

SOMALIA PRICE MONITORING

May 2019

INTRODUCTION

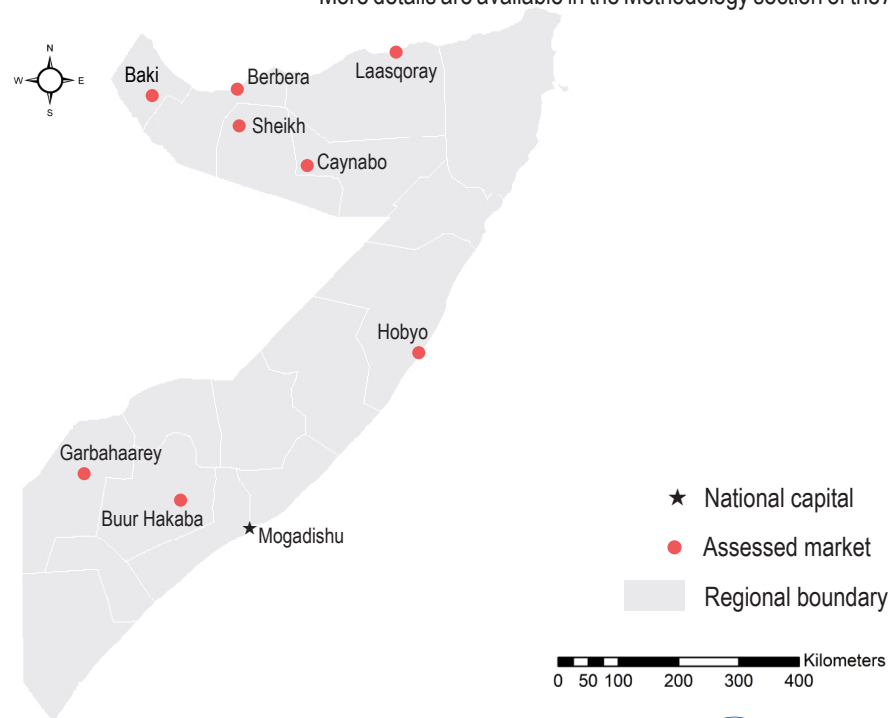
Cash-based interventions have been used by humanitarian actors in Somalia since 2003¹. However, due to divergences in methodological approach, significant variations in cash transfer values have been noted along with a wide range of justifications. It is against this backdrop that the Somalia Cash Working Group (CWG) was established to streamline the design and implementation of cash-based interventions in the country.

Within this, the CWG in partnership with REACH have launched monthly price monitoring - targeting markets not currently covered by Food Security and Nutrition Analysis Unit (FSNAU) and World Food Programme (WFP) - to assess prices of key food and non-food items (NFIs) required to meet the basic needs of households in Somalia. This will then inform the cost of MEB (Minimum Expenditure Basket) and, subsequently the cash transfer values in the country.

This situation overview presents a summary of prices for 34 key food and non-food items, in eight districts² in Somalia, based on primary data collected from 374 vendor KIs between 19 - 20 May 2019.

ASSESSED MARKETS

8 assessed markets
34 assessed items
374 vendor KIs



METHODOLOGY

- The main urban markets in Baki, Berbera, Buur Hakaba, Caynabo, Garbahaarey, Hobyo, Laasqoray and Sheikh districts were targeted. In each of the markets, REACH field staff purposively sampled shops from different types of businesses. Among other criteria, it was crucial that these shops delineate a representative picture of the general conditions, including price levels, in these markets.
- Following the selection of shops, enumerators then conducted interviews with vendor key informants (KIs) on the third Monday of the month via telephone from centralised call centres in Garowe, Hargeysa and Mogadishu.
- At minimum, at least six prices per assessed item were collected in each market except in cases where enough shops were not available. In line with the purpose of the assessment, only the price of the cheapest available brand was recorded for each item.
- Following data collection, data was cleaned and median prices for assessed items calculated.
- More details are available in the Methodology section of the Appendix.

KEY FINDINGS

- **The Somaliland Shilling continued to appreciate against the United States Dollar (USD).** Compared to April, it appreciated by 12% in Baki, by 10% in Berbera and by 8% in Caynabo and Sheikh.
- **The majority of assessed local cereals (cow peas, red sorghum, white maize and white sorghum) particularly in Baki, Berbera, Buur Hakaba and Sheikh markets recorded price increases between April and May.** Notably, the median price of one kilogram of cow peas increased by 49% in Baki. This is likely owing to limited supply following a below average 2018 Deyr (October to December) cereal harvest and a skepticism around the upcoming 2019 Gu (April to June) cereal harvest³.
- **Prices of livestock products, especially in Northwest, also recorded increases between April and May.** In particular, the median price of one kilogram of goat meat increased by 52% in Caynabo and by 45% in Sheikh. In addition to reduced availability, it is likely that the Ramadhan period, which is prone to price hikes often justified with increased demand, also played a role in the price increases. **Relatedly, the median price of one head of goat increased by 85% in Berbera and by 34% in Baki.** While goat prices have been increasing in most parts of the country due to limited availability⁴, enumerators further confirmed that the prices reported were those of export-quality goats as vendors had started exporting livestock to the Middle East ahead of Hajj.
- **The median price of twenty litres of water in Laasqoray was 0.09 USD, an 80% decrease compared to April.** This is potentially attributed to an increase in water quantity following the Gu rains, which showed an improvement in May, although they have largely been below average⁵.
- Seventy-six percent (76%) of vendor KIs in Caynabo, 47% in Baki and 45% in Sheikh reported supply challenges. **Increase in prices of commodities was the most common supply challenge cited.**

MEDIAN EXCHANGE RATES

8,200	33,000	24,000	25,000
USD/SiSh	USD/SoSh	USD/SoSh	USD/SoSh
Berbera	Laasqoray	Hobyo	Buur Hakaba

1. Somalia Cash Working Group. Evaluation of the 2017 Somalia Humanitarian Cash-Based Response. August 2018.

2. This was the first time Garbahaarey and Hobyo markets were assessed.

3. FSNAU. Market Update. May 2019.

4. Ibid.



USAID
FROM THE AMERICAN PEOPLE

CWG

CASH
WORKING
GROUP

REACH
Informing
more effective
humanitarian action

MEDIAN PRICES (USD⁶)

	Price	Baki % change ⁷	Price	Berbera % change ⁷	Price	Buur Hakaba % change ⁷	Price	Caynabo % change ⁷	Price	Laasqoray % change ⁷	Price	Sheikh % change ⁷	Garbahaarey Price	Hobyro Price
Food items														
Goat meat (1 kg)	7.23*	-10%	9.45	+22%	4.80*	+9%	13.55	+52%	7.27	-6%	12.05	+45%	5.00*	5.21
Tea leaves (1 kg)	3.01	-7%	2.80	+10%	1.04	-20%	2.95	+11%	1.98	-5%	2.89	+8%	2.08	3.00
Cow peas (1 kg)	2.41*	+49%	2.44*	+10%	1.00*	+25%	1.87	-16%	1.82*	-6%	2.41*	+8%	1.50	1.50
Vegetable oil (1 L)	1.93	+5%	2.20*	+32%	0.98	0%	1.69	+8%	1.27	+4%	1.93	+8%	1.88	1.25
Camel milk (1 L)	1.45*	+12%	1.22*	-22%	0.96*	+60%	1.20	-1%	1.52*	-6%	1.57	+41%	1.00	1.42
Tomatoes (1 kg)	-	-	1.22	+10%	1.02*	+19%	0.96	-4%	0.91*	-6%	1.20	+8%	1.00*	1.00
Onions (1 kg)	-	-	0.98	+17%	0.92*	+39%	0.84	+8%	0.76*	-22%	0.72	-35%	1.00	1.00
White maize (1 kg)	0.96*	+12%	0.73	-12%	0.28	+17%	0.60*	-23%	0.88*	-12%	0.87	+31%	1.00	1.50
Sugar (1 kg)	0.84	+12%	0.73	+10%	0.60*	+7%	0.84	+17%	0.61	-6%	0.72	+8%	0.75	1.17
Rice (1 kg)	0.84	+5%	0.73	+10%	0.84	+40%	0.75	+13%	0.61	-6%	0.72	+8%	0.75	0.58
White sorghum (1 kg)	0.72*	+12%	0.73	+10%	0.20*	-17%	0.72	-7%	1.03*	-20%	0.90	+16%	0.83	1.08
Wheat flour (1 kg)	0.72	+12%	0.61	+10%	0.56*	0%	0.66	+8%	0.61	-6%	0.60	+8%	0.81	0.58
Red sorghum (1 kg)	-	-	0.61*	+10%	0.16*	-27%	0.84	+27%	1.06*	-18%	0.60*	+8%	0.83	1.13
Salt (1 kg)	0.60	+12%	0.61	+10%	-	-	0.48	+8%	0.24	-6%	0.60	+8%	0.50	0.25
Cooking fuel														
Charcoal (50 kg)	-	-	9.76*	+25%	-	-	7.23*	+8%	-	-	7.23	+8%	5.83	10.00
WASH items														
Soap (125 g bar)	0.36	+12%	0.43	+28%	0.40	+25%	0.36	+8%	0.15	-6%	0.36	+8%	0.50	0.25
Water (20 L)	0.04*	-	-	-	0.20*	0%	0.30*	-10%	0.09*	-80%	-	-	0.04*	0.21
Household NFIs														
Blanket (150 cm x 200 cm)	-	-	18.29*	+14%	3.78	-	15.66	-17%	8.33	-53%	15.93*	+2%	6.25*	6.25
Jerry can (20 L)	1.81*	-35%	2.68*	-3%	1.40	-	3.01	+36%	-	-	2.53	+8%	2.08*	3.00
Shelter materials														
Iron sheet (gauge 26)	-	-	7.32*	+32%	2.88*	-	6.63*	+14%	-	-	7.35*	+2%	2.92*	3.00
Cement (50 kg)	-	-	6.10*	0%	9.32*	-	7.71*	+5%	-	-	6.14*	+1%	11.67*	10.00
Roofing nails (1 kg)	-	-	3.05*	+37%	1.48*	-	2.59*	+4%	-	-	2.41*	+14%	1.67*	2.31
Livestock														
Camel (1 head)	-	-	731.71*	+10%	720.00*	-	843.37*	+8%	757.58*	-	903.61*	+8%	600.00*	650.00*
Goat (1 head)	78.31*	+34%	82.32*	+85%	80.00*	-	96.39*	+8%	58.33*	-12%	87.95	+23%	-	87.50
Transport fuel														
Petrol (1 L)	0.84*	-2%	0.85*	+1%	0.96*	+2%	0.96*	+8%	-	-	0.84*	+1%	1.13	1.00
Diesel (1 L)	0.72*	-11%	0.71*	+7%	0.96*	+4%	0.80*	+20%	0.77*	+9%	0.72*	+8%	1.00	1.00

* denotes commodities that did not meet the threshold of at least six prices per round of data collection.

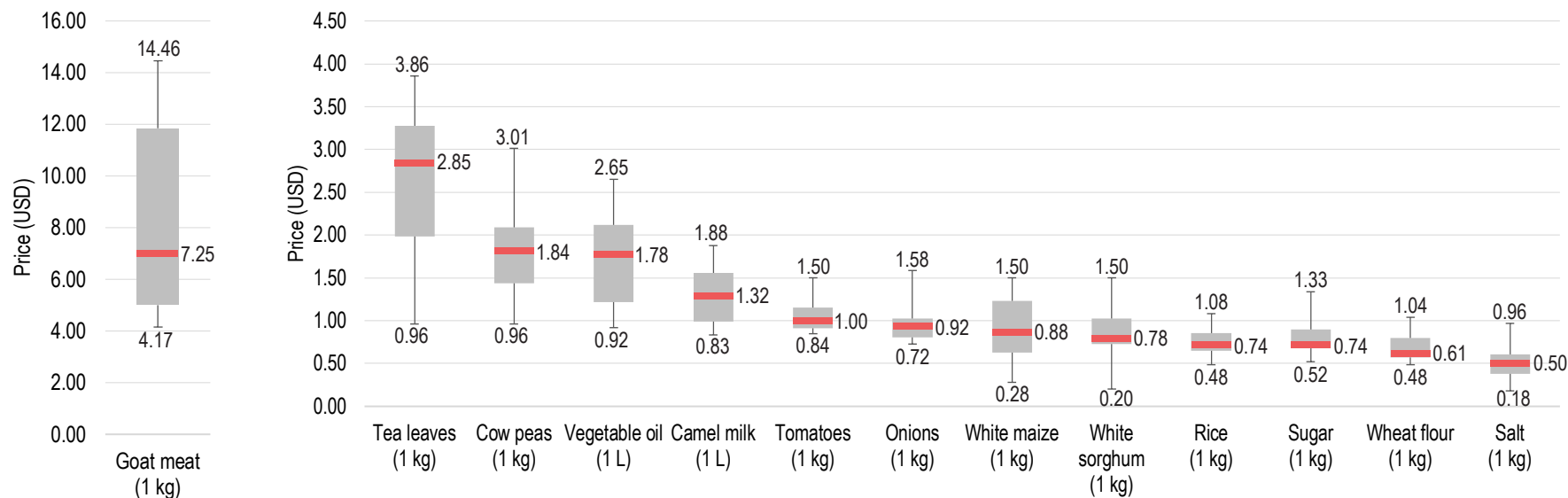
5. FEWSNET. Rainfall performance improves , but Emergency (IPC 4) still expected in many pastoral areas. May 2019.

6. Prices have been converted to USD using median exchange rates reported by vendor KIs in the various markets.

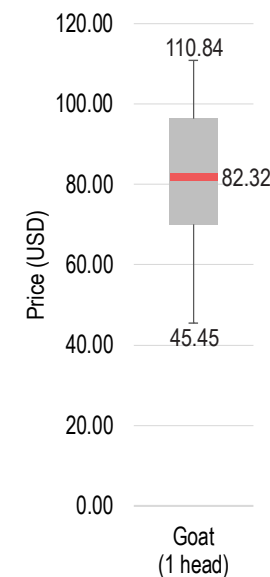
7. Represents percentage change in prices between April and May, hence only applies to those markets assessed in April as well. Since data collection is remote, it is also worth noting that vendor KIs tend to vary slightly from month to month depending on their availability when enumerators call them.

DISTRIBUTION OF PRICES⁸

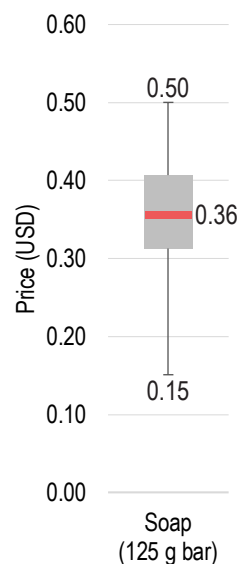
Food items



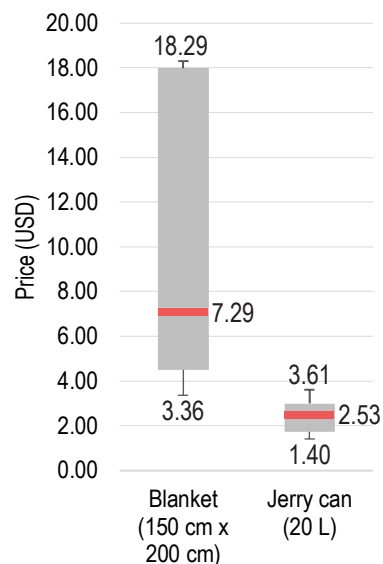
Livestock



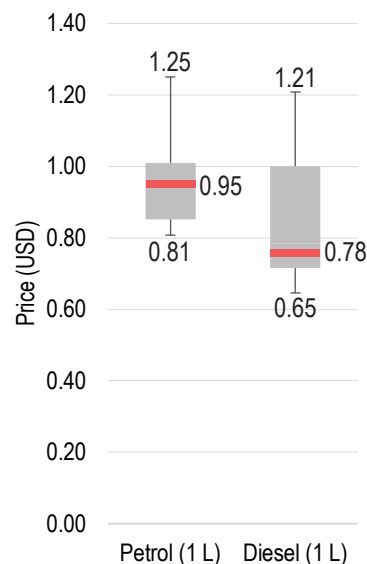
WASH items



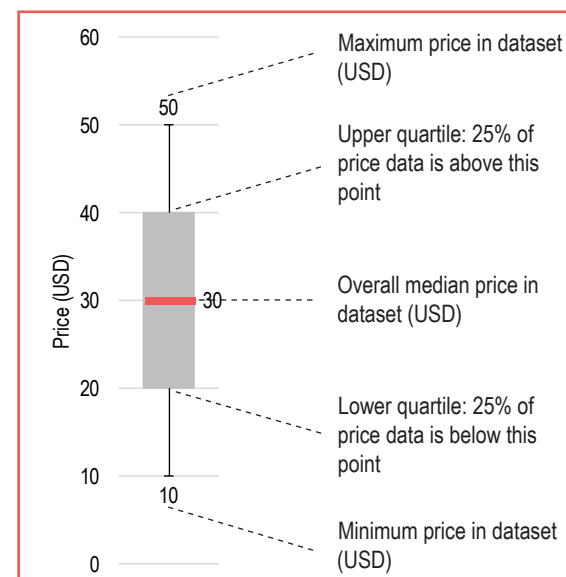
Household NFIs



Transportation fuel



Reading boxplots

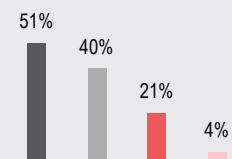


8. Boxplots were produced for only those commodities whose price data was available in at least four of the target markets.

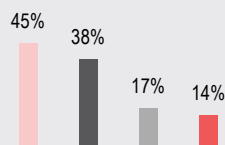
SUPPLY⁹

In Baki, all vendor KIs reported sourcing their supplies from a wholesaler in town. Sixteen percent (16%) additionally reported sourcing them from a supplier in another town, mainly Borama. In Garbahaarey, Buur Hakaba and Hobyo, 75%, 69% and 52% of vendor KIs respectively reported sourcing their supplies from local producers while 37%, 31% and 58% respectively, reported sourcing them from a wholesaler in their town. Supply sources reported by vendor KIs in Berbera, Caynabo, Laasqoray and Sheikh are shown in the figures below:

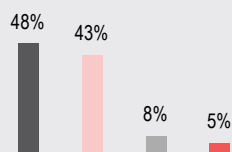
Berbera



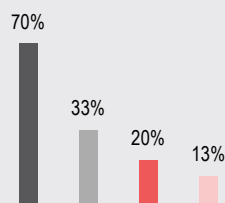
Caynabo



Laasqoray



Sheikh

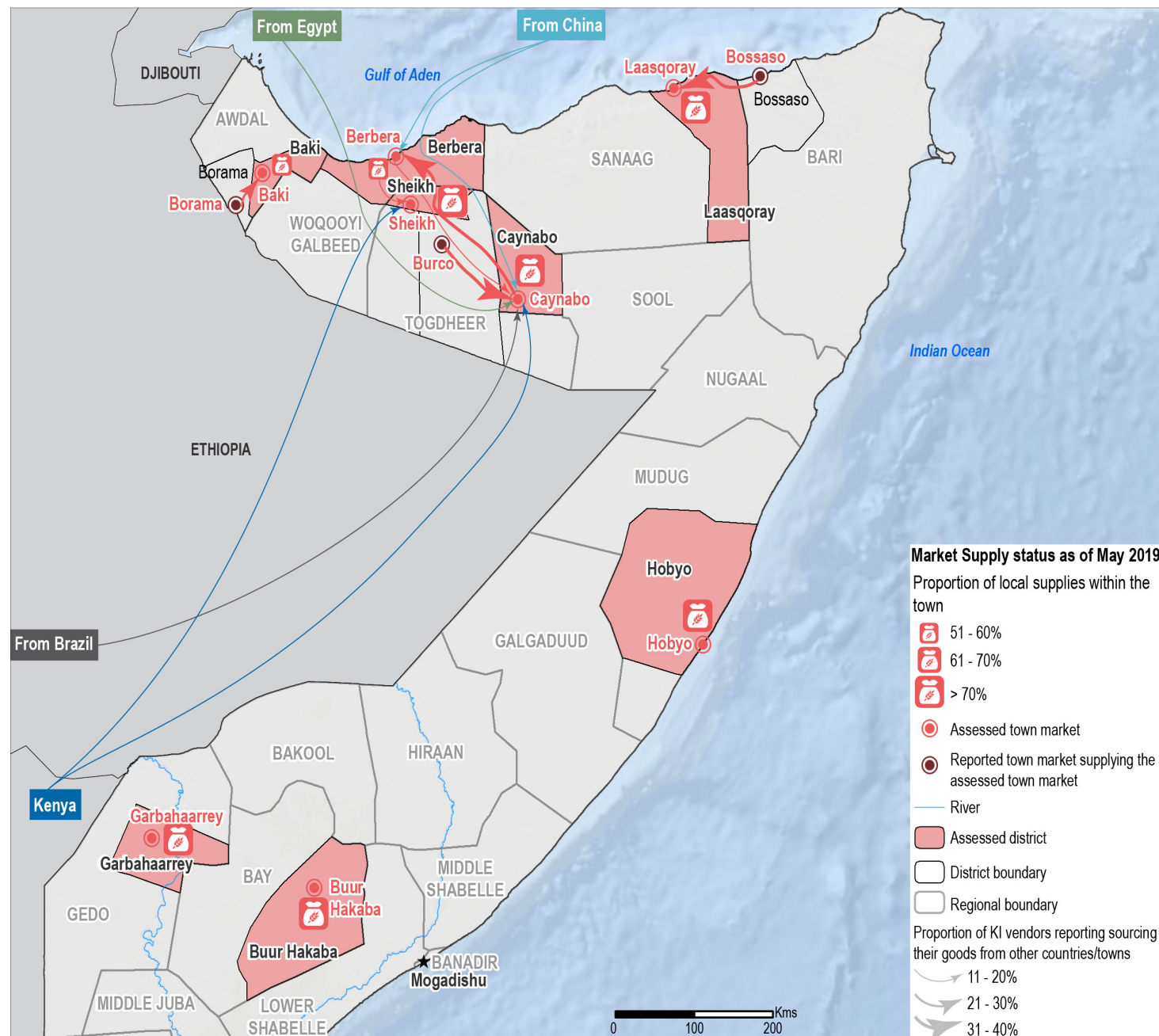


Legend for supply sources:

- Local producer (Dark Grey)
- Wholesaler in the town (Light Grey)
- Supplier in another town (Pink)
- Supplier in another country (Red)

Seventy-six percent (76%) of vendor KIs in Caynabo, 47% in Baki, 45% in Sheikh, 30% in Laasqoray, 25% in Buur Hakaba, 23% in Berbera, 9% in Hobyo and 4% in Garbahaarey reported supply challenges. Increase in prices of commodities was the most common supply challenge, reported by 55% of vendor KIs in Caynabo, 37% in Baki, 33% in Sheikh, 18% in Laasqoray, 17% in Berbera, 8% in Buur Hakaba and 2% in Garbahaarey and Hobyo.

SUPPLY SOURCES MAP¹⁰



9. Vendor KIs could select multiple responses.

10. Supply map only shows sources reported by more than 10% of vendor KIs in each target market.

MONITORED ITEMS

Food items

White sorghum*	Tea leaves
Red sorghum*	Salt
White maize*	Goat meat
Yellow maize	Cattle meat
Cow peas*	Camel meat
Rice	Cattle milk
Sugar*	Camel milk
Wheat flour	Tomatoes
Vegetable oil*	Onions

Non-food items

Firewood*	Blanket
Kerosene*	Cement
Charcoal	Roofing nails
Water*	Iron sheet
Soap*	Timber
Jerry can	Petrol
Cooking pot	Diesel

Livestock

Goat	Camel
Cattle	

* denotes the basic food and non-food items currently taken into account when determining the cost of MEB in Somalia.

The **MEB** represents the minimum culturally adjusted set of basic food items (comprising 2,100 kilocalories per person per day of basic energy) and NFIs required to support a household of 6-7 members in Somalia for one month.

Livestock have been included given the significance of the livestock market in Somalia. Somalia is the biggest exporter of live animals globally¹¹.

METHODOLOGY

The methodology for the Somalia Market Monitoring is based on purposive sampling and remote key informant interview (KII) data collection.

To be included in the exercise, markets must:

- be either the **main** urban or rural market in a district;
- be large enough to support at least **one wholesaler**;
- have at least some **permanent buildings**;
- be **diverse** enough to provide a sufficient **variety** of commodities;
- **not be covered** in FSNAU's and WFP's market monitoring. REACH consulted with both FSNAU and WFP to ensure harmonised data collection and avoid duplication of efforts.

If a district does not have a market that fits the above criteria, other sizable markets within that district can be included on a case by case basis.

In qualifying markets, REACH field staff identify vendor KIs who could be either shopkeepers or administrators in different types of businesses, from whom to collect price data on monitored items.

To be included in the exercise, vendors (shops) must:

- be **large enough** to sell a **substantial** number of monitored items;
- be charging prices that are **good indicators** of the general price levels in the market;
- be located in **different parts** within the qualifying markets.

Similar to the market selection criteria, this criterion is also flexible - if there are not enough shops in a target market which meet the criteria precisely, other vendor KIs will be selected as long as it is established that they are operational and economically relevant to the market.

At least six prices per item need to be collected from different vendors, during each round of data

collection, to ensure quality data. From mini call centers in Garowe, Hargeysa and Mogadishu, enumerators conduct interviews with preselected vendors on a monthly basis (every third Monday of the month) via phone calls. The survey tools are deployed on KoBo each month. Enumerators hence input data using KoBoCollect Android App and submit it to the respective KoBo account by the end of the day of data collection. Following data collection, data is cleaned, if necessary.

Data analysis then follows:

- For market level reporting, median prices of all monitored items are calculated within each monitored market;
- For overall reporting, the median of the list of market level medians is calculated. This is what is used to produce boxplots;
- Categorical variables are aggregated to the market level by taking the count of KIs that answer a given option.

In addition to price data of the monitored items, listed on page 2, exchange rates data is also collected from forex traders in the target markets. The exchange rates provided here are hence the medians of reported exchange rates in the respective markets.

This analysis is triangulated with secondary data to complete a monthly situation overview.

CHALLENGES AND LIMITATIONS

- Price data is only indicative for the time it was collected. Prices may vary during the time between adjacent data collection rounds.
- Data is only indicative of the general price levels. Representativeness cannot be claimed. Even at the market level, price data must be interpreted with caution, particularly in larger markets with substantial variation in socioeconomic levels.
- While it is aimed for at least six prices per item,

from different vendor KIs during each round of data collection, in some cases this is not achieved. For instance, in some markets there are less than six vendors trading fuel and shelter materials. Also, non-response is common considering that data is collected remotely.

- The data collection requires enumerators to record the cheapest available price for each item, but does not require a specific brand, as brand availability may vary. Therefore price comparisons across markets may be based on slight variations of the same product.
- This exercise does not intend to measure general inflation levels in markets. As per the methodology, only the cheapest available price per item is collected, meaning that changes in middle market and upmarket items are not captured.

ABOUT REACH

REACH Initiative facilitates the development of information tools and products that enhance the capacity of aid actors to make evidence-based decisions in emergency, recovery and development contexts. The methodologies used by REACH include primary data collection and in-depth analysis, and all activities are conducted through inter-agency aid coordination mechanisms. REACH is a joint initiative of IMPACT Initiatives, ACTED and the United Nations Institute for Training and Research - Operational Satellite Applications Programme (UNITAR-UNOSAT).

For more information, please visit our website at www.reachinitiative.org. You can also contact us directly at geneva@reach-initiative.org and follow us on Twitter @REACH_info.

11. FSNAU. Cost of Minimum Expenditure Basket (CMB). 2007. <http://www.fsnau.org/analytical-approach/methodology/markets>