

Liberia: Market Monitoring Food Security and Economic Implications



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Introduction

ZOA Liberia sees contextual factors as key drivers of successes and failure for its programming. With four sectors, Food security, Home Grown School Meals, WASH and Peacebuilding, the direction of the economy is regarded as one of the biggest influences on our programming. After conducting some provisional economic analysis in 2019, ZOA decided that better trend analysis (market monitoring) would help the organisation understand the impact of macro shocks at the community level. The aim of the market monitoring is to link macroeconomic conditions and policy to community level development outcomes and *vice versa*. Testing of a provisional commodity basket was conducted in December 2019 and refinements were made in January 2020, as of February ZOA started collecting data more systematically.

Methodology

ZOA uses a standard KOBO form to monitor (9) commodities (and the informal exchange rate) via some of our field staff. There is no regular date of collection or set locations, the aim is for monitors to fill 2-4 surveys per month at a range of locations as they travel to do their regular activities. The market monitoring is thus designed to compliment other work and not to be an activity in and of itself. For more detailed information on how the basket and survey were designed please contact ZOA.¹

Market locations and levels

ZOA categorises four levels of market: Urban (Red light, and Douala), Semi-Urban (County Capitals, Rural (local communities) and Country Markets (weekly aggregated rural markets). Through its home grown school feeding, agriculture and Peacebuilding programmes ZOA has teams working in four counties; Montserrado, Margibi, Grand Cape Mount and Bomi. It is intended to add Sinoe to this group in the coming months.

Data

In total ZOA has collected 69 market monitoring surveys (7 test surveys in December and January), 33 surveys in February and 29 in March². The process of data collection is new to ZOA, so some of the forms remain incomplete. More training and reinforcement of the process will solidify the inputs in the coming months.

Context update

Data started being collected more widely in February 2020 however, mid-month a severe shortage of fuel in the country meant that it was not the best month as movement was restricted and prices reacted to the shock. Moving into March we saw the first confirmed case of COVID-19 in Liberia. Consequently, movement restrictions have been put in place by the government and ZOA Liberia.³ During a scenario planning workshop, ZOA identified increased Food Insecurity in the mid-term as a key risk to Liberia, as a result of COVID-19. This is due to a projected economic contraction and disruption of traditional supply routes. Market monitoring will hopefully show how this forecasted macro shock will be felt in rural and urban communities.

¹ Matthew Tebbutt- Programme Manager (m.tebbutt@zoa.ngo)

² More surveys were collected in March, but still require downloading from monitors tablets, the switch to remote management due to COVID-19 has caused this delay.

³ Market monitoring has continued via phone surveys.

Commodity overview

As this is the first report there is not enough data to show clear trends, as such each this report will focus on the rationale behind the commodity and tentative projections from what limited data is available. In future more data will be displayed per commodity, this report will mostly report actual figures of stable products (gas and charcoal have been so volatile that aggregated averages are unreliable⁴).

Exchange rate

The LD/USD informal exchange rate is monitored to a) allow for index comparisons b) as a measure of the economy in general. In 2019 inflation was driven largely by a deterioration in the exchange rate. However, monitoring in February and March matches the central banks records that the exchange rate has been comparatively stable.⁵

Gas (gallon)

The primary fuel in the rural economy for motorbikes, it is also an imported commodity, therefore it is a key proxy indicator. Price spikes were seen in February and again towards the end of March. ZOA also tracks availability of products and the lack of availability of gas seems to have driven the price spike rather than the exchange rate. It is also noted global oil prices are at an all time low.

Charcoal (bag)

A product which is domestically made and is a proxy of a Liberian Dollar product.⁶ Producers are rural communities and consumers are urban. February saw a price spike in charcoal, and it is assumed this product is very volatile when linked to the price of fuel/gas.

Gari (cup)

A cassava based staple food⁷ in 2019 ZOA's preliminary economic analysis⁸ saw how some producers received a stimulus affect from the economic contraction as their production was domestically based and in LD, whereas a key competitor market (rice) was largely imported. So far Gari prices have remained stable. Gari gets more expensive the closer to Monrovia (40LD) you get and is cheaper at weekly country markets (22LD) than in day to day village shops (31LD).

Wet Fufu (ball)

Another cassava-based product, it has remained steady throughout the monitoring (10LD) across the board. However, country market data for March showed a small increase in price and the product was becoming more absent (not available, responses increased in March). Further agricultural analysis will take place.

Fufu Powder (cup)

A product under review, it is broadly seen as not available.

Rice (cup)

The staple food of Liberia it is often imported, although ZOA does not yet have a good overview of the flows between 'country rice' and imported rice. ZOA needs to do more monitoring in Urban areas. In Semi-urban areas the prices seem to have been more stable than the country during

⁴ Data can be made available upon request to ZOA.

⁵ ZOA has noted that in the first week of April in Kakata the rate has hit 200LD for the first time this year.

⁶ Although heavily tied to gas/fuel prices in the distribution network.

⁷ ZOA works with several cassava producers and cassava is a key component of our agriculture project.

⁸ Available upon request.

February and March (50LD). However, village shops and country markets have both seen a steady increase in prices (50LD to 53LD in country markets, 51LD- 71LD in village shops).

Stock cubes (3 pcs)

These commodities are another imported product and ZOA noted their importance, when schools opted to buy them over other products as part of supplementary efforts to our school feeding programme. The data looks comparatively stable for stock cubes at present. However, a small price rise was noted in March in village shops.

Beans (cup)

Beans (like fish below) are a good example of a product which supplements a staple commodity. These products are proxy indicator for the balance in the meal⁹. The data for beans is not showing a clear picture at present. Prices are stable in semi-urban and urban areas (60LD), but country markets show a small decrease in price in March (down to 65LD from 70LD), whereas village shops show a price rise (to 80LD from 69LD).

Bonie (Fish)

Fish are used as a proxy for protein and to add a small dietary diversity element to the comparison of staples. The data for urban and semi-urban markets is a little unclear and needs further investigation, however, both country markets and village shops show small price rises between February and March (100-106LD in Country Markets and 92-115LD in village shops).

Analysis and economic implications

While the quality and quantity of the data is not strong enough at present to draw and comprehensive calculations, ZOA believes the provisional analysis has shown a successful 'proof of concept'. Further feedback to enumerators and continued monitoring will address both issues.

Below are some tentative conclusions and analysis using what data is available:

- The exchange rate looks stable for now, but how long this will remain needs to be investigated more¹⁰. At present prices are rising, but this is not directly driven by exchange rate deterioration as in 2019.
- Global oil prices are at an all-time low, how this will impact supply of gas/fuel to Liberia is unclear to ZOA at this point. The current price rise is driven by scarcity, but a stable exchange rate and a small Liberian population would seem to suggest that availability and price could stabilise quickly if supplies are brought in.
- The links between gas price and charcoal volatility is important to understand for poor rural producers and poor urban consumers. Charcoal prices seem more volatile than food. Charcoal is an important 'low order good' bought by most people daily and vital for cooking and thus food security.
- Rice prices seem to be moving (increasing in price) before cassava prices, but seasonality, production capacity and a range of other factors need to be considered to see if the COVID-19 economic shock will stimulate domestic cassava production.

⁹ This market monitoring is not comprehensive enough to do a cost of diet or detailed nutritional analysis.

¹⁰ ZOA will look to work with other partners on macro-economic analysis to help add texture to these market monitoring results.

- More data is needed to better understand the changes in prices between different market levels, also when sample sizes get larger more analysis can be made between counties, not just market level.
- Overall, there is tentative data towards price rises, with the biggest rises coming in the more rural locations. However, some foods have stayed stable, but for how long these prices will hold is unclear.

Liberia is still in its first month of a COVID-19 response and the government has little fiscal space to respond. ZOA will continue to follow macro events and responses to see if more links can be drawn between these policies and the impact on ordinary Liberians.

Conclusions

The purpose of this first brief is to inform partners about the market monitoring ZOA is undertaking and the rationale behind it. We have seen that while our data currently is not statistically relevant the concept of market monitoring can add to the evidence base in a useful way. Links between gas prices and charcoal price, or spikes in the price of rice compared to those of other staple products can inform policy makers as to the success of interventions or new directions to pursue.

With thanks:

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

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