

SOMALIA PRICE MONITORING

February 2019

INTRODUCTION

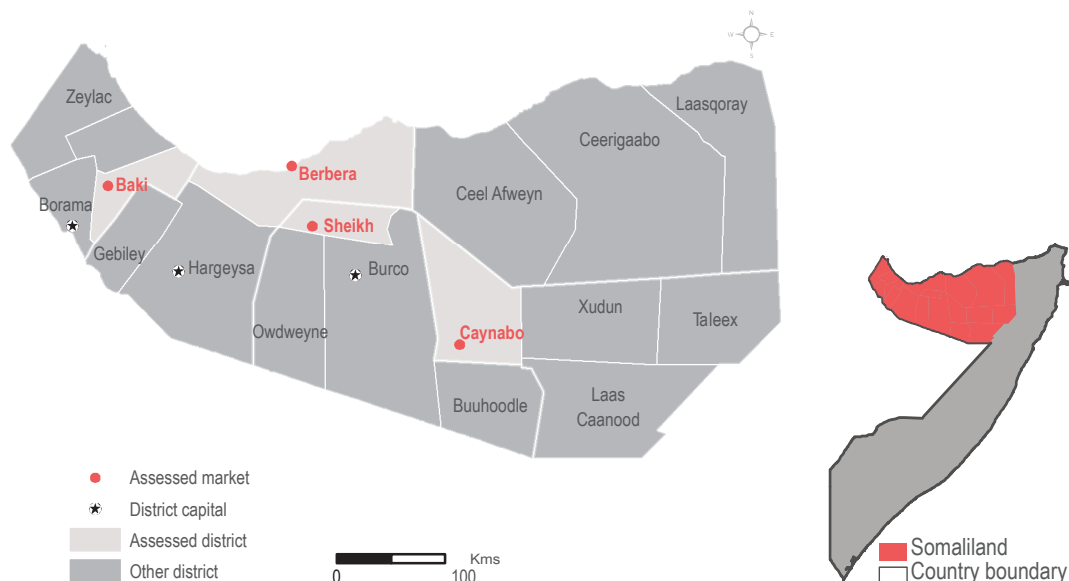
Cash-based interventions have been used by humanitarian actors in Somalia since 2003¹. However, due to divergences in methodological approach, significant variations in cash transfer values have been noted along with a wide range of justifications. It is against this backdrop that the Somalia Cash Working 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 four districts in Somaliland, where the exercise was piloted, based on primary data collected between 5 - 25 February 2019.

ASSESSED MARKETS

4 assessed markets
34 assessed items
165 assessed vendor KIs



METHODOLOGY

- The main urban markets in Baki, Berbera, Caynabo 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 a weekly basis via telephone from a centralised call centre in Hargeisa.
- 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

- **Food prices were generally higher in Baki compared to the other monitored markets.** In particular, the median prices of tea leaves, vegetable oil, rice, white sorghum and salt were relatively higher in Baki compared to the other monitored markets. This is possibly due to high transportation costs. Baki is characterised by poor road conditions along a mountainous coastal terrain making physical access a challenge. In line with this, unusable roads was the second most commonly cited supply challenge faced by vendor KIs in Baki, cited by 58% of the 39% of vendor KIs who reported supply challenges.
- **There was a substantial difference in median water prices in Caynabo and Baki** - the only markets where price data for water was available. The median price of 20 litres of water in Caynabo was Somaliland Shillings (SISh). 4,000 compared to SISh. 300 in Baki.
- As with food prices, **transport fuel prices were generally higher in Baki compared to the other monitored markets.** The median price of one litre of petrol in Baki was reportedly SISh. 9,000 compared to SISh. 8,000 in the other monitored markets, and the median price of one litre of diesel was SISh. 8,000 compared to SISh. 6,800 in Sheikh, SISh. 6,700 in Caynabo and SISh. 6,000 in Berbera. The relatively lower median price of diesel in Berbera is potentially attributed to high supply from the Berbera Oil Terminal at the Berbera Port.
- **Fifty-nine percent (59%) of vendor KIs in Caynabo, 54% in Sheikh, 43% in Berbera and 39% in Baki reported supply challenges.** Of these, 74% in both Caynabo and Sheikh, 65% in Baki and 46% in Berbera cited an increase in price, making it the most commonly reported supply challenge faced by vendor KIs in the monitored markets.

EXCHANGE RATES

9,950	9,800	9,800	9,775
USD/SISh	USD/SISh	USD/SISh	USD/SISh
Baki	Berbera	Caynabo	Sheikh

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



USAID
FROM THE AMERICAN PEOPLE

CWG

CASH
WORKING
GROUP

REACH

Informing
more effective
humanitarian action

MONITORED ITEMS

Food items

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

Cooking fuel

Firewood	Kerosene*	Charcoal
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Water, Sanitation and Hygiene (WASH) items

Water*	Soap*	
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Household NFIs

Jerry can	Cooking pot	Blanket
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Shelter materials

Cement	Roofing nails	Iron sheet
Timber		

Livestock

Goat	Cattle	Camel
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Transport fuel

Petrol	Diesel	
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* denotes the basic food and non-food items 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 globally².

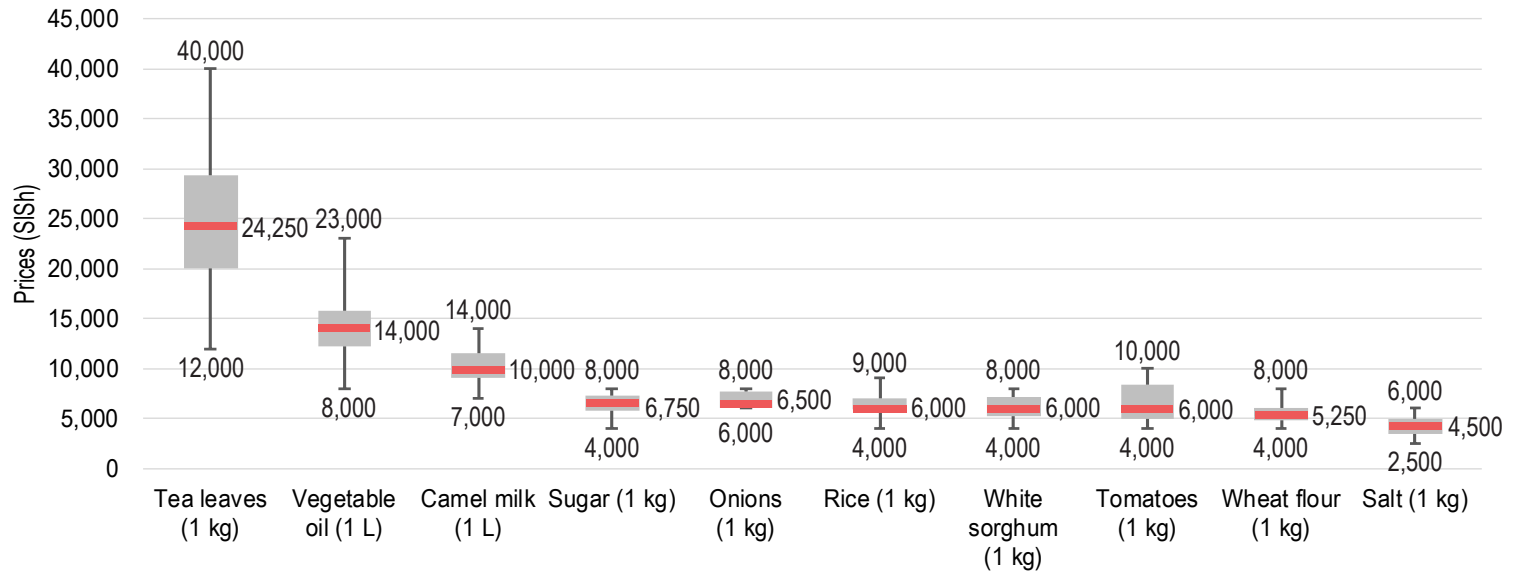
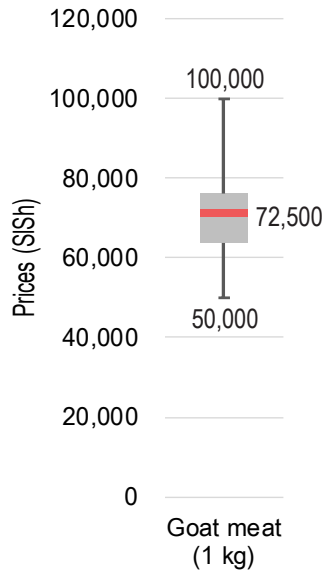
MEDIAN PRICES (SISH)

Item	Baki	Berbera	Caynabo	Sheikh
Food items				
Goat meat (1 kg)	75,000*	70,000	80,000	65,000
Tea leaves (1 kg)	30,000	22,000	24,500	24,000
Vegetable oil (1 L)	17,000	14,000	12,000	14,000
Camel milk (1 L)	10,000*	12,000*	10,000	9,000
Rice (1 kg)	7,500	6,000	6,000	6,000
Sugar (1 kg)	7,000	6,000	7,000	6,500
White sorghum (1 kg)	6,250*	6,000	6,000	6,000
Tomatoes (1 kg)	6,000*	8,000	6,000	5,000
Onions (1 kg)	6,000*	8,000	7,000	6,000
Wheat flour (1 kg)	5,500	5,000*	5,500	5,000
Salt (1 kg)	5,000	4,000	4,000	5,000
Cooking fuel				
Charcoal (50 kg)	-	80,000	50,000	60,000
WASH items				
Soap (125 g bar)	3,000	2,500	3,000	3,000
Water (20 L)	300	-	4,000	-
Household NFIs				
Blanket (150 cm x 200 cm)	-	150,000	99,000	150,000
Aluminium cooking pot (7 L)	145,000*	130,000*	80,000	122,500
Jerry can (20 L)	30,000*	24,000*	24,000	20,000
Shelter materials				
Timber (20 inch x 4 inch x 20 Ft)	-	220,000	-	230,000
Galvanised iron sheet (Gauge 26)	-	65,000	-	70,000
Cement (50 kg)	-	58,000	-	62,500
Roofing nails (1 kg)	-	20,000	-	20,000
Livestock				
Camel (1 head)	-	7,000,000	7,000,000	7,000,000
Goat (1 head)	472,500	800,000	750,000	600,000
Transport fuel				
Petrol (1 L)	9,000*	8,000	8,000*	8,000*
Diesel (1 L)	8,000*	6,000	6,700*	6,800*

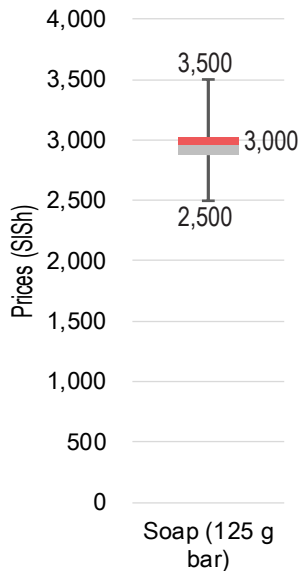
* denotes commodities that did not meet the threshold of at least six prices per round of data collection.

DISTRIBUTION OF PRICES³

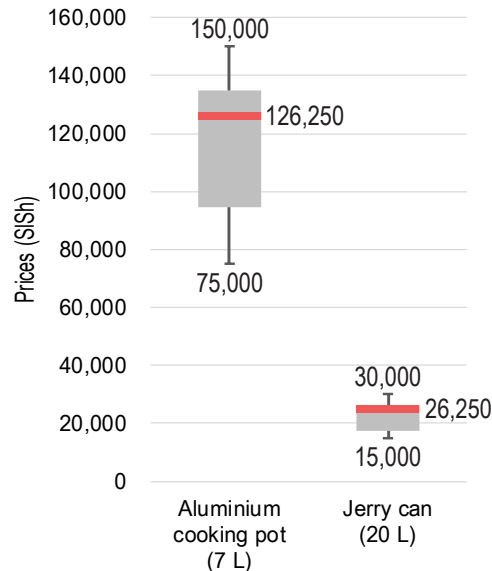
Food items



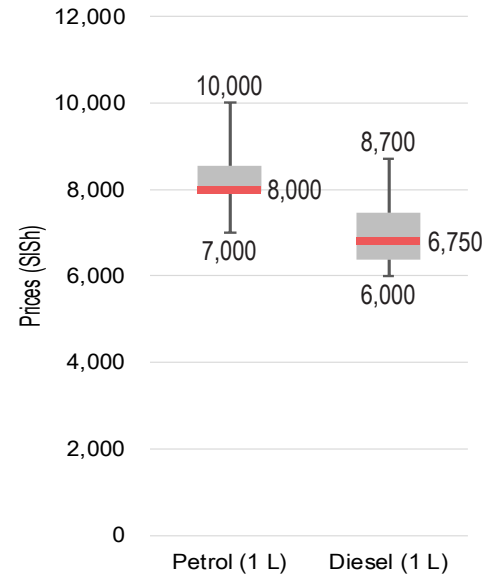
WASH items



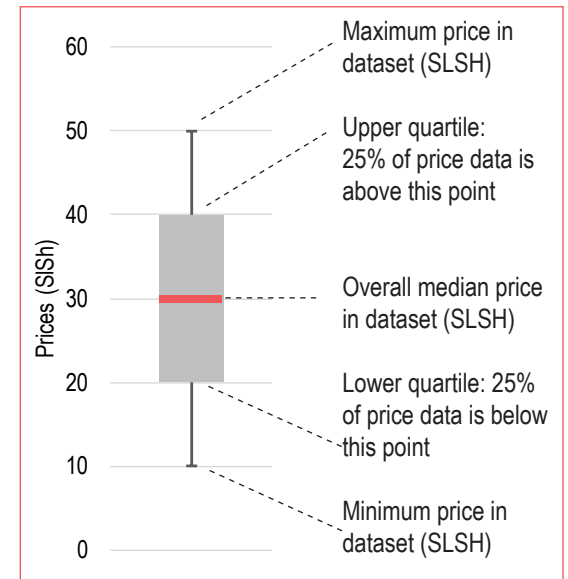
Household NFIs



Transportation fuel



Reading boxplots

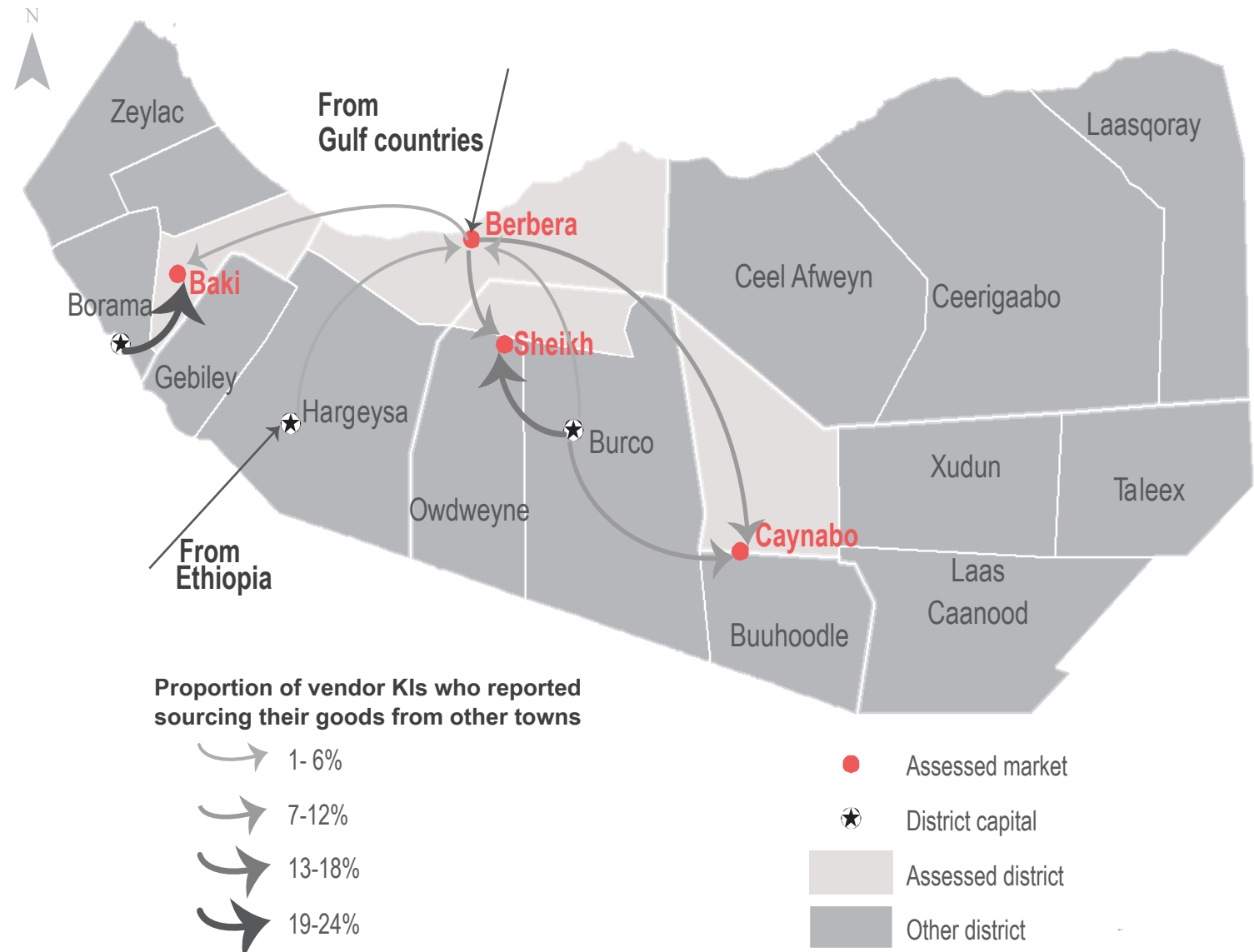


3. Boxplots were produced for only those commodities whose price data was available in all target markets.

SUPPLY

- The most commonly reported source of supplies in Berbera, Baki and Sheikh is wholesaler in current town, cited by 57% of vendor KIs in Berbera, 56% in Baki and 51% in Sheikh. On the other hand, the most commonly reported source of supplies in Caynabo is local producers, cited by 47% of vendor KIs. This is followed by wholesalers in current town, at 45%.
- One quarter of vendor KIs in Baki, 21% in Sheikh, 20% in Caynabo and 9% in Berbera reported sourcing their supplies from a supplier in a town outside their current town.
- Fifty-nine percent (59%) of vendor KIs in Caynabo, 54% in Sheikh, 43% in Berbera and 39% in Baki reported supply challenges.
- Of those who reported supply challenges in Caynabo, 74% cited an increase in prices of items, 41% cited a sudden increase in demand for items and 31% cited a lack of sufficient capital to restock or scale up.
- Of those who reported supply challenges in Sheikh, 74% cited an increase in prices of items, 22% cited a sudden increase in demand for items and 18% cited a lack of sufficient capital to restock or scale up and theft and/or damage of items.
- Of those who reported supply challenges in Berbera, 46% cited an increase in prices of items, 32% cited a sudden increase in demand for items and 18% cited a lack of sufficient capital to restock or scale up.
- Of those who reported supply challenges in Baki, 65% cited an increase in prices of items, 58% cited unusable roads and 19% cited a sudden fall in demand for items.

SUPPLY SOURCES MAP



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 KIIs 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 KIIs 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

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 KIIs 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.
- 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.

collection, to ensure quality data. From a mini call center in the Hargeisa Office, enumerators conduct KIIs with preselected vendors on a weekly basis (every Monday) via phone calls. During the first three weeks of the month, a short tool, which excludes household NFIs, shelter materials and livestock, is used for data collection. This is because the prices of these commodities are relatively inelastic therefore do not necessarily need to be collected on a weekly basis. In the last week of the month an expanded tool, which includes all items listed in the Monitored Items section, is used for data collection. 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.

ABOUT REACH

REACH is a joint initiative of two international nongovernmental organisations - ACTED and IMPACT Initiatives - and the UN Operational Satellite Applications Programme (UNOSAT). REACH 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. By doing so, REACH contributes to ensuring that communities affected by emergencies receive the support they need. All REACH activities are conducted in support to and within the framework of inter-agency aid coordination mechanisms.

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

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 KIIs 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.