




VITAL ECONOMIC OPERATIONS MANAGEMENT (VEOM)

PLANNING AND DEVELOPMENT DEPARTMENT, GOVERNMENT OF KHYBER PAKHTUNKHWA

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REVIEW OF ESSENTIAL FOOD ITEMS PRICE DOCUMENTATION APPROACHES IN KHYBER PAKHTUNKHWA


INTRODUCTION TO MONITORING OF ESSENTIAL ITEMS



The monitoring of prices of essential items is a crucial component under the broader pillar of food security, and it has gained greater emphasis from policy makers and development professionals as part of the crisis response strategy during the on-going COVID-19 pandemic. As recently as March 2020, the Government of Khyber Pakhtunkhwa introduced a streamlining mechanism for automated - comprehensive documentation of essential food items in Khyber Pakhtunkhwa using information and communications technologies in collaboration with the Performance Management & Reforms Unit (PMRU). The primary responsibility of documenting and monitoring prices falls with the Food Department of Khyber Pakhtunkhwa. In addition, there are other government departments involved in the documentation of food commodities. This document attempts to expand on these various systems through which the prices for essential items are being documented in Khyber Pakhtunkhwa by different public sector entities. In doing so, the strengths, weaknesses and opportunities of these processes will be highlighted in order to assist in developing a plan to make the system more robust and responsive.

MECHANISMS USED FOR DOCUMENTING ESSENTIAL ITEMS PRICES

FOOD DEPARTMENT, KHYBER PAKHTUNKHWA



The Food Department collects data on price and stock levels on a daily basis through their institutional infrastructure at the district level. Although the district administration is responsible to ensure prices are efficiently managed, at the heart of this mechanism is the District Food Controller (DFC) and Price Control Committee (PCC). Each DFC functions as the **Price Magistrate** and is assisted by Food Inspectors and Assistant DFCs in collecting data and ensuring compliance with policies and decisions made by the Provincial Government. The composition of the PCC may vary from district to district and also includes members from the private sector like local trade associations. The commodities monitored by the DFC can be categorised into two groups:

- Karyana (general) store items
- Fruit and vegetable market items

For Karyana items, the PCC may meet every 2-3 months (or whenever the situation demands) to fix the prices of food commodities, which are then notified to all markets and shopkeepers in the district. The DFC and their staff coordinate with multiple wholesalers (the number varies from district to district) and ensures compliance with the fixed prices. An exception exists for wheat and wheat flour, for which the Federal Government fixes prices annually.

In the case of the second category, the DFC staff visits the main sabzimandis (wholesale suppliers / farmers' markets) daily in their respective districts to set the prices for fruits and vegetables and an official notification list is distributed in the marketplaces to ensure compliance. The data on prices is collected and entered on a daily basis by data operators stationed at the DFC offices directly into the portal developed by the PMRU in coordination with the Food Department.



It also calculates the difference in prices from those fixed by the Provincial Government for each item. This backend portal, called the Price Control System, is integrated into the frontend interface that is accessible through the Khyber Pakhtunkhwa Citizen's Portal. This allows citizens to access information on prevailing prices in the market for each essential commodity. The Khyber Pakhtunkhwa Citizen Portal also carries an automated feature to log complaints against price violators, which are then forwarded to concerned DFC to act upon. Food inspectors may also conduct random - surprise visits to markets. Action may involve lodging First Information Report (FIR) against those involved in over-pricing.

Issues:

- Human error in data entry
- Lack of technological capacity; in terms of personnel and equipment
- Lack of funds to efficiently carry out daily routine activities, including complaints redress

DIRECTORATE OF CROP REPORTING SERVICE, KHYBER PAKHTUNKHWA

It functions under the Agriculture Department. Since November 2019, it has started collecting data on prices of essential food commodities (fruit, vegetables, meat, wheat, rice, pulses, etc.) in the settled districts and publishes the Sensitive Price Index (SPI) weekly. The commodities for which data is collected are divided into 88 items in total. Their teams in each district collect data on prices from retail shops on a weekly basis and record minimum, maximum and average prices from the pool. The reports are published on their website and can serve as a good tool to counter-check the Food Department's data.

BUREAU OF STATISTICS, KHYBER PAKHTUNKHWA

The Khyber Pakhtunkhwa Bureau of Statistics (BoS) has also been documenting pricing data for essential food items, but the data collection is limited to the markets in three districts, Peshawar, Abbottabad, and Dera Ismail Khan. Based on this sample, an analysis is carried out to calculate the SPI and inflation in the province and a monthly report is published. In the future, BoS is considering extending this system by getting information from all the districts of Khyber Pakhtunkhwa, which is likely to increase the accuracy of the data. However, in the absence of food basket with weighted averages, it is not possible to work out an accurate Consumer Price Index (CPI), Wholesale Price Index (WPI), or SPI.

PAKISTAN BUREAU OF STATISTICS

The Pakistan Bureau of Statistics (PBS) documentation is based on monitoring prices of 51 essential commodities, collected periodically from 50 markets in 17 cities all over Pakistan. For Khyber Pakhtunkhwa, the data is collected from markets in Peshawar and Bannu. It monitors weekly trends and year-on-year changes in prices on which the SPI and inflation rates are calculated using defined weightages for each commodity in the food basket that are accordingly assigned to different income quantiles.

ANALYSIS OF ESSENTIAL FOOD ITEMS PRICES IN KHYBER PAKHTUNKHWA

Since the outbreak of the COVID-19, the Provincial Government has flagged ten essential food items for stock and price monitoring - the data for which is collected by the Food Department as described above (section 2a for pricing). These include wheat flour, rice, sugar, pulses, meat, onion, potato, tomato, onion, edible oil and milk. A pricing analysis for 7 of these items - wheat flour, rice, sugar, onion, tomato, potato and cooking oil - is illustrated below for the period between 20th April 2020 and 20th May 2020. It shows that:

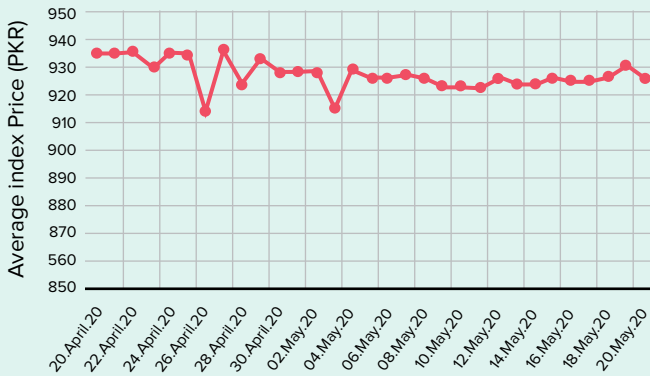
- **Price of wheat fell by almost 1%**
- **Potato prices increased by 20%**
- **Onion prices fell by 20%**



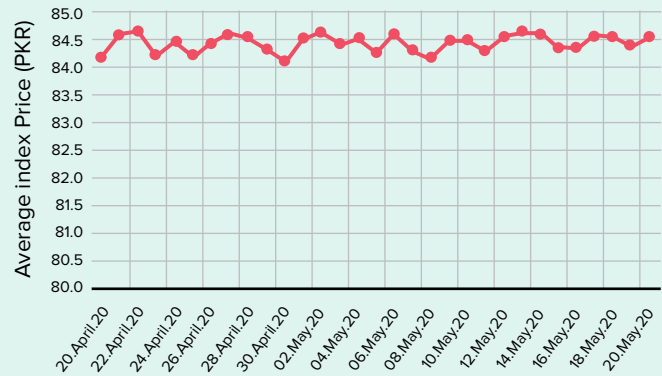
PRICE ANALYSIS
(20th April - 20th May 2020)

	Wheat Flour	Rice	Tomato	Potato	Onion	Sugar	Cooking Oil
Average (PKR)	927.5	126.3	37.9	55.1	58.9	84.4	1,222.9
% Change	- 0.9%	1.0%	- 14.3%	20.2%	- 20.2%	0.4%	0.2%
Variance (PKR)	28.4	1.2	4.9	6.0	27.2	0.0	114.7
% Fluctuation	3.1%	1.0%	12.9%	10.9%	46.3%	0.0%	9.4%

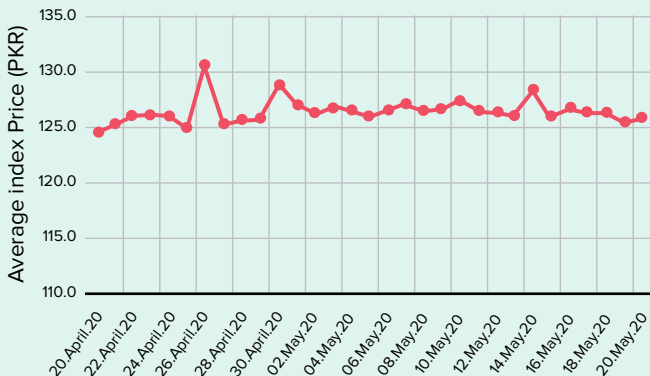
WHEAT FLOUR



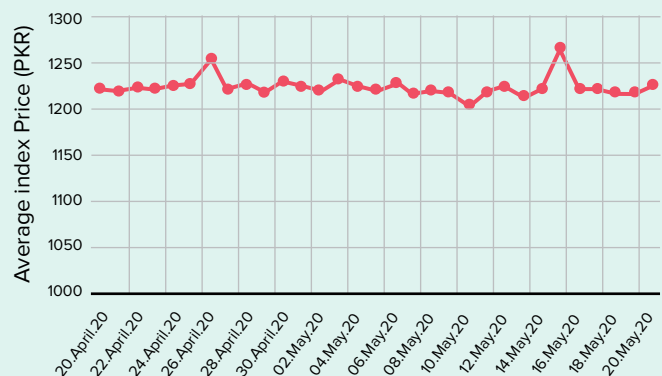
SUGAR



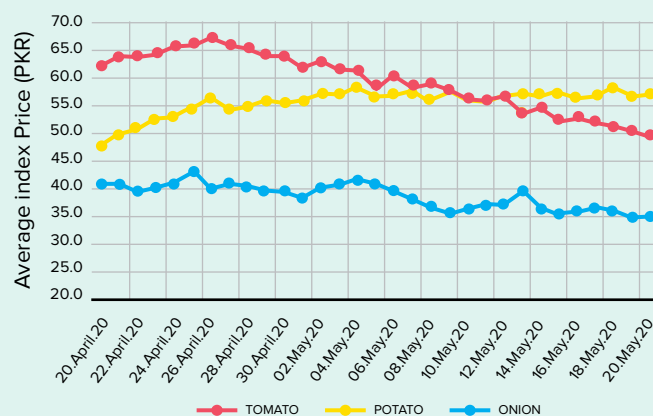
RICE



COOKING OIL



TOMATO | POTATO | ONION





WAY FORWARD ON FURTHER IMPROVING THE MECHANISMS



According to the Pakistan Bureau of Statistics, for the week ending 16th April 2020, the year-on-year trend depicted an increase in prices of 7.69% - primarily due to pulse, potato, sugar, cooking oil and bread. To keep such inflation in check and ensure timely and effective decision-making, it is imperative to have a data collecting mechanism that produces efficient and accurate information. This will help the Provincial Government to react swiftly to fluctuations and manage shocks in the food commodity markets. There is a need for enhancing institutional capacity reinforced by reformative Standard Operating Procedures (SOPs), especially in the Merged Areas where there is a lack of institutional presence for monitoring stock and prices of essential food items. Currently, the DFCs of the adjoining settled districts have been given the additional mandate to fulfill this purpose under crisis response. The following measures are proposed to further improve the monitoring and pricing mechanisms:

- Allocate more funds to enhance human and technical capacity of the government officials at the district level
- Incorporate quality assurance checks or cross verification mechanisms into the price data documentation
- Automate data collection at the source of information (marketplace) for more efficient information sharing and less chances of human error
- Create a centralised and automated system of documenting prices with well-defined SOPs to assist in:
 - ↳ **Conducting more accurate and comparative analysis**
 - ↳ **Decreasing cost by elimination of duplication of same tasks by different departments**
 - ↳ **Documenting Khyber Pakhtunkhwa's food and agriculture economy**
- Publish and share periodic reports with the concerned provincial officials on a weekly, monthly, and yearly basis
- Enhance the scope of work of the BoS in terms of running analysis on these reports and preparing analytical briefs
- Develop and incorporate data analytics into the dashboard of the Price Control System Portal for readily interpretable reporting and information sharing with decision makers
- Compare prices of essential commodities reported by other provinces on a regular basis for documentation and analysis

