

# SOMALIA PRICE MONITORING

July 2019

## INTRODUCTION

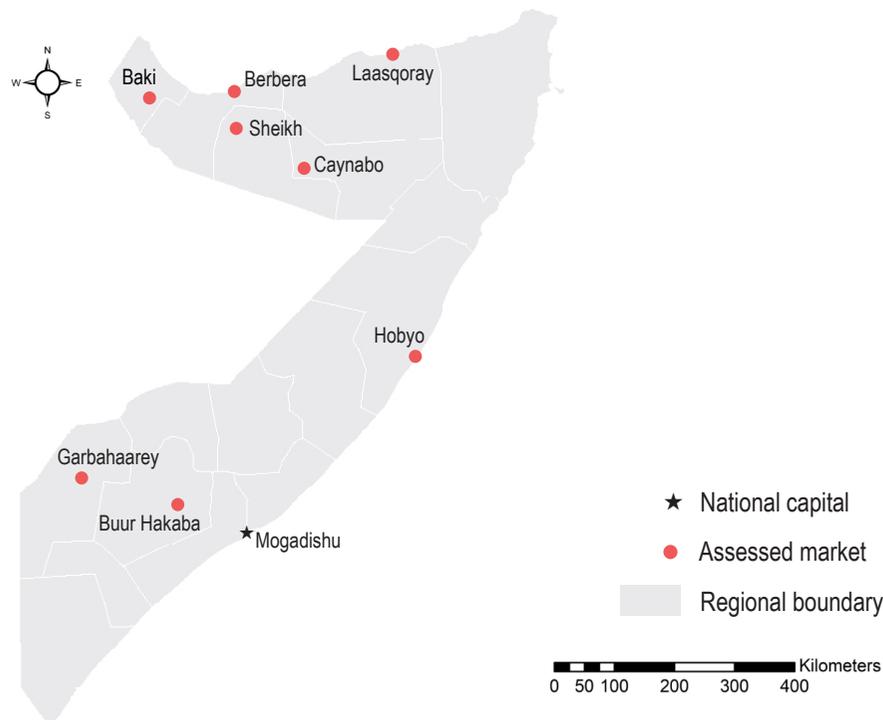
Cash-based interventions have been used by humanitarian actors in Somalia since 2003<sup>1</sup>. However, due to divergences in methodological approach, significant variations in cash transfer values have been noted along with a wide range of justifications. It is against this backdrop that the Somalia 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 districts in Somalia, based on primary data collected from 419 vendor KIs between 22 - 23 July 2019.

## ASSESSED MARKETS

- 8 assessed markets
- 34 assessed items
- 419 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) 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

- Livestock prices continued to decrease in the majority of assessed markets.** Notably, compared to June, the price of one head of goat decreased by 62% in Laasqoray, by 43% in Hobyo and by 32% in Buur Hakaba. This is likely owing to improved availability of pasture and water following the 2019 Gu (April to June) rains although they started late and were erratically distributed<sup>2</sup>. Relatedly, the price of one litre of camel milk also recorded a decrease in the majority of assessed markets. In particular, it decreased by 58% in Buur Hakaba and by 40% in Laasqoray.
- Prices of imported food items (rice, sugar, vegetable oil and wheat flour) especially in Northwest Somalia, recorded increases between June and July.** This is likely a reflection of the depreciation of the United States Dollar (USD) against the Somaliland Shilling (SISh) following initiatives by the government to strengthen the local currency<sup>3</sup>.
- Comparably, some local cereals recorded significant price increases between June and July.** Particularly, the prices of one kilogram of red sorghum and white sorghum in Buur Hakaba increased by 136% and 68% respectively. In addition to a poor Gu harvest<sup>4</sup>, this is also likely due to the effect of demands for informal payments along supply routes linking Buur Hakaba and neighbouring crop producing areas. Additionally, the price of one kilogram of white maize increased by 58% in Laasqoray, by 43% in Caynabo and by 41% in Buur Hakaba.
- The median price of twenty litres of water in Garbahaarey was 0.16 USD, a 92% increase compared to June.**
- Ninety-seven percent (97%) of vendor KIs in Sheikh, 72% in Caynabo and 70% in Berbera reported supply challenges.** Increase in prices of commodities and unusable roads were the top cited challenges.

## MEDIAN EXCHANGE RATES

8,300	34,000	30,000	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. <http://www.cashlearning.org/downloads/user-submitted-resources/2018/10/1538990263.2018-08%20-%20Somalia%20CWG%20Eval%20Rpt%20of%202017%20CBA%20response%20-%20Low%20Res%20for%20email.pdf>

## MEDIAN PRICES (USD<sup>5</sup>)

Food items	Baki		Berbera		Buur Hakaba		Caynabo		Garbahaarey		Hobyo		Laasqoray		Sheikh	
	Price	% change <sup>6</sup>	Price	% change <sup>6</sup>	Price	% change <sup>6</sup>	Price	% change <sup>6</sup>	Price	% change <sup>6</sup>	Price	% change <sup>6</sup>	Price	% change <sup>6</sup>	Price	% change <sup>6</sup>
Goat meat (1 kg)	7.01*	-21%	8.43*	+13%	5.00*	+19%	9.04	+17%	5.20*	+4%	10.00	+10%	8.82	+23%	8.63	-3%
Tea leaves (1 kg)	3.66	+2%	2.53*	+6%	1.28	-15%	3.19	+3%	1.40	-16%	2.33	-10%	1.97	-10%	2.74	+15%
Cow peas (1 kg)	3.05*	+42%	2.29*	+7%	1.00*	-25%	1.84*	-4%	1.40	-9%	0.90	-10%	1.94	+4%	2.38	0%
Vegetable oil (1 L)	2.07	+16%	1.69*	+18%	0.98	-29%	1.81	+8%	1.40	-16%	0.80	-20%	1.49	+44%	2.14	+20%
Onions (1 kg)	-	-	0.90	-5%	0.96*	-39%	0.84	+1%	1.60	+60%	1.00	-25%	0.85	-16%	0.83	+17%
Camel milk (1 L)	1.16*	-19%	1.27	-11%	0.60*	-58%	1.33	+11%	1.00	-14%	1.10	-7%	1.24	-40%	1.13	-21%
White maize (1 kg)	-	-	0.81*	-15%	0.44*	+41%	1.02*	+43%	0.72	-14%	1.17	+35%	1.24*	+58%	0.60	0%
White sorghum (1 kg)	0.85*	+2%	0.72*	-13%	0.70*	+68%	0.84*	-11%	0.48	-52%	1.00	0%	1.24*	+13%	0.83	0%
Rice (1 kg)	0.85	+2%	0.72*	+6%	0.60	+3%	0.72	+1%	0.80	-4%	0.83	-4%	0.71	-2%	0.71	+4%
Sugar (1 kg)	0.85	+2%	0.72*	+21%	0.56*	-21%	0.72	-13%	0.80	-4%	1.00	0%	0.71	-2%	0.71	0%
Tomatoes (1 kg)	-	-	1.20	+1%	1.96*	+18%	0.96	-19%	1.40	+22%	1.33	-11%	1.04	-5%	1.19	0%
Wheat flour (1 kg)	0.61	-15%	0.66*	+11%	0.56	+12%	0.72	+21%	0.72	-14%	0.77	-23%	0.68	+8%	0.60	-17%
Red sorghum (1 kg)	-	-	0.66*	+11%	0.64*	+136%	0.72*	+1%	0.72	-28%	1.00	+7%	1.03*	+10%	0.60	0%
Salt (1 kg)	0.61	+2%	0.51	+8%	0.32	-55%	0.48	-19%	0.48	-4%	0.50	+131%	0.29	+18%	0.60	+11%
<b>Cooking fuel</b>																
Charcoal (50 kg)	-	-	9.64*	+4%	-	-	7.23*	-24%	6.40	+2%	10.00	+20%	-	-	7.98	-4%
<b>WASH items</b>																
Soap (125 g bar)	0.37	+2%	0.36*	+1%	0.24*	-11%	0.36	+1%	0.24	-28%	0.50	+88%	0.15	-6%	0.36	0%
Water (20 L)	0.04*	+2%	-	-	0.16*	+28%	-	-	0.16	+92%	0.10	0%	0.18	-19%	-	-
<b>Household NFIs</b>																
Cooking pot (7 L)	17.99*	-20%	12.05	+23%	6.00	0%	13.25*	-11%	6.00	+20%	10.73	+79%	7.65	-1%	11.90	+38%
Jerry can (20 L)	1.83	-23%	2.89*	+21%	3.00	-	2.71*	-5%	1.40	-53%	3.00	+38%	2.43*	-3%	2.86	+17%
<b>Shelter materials</b>																
Iron sheet (gauge 26)	-	-	6.87*	+9%	2.92*	-27%	5.96*	-1%	6.40	+60%	4.00	-50%	7.00*	0%	6.55*	+9%
Cement (50 kg)	-	-	5.96*	0%	9.60*	-4%	-	-	8.00	-20%	10.00	0%	7.00*	+8%	-	-
Roofing nails (1 kg)	-	-	2.41*	+19%	1.36*	-9%	1.99*	-2%	2.00	0%	2.00	+20%	2.00*	+10%	2.17*	-9%
<b>Livestock</b>																
Camel (1 head)	-	-	662.65*	-2%	780.00*	+10%	722.89*	+1%	480.00*	-4%	440.00	-45%	411.76	-31%	654.76*	-1%
Goat (1 head)	40.24*	-15%	57.23*	-8%	48.00*	-32%	85.54*	+20%	57.60*	-8%	40.00	-43%	35.29	-62%	47.62*	-20%
<b>Transport fuel</b>																
Petrol (1 L)	-	-	1.02*	+23%	0.96*	-4%	-	-	1.00*	0%	1.00	0%	0.74*	-2%	1.01*	+21%
Diesel (1 L)	-	-	0.66*	-7%	0.74*	-26%	0.75*	-10%	0.72*	-29%	1.00	+7%	0.68*	-27%	0.87*	+12%

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

2. Famine Early Warning Systems Network (FEWS NET) and Food Security and Nutrition Analysis Unit (FSNAU), Somalia Food Security Outlook - June 2019 to January 2020, July 2019.

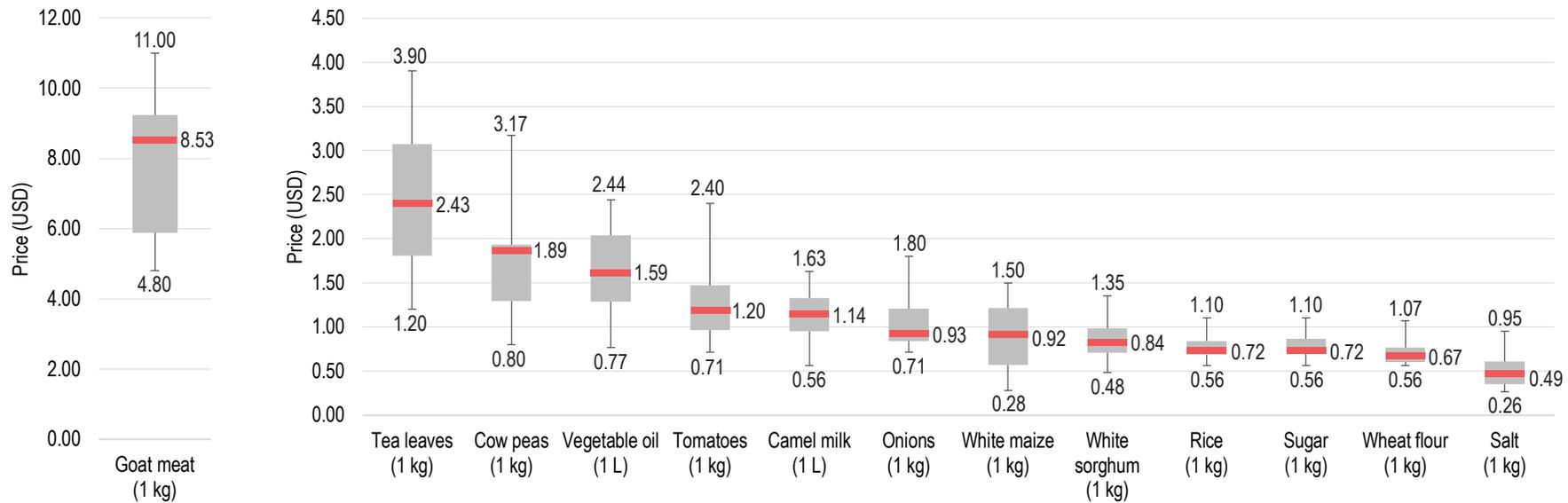
[https://reliefweb.int/sites/reliefweb.int/files/resources/Somalia\\_Food%20Security%20Outlook\\_062019.pdf](https://reliefweb.int/sites/reliefweb.int/files/resources/Somalia_Food%20Security%20Outlook_062019.pdf)

3. FEWS NET and FSNAU, Food and Nutrition: Quarterly Brief - Focus on Gu 2019 Season Early Warning, April 2019.

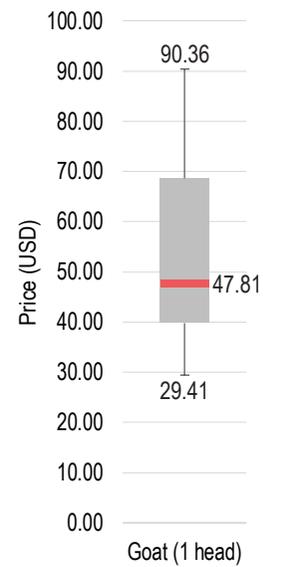
[http://www.fsnau.org/downloads/FSNAU-Food-Security-Quarterly-Brief-April-2019\\_0.pdf](http://www.fsnau.org/downloads/FSNAU-Food-Security-Quarterly-Brief-April-2019_0.pdf)

## DISTRIBUTION OF PRICES<sup>7</sup>

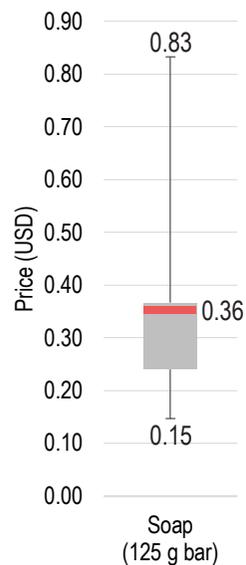
### Food items



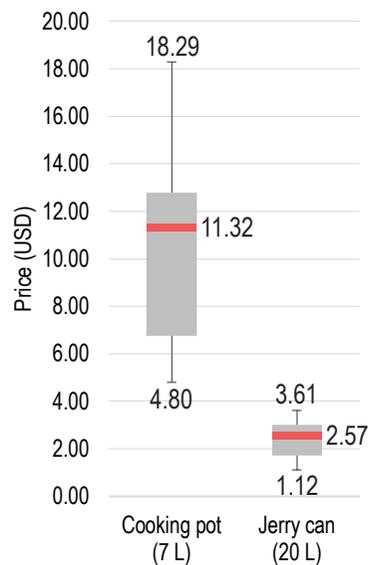
### Livestock



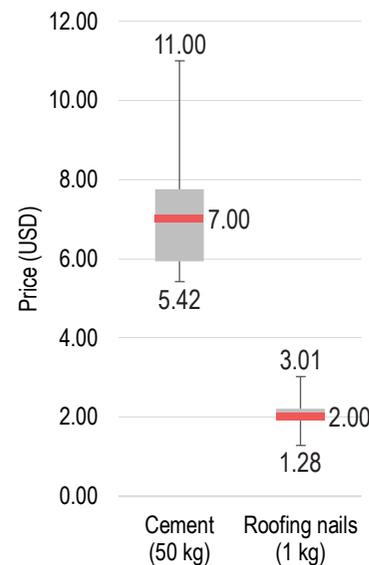
### WASH items



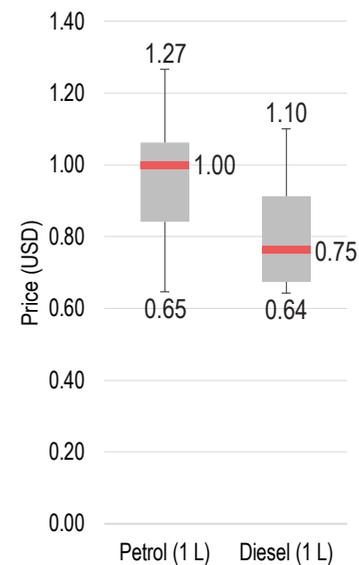
### Household NFIs



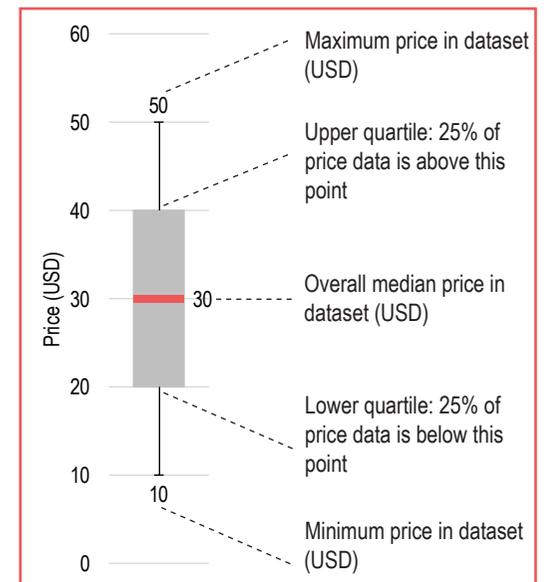
### Shelter materials



### Transportation fuel



### Reading boxplots



4. FEWS NET and FSNAU. Somalia Food Security Outlook - June 2019 to January 2020. July 2019. [https://reliefweb.int/sites/reliefweb.int/files/resources/Somalia\\_Food%20Security%20Outlook\\_062019.pdf](https://reliefweb.int/sites/reliefweb.int/files/resources/Somalia_Food%20Security%20Outlook_062019.pdf)

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

6. Represents percentage change in prices between June and July. 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.

## SUPPLY<sup>8</sup>

Ninety-six percent (96%), 74%, 63% and 52% of vendor KIs in Garbahaarey, Buur Hakaba, Hobyo and Laasqoray respectively, reported sourcing their supplies from local producers while 4%, 34%, 38% and 25% respectively, reported sourcing them from a wholesaler in their town. Twenty-five percent (25%) of vendor KIs in Laasqoray additionally reported sourcing their supplies from a supplier in another town, mainly Bossaso. Supply sources reported by vendor KIs in Baki, Berbera, Caynabo and Sheikh are shown below:

### Baki

1. Local producer	52%
2. Wholesaler in the town	43%
3. Supplier in another town	19%
4. Supplier in another country	5%

### Berbera

1. Local producer	45%
2. Wholesaler in the town	45%
3. Supplier in another country	25%
4. Supplier in another town	18%

### Caynabo

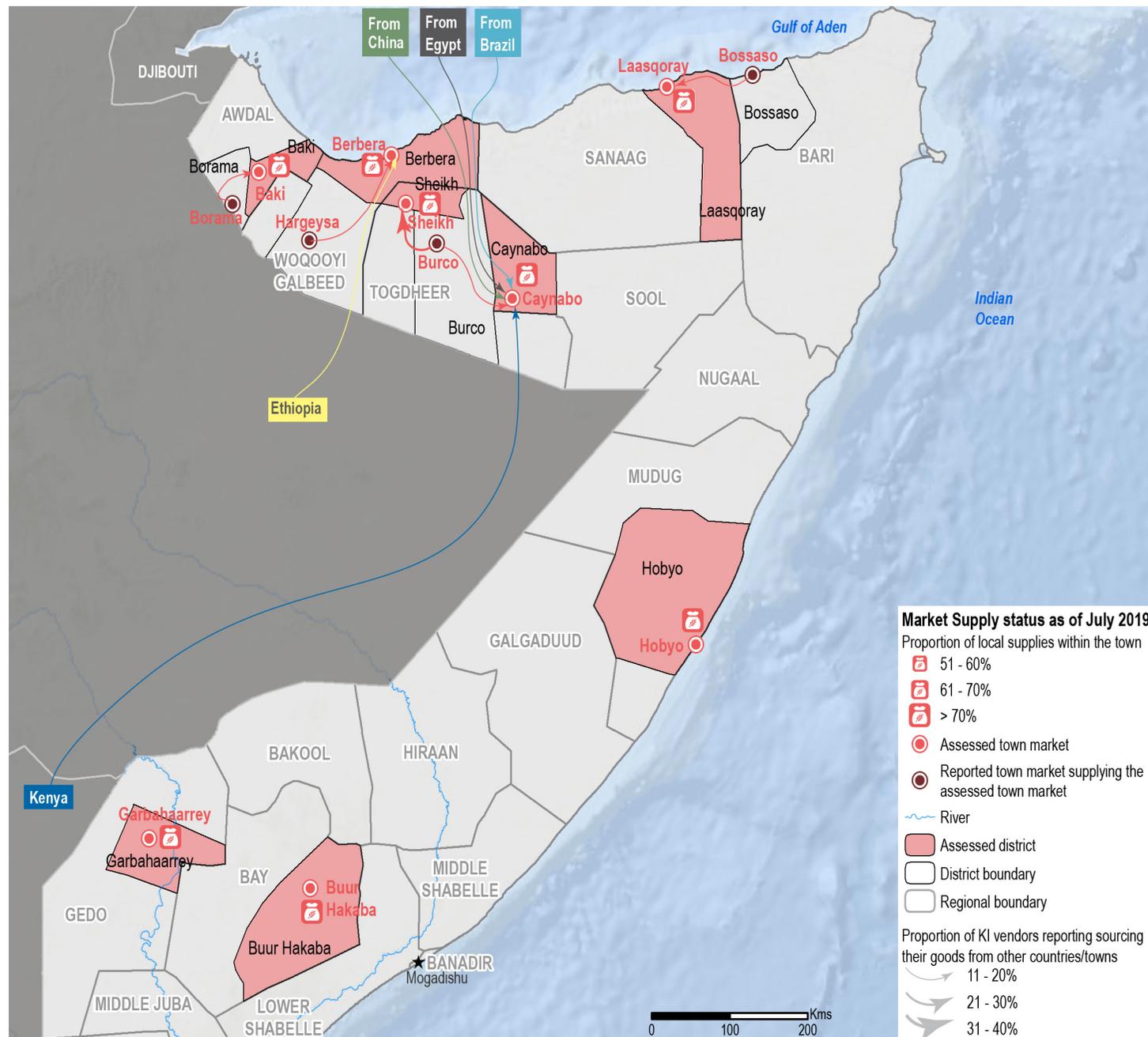
1. Local producer	64%
2. Wholesaler in the town	28%
3. Supplier in another country	24%
4. Supplier in another town	16%

### Sheikh

1. Local producer	59%
2. Wholesaler in the town	22%
3. Supplier in another town	22%
4. Supplier in another country	11%

Ninety-seven percent (97%) of vendor KIs in Sheikh, 72% in Caynabo, 70% in Berbera, 33% in Baki and 29% in Buur Hakaba reported supply challenges. Increase in prices of commodities was the most commonly reported supply challenge in Sheikh at 92%, in Caynabo at 64%, in Berbera at 48% and in Baki at 19%. Unusable roads, at 29%, was the most commonly reported supply challenge in Buur Hakaba.

## SUPPLY SOURCES MAP<sup>9</sup>



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

8. Vendor KIs could select multiple responses.

9. 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 globally<sup>10</sup>.

## 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](http://www.reachinitiative.org). You can also contact us directly at [geneva@reach-initiative.org](mailto:geneva@reach-initiative.org) and follow us on Twitter @REACH\_info.

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