



# 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*, as well as monitoring trends relevant to food security.

### Methodology<sup>1</sup>

For the first time this report features data collected by Concern Worldwide who monitor markets in Grand Bassa county. Concern are reporting their data to ZOA for inclusion in this report. As the process continues to evolve, we will make some small changes. Firstly, reported will become structured against “week number” in the year.<sup>2</sup> Secondly, we are creating a map to display the markets and numbers of reports. Lastly, for the first-time data is displayed in a table for the week. One hundred and one surveys were collected during this week’s reporting period, bringing the total number of surveys to 502 in total.

Several changes were made to the form this week.

- Fufu powder was removed as it was not a well understood commodity and several other cassava products are in the form.
- Buckets (20ltr with tap) and soap (iron ball soap) will be piloted.
- The beans have been clarified as cowpeas, but Concern monitor Kpakutuweh beans (see notes in beans section for more details).

### Market locations and levels

This monitoring 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 from Monrovia, Kakata, Greenville, Sinje Buchanan and an aggregation of rural markets in Margibi, Grand Cape Mount, Bomi and Grand Bassa.

## Context update

Stay at Home orders remain in place around Liberia in response to the COVID-19 outbreak. Apart from the increasing rate of cases of COVID-19 there is little new to report. The rains have started, and rice imports continue to face disruption (as far as ZOA is aware).

In the coming weeks there will be an attempt to have a small case study on several issues. The below bullet point outline some of the issues to be looked at:

- Agro-processors report increased cost of raw inputs, especially for cassava (see Analysis section)
- Some weekly markets may be altering their ways of working in accordance with government guidelines, letting fewer people in at a time for example.
- Some cases of “shrinkflation” might occur as product size is reduced rather than the items cost increasing. (Concern are gathering data on this issue).

<sup>1</sup> ZOA uses a standard KOBO form to monitor (10) commodities (and the informal exchange rate). For more detailed information on how the basket and survey were designed please contact ZOA. (m.tebbutt@zoa.ngo)

<sup>2</sup> E.g. next week will be week 19 of 2020, this will involve a change in which weekends are recorded under the weekly report going forward.

## Commodity overview

The table below shows the average prices in the locations where the data was collected. The boxes highlighted in orange are ones where the data seems to require follow up. For some of these cases it is assumed the incorrect size of item has been recorded. Blanks will also be followed up by the team.

County	Market category	Gas	Charcoal	Crispy Gari	Wet Fufu	Rice	Cube	Beans	Boni
Bomi	Country market	800	350	300	1200	60	10	100	100
	Village shop	900	342	128	10	60	17	58	100
Grand Cape Mount	Country market	1300	350	35	10	60	25	70	100
	Sinje	580	350	50	10	50	30	80	100
	Village shop	900	350	35	10	60	30		100
Margibi	Country market	527	415	32	13	76	31	113	205
	Kakata	553	488	33	16	65	25	118	200
	Village shop	986	390	32	13	71	35	69	154
Montserrado	Redlight/ Doula	525	722	37	23	60	22	83	107
Sinoe	Greenville	500		30	20		30	180	200
Grand Bassa	Country market	710	433	35	13	57	37	92	166
	Buchanan	630	515	48	10	56	26	74	100

## Exchange rate

The central bank selling rate for LD remains 199LD. The market monitoring shows small variations from this rate; Grand Bassa (195LD), Bomi (193LD) and Grand Cape Mount (195LD) seem to report a lower exchange rate. Margibi (197LD), Montserrado (198LD) and Sinoe (200LD) are closer to the official rate.

## Gas (gallon)

In Monrovia, the price of gas continues to fall, averaging 525LD down from 560LD. Sinoe records the lowest average price which is attributed to the port in town and the comparatively small population. As with last weeks report the price increases the further from the distribution point (port in this case).

## Charcoal (bag)

Interestingly the price in Monrovia continues to rise, which is a point of concern. It is peak charcoal season with rural producers clearing agricultural land<sup>3</sup>, which should lead to an increased supply. Likewise, fuel/gas prices are stabilising, and the exchange rate continues to be stable. Prices tend to decrease towards the more rural locations, as was mentioned in last week's report.

## Gari (cup)

Prices have come down in several location including Monrovia (40LD to 37LD) and Kakata (35LD to 33LD).<sup>4</sup> Last week, it was proposed that the inflation seen in gari could have been a lag from the February and March rises in the price of gas. The case study below shows that core commodities have increased in price for agro-processors.

## Wet Fufu (ball)

Like gari the price of wet fufu in Monrovia does seem to have stabilised a little in the past week (down to 23LD from 35LD). Likewise, Kakata has seen a small reduction (16LD from 20LD) and prices in other locations are consistent.

<sup>3</sup> Land clearance leads to an increase in charcoal production as smallholders burn excess wood.

<sup>4</sup> Sinoe there has seen a large fall from 50LD to 30LD, but this is only the second week of data entry.

### Rice (cup)

The inflation pattern in rice is still unclear, Monrovia saw a rise from (53LD to 60LD), Margibi also saw price rises in Kakata. The rate of 60LD in Bomi and various locations in Grand Cape Mount will be watched closely. Grand Bassa has a rate of 57LD. It is too soon to tell the cause of this rise, it could be a natural seasonal effect, or it could be initial signs of disrupted global trade.

### Stock cubes (3 pcs)

There has not been much change in the prices of stock cubes, most areas have held steady. Kakata is an exception where an increase from 20LD to 25LD was observed. Grand Bassa's initial monitoring shows rates like Margibi for this commodity.

### Beans (cup)

ZOA clarified it was monitoring the price of cowpea beans during the week.<sup>5</sup> Agricultural staff report that most beans at this time of year are imported, especially from Guinea. Prices seem to be inflated for this product at over 100LD in several locations.

### Boney (Fish)

Asides from the large increase in price seen in Margibi the price of fish has stayed stable, there is a small increase in Monrovia, but it is too soon to tell if this is a long-lasting trend. Sinoe, Bomi and Grand Cape Mount all report stable prices, possibly due to their coastal settings. Grand Bassa shows a large discrepancy between Buchanan and the country markets, which could be investigated.

## Analysis and economic implications

Last week two theories were proposed about drivers of inflation, one was that increased transaction costs of the lockdown (more checkpoints, informational challenges etc)<sup>6</sup> could be driving price rises. Another possible scenario was that prices were a lag based on fuel/gas price rises from February and March. In addition to these issues, there are disruptions in the global supply chain and seasonal effects on prices (as we are in a transition agriculturally from dry to rainy season).

### Case Study 1: Agro-processors report price rises

ZOA has links with several agro-processors. Informal conversations with these processors have shown that there have been price rises in the cassava value chain during the past month.

The cost of raw cassava and other inputs such as milk powder have increased, forcing the agro-processors to increase the price of some of their goods. A range of cassava-based goods sold in 500g bags have increased in price between 10LD-25LD depending on the specific ingredients in the product. (Data collected in two weeks ago). 500g bags were sold between 120LD and 150LD, again depending on their ingredients, before the price rises.

Increases in inputs have been seen on imported products as well as those sourced from Liberia, such as raw cassava. It is unclear how long these price rises will be for, but processors assert that wholesale prices have increased forcing them to pass on the cost. (Contact ZOA for more information)

<sup>5</sup> Originally a loose definition of beans was given, however, seeing some large variations in different subsets of beans, further clarity was sought. ZOA is involved with the production of cowpea beans and when staff were asked which they were recording they confirmed cowpeas. ZOA has thus tightened the definition of beans to cowpeas. However, Concern who also gather market data use Kpakutuweh beans, these variations will be made clear in future reporting.

<sup>6</sup> People in the value chain not fully understanding what they can and cannot do, leading to delays in production and transportation.

It is assumed that a combination of these factors will be driving prices. However, the continued reduction in gas price and stabilising of the gari prices (and even some reductions in places) may point towards optimism. If the supply of fuel/gas continues to fall or holds at current rates, food prices can be maintained (or fall), at least in the short term. In the medium to long term prices will depend on availability<sup>7</sup>. The price of rice is still high, it is unclear if this will curb in the coming weeks. A lot will depend on imports and what rice exporting countries decided to do in response to the global pandemic.

- The rise in prices mentioned by agro-processors (see case study) give an insight into why they are passing on costs to the consumer. Their raw materials have become more expensive, but should these prices reduce so will the cost to the consumer. Interestingly, agro-processors reported a rise in both domestic (raw cassava) and imported (milk powder) products. ZOA will continue to assess these components of the food value chain.
- Some trends are already beginning to emerge from this monitoring such as; declining gas prices, a stable exchange rate and, charcoal is reducing in price in rural areas, but remains high in Monrovia.
- Other key products are possibly showing some early signs of a trend. Fufu (wet), stock cubes and gari seem to have risen in price but are possibly showing some curbing of this rise. Likewise, fish seems to be stable in coastal locations, but increasing in price in Monrovia and inland in Margibi. The rice price is still unclear at this stage.
- Last week we stated that this analysis is also “too young to consider seasonal effects”, this remains true so those reading this report with an agricultural background, should consider these price changes in both economic terms but also in relation to possible seasonal effects.

## Conclusions

Initial trends are emerging, the most important of which remain, a) a stable exchange rate, b) the reduction in the price of fuel. The effects of these fundamentals on food value chains are not yet clear, but it is possible this week saw the beginning of some price stabilisation.

ZOA continues to improve the data collection process, for the first-time data is presented in a table. However, some of the entries require clear follow up as they seem to be monitoring different sizes of goods. The rapid turnaround of this report means that these issues will be dealt with in an iterative and ongoing way.

## With thanks:

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Vreugdenhil  
 Dairy Foods



<sup>7</sup> This analysis is more of economics and prices and will not investigate food production rates and drivers of availability.