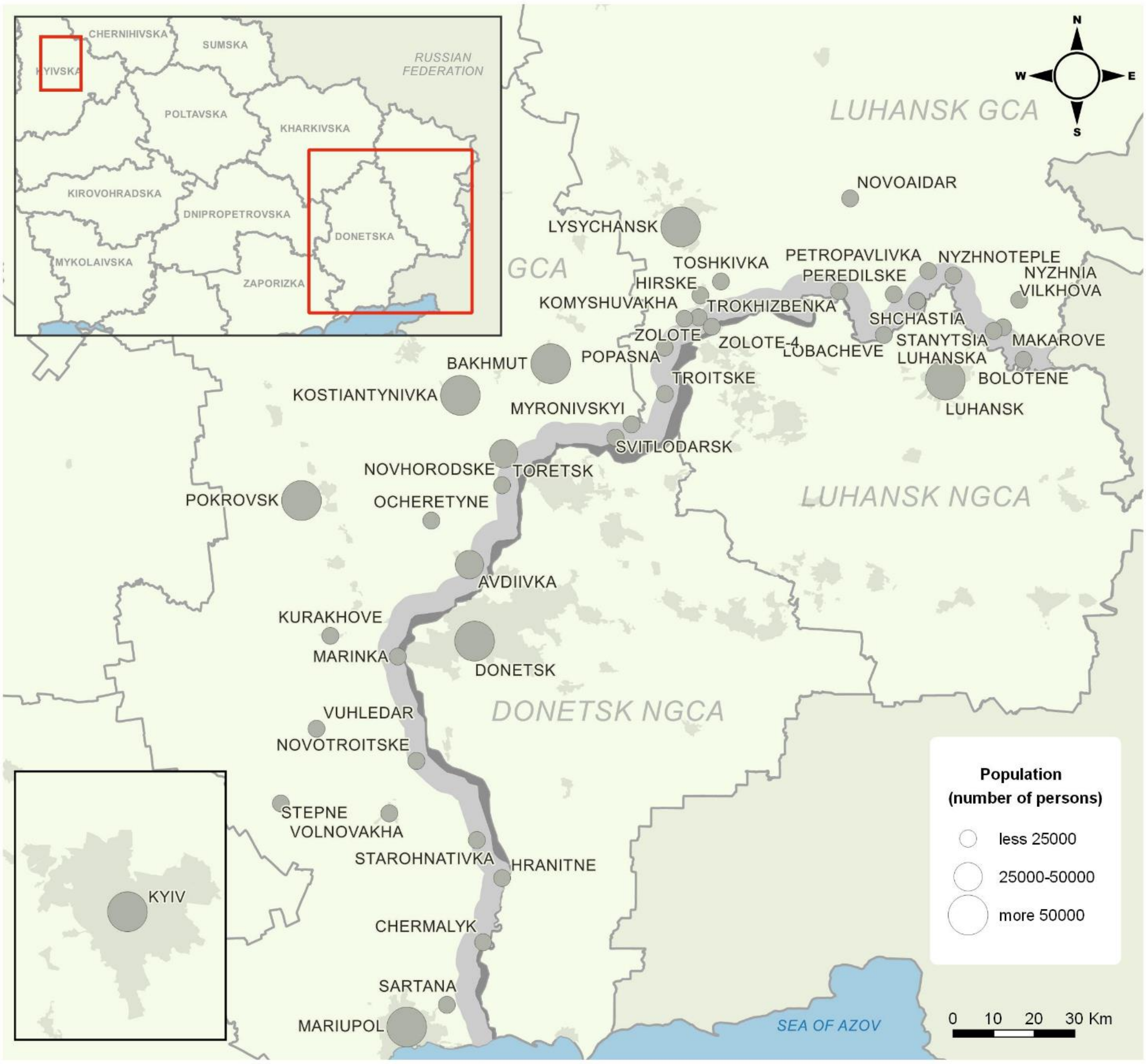
Analytical scope

This MM study in general covers critical markets of essential goods, and items that are necessary for maintaining and restoring livelihoods of the conflict-affected population: key food items, non-food items (NFIs): hygiene materials and winterization materials (hard fuel, wood and coal), key construction materials, key agricultural inputs, stock feed and fertilizers, key medicines. The survey is based on general approach applied for data collection in each of the locations irrespective of the market category (periphery, semi-periphery or market sub-centers).

The main objectives of this report are to: (1) provide an analysis of the situation on markets in the winter season (February 2018); (2) measure changes and trends affecting targeted markets, be they seasonality or of any other nature; (3) measure differences in price for essential goods (food and hygiene) between markets in Kiev, sub-centers in GCA and centers in NGCA. The comparative analysis for GCA also looks at two quantitative datasets, collected within three-month of each other in the same locations along the contact line in Luhansk and Donetsk oblasts, GCA.

[2] Location Verkhnia Vilkhova covered with MM Round I wasn't surveyed in MM Round II as this settlement has an administrative (and therefore market) center in Nizhnya Vilkhova, which is 1 km away from Verkhnia Vilkhova. To avoid overlapping, assessment was facilitated only in Nizhnya Vilkhova, which so covered both locations.

Map 1 – Market areas covered by the study



Survey Methodology

The third market survey, like the first and second one, consisted of a trader survey and a customer survey in each market location (in Donetsk GCA and Luhansk GCA). The customer survey has not been modified since MM Round I, while the trader survey has been changed since the second round in the following sections:

- the most popular and cheapest products were no longer monitored separately; for each item in the essential goods monitoring section (food and hygiene) only the most popular one remained.
- for all market sectors monitored, the question on frequency of re-stocking was replaced with the open question revealing any changes in supply that occurred in the previous three months.

Tables 1-2 below provide a summary of the number of surveys completed.

Table 1 – Number of surveys conducted (GCA)

Customers (Donetsk and Luhansk GCA)		**120**
Retailers (Donetsk and Luhansk GCA)		**153**
	Food	85
	Hygiene	81
	Fuel	9
	Construction materials	44
	Agricultural inputs	29
Retailers (Kiev)		**2**
	Food	1
	Hygiene	1

Table 2 – Number of surveys conducted (NGCA)

Retailers (NGCA)		**17**
	Donetsk (Food)	9
	Donetsk (Hygiene)	6
	Luhansk (Food)	1
	Luhansk (Hygiene)	1

For GCA data, the results of the trader and customer surveys were combined in order to provide a snapshot picture of each of the local markets and to identify price trends where possible.

Findings

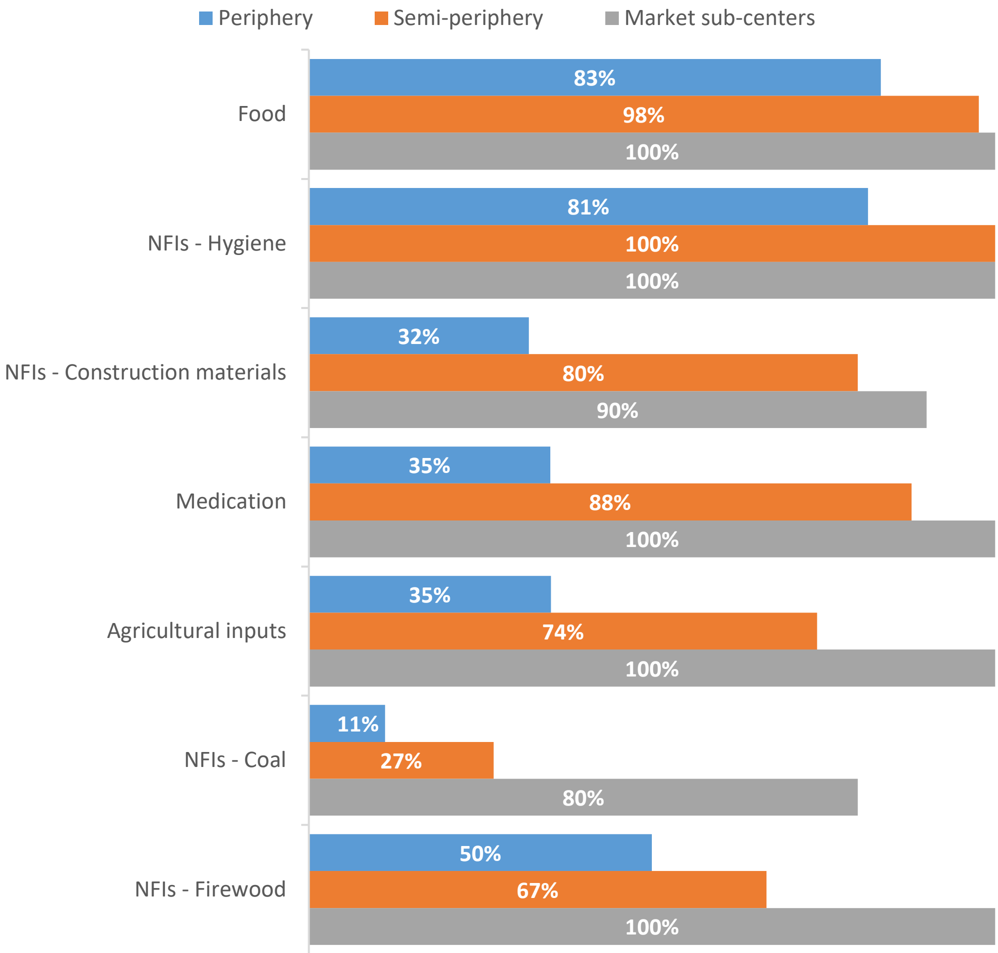
The geographical scope of Round III of MM was expanded to Kiev, Donetsk (NGCA) and Luhansk (NGCA) cities for basic food and hygiene items price data to provide a more comprehensive price comparison between markets along the line of contact in Donetsk and Luhansk GCA, Donetsk and Luhansk cities and Kiev.

In line with the methodology established for this study, the locations surveyed in Donetsk and Luhansk GCA are aggregated into three categories, according to their market capacity. They are then subjected to a comparative analysis, to the fullest extent possible.

Each section of the report focuses on one market sector exploring any changes in availability, affordability and demand for certain commodity groups. Figure 1 below, summarizes the availability of goods per market category[3] reported in the third round of MM.

[3] The percentages presented at Figure 1 reflect the responses of those customers who reported to be aware of the situation in the corresponding market sector

Figure 1 - % of customers reported full availability of goods, per market sector



As Figure 1 shows, a cross-sectoral analysis of customers' perception of goods' availability confirms the findings from the previous rounds of MM, i.e. **basic goods (food and hygiene items) are generally fully available. However, medication and solid fuel are unavailable even in some semi-peripheral locations and only partially available in the periphery**. This remains a significant concern as similar patterns have been detected in all rounds of MM.

The price level perception for all commodity groups is high for most consumers, with small differences between rounds of data collection. Of particular interest is the pattern already identified in the second round of MM, that prices are perceived as high more frequently in larger towns (market sub-centers), compared to the semi-periphery and periphery across all market sectors, although prices are actually lower in these central locations.

Disaggregated findings – both from the point of view of the customers and that of the traders – per each market sector are provided in the sections below.

Food

Accessibility

Since the first round of MM, concern about high prices has steadily gown among consumers and remained the main obstacle in accessing all categories of goods on the market. Figure 2 shows the percentage of respondents in each round of MM who mentioned high prices as one of the main problems in accessing markets and goods.

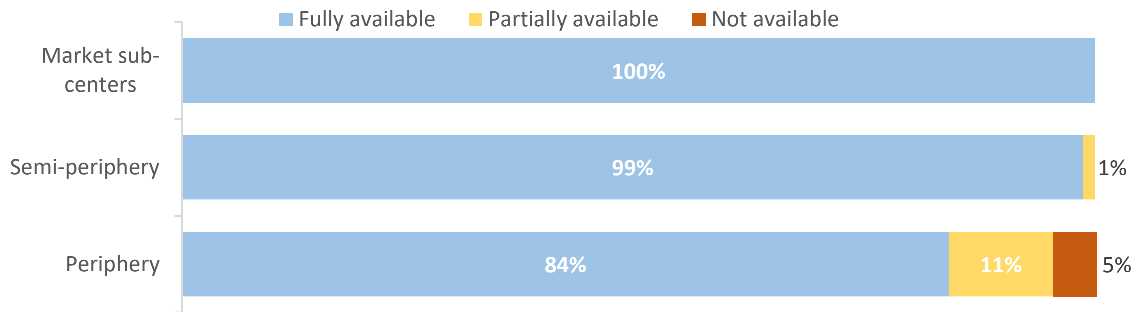
Figure 2 – High prices as main problem in accessing markets and commodities

The *assortment problems (and lack of goods)* and *transport problems* were reported by 17% and 20% of customers respectively, showing negligible changes when comparing with Round I and Round II data. Assortment and transport issues are reported more frequently in semi-peripheral and peripheral locations. In larger towns and cities, high prices, poor assortment and quality were the only difficulties in accessing markets and commodities reported by customers. **It is noteworthy that none of interviewees raised the issue of *safety and security* in MM Round III, while in Round I this problem was mentioned by respondents in Avdiivka and in Round II by respondents in Toretsk**.

Affordability

Both previous rounds of MM showed that food is fully available in market sub-centers and findings of the second round of MM revealed, confirmed in round III, **limited food availability or unavailability in only a few peripheral locations**. Figure 3 shows the perceived availability of food reported by customers, per market category.

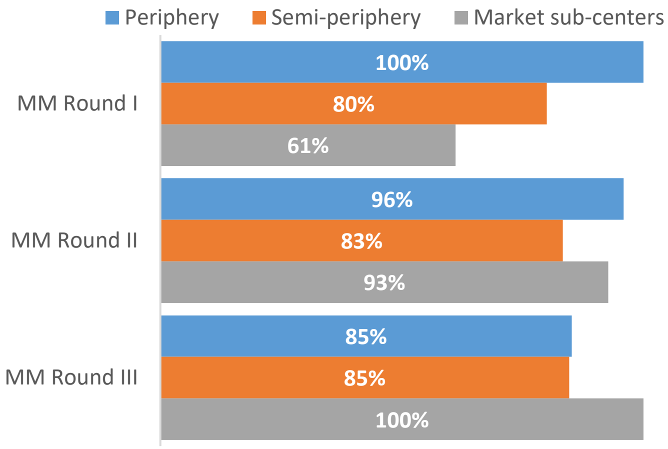
Figure 3 – Availability of food reported by consumers



All the representatives of the local population in Troitske and the majority of respondents in Krymske and Lobacheve pointed out that food is only partially available. Interviewees from Bolotene indicated food unavailability as there used to be one small shop in this remote location which closed in autumn 2017 so local citizens have either to travel to Stanytsia Luhanska to buy food or wait for a mobile shop which comes to the village irregularly. **These findings should be considered by partners while planning cash-based interventions in mentioned locations**.

Overall, the food prices were perceived as high by 88% of customers. However, 100% respondents in market sub-centers reported the prices as high while in the second round of MM this proportion was 93% in this market category. The dynamics of customer's perception of the food pricing since the first round of MM is presented in Figure 4, per market category.

Figure 4 – % customers reporting high prices for food in 1-3 rounds of MM



As appears from Figure 4, there are several trends in consumer's perception of food prices: **the proportion of customers reporting high prices for food has increased from 61% to 100% since august 2017 for market sub-centers, decreased from 100% to 85% in peripheral markets and has remained virtually unchanged in semi-periphery**[4].

In contrast to rounds I and II of MM, where Zolote was the only location where the majority of respondents perceived food prices as affordable, in the third round all respondents in Hirske, Komyshuvakha and Toshkivka considered the prices to be affordable. At the same time in Zolote itself the trends have switched: while in the first and second rounds of this MM most people cited prices as affordable in the Round III the majority of respondents reported the food prices as high.

Availability and Demand

The analysis of qualitative survey data provided by retailers in relation to demand and availability of basic food items shows the following:

- Low demand for curd cheese and vegetables in the majority of peripheral markets as the local population largely grows vegetables for personal consumption and produces homemade curd cheese.
- Beef, pork and pork fat were consistently in low demand in the periphery in all rounds of MM. Some retailers pointed out that people prefer cheaper meat (poultry and co-products) and choose to travel to semi-peripheral location to buy meat and pork or purchase it within the village from neighbors when they slaughter livestock. Overall, retailers noted a small decrease in demand for meat which is attributed to price increases.
- **Retailers reported low demand for grocery items in several peripheral and semi-peripheral locations (Lobacheve, Troitske, Mariinka) due to in-kind food parcels provided by humanitarian actors.**
- Retailers reported marginal fluctuation in demand for basic food items, which correlates, on the one hand, with the price increases and on the other hand, is related to variations around end of year holidays.

Price Trends

In line with MM Rounds 1 and 2, the majority of customers reported that food prices had increased in the previous 3 months. The proportion of those mentioning price increase has grown since the first round (81% in Round I, 91% in Round II, 96% in Round III) and none of the respondents reported a reduction in prices for food in the last 3 months.

The perceived price increase is confirmed by the retailers: 91% of food retailers indicated a steady increase in prices, with growth rates ranging from 3 to 20% (87% of retailers flagged changes up to 10% in MM Round

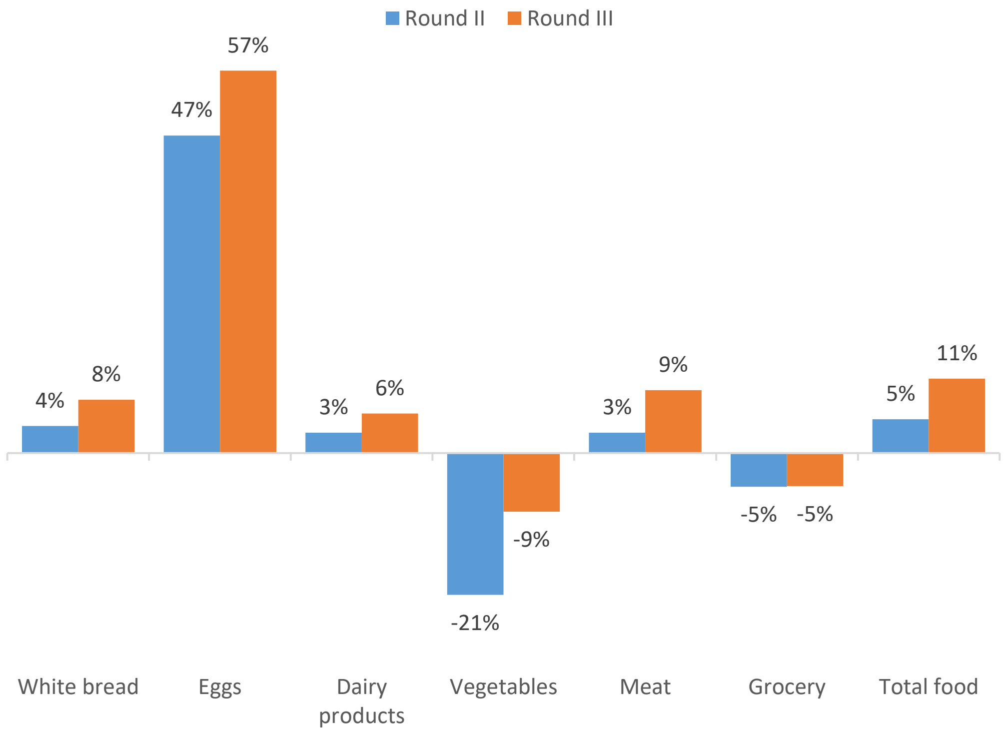
[4] The correlation between customer's perception and price data reported by traders will be explored in the following sub-section.

II). Some traders specifically highlighted price increases for eggs, meat and dairy products. Others reported across the board price increases. In Kostiantynivka, Makarove, Mariinka, Myronivskyi, Stanitsa Luganska and Triokhizbenka traders underlined an increase in the price of bread.
Following the same methodology as in Round II, the quantitative analysis undertaken for Round III market data comprises two sub-sections:

- Exploring price trends identified in past MM rounds.
- Analysis of average prices per item, aggregated at market category level.

Figure 5 illustrates the average changes in food price for 6 commodity groups calculated based on the data collected in the second and third rounds of MM in relation to the Round I data.

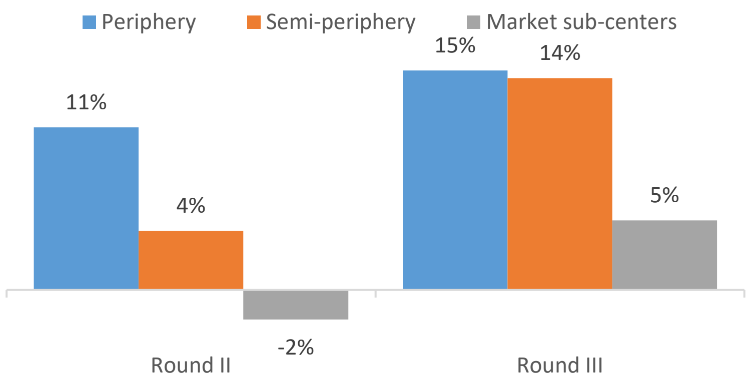
Figure 5 – Average price change per commodity group in MM II and III (compared to Round I baseline)



The diagram reflects a steady increase of prices for white bread, eggs, meat and dairy as reported by retailers since Round I. While in the second round vegetables in general showed reduction in price by 21% on average, in the third round this commodity group demonstrated significant increase in price, though still 9% less than compared to Round I.

Price changes were unevenly distributed across different market categories (Figure 6): both peripheral and semi-peripheral markets have demonstrated a high level of price increases (15% and 14% comparing to the first round data), with semi-periphery catching up with the price increases in the periphery.

Figure 6 – Average change in price per market category (compared to Round I which is the baseline price)



For the sub-center locations, price level for food showed marginal reduction of 2% in Round II, the data collected in Round III revealed a 5% increase for this market category**. In total, the increasing tendency for food prices was observed at some level for 84% locations for which the comparison with Round I was possible**.

The quantitative data on price changes provided by retailers supported the qualitative data reported by customers (96% of customers interviewed reported price increase since the previous round). Although a reduction in food prices was identified in 3 locations the change was small, so none of the customers reported the change as significant.

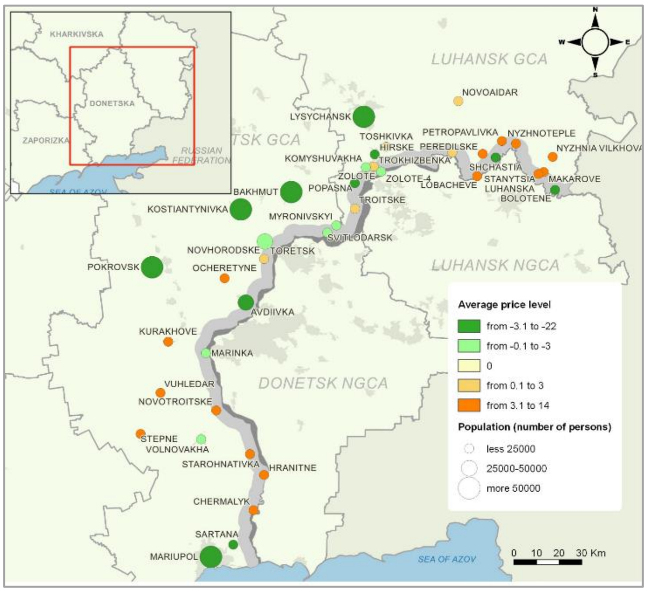
Price Comparison between Market Categories

In Round I and Round II, the locations surveyed were categorized by price level using the technique of normalization by mean value, calculated for each item, and subsequent averaging per location, and areas with common price trends were identified. Despite the fact that corresponding quantitative analysis in Round II was performed based on data collected for twice as many locations as in Round I, the overall tendency identified in Round I remained the same for Round II – lower price level locations were concentrated around Bakhmut (and Popasna), while higher price levels were in areas around Kurakhove and Stanytsia Lughanska.

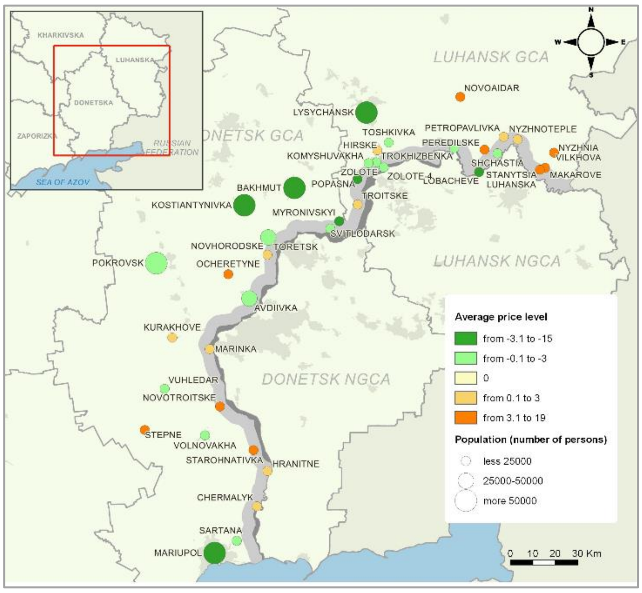
In Round III, initial price data was analyzed using the same technique. The results obtained for 38 locations surveyed in Round III (where price data were available) are represented in Figure 7.

Following the same approach as in the previous rounds, the locations shown at Figure 7 can be conditionally divided by average price level into three areas with the low, medium and high price level respectively. Maps 2 and 3 below, demonstrate the average price levels as per specified areas for Round II data and Round III data, respectively.

Map 2 – Areas by average price level in Round II (food items)



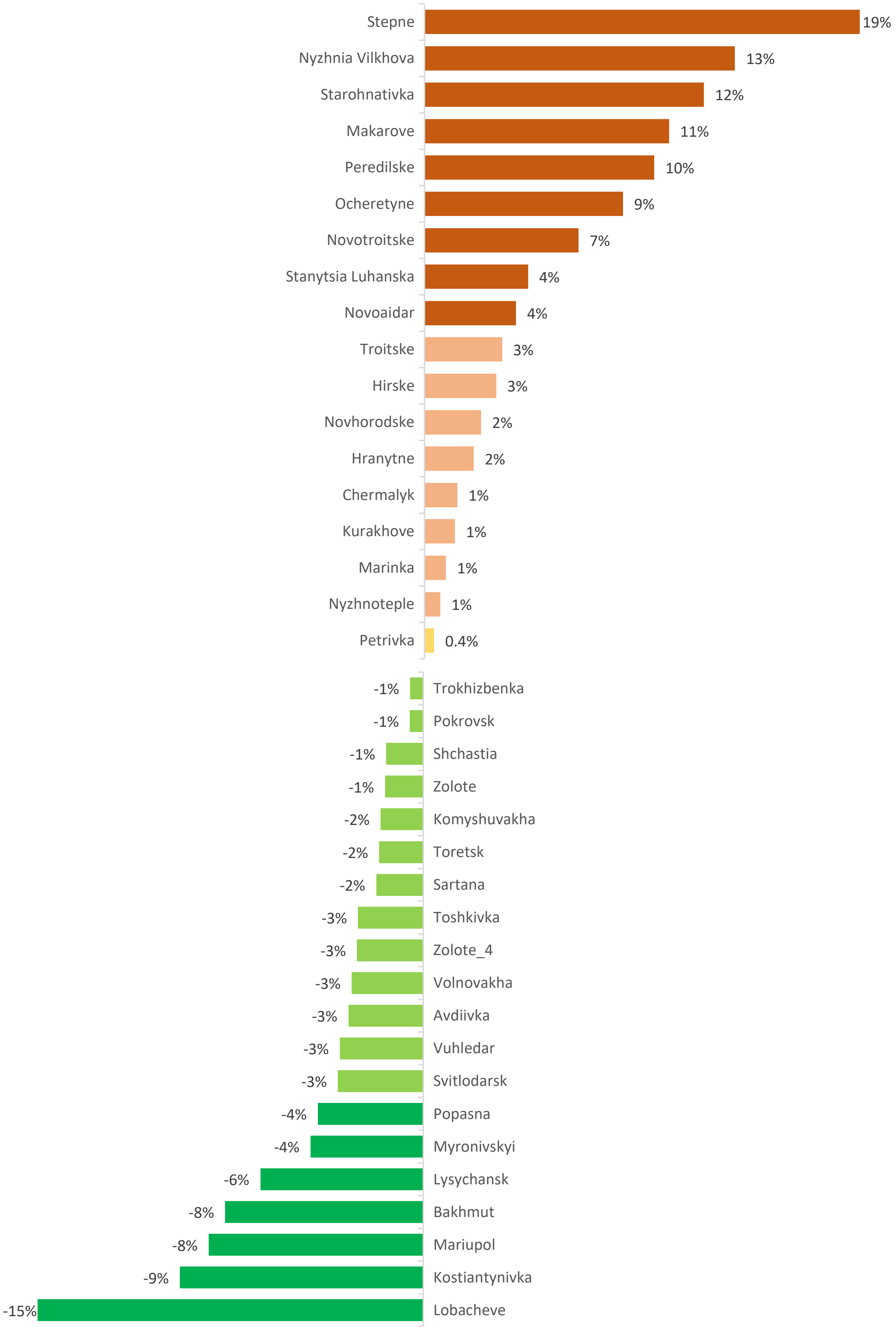
Map 3 – Areas by average price level in Round III (food items)



Maps 3 and 4 shows that patterns identified in the previous rounds of MM has remained relevant in the third round:

- lower price level locations were concentrated around Bakhmut and Popasna, while higher price locations situated in areas around Stanytsia Lughanska and in the South Donetsk areas near Volnovakha and Sartana.
- Market sub-centers fell in the lower price categories.

Figure 7 – Average price level for food items per location

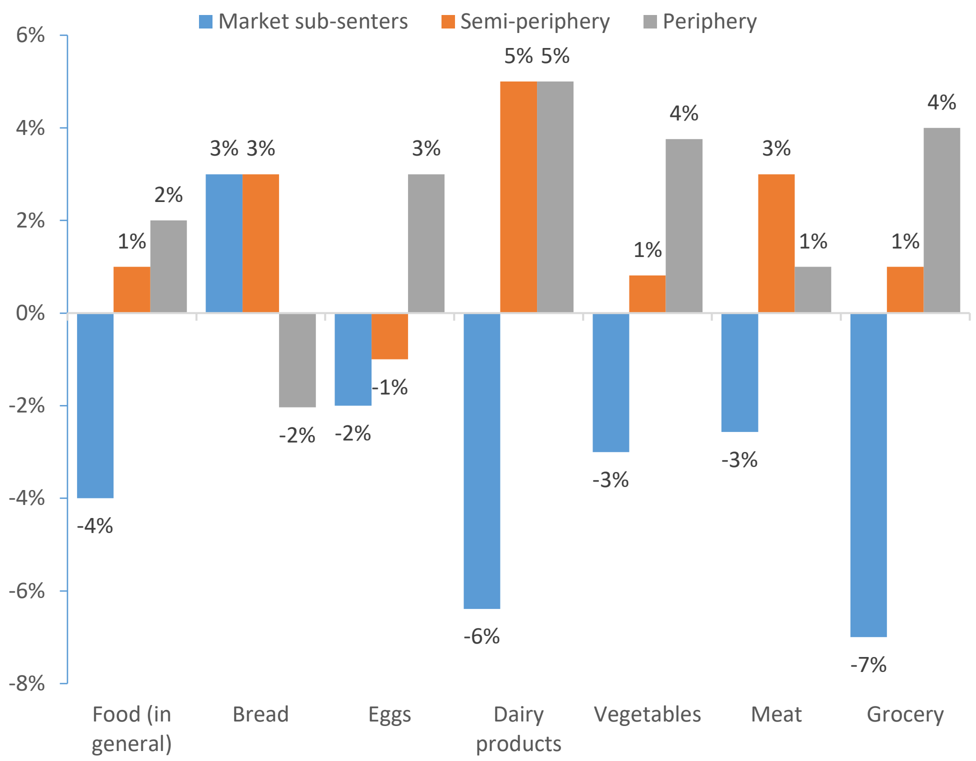


Some re-distribution between areas of low, medium and high prices was observed. Namely, the price level for food approached average in Kurakhove and has become lower than average in Vuhledar. The lowest price level was obtained for Lobacheve since only 4 food items from the list were present in this location. As reported by shop owner, lack of food in the shop was related to the fact that the majority of the local population has a vegetable garden and/or livestock and does not need to purchase milk, meat and vegetables. **It was also mentioned that humanitarian aid is being provided frequently to local citizens in the form of food and hygiene parcels**.

Although the price levels varied across surveyed locations, in general, food prices were reported as high by customers across all surveyed locations in all rounds of MM.

Similarly, to the second round, a quantitative comparative analysis of average prices per commodity group between market categories was undertaken. Figure 8 summarizes the results of this comparison showing the deviation from the average price level.

Figure 8 – Deviation from average price level for commodity groups per market category



Supporting the findings from the second round of MM, Figure 8 above, shows that food prices were generally comparable in markets of different categories, and that larger centers with shorter supply chains were 4% cheaper than average. Looking at certain commodity groups, the patterns similar to the ones observed in Round II were identified in Round III:

- vegetables were less expensive (7%) in the markets of sub-centers locations than in periphery;
- dairy products and meat were 11% and 4% less expensive respectively;
- bread was on average 6% cheaper in peripheral localities.

Unavailable Food Items

The analysis of food availability per location has shown that wheat bread and salt were the two items available in all locations in all rounds of MM. In Round III, sugar was also identified in all locations monitored.

Beef and pork fat have been reported as the most frequently unavailable food products in all rounds of MM, being unavailable in at least 50% locations including several market sub-centers. When exploring peripheral markets, the least available product in the third round was meat (fully unavailable in 35% peripheral localities and present only as poultry in 41%), dairy products (not available in 41% locations) and vegetables (not available in 35% peripheral locations).

Origin of Supply and Manufacture

Round III data on supply chains confirmed the findings of the previous rounds – most of the retailers (52% in Round II and 51% in Round III) are supplied with food products by local producers from within their Oblast. 11% of traders (13% in Round II) operating in market sub-centers reported supply originating from suppliers located only in other regions of Ukraine and 38% other traders received goods from both local suppliers and other regions of Ukraine. The analysis of data on origin of supply in all rounds of MM showed that at least 82% traders are either fully or partially supplied with food products by local producers within their rayon and/or oblast.

In all rounds of MM all food retailers interviewed reported that the food items they sell are produced in Ukraine (either locally or in other regions). **Comparative analysis of Round II and Round III data has revealed a positive trend in the percentage of traders selling food produced locally**. 31% traders in Round III pointed out they sell food produced locally within their rayon indicating an increasing trend as only 15% of traders reported the same in Round II. 65 % (53% in Round II) reported stocking food items produced in the same oblast. Similarly, to round II data, the proportion of food produced locally tended to increase from market sub-centers to periphery. Only 1 trader in the third round of MM mentioned they sell food produced in Belarus and Poland among their goods.

All of the above is a good indicator of the positive impact cash based interventions can have on the local economy of the region by supporting local producers and retailers by increasing consumer purchasing power.

The retailers were also asked to report whether they experienced any difficulties or changes in supply chains including the frequency of restocking. No major changes were reported by traders in markets of all categories so the findings on frequencies of restocking obtained in the previous rounds were still relevant and are presented in Table 3 with respect to each market category.

Table 3 – Restocking frequencies (counted in number of days between arrival of goods)

Market category	Bread	Eggs	Dairy	Vegetables	Meat	Grocery
Market sub-centers	1	2	2	2	3	4
Semi-periphery	1	4	4	5	4	5
Periphery	1	8	5	6	7	8
Total	1	4	4	5	5	6

As seen in Table 3, the average time between arrival of goods increased as the size of market decreased and the distance from market sub-centers increased. For all commodity groups, except bread, the restocking frequencies in periphery were at least twice less than in market sub-centers.

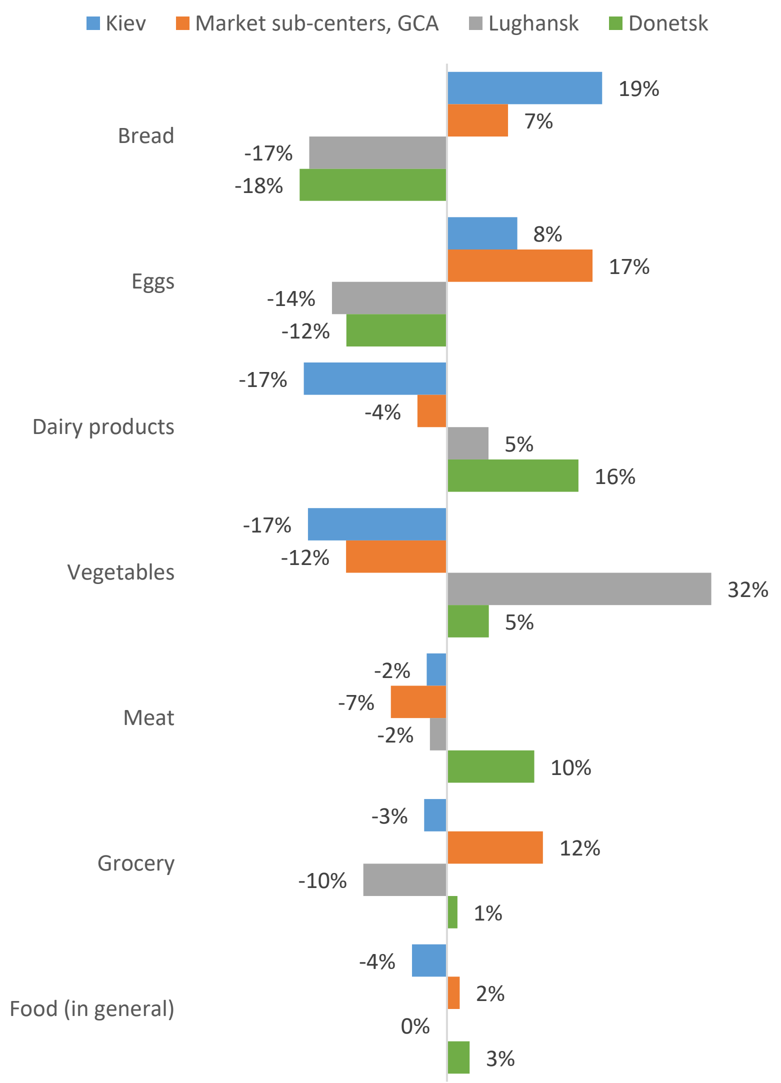
Similar to the findings of previous rounds, most of the retailers did not report any regular obstacles in food supply: 96% of food retailers in 97% locations reported no difficulties at all, while only 4%, in each market category reported complications related to transportation, particularly, to bad road conditions. Customers in two peripheral locations (Lobacheve and Novhorodske) reported infrequent delays in bread delivery due to bad conditions of road, while in other locations no such problem was reported implying that bread was being received daily.

Price Comparison (GCA and NGCA)

The geographic coverage of the third round of MM was extended to 3 new locations – Donetsk (NGCA), Luhansk (NGCA) and Kiev. The data monitored included only price data for essential food and hygiene items using the same list of goods as for other markets. The price data was then compared to market sub-centers surveyed in GCA.

Figure 9 summarizes the results of this comparison showing the deviation from the average price level.

Figure 9 – Deviation from average price level for commodity groups, per market



The average price levels here were calculated based on single records for Luhansk and Kiev, so the results are not considered to be fully representative, but only indicative. Nevertheless, the analysis revealed small differences in overall food prices between market sub-centers in GCA, market centers in NGCA and Kiev – the average price for food was 7% higher in Donetsk city than in Kiev. Moreover, food prices were on average approximately equal in market sub-centers in GCA and Luhansk city.

Disaggregation by commodity groups revealed more differences in price – dairy products, vegetables and meat products were considerably more expensive in Donetsk city, while bread and eggs were much cheaper in both Luhansk city and Donetsk city than in GCA. The biggest difference in prices was identified for vegetables in Luhansk city where prices were 32% higher than average.

Further disaggregation showed that poultry was 10% cheaper in both Donetsk city and Luhansk city than in GCA. Milk in Donetsk city was second cheapest, being 4% less than the average price level. A detailed comparative analysis between Luhansk city, Donetsk city, Kiev and market sub-centers in GCA is presented in Annex 4.

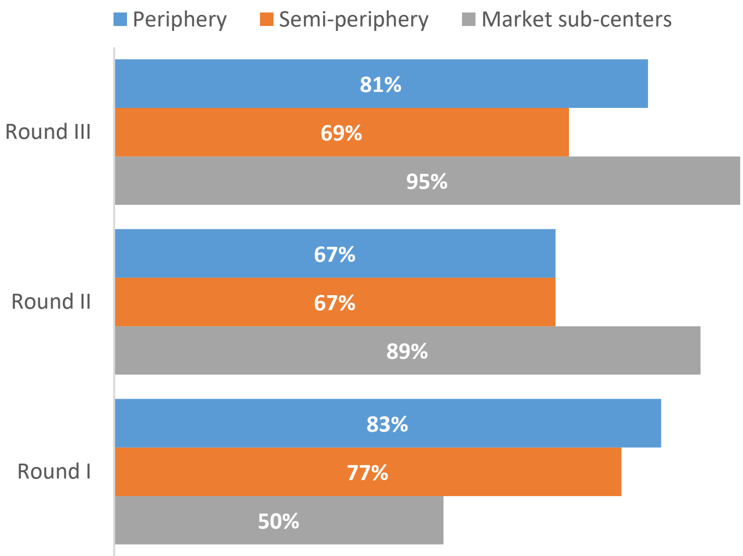
Non-food items – Hygiene

Accessibility, Affordability and Demand

The findings on availability of hygiene items in round III are similar to the ones identified in previous MM rounds. Hygiene items were reported to be fully available in 100% of market sub-centers and semi-peripheral localities. Partial/limited availability was pointed out by respondents in three periphery locations (Lobacheve, Peredilske, Troitske) while customers reported hygiene items to be unavailable in Bolotene. These findings were confirmed through the monitoring of retailers – no shops selling hygiene items were identified in Bolotene and Troitske, local citizens there reported they either receive essential hygiene items as humanitarian aid or travel to the nearest semi-peripheral market to buy these goods.

In total, 79% of customers reported high prices for hygiene items indicating a small increase compared to previous rounds (71% and 70% customers perceived prices for hygiene items as high in Round II and Round I, respectively). Figure 10 shows the dynamics of customer's perception of pricing for hygiene items since the first round of MM, per market category.

Figure 10 – % customers reported high prices for NFIs (hygiene) in 1-3 rounds of MM



As seen at Figure 10, there are no strong trends in proportion of customers who perceive prices for hygiene items to be high in periphery and semi-periphery in Rounds I-III, while this percentage in market sub-centers has grown from 50% in the first round to 95% in the third round.

84% traders interviewed reported no changes in demand for the previous 3 months while another 16% indicated a small decrease in demand for hygiene items. 1 retailer pointed out small increase in demand on the New Year's eve.

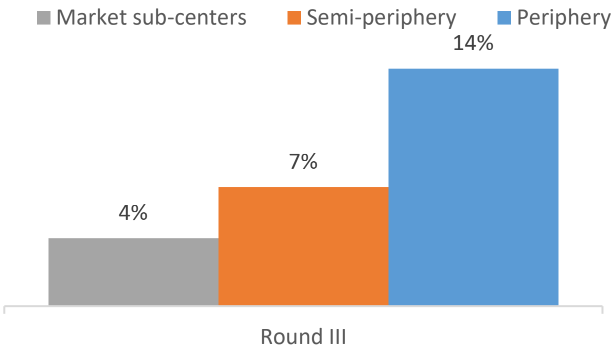
As in Round I and II, the most unavailable hygiene item remained both adult and infant diapers, which were not available in 53% and 29% monitored locations, respectively.

Price Trends

In Round III, the proportion of customers indicating price increases in the last three months has significantly grown from 44% to 71%. As in the previous round, a larger proportion of respondents in periphery and semi-periphery considered the prices for hygiene items to be unchanged comparing to market sub-centers (69% customers in periphery and semi-periphery reported price increase in the third round, while the same trend was mentioned by 90% interviewees in market sub-centers).

Analysis of qualitative data provided by retailers showed that 68% of traders who sell hygiene items pointed to a steady increase in prices, indicating growth rates ranging from 3 to 20%. The quantitative analysis of price on price dynamics of hygiene items since the first round of MM is visualized in Figure 11 below. As findings of the second round of MM showed that average price for hygiene items appeared to remain unchanged since Round I, the price dynamics are explored for Round III data only.

Figure 11 – Average change (Round I to Round III) in price for hygiene items, per market category



The quantitative analysis has confirmed the findings on analysis of qualitative data – the prices of essential hygiene items have increased across all market categories by an average of 10%.

Price Comparison

Quantitative data collected for hygiene items have been processed in the similar way as for food items above, and average price data was calculated for each market category (Table 4).

Table 4 – Average price level for hygiene items per market sector

Market category	Deviation from average price (Round II)	Deviation from average price (Round III)
Market sub-senters	-3%	-9%
Semi-periphery	0%	4%
Periphery	1%	5%

Similar to the second round, the average price levels here are calculated based on 4-5 items, so the results are not considered to be fully representative, but only indicative. Nevertheless**,** the analysis indicated noticeable differences in price for hygiene items between market categories – the difference between average prices in market sub-centers and periphery was at 14%.

Origin of Supply and Manufacture

The data on origin of supplies generally confirmed the trend identified in the previous rounds – most of the retailers (74%) receive hygiene NFIs from local suppliers from within the Oblast (73% traders reported it in Round II), and 56% (41% in Round II) retailers reported being supplied by suppliers located in other regions. Although in general the hygiene items sold in the surveyed stores were produced in various locations, only 23% traders mentioned they sell hygiene items produced in other countries (Belarus, Russia, China and other countries) and 100% traders underlined they sell Ukrainian products as well.

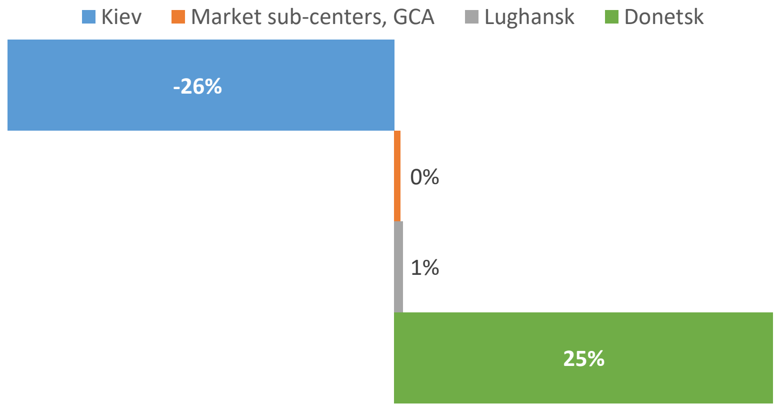
97% of retailers indicated there were no changes in their supply chain during the previous three months so the data on average restocking frequency for the hygiene items identified in previous rounds (once in 8 days) was considered as accurate for the third round.

98% retailers reported no difficulties in supply with NFIs (hygiene), although two retailers in the periphery mentioned their suppliers do not deliver goods so the retailers have to arrange for the delivery by themselves.

Price Comparison (GCA and NGCA)

The price data on hygiene items collected in NGCA and Kiev was also compared with that of market sub-centers surveyed in GCA. Figure 12 summarizes the results of this comparison showing the deviation from the average price level.

Figure 12 – Deviation from average price level for hygiene items, per market



As for food, the results of the comparison for hygiene items should be considered as indicative. However, the difference in prices identified in MM III was rather significant for Donetsk city – where prices for NFIs (hygiene) there were at 25% above the average level, and 51% higher than the ones in Kiev.

Non-food items – Fuel (Coal and Firewood)

In all rounds of MM identification of coal and firewood traders has been a challenge (7 coal and 5 firewood traders were identified in Round I, 3 coal and 3 firewood traders – in Round II, 5 coal and 7 firewood – in Round III). Accordingly, the survey of the solid fuel market system was done differently than for other sectors: i.e. local suppliers were researched, identified, and interviewed over the phone. This data was then combined and triangulated with the findings from the customers' survey. As firewood and coal are only in demand in areas that lack centralized heating, these goods were not relevant for all locations assessed in this study and, therefore, a certain percentage of customers interviewed in each round were not aware of the situation in this specific market sector (51% in Round I, 31% in Round II, 29% in Round III).

Figures 13-14 shows the availability of firewood and coal as reported by those customers interviewed in Round III who were aware of the situation.

Figure 13 – Availability of firewood per market category

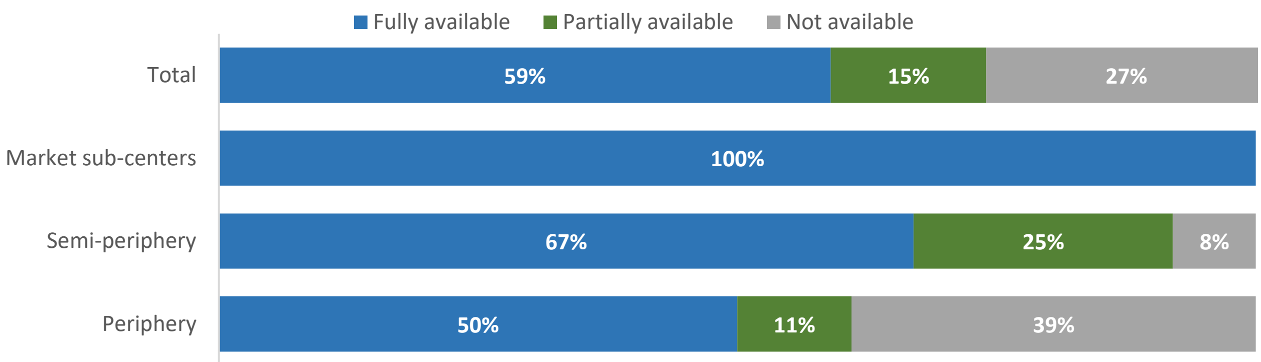
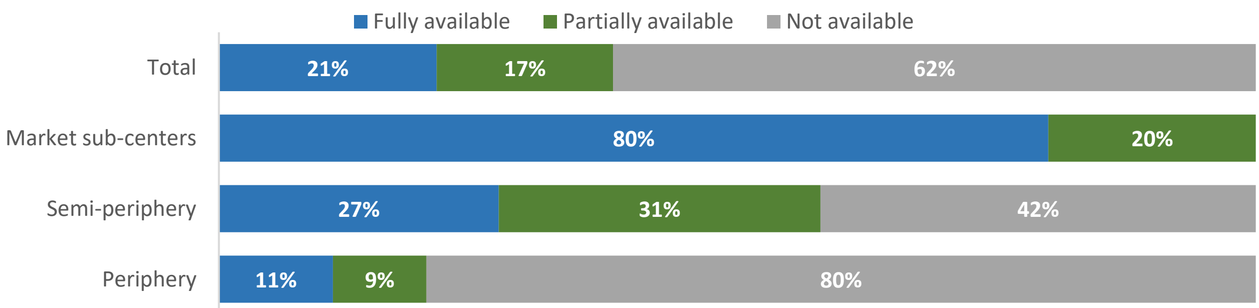


Figure 14 – Availability of coal per market category



As reported by customers, the availability of firewood has increased since the second round of MM – overall, 59% of customers indicated firewood to be fully available, while in the second round this proportion was at 46%. The percentage of respondents who reported unavailability of firewood has slightly decreased across all market categories. The number of locations where either all or part of respondents reported unavailability of firewood has decreased from 13 to 8 since the second round of MM.

The situation with availability of coal was slightly different from firewood. In total, only 21% of respondents interviewed reported full availability, indicating a small decrease compared to the previous round (28% customers reported full availability of coal in the second round). The proportion of customers in semi-peripheral localities who indicated coal to be unavailable decreased from 66% to 42%, while in peripheral locations this percentage increased from 74% to 80%. However, the number of locations where either all or a part of respondents reported unavailability of coal has decreased from 23 to 21 since the second round of MM. Respondents in Hirske, Novhorodske and Zolote no longer reported coal not to be available in their locations while all the respondents in Peredilske reported unavailability of coal in the third round of MM. The analysis of qualitative data provided by customers showed that 97% and 88% interviewees perceived the price level for coal and firewood, respectively, as high overall.

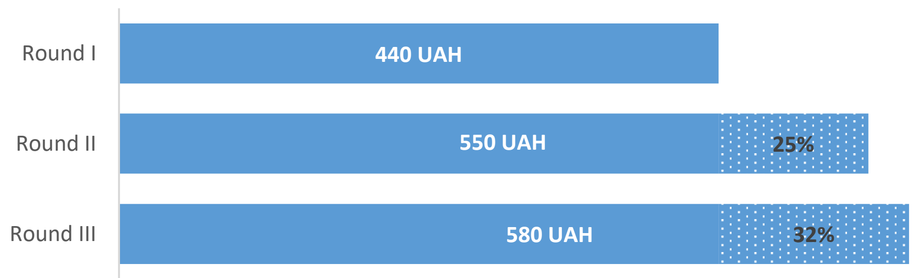
All the above-mentioned indicates that situation with fuel in the areas close to the line of contact has remained to be a significant concern considering the data collection for MM Round III was conducted in the coldest period of winter.

In Round III, 5 coal traders (in Bakhmut, Pokrovsk, Sartana, Toretsk and Vuhledar) and 7 firewood traders (in Vuhledar, Pokrovsk, Makarove, Stanytsia Luhanska, Bakhmut, Kostiantynivka and Toretsk) were identified.

The prices for firewood provided by traders varied from 350 to 500 UAH/m^3 indicating an increase of approximately 6%, comparing to Round I data. However, it should be noted that the small number of traders identified does not allow for more than an indicative comparative price analysis. All traders representing local timber-works, reported high demand for the firewood due to seasonality and mentioned no difficulties in supply and replenishing stocks.

The customers' survey provided data on prices for firewood in 30 localities. The price varied from 120 UAH/m^3 to 1000 UAH/m^3 depending on the location and type of tree. Figure 15 illustrates the average changes in price for firewood reported by customers in the second and third rounds of MM in relation to the first round data.

Figure 15 – Average change in price for firewood

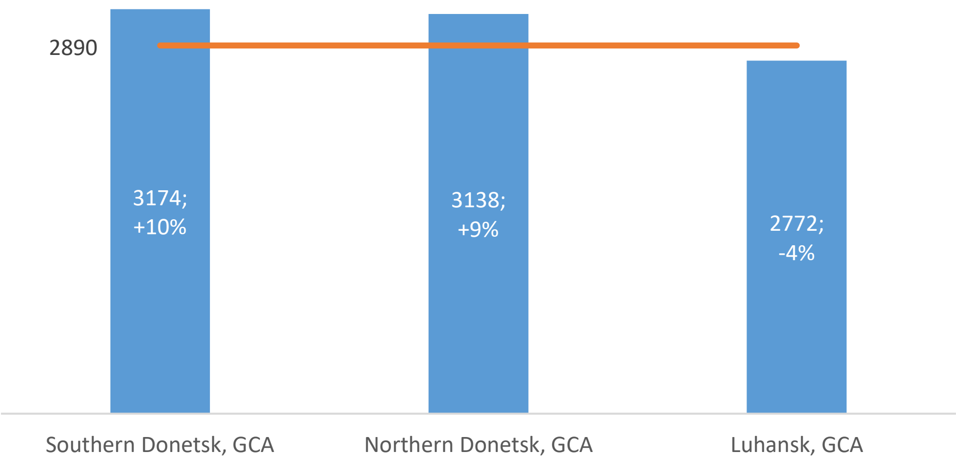


The average price obtained was 580 UAH/m^3, approximately 32% higher (140 UAH) than the average price for firewood from Round I. When multiplied by standard amount which a HH needs for winter (5 m^3) the increase reaches 700 UAH which corresponds to 20% of the monthly actual subsistence income level.

Coal traders provided price data varying from 1500 UAH/ton in Pokrovsk to 5800 UAH/ton in Sartana, the demand continued to be reported as high by 100% of respondents. The traders provided different information on price dynamics. Two of them reported price increases, another two – a price decrease and one trader noted that the prices haven't changed during previous 3 months. The comparison between all rounds of MM was available for Pokrovsk only, which indicated the significant increase (+55%) in prices for coal in the second round of MM followed by a reduction in the third round, totaling +44% comparing to the first round. Price trend analysis for Sartana and Vuhledar supported the data provided by traders – the price for coal has decreased by 15% in Sartana and remained unchanged in Vuhledar since Round II.

Coal prices were reported by consumers in 21 locations with the lowest price of 2000 UAH/ton indicated in Hirske, Lysychansk and Starohnativka and the highest at 4500 UAH/t in Novotroitske and Volnovakha. The disaggregation by market category has not revealed any patterns in price variations for coal as it rather depends on the proximity to coal mines than on the capacity of the markets. However, the disaggregation by region showed small differences between localities in Northern Donetsk, Southern Donetsk and Luhansk GCA (Figure 16).

Figure 16 – Deviation from average price level for coal, per region



The average price in Round III was 2890 UAH/ton. Table 5 provides the data on coal price trends since the first round of MM.

Table 5 – Price trends for coal

Round of MM	Average price per 1 ton	Change in price in relation to Round I data
Round I	2400	-
Round II	2690	12%
Round III	2890	20%

The analysis of qualitative data provided by customers in relation to availability of coal highlighted the following findings:

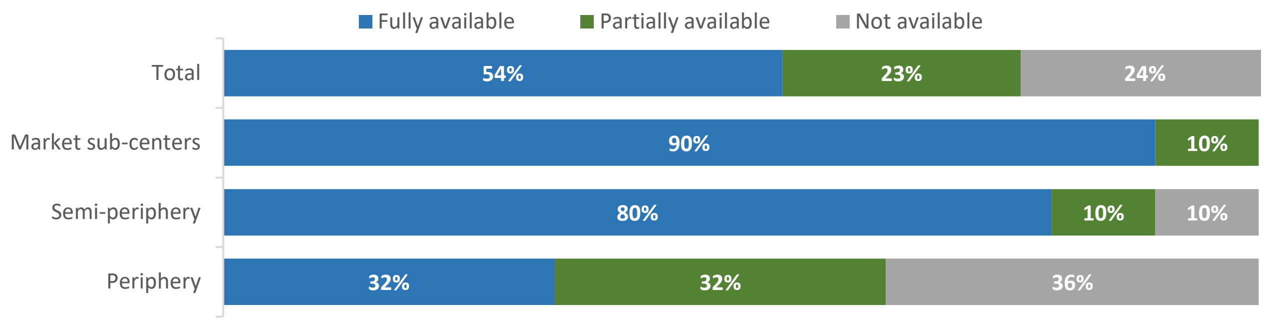
- **Local population in periphery and semi-periphery reported bad quality of coal, including the one provided by humanitarian actors**.
- Respondents from several peripheral locations (Chermalyk, Hranitne, Myronivskyi, Novotroitske, Starohnativka and Stepne) **continued to report frequent illegal logging despite the risk of injury or death** in the areas with high concentrations of unexploded ordnances and explosive remnants of war.

Non-food items – Construction materials

Stores selling construction materials were identified in 31 out of 40 locations, consequently in 7 peripheral locations and 2 semi-peripheral locations they were not available. Moreover, as construction materials are not essential basic goods, 20% of customers surveyed were not aware of the situation in this market sector (most of them - residents of bigger towns and cities). Among those respondents who are aware of the situation on this market, 24% (mostly in peripheral localities) reported that construction materials were not available in their location. This number has remained unchanged since the second round of MM, however, all respondents from Zolote (semi-peripheral location) reported non-availability of construction materials as the only store selling this type of goods was closed for winter due to low seasonal demand.

Figure 17, below represents the availability of construction materials as reported by those customers who were aware of the situation in this market sector.

Figure 17 – Availability of construction materials per market category



Comparing to the previous rounds of MM a small reduction in reported availability was observed, this is is related to the seasonality of construction works. Compared to Round I data, goods in this group were reported to be unavailable in Bolotene, Lobacheve, Krymske, Starohnativka, Troitske and Zolote-4. Residents of these locations have consistently reported that they have to travel to semi-peripheral markets or market sub-centers for construction materials, or purchasing them locally ordering delivery, as retailers provide this type of service.

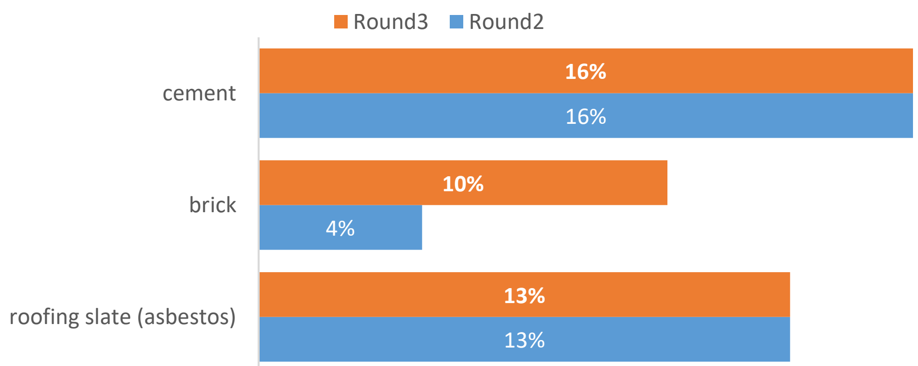
Approximately the same number of surveyed customers as in the first and second rounds of MM reported that prices were high (86%) and rising, with an average 74% respondents indicating a price increase in the previous three months.

In Round III, the majority of retailers interviewed pointed out very low demand level for construction materials in winter time, especially for those used for external works. **Traders in Svitlodarsk also reported a fall in demand resulting from the provision of construction materials as humanitarian assistance**.

In all rounds of MM none of construction materials of interest for this MM were fully available in 100% of locations. Moreover, all items from the list were unavailable in some locations in all rounds of MM. In 29% stores assessed more than a half of items from the list were missing in the third round of MM.

As noted in the MM round II report, lack of price data in the majority of locations and the wide range of specifications for most of the construction materials made it impossible to split the data by market category and to undertake a full analysis of price trends from MM Round I to Round III. However, for a few items for which the data collected is homogeneous it is possible to conduct a comparative analysis between MM Round I, II and Round III. The results are summarized in the Figure 18 below.

Figure 18 – Price trends (NFIs – Construction materials): change for each round of MM (Round I baseline)



Although the gaps in price data for many of the construction materials (due to seasonal unavailability) made it impossible to undertake the full analysis of price trends, the qualitative data received from surveying the traders points out that 76% of traders observed a steady increase in prices during the previous 3 months, which ranged from 10% to 30%.

The most widely available construction material (among those that were selected for market monitoring) in Round III was insulation foam: it was available in 42 of 45 monitored stores (93% of market locations). Reviewing the trends in availability from the first round, cement is the item with the highest demand (reported as available in 95% stores in Round II, in 93% in Round II and in 84% in Round III). Glazing, timber, gravel and bricks are the least available construction materials in all rounds of MM (% of locations where these construction materials were not available has ranged from 63% to 93% in rounds I-III).

No significant changes in supply for construction materials since the first round of MM was identified – most of the retailers restock construction materials locally from suppliers within their oblast or rayon (77% in the third round). 58% traders reported purchasing products from other oblasts.

All interviewed traders sell products manufactured in Ukraine (95% reported it in the second round of MM) including 53% selling goods produced within their own rayon or oblast (34% in the second round). 22% of retailers reported that some of the items they sell are produced in other countries, including Russia, Belarus and China.

Similar to the previous rounds of MM, most of the traders noted no difficulties with suppl. Some respondents indicated high transportation cost and bad road condition as an obstacle, particularly in cold season. Winter was also mentioned as "low demand time" by several traders.

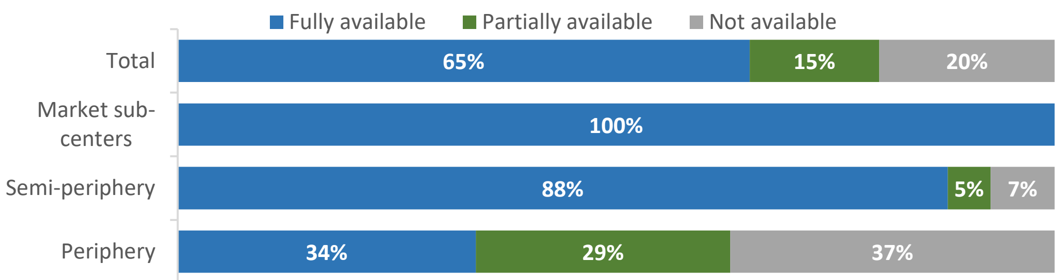
Time intervals between re-stocking were also reported as similar to the first and second data, varying from 1 to 30 days. Some traders reported "delivery upon request" in all rounds of MM.

Medication

Similar to previous rounds of MM the medication section includes an assessment of customers conducted for the same location sample as for other market sectors and a survey of prices for medication in the two biggest location of Lughansk 5 km zone – Popasna (Hirske) and Stanytsia Lughanska (the list of medication is presented in Annex 5). The comparative analysis between Round III, Round II and Round I data has shown small increase in prices for the majority of medications. The average change was at 1% when comparing Round III and Round I data while in Round II the increase was identified at 4%.

Figure 19 shows the availability of medications per market category reported by customers.

Figure 19 – Availability of medications



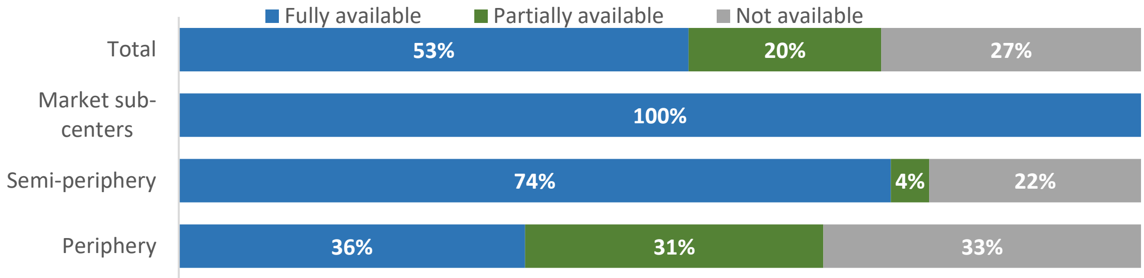
There are no major overall changes in availability of medications and customer's perception of the price level since Round I. Customers in market sub-centers and semi-periphery reported either full or partial availability of medications, noting that all the necessary medication could be purchased on demand in local pharmacies or via Internet. **However, the number of peripheral localities where respondents reported medications to be unavailable, has increased** – 100% of customers interviewed in Lobacheve, Bolotene, Starohnativka, Peredilske, Troitske, Zolote and Zolote-4 reported non-availability of the medications. **Respondents in Troitske also indicated they used to receive medication as humanitarian assistance previously but they are no longer provided with this kind of aid.**

92% interviewees reported an increase in prices for the last three months and perceived the price level for medication as high, demonstrating no changes comparing to previous rounds.

Agricultural inputs

As agricultural inputs are not essential basic goods, 24% of all customers interviewed were not aware of the market situation pertaining to this type of goods, with the largest proportion of unaware respondents in market sub-centers (62%). Similar to the previous rounds of MM, the remaining 38% indicated full availability of fodder and fertilizer in market sub-centers. Availability of agricultural inputs is shown in Figure 20, as per market category, reflecting the responses of those people only who reported to be aware of the situation in this market sector.

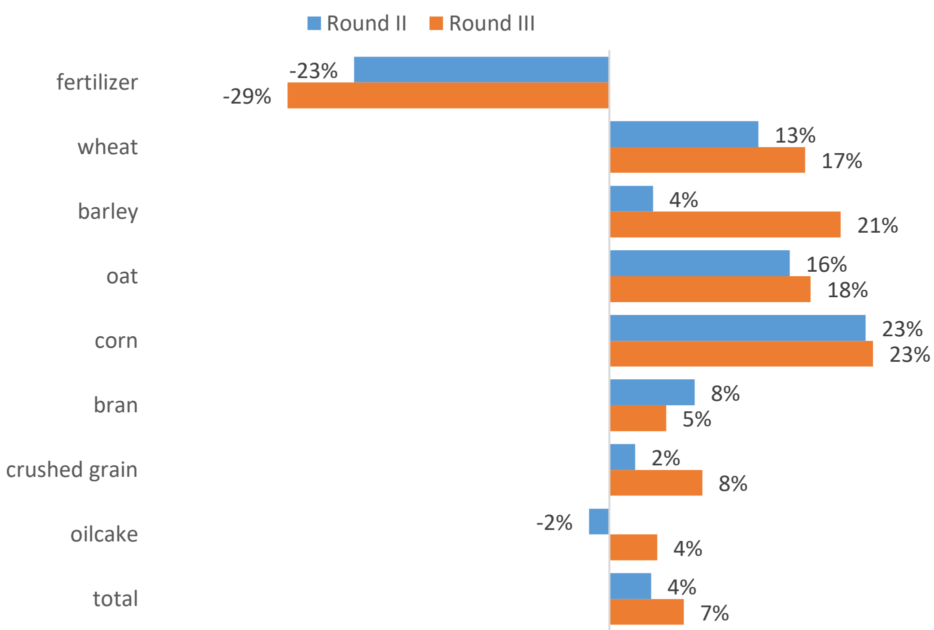
Figure 20 – Availability of agricultural inputs



The proportion of respondents reporting unavailability of agricultural inputs has not significantly changed in peripheral markets (37% in Round II and 33% in Round III), but increased from 6% to 22% in semi-periphery locations as all respondents interviewed in Zolote and Novotroitske pointed out that agricultural inputs are not available in winter time. Customers across all market categories also mentioned that the assortment is much wider and the prices are lower in spring and summer. It is noteworthy as well that respondents in Krymske consistently reported a significant shortage of fodder since the second round of MM. In total, 66% of customers reported high prices for agricultural inputs indicating no changes in customer's perception of pricing.

62% respondents indicated price increases while another 38% reported unchanged prices during the previous 3 months. Quantitative analysis of price data provided by retailers, supported the former opinion – average price increase since Round I was at 7%, although the fluctuations were different for different goods. Figure 21 represents average change in price for agricultural inputs in Round II and Round III in relation to Round I data.

Figure 21 – Average change in price (agricultural inputs)



Fertilizer was the only product, which showed steady reduction in price since Round I. This can be explained with the seasonal nature of its purchase, as well as the reduction of import duties on fertilizer in 2017. All fodder types monitored indicated price increases as compared to the first and second rounds of MM. Barley prices, in particular, grew by 21% (4% in round II).

Table 6 shows the deviation from the average price for agricultural inputs collected during MM Round III, per market category.

Table 6 – Deviation from average price level for agricultural inputs, per market category

Market category	Deviation from average price
Market sub-senters	11%
Semi-periphery	-10%
Periphery	-1%

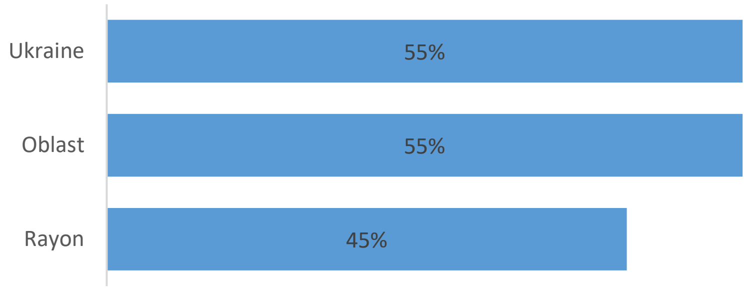
The data in Round III has confirmed the trend revealed in the second round, i.e. prices for all agricultural inputs were overall higher in market sub-centers – 11% higher than average level (14% in Round II), while in peripheral locations were 1% lower than average (6% in Round II).

The majority of retailers reported strong seasonal trends in demand for agricultural inputs, accordingly they do not purchase such goods during the winter. Moreover, stores selling agricultural inputs in Chermalyk and Peredilske do not operate in winter.

The analysis of supplies confirms the findings of MM Rounds I and II, which show that the majority of traders (83%) receive goods from local suppliers either at rayon or at oblast level. The percentage of retailers purchasing some part of the stock from suppliers in other regions has grown compared to the second round (48% in Round III vs. 36% in Round II).

Similar to previous rounds of MM, none of the traders interviewed sell products manufactured outside of Ukraine and 69% reported selling locally produced goods (within rayon or oblast). Figure 22 represents the percentage of manufacturers by origin.

Figure 22 – % of manufacturers by origin (agricultural inputs)



The proportion of those traders who sell agricultural inputs produced within the rayon has grown since the second round of MM – 45% retailers reported selling locally produced items (25% reported it in Round II).

Local production of the agricultural goods that are most in demand (such as fodder) may explain the fact that prices in semi-periphery are the lowest (as appears in Table 6 above).

No major changes in supply chains and frequencies of re-stocking were reported by traders, however a decline in demand was reported by the majority of respondents due to seasonality.

Financial Institutions

Following from Rounds I and II of MM, Round III survey assessed the operational availability of financial institutions that is summarized in Table 7, below.

Table 7 – Operational availability of financial institutions per market category

			Periphery	Semi-periphery	Market sub-centers
ATMs	No ATMs		79%	13%	0%
	Non-working ATMs		5%	3%	0%
	Working ATMs		16%	84%	100%
	ATM stocked with enough cash?	Yes	44%	59%	52%
		No	56%	41%	38%
Bank branches	No bank branches		79%	18%	0%
	Working bank branches		21%	82%	100%
Queues	No queues		33%	31%	10%
	There are queues		67% (40%)	69%	90% (64%)

The findings have not revealed any significant changes in availability of financial institutions since the previous round of MM. Working ATMs and banks were reported by 100% respondents in market sub-centers, while in periphery the financial institutions have continued to be mostly non-available (79% interviewees indicated no banks and ATMs operational in their locations). It is noteworthy that long queues were reported by respondents in 19 out of 26 locations with banks or ATMs operational and the proportion of respondents reporting queues has grown in periphery and market sub-centers since the second round.

Conclusions

This market monitoring study undertaken in three rounds from August 2017 to February 2018 provides a comprehensive picture of the situation on the markets in summer, autumn and winter seasons 2017-2018. The geographic scope of the study has doubled since its beginning – the survey covered 20 locations in Northern Donetsk GCA and Luhansk GCA in the first round and was expanded to 39 markets of different scopes along the line of contact from Southern Donetsk, GCA to Eastern Luhansk, GCA in the third round. Moreover, to provide a more comprehensive picture in terms of price comparison between the markets along the line of contact in GCA, NGCA and Kiev the geographical scope of Round III was complemented by Kiev, Donetsk and Luhansk cities price data of basic food and hygiene items. **The findings of this comparative analysis highlighted significant differences in price level for hygiene items in Donetsk city while the average difference in price for food for market sub-centers in GCA and market centers in NGCA appeared to be much less significant than had been anticipated.**

Applying individual type of survey for each of two types of market participants (customers and traders) allowed ACTED to obtain and analyze the data on the situation in critical markets from different perspectives, contributing to a deeper understanding of availability, affordability, demand and price level over time.

The findings on customers' perception of availability of goods in **all three rounds of MM showed that basic goods (food and hygiene items), with small exceptions, were generally fully available, in all seasons, which would allow CBI to cover basic needs along the line of contact**. The situation in other market sectors (NFIs, medications) was different, particularly, **medications and solid fuel appeared to be unavailable in some semi-peripheral locations and partially available or unavailable in the periphery, so the findings of the MM study in the respective market sectors, categories and locations should be taken into consideration in planning for targeted CBI.**

The findings of all rounds of MM did not identify any significant obstacles for goods supply and basic goods availability. The analysis has also revealed steady positive trends in the development of local market chains, as the significant part of traders across all sectors reported to purchase and sell goods produced locally within their rayon or oblast, thus supporting local manufacturers, **indicating of the potential positive**

impact cash based interventions might have on local economy of the region supporting local manufacturers and retailers by means of increasing purchasing power with cash injections.

Finally, while financial services were reported to be operational in almost all semi-peripheral locations and market sub-centers, **the periphery experiences notable lack of financial service providers that should also be taken into consideration while selected financial service providers for cash-based intervention**.

Lessons learned and next steps

The discussions held on the findings of previous rounds of MM demonstrated the relevance of the study, its comprehensiveness and significant role in supporting cash based interventions, both sectoral and multi-purpose. The partners expressed strong interest in a follow-up study, which has been preliminarily planned to be started in July 2018. The discussions on the findings of final round of MM and follow-up study for the following year are planned for June 2018, after this report is circulated among partners. As the methodology used, including analytical and geographic scope, 3-level market categorization and data collection tools underwent several changes and adjustments from Round I and were optimized to Round III, so it will be proposed to partners to follow the same methodology in the next phase of the study, considering, however, the following adjustments:

- Number of observations, namely number of retailers interviewed should depend on the market capacity (market category).
- Number of observations in NGCA and Kiev should be increased (if the partners have the possibility to continue market survey there).
- The list of construction materials should be reduced to the most popular ones, with certain specifications, so it would be possible to undertake price comparison and trend analysis.
- The data collection should be completed in certain clear timeframe in all the area covered with the study
- Seasonal relevance of products should be considered for each round of MM.

In case of significant changes in research capacity (number of NGOs participating) the geographic coverage might be increased, decreased or remain unchanged.

Annexes

Annex 1 – Methodology of Joint Market Monitoring (Round I)

The current market monitoring study follows the recommendations put forward by CaLP minimum standards[5] for market analysis in emergencies, and is an adaptation of several standard tools for market analysis. The choice of the tools has been determined by the objectives of the present market monitoring exercise and the context of the situation in the area of analysis.

Market monitoring relies heavily on the results of the REACH ABA[6] in determining the geographic scope of the assessment and on the inputs from clusters and humanitarian actors in defining the analytical scope of the study.

Geographic scope:

The assessment is limited to areas along the contact line in GCA, where significant humanitarian emergency persists. The line of contact has divided previous (pre-conflict) markets and service catchment areas, severing established linkages between suppliers and consumers. As a consequence, the reorganization of markets has occurred, and new linkages have emerged, which still might lack the capacity to service changing demand.

In addition, overall depression of economic activity, caused by disruption of value chains and supply chains, has decreased the size of the markets in the area along the contact line, creating gaps, deficits and disruptions.

In order to obtain a picture disruption and reorganization of markets caused by the conflict, this market monitoring study is informed by the analysis accomplished in REACH ABA where new, post-conflict market areas are outlined, new linkages described, and areas where markets have limited provision of goods are identified. These findings have allowed to identify which new market areas have now formed along the contact line, and the centers and peripheries of these market areas.

The present market monitoring study covers 20 settlements. 17 of them are centers of their respective market areas of varying scopes (Map 1.A) identified in REACH ABA. Other 3 locations (Verkhnya Vilkhova, Zolote and Makarove) have been additionally included as the ones being of particular interest for partners.

Analytical scope

In each of the identified market centers, this present MM study covers critical markets of essential survival items, and items that are necessary for maintaining and restoring livelihoods of the conflict-affected population. Market sectors and specific items within each sector were identified following inter-agency consultations and consultations with respective clusters. As a result, the study focuses on the following market sectors:

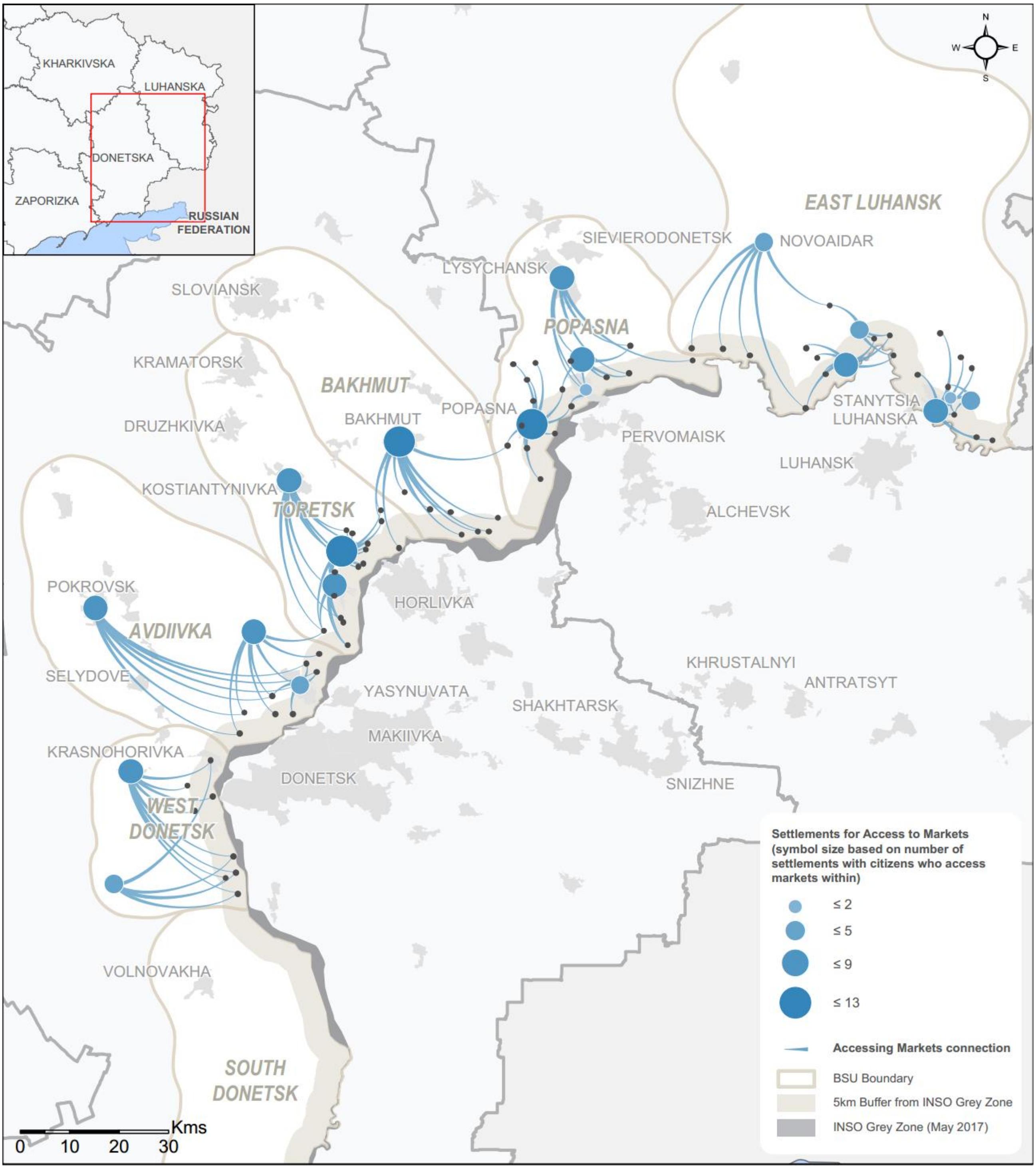
- Key food items, which cover a varied diet,
- Select non-food items: hygiene materials and winterization materials (hard fuel, wood and coal),
- Key construction materials,
- Key agricultural inputs, stock feed and fertilizers,
- Key medicines.

Following the CaLP Minimum requirements recommendation, the study is limited to two market systems:

1. Small and medium retail traders – shops and market stands – for all food and NFI items (except fuel), construction materials and agricultural inputs;
2. Independent traders that perform deliveries of fuel, firewood and coal.

[5] CaLP “Minimum Requirements For Market Analysis In Emergencies”
[6] REACH Area based assessment 2017

Map 1.A – Market catchment areas covered by the study



Market monitoring is intended as iterative exercise, aimed not only at providing a snapshot of the situation at the moment of data collection, but at obtaining a time-dependent picture of the markets and allowing early detection of trends in prices and supply chains. The present report analyzes the information obtained in the summer round of the study; the study will be repeated seasonally (quarterly), following the same methodology, in order to detect changes and tendencies that affect markets, be they seasonal or of any other nature.

Limitations of the study

Geographically, the study is limited to market centers along the contact line, and all the conclusions of the study are only valid on the level of the central settlements within their respective markets: thus any market deficits and access barriers on the level of peripheral settlements are not covered by the study[7].

In addition, the study covers the markets along the contact line only in Luhansk and Northern Donetsk GCA oblasts. The markets in Southern Donetsk GCA along the contact line were not part of this monitoring exercise since the partner agencies participating the in the study have no operational presence there.

Methodology

The methodology of this MM study follows the guidelines established by CaLP minimum requirements to market assessment, and represent a balance between the need to collect valid and representative data, under the constraints of limitations of time, resources and staff of the participating agencies.

The current market consisted of 1) a survey of traders, and 2) a survey of customers in each market location. A trained team of data collectors visited each location and conducting face-to face surveys with traders and with customers.

1. Trader survey

The traders were surveyed by mobile teams through visits on locations and interviews (see questionnaire, annex 2). For each market sector a pre-defined number of traders per each market sector in each settlement were interviewed by mobile teams. For each article, the following data were collected in the surcey:

- Prices for each of the articles, and the specifications of the products
- Any variations in prices in the past 3 months
- Estimate of current demand, and any variations in demand in the past 3 months
- Size of stock
- Suppliers for each market sector
- Market bottlenecks, difficulties in supply

The size of the sample was determined in such a way as to provide a representative picture of the markets in each location. For markets in essential goods two or more traders were surveyed, and for markets in non-essential goods at least one trader had to be identified and surveyed. Traders could be large (e.g. supermarkets), medium (shops) or small (kiosks, market stalls). Very often larger retailers trade in more than one market sectors: they were interviewed in all the sectors they trade in.

Table 1.A, below is a summary of actually accomplished number of surveys.

Table 1.A – number of surveys conducted

Customers		**61**
Retailers		**112**
	Food	48
	Hygiene	48
	Fuel	10
	Construction materials	30
	Agricultural inputs	17

[7] Expanding market monitoring to the markets on the level of small settlements (admin 4 geographical level of analysis) is recommended as the next logical step in the next round of this study, if sufficient resources are mobilized. This additional study should cover the settlements, where limited access to markets and transport problems with accessing regional markets were reported.

Customer survey

During the customer survey (see questionnaire, annex 3) customers in each market location were interviewed by the method of convenience sampling[8]. The study was designed in such a way as to interview at least 3 customers in each location; this goal was accomplished in all settlements except one (where only two customers were interviewed).

The customers were interviewed on the following themes:

- Availability of goods from each market sector on the local market
- If goods are not available locally, what markets are used to access the goods
- Price levels and trends on the local market for each market sector
- Difficulties with accessing markets
- Local availability and ease of access to financial services (banks, ATMs)

The results of the trader survey and of the customer survey were combined to provide a snapshot picture of each of the local markets.

[8] Convenience sampling is appropriate in the context of the study since the goal of the study is to collect knowledge about the markets which is assumed to be widely available locally. At the same time, the method of convenience sampling showed its limitations in the present survey: in certain location it was not possible to collect information on certain non-essential market sectors, such as construction materials or fuel, as none of the people surveyed needed these goods and had information about respective markets.

Annex 2 – Trader’s Survey

Market Monitoring - Retailers

Date of interview				
Interview type	by phone		in person	
Location				
Type of retailer	shop		market	
Name of retailer				
Size of retailer (S, M, L)				
Address				
Phone				
Comments				

I FOOD

#	Name	Unit	Quantity	Availability	Price for the most popular position	Manufacturer/Specification	Comments
1	Wheat bread	loaf	1				
2	Rye bread	loaf	1				
3	Eggs	pc	10				
4	Cheese (curd cheese, 9-10%)	kg					
5	Sour cream (15%)	kg					
6	Milk (2,5%)	litre					
7	Potatoes	kg	1				
8	Carrot	kg	1				
9	Onions	kg	1				
10	Cabbage	kg	1				
11	Poultry (chicken meat)	kg	1				
12	Beef	kg	1				
13	Pork	kg	1				
14	Pork fat	kg	1				
15	Oil (sunflower, refined)	litre					
16	Pasta (spaghetti)	kg					
17	Flour	kg					
18	Rice	kg					
19	Buckwheat	kg					
20	Sugar	kg					
21	Salt (non-iodised)	kg					

What is the origin of supplies (rayon, oblast, trans-oblast)?							
Where are the majority of goods produced?	within the rayon	within the oblast	Ukraine	Russia	Belarus	China	Other
What are the difficulties in delivery?							

Have there been any changes in food delivery for the previous 3 months? If yes, please, specify.	food, in general	
	bread	
	eggs	
	milk products	
	vegetables	
	meat	
	grocery	
Have there been any changes in demand for the previous 3 months? If yes, please, specify.		
Have there been any changes in prices or availability of commodities for the previous 3 months? If yes, please, specify.		
COMMENTS		

II	NFIs - HYGIENE									
	#	Name	Unit	Quantity	Availability	Price for the most popular position	Manufacturer/Specification		Comments	
	1	Diapers (adult)	pc							
	2	Diapers (infant)	pc							
	3	Soap bar (unperfumed)	g							
	4	Washing powder	kg							
	5	Toothpaste	ml							
	6	Hygiene pads	pc							
	What is the origin of supplies (rayon, oblast, trans-oblast)?									
	Where are the majority of goods produced?				within the rayon	within the oblast	Ukraine	Russia	Belarus	China	Other
	What are the difficulties in delivery?									
	Have there been any changes in NFIs delivery for the previous 3 months? If yes, please, specify.									
	Have there been any changes in demand for the previous 3 months? If yes, please, specify.									
	Have there been any changes in prices or availability of commodities for the previous 3 months? If yes, please, specify.									
	COMMENTS									

III	SHELTER - FUEL							
	#	Name	Unit	Quantity	Availability	Price for the most popular position	Manufacturer/Specification	Comments
	1	Firewood (pine)	m3					
	2	Coal	tn					
	What is the origin of supplies (rayon, oblast, trans-oblast)?							
	What are the difficulties in delivery?							
	Have there been any changes in demand for the previous 3 months? If yes, please, specify.							
	Have there been any changes in prices or availability of commodities for the previous 3 months? If yes, please, specify.							
	COMMENTS							

IV CONSTRUCTION MATERIALS

#	Name	Unit	Quantity	Availability	Price for the most popular position	Manufacturer/Specification	Comments
1	Asbestos roofing slate	pc					
2	Brick	pc					
3	Cement m400	kg					
4	Glazing (4mm)	m2					
5	Glass wool roll (50mm)	m2					
6	Polystyrene foam (5 sm)	m2					
7	Insulation foam	kg					
8	Primer Ceresit CT-17	kg					
9	Timber 5x15x450 sm	pc					
10	Gravel (5-20 mm)	kg					

What is the origin of supplies (rayon, oblast, trans-oblast)?	

	within the rayon	within the oblast	Ukraine	Russia	Belarus	China	Other
Where are the majority of goods produced?							

What are the difficulties in delivery?	
Have there been any changes in construction materials delivery for the previous 3 months? If yes, please, specify.	
Have there been any changes in demand for the previous 3 months? If yes, please, specify.	
Have there been any changes in prices or availability of commodities for the previous 3 months? If yes, please, specify.	
COMMENTS	

V AGRICULTURAL INPUTS

<table>
<tr><th>#</th><th colspan="2">Name</th><th>Unit</th><th>Quantity</th><th>Availability</th><th>Price for the most popular position</th><th>Manufacturer/Specification</th><th>Comments</th></tr>
<tr><td>1</td><td colspan="2">Fertilizer</td><td>kg</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td rowspan="8">2</td><td rowspan="8">Feed for livestock</td><td>wheat</td><td>kg</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>barley</td><td>kg</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>oat</td><td>kg</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>corn</td><td>kg</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>bran</td><td>kg</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>crushed grain</td><td>kg</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>oilcake</td><td>kg</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>compound feed for broiler chicken</td><td>kg</td><td></td><td></td><td></td><td></td><td></td></tr>
</table>

What is the origin of supplies (rayon, oblast, trans-oblast)?	

	within the rayon	within the oblast	Ukraine	Russia	Belarus	China	Other
Where are the majority of goods produced?							

What are the difficulties in delivery?	
Have there been any changes in delivery of agricultural inputs for the previous 3 months? If yes, please, specify.	
Have there been any changes in demand for the previous 3 months? If yes, please, specify.	
Have there been any changes in prices or availability of commodities for the previous 3 months? If yes, please, specify.	
COMMENTS	

Annex 3 – Customer's survey

Market Monitoring - Customers					
Date of interview					
Location					
Interview type	by phone		in person		
COMMENTS					

I MARKET ACCESSABILITY

		Availability				Price level		Has there been any changes in prices during previous 3 months?	If not available, where do people usually go?	Comments
		Fully available	Partially available	Not available	I don't know. No need in these products	Affordable price	High price			
Please, describe the possibility to fully meet your basic needs with the markets in your location	Food									
	NFIs - Hygiene									
	Construction materials									
	Medications									
	Agricultural inputs									
	Coal									
		Please, specify the price of the coal (for 1 tn)						Please, specify the retailers of the coal		
	Firewood (pine)									
		Please, specify the price of the firewood (for 1 m3)						Please, specify the retailers of the firewood		

What difficulties with accessing markets do people have in your location?	High price	Assortment problems	Poor quality	Transport problems	Safety	Other difficulties
COMMENTS						

II CASH

Are ATMs available and functioning? Which ones?	
Do ATMs have enough cash?	
Are bank branches available and functioning? Which ones?	
Are there queues?	
At what time of the day they appear and how long they are?	
What other difficulties with getting the cash do you have?	
COMMENTS	

Annex 4 – Deviation from average prices (food and hygiene items, NGCA and GCA)

Item	Kiev	Market sub-centers, GCA	Luhansk	Donetsk
Wheat bread	14%	24%	-17%	-21%
Rye bread	23%	-9%	-	-14%
Bread	19%	7%	-17%	-18%
Eggs	8%	17%	-14%	-12%
Sour cream	-28%	-11%	3%	36%
Milk	-7%	4%	7%	-4%
Potatoes	-31%	-18%	54%	-5%
Carrot	-33%	3%	-	30%
Onions	-19%	-15%	22%	13%
Cabbage	16%	-18%	19%	-18%
Poultry	5%	5%	-5%	-5%
Beef	-18%	-8%	-	26%
Pork	0%	-3%	0%	4%
Pork fat	4%	-20%	0%	17%
Meat	-2%	-7%	-2%	10%
Oil	0%	1%	-1%	0%
Pasta	-18%	44%	-9%	-18%
Flour	6%	18%	-17%	-7%
Rice	15%	7%	-23%	1%
Buckwheat	4%	24%	-26%	-2%
Sugar	-9%	-6%	-3%	18%
Salt	-17%	-8%	9%	16%
Diapers adult	-22%	-22%	12%	32%
Diapers infant	-37%	-12%	9%	39%
Soap	-27%	6%	4%	18%
Washing powder	-27%	0%	8%	20%
Toothpaste	-21%	27%	-26%	20%
Hygiene pads	-25%	4%	-3%	24%

Annex 5 – List of medication

Medication
Paracetamol 500mg № 10
Loratadine 10 mg № 10
Prednisolone 2mg № 40
Omeprazole 20mg № 30
Enalapril 10mg № 20
Furosemide 40 mg № 20
Metformin 500mg № 30
Amoxicilin 500mg № 12
Salbutamol 200 mg №1
Acetylsalicylic acid 100 mg. №20