

## Liberia: Market Monitoring Food Security and Economic Implications



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## Introduction

The aim of the market monitoring is to link macroeconomic conditions and policy to community level development outcomes and *vice versa*.

### Methodology

ZOA uses a standard KOBO form to monitor (9) commodities (and the informal exchange rate). For more detailed information on how the basket and survey were designed please contact ZOA.<sup>1</sup>

### Market locations and levels

ZOA categorises four levels of market: Urban (Red light, and Duala), Semi-Urban (County Capitals), Rural (local communities) and Country Markets (weekly aggregated rural markets). The data for the month of April has been provided primarily from Monrovia, Kakata, Greenville and an aggregation of rural markets in Margibi and Bomi.<sup>2</sup>

### Data

In total ZOA has collected 385 market monitoring surveys, however, coaching is ongoing as new staff start to enter the data. The presentation of the data will evolve as the requirements evolve. Last month the structure of the report was based around market levels (e.g. urban, semi-urban and rural). However, this issue focuses more on locations. ZOA intends to keep the reports narrative in structure until longer term trends are identified.

### Collaboration and other updates:

Upon request of the Ministry of Agriculture, ZOA intends to provide weekly updates throughout the COVID-19 outbreak. In addition, ZOA is working on a number of collaborations, in the coming edition it is hoped data from Concern Worldwide will be added to the data ZOA collects.

## Context update

In response to the COVID-19 outbreak in the country, the Liberian government declared a State of Emergency on 8 April 2020 and a Stay at Home order was issued to several counties as of 10 April 2020. Movement between counties was restricted. While this does not apply to the transportation of food items, transaction costs and delays caused by increased checkpoints may have an impact on the supply chain. Likewise, there has been some disruption to the global supply chain for rice, which is temporarily affecting imports. In April ZOA also released a briefing note *Economic Factors of Importance for Food Security in Liberia in 2020* which details some of these issues. Importantly, it rained on several occasions throughout April, signalling the start of rainy season, which can affect planting, transportation and a host of agricultural factors.

## Commodity overview

With this second issue of the market monitoring for the first-time data will be given per commodity. While trend analysis is not possible, some initial analysis will be added where ZOA feels it is relevant to do so. One point of note is the rural-urban divide prices are different between Monrovia, county capitals and rural areas.

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<sup>2</sup> No surveys were collected for Grand Cape Mount due to logistical constraints, but these will be resolved next month.

The table (right) gives a simple overview of the commodities ZOA monitors and assesses whether they get more expensive closer to Monrovia or not. A simple analysis shows that commodities which are primarily imported get more expensive further they travel from Monrovia and *vice versa*. It is important to note that rice rises in price away from Monrovia, this could be a proxy indicator that most rice eaten in these counties is imported rice and not local country rice.

More expensive the closer to Monrovia	More expensive in rural areas
<ul style="list-style-type: none"> <li>• Charcoal</li> <li>• Gari</li> <li>• Wet fufu</li> <li>• Beans (but data under review)</li> </ul>	<ul style="list-style-type: none"> <li>• Gas</li> <li>• Rice</li> <li>• Cubes</li> <li>• Boney (fish)</li> </ul>

With the addition of monitoring in Sinoe and potentially the addition of Grand Bassa and Rivercess in weeks to come it will be interesting to see if this analysis holds, the effect of cross border trade and other ports will have to be considered.

### Exchange rate

The central bank of Liberia shows a small increase in the exchange rate during the reporting period from 198.6 to 199.1. ZOA data collection show fluctuations with some reports of 200LD, averages for Margibi and Montserrado are 197LD, Sinoe is 196LD.<sup>3</sup>

### Gas (gallon)

While it is too soon for trend analysis gas prices are showing a rapid fall.<sup>4</sup> Monrovia and Kakata have seen the price of gas fall from 900LD, on the second of April, to 560LD twenty days later. In village markets and the more rural locations where markets are monitored the price is still considerably higher peaking at 1800LD mid-month before falling back to around 990LD by the twenty-fifth. The fall is attributed to an adjustment as more imports increased the supply available in the country.

### Charcoal (bag)

Monrovia has prices averaging 683LD (but the latest figure from 22 April is around 700LD). More rural locations in Bomi and Margibi show a lower average price closer to 300LD. The initial prices from Greenville have shown 650LD. It is too soon for trend analysis of the price of charcoal. However, it is a good time of year for charcoal production, the availability of fuel/gas has increased, and the exchange rate is stable. Rural prices are stabilising, we will watch the urban price closely.

### Gari (cup)

A cup of crispy gari is still reported as 40LD in Monrovia, in Kakata the average price was 35LD. In the more rural locations in Margibi and Bomi the price was slightly lower averaging 33LD. The initial results from Greenville, Sinoe show an average of 50LD per cup of crispy gari.

### Wet Fufu (ball)

The price of wet fufu appears to have increased in Monrovia to an average of 35LD per ball, the price in Kakata has also increased to 20LD per ball. In the other rural areas, the price per ball is 12LD per ball. Greenville, Sinoe has an average of 20LD per ball.

<sup>3</sup> Bomi data shows as low as 182LD, which will need to be investigated.

<sup>4</sup> It is noted that monitoring largely started at a time of disruption in the supply of fuel (February), followed by the global fall in the price of oil in March. As such trends will not be clear for several months.

### Fufu Powder (cup)

Remains under review.

### Rice (cup)

In Monrovia and Kakata the price of rice has increased slightly from 50LD to 53LD. In Greenville, the initial results show the price of rice as 60LD per cup. For the other rural areas, the average price is 72LD per cup.

### Stock cubes (3 pcs)

In Monrovia and Greenville, the average price for the period is 23LD, Kakata prices cubs at 20LD. In the other rural areas have an average of 31LD per three cubes. It is too soon for trend analysis on these prices.

### Beans (cup)

ZOA will make a review of the price of beans. Initially, it is thought some different types of beans are impacting the prices seen. There does seem to have been a small rise in the price of beans, the overall average for the month of April across all locations was 75LD per cup, this compares to 68LD per cup in March and February. However, internal training will help ensure the same commodity is studied at all markets.

### Boney (Fish)

Monrovia and Kakata have held the price of fish at 100LD. The initial findings from Sinoe set the price at 200LD. As for the other rural areas the average is 140LD, which is a significant increase on the average price in March which was around 108LD.

## Analysis and economic implications

There are several factors at play in the market and this monitoring is only just starting. The global commodity price will impact Liberia's current account (see Economic Factors briefing). It remains unclear how long the disruption to the supply of rice will last. The effects of the February fuel/gas price rise may still be working their way through the system and it is a crucial turn in the season. Farmers are planting and with the change in season so changes the supply of some basic goods.

- The exchange rate remains stable and the price of gas has dropped significantly presumably due to the increase in supply brought into the country. Both factors are key in controlling inflation which has a knock-on effect on the cost of basic good and thus a cost of living. If the supply of gas remains strong, maybe rural prices will drop in the coming weeks.
- There does seem to be inflation in the price of basic goods. However, the cause of this remains unclear. Some of it might be due to the recently high prices of gas/fuel and the continued low global oil prices may help keep these prices low. An alternate theory is that movement restrictions may be a factor in restricting supplies. Rice imports have been disrupted and cross county movement is also more challenging in the State of Emergency.
- This analysis is also too young to consider seasonal effects, April is a key planting month and as the seasons change the availability of different commodities will alter their price.
- The rural-urban divide will be crucially important for targeting assistance in the coming months. A natural assumption may be that the urban poor suffer more from price shocks as they are more cash based than the rural poor. Yet this might be too simplistic, the urban poor are seeing price shocks in charcoal and a steady increase in the price of gari and rice. However,

the rural areas have seen price jumps in beans, rice, fish and cubes, whether this is because of the lag in bringing down the price of gas or some other factor will have to be monitored.

### Conclusions

ZOA is still working out several kinks in the market monitoring (possibly editing fufu powder and clarifying the type of beans). More monitors have been trained, but some initial data entry mistakes require cleaning. In addition, new counties are being added, the first data from Sinoe was added this month and discussions with Concern Worldwide to incorporate Grand Bassa and Rivercess are ongoing. ZOA is also analysing the best way of presenting the data collected but will continue with the short narrative format at present.

Despite all these issues, initial results have allowed for some basic analysis. The direction of travel of goods is clear to see as prices rise and fall closer and further from Monrovia. Consequently, the effect on the urban and rural poor is becoming a little clearer.

The role of gas and the exchange rate are integral to the supply chain and the reduction in gas price and comparative stability of the exchange rate could be a positive sign. However, they are not the sole drivers of prices in the supply chain, movement restrictions, import disruption and a change in the season will all play a role with the direction prices take in the coming month.

### With thanks:

The following data was only gathered thanks to the collaboration of the following donors:

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