SOMALIA PRICE MONITORING

March 2019

INTRODUCTION

Cash-based interventions have been used by humanitarian actors in Somalia since 2003[1]. 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, based on primary data collected between 4 - 25 March 2019.

METHODOLOGY

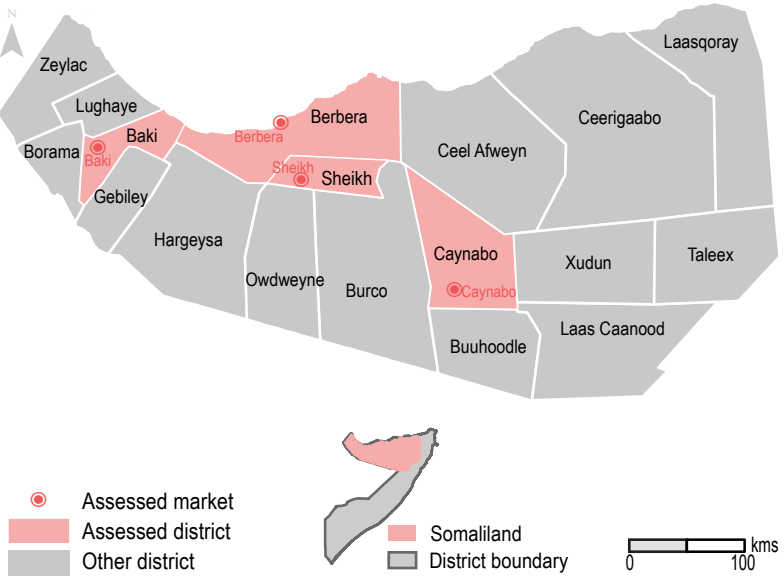
- The main urban markets in Baki, Berbera, Caynabo and Sheikh districts were targeted. In each of the markets, REACH field staff purposively sampled shops from different types of businesses. Among other criteria, it was crucial that these shops delineate a representative picture of the general conditions, 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.

ASSESSED MARKETS

4 assessed markets

34 assessed items

165 vendor KIs



KEY FINDINGS

- **In comparison to February, the Somaliland Shilling exhibited a slight appreciation against the United States Dollar (USD),** by 5% in Baki and by 3% in Berbera, Caynabo and Sheikh.
- Similarly to February, and likely attributed to a higher transportation cost due to poor road conditions, **food prices were generally higher in Baki compared to the other monitored markets.** In particular, the median prices of goat meat, tea leaves, vegetable oil, rice, sugar and wheat flour were relatively higher in Baki compared to the other monitored markets.
- **The median price of one kilogram of tomatoes increased by 60% in Sheikh, by 25% in Berbera, by 17% in Caynabo and by 8% in Baki between February and March**. In addition, **the median price of one kilogram of white sorghum in Sheikh increased by 17% during the same period.** This is potentially attributed to low supply as a result of below average 2018 Deyr (October - December) harvest compounded by current dry weather conditions.
- **The median price of one litre of camel milk increased by 20% in Baki, by 17% in Berbera and by 11% in Sheikh between February and March**. This is possibly due to a decline in milk production as livestock body conditions deteriorate.
- **Relatedly, the median price of one head of camel decreased by 14% in Berbera, by 9% in Sheikh and by 7% in Caynabo between February and March. Similarly, the median price of one head of goat decreased by 20% in Caynabo and by 13% in Berbera.** According to Food and Agriculture Organization of the United Nations (FAO), in some markets, the prices of goats have declined by as much as 25% between December 2018 and March 2019 due to faster than normal deterioration of body conditions[2].

EXCHANGE RATES

9,500	9,500	9,500	9,500
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.
2. Food and Agriculture Organization of the United Nations (FAO). East Africa - Severe dryness at the start of 2019 first rainy season and unfavourable weather forecasts raise food security concerns. 23 April 2019.

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 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[3].

MEDIAN PRICES (SISh)

	Baki		Berbera		Caynabo		Sheikh	
	Price	% change[4]	Price	% change[4]	Price	% change[4]	Price	% change[4]
Food items								
Goat meat (1 kg)	75,000*	0%	70,000*	0%	70,000	-13%	70,000	+8%
Tea leaves (1 kg)	30,000	0%	24,000	+9%	24,000	-2%	24,000	0%
Vegetable oil (1 L)	17,000	0%	14,000*	0%	14,500	+21%	14,500	+4%
Camel milk (1 L)	12,000*	+20%	14,000	+17%	10,000	0%	10,000	+11%
Rice (1 kg)	7,500	0%	6,000	0%	6,000	0%	6,000	0%
Sugar (1 kg)	7,000	0%	6,000	0%	6,000	-14%	6,000	-8%
Tomatoes (1 kg)	6,500*	+8%	10,000	+25%	7,000	+17%	8,000	+60%
Onions (1 kg)	6,500*	+8%	8,000	0%	7,000	0%	6,250	+4%
Wheat flour (1 kg)	6,000	+9%	5,500	+10%	5,000	-9%	5,000	0%
White sorghum (1 kg)	6,000	-4%	6,000	0%	6,250	+4%	7,000	+17%
Salt (1 kg)	5,000	0%	5,000	+25%	4,000	0%	5,000	0%
Cooking fuel								
Charcoal (50 kg)	-		80,000*	0%	60,000*	+20%	60,000	0%
WASH items								
Soap (125 g bar)	3,000	0%	3,000	+20%	3,000	0%	3,000	0%
Water (20 L)	300*	0%	-		2,000*	-50%	-	
Household NFIs								
Blanket (150 cm x 200 cm)	-		150,000	0%	130,000	+31%	150,000	0%
Aluminium cooking pot (7 L)	100,000*	-33%	100,000*	-23%	95,000*	+19%	110,000	-10%
Jerry can (20 L)	18,500*	-38%	25,000	+4%	22,000	-8%	20,000	0%
Shelter materials								
Timber (20 inch x 4 inch x 20 Ft)	-		130,000	-41%	-		200,000*	-13%
Galvanised iron sheet (Gauge 26)	-		65,000	0%	-		70,000*	0%
Cement (50 kg)	-		58,000	0%	-		59,000*	-6%
Roofing nails (1 kg)			20,000	0%	-		22,500*	+12%
Livestock								
Camel (1 head)	-		6,000,000	-14%	6,500,000	-7%	6,400,000	-9%
Goat (1 head)	550,000*	+16%	700,000	-13%	600,000	-20%	600,000	+17%
Transport fuel								
Petrol (1 L)	8,500*	-6%	8,000	0%	8,250*	+3%	8,000*	0%
Diesel (1 L)	7,500*	-6%	6,000	0%	6,500*	-3%	6,500*	-4%

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

3. http://www.fsnau.org/analytical-approach/methodology/markets
4. Represents percentage change in prices between February and March.

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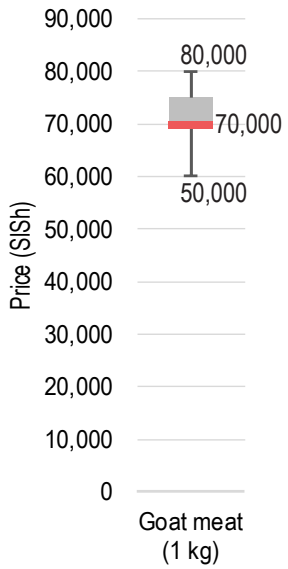
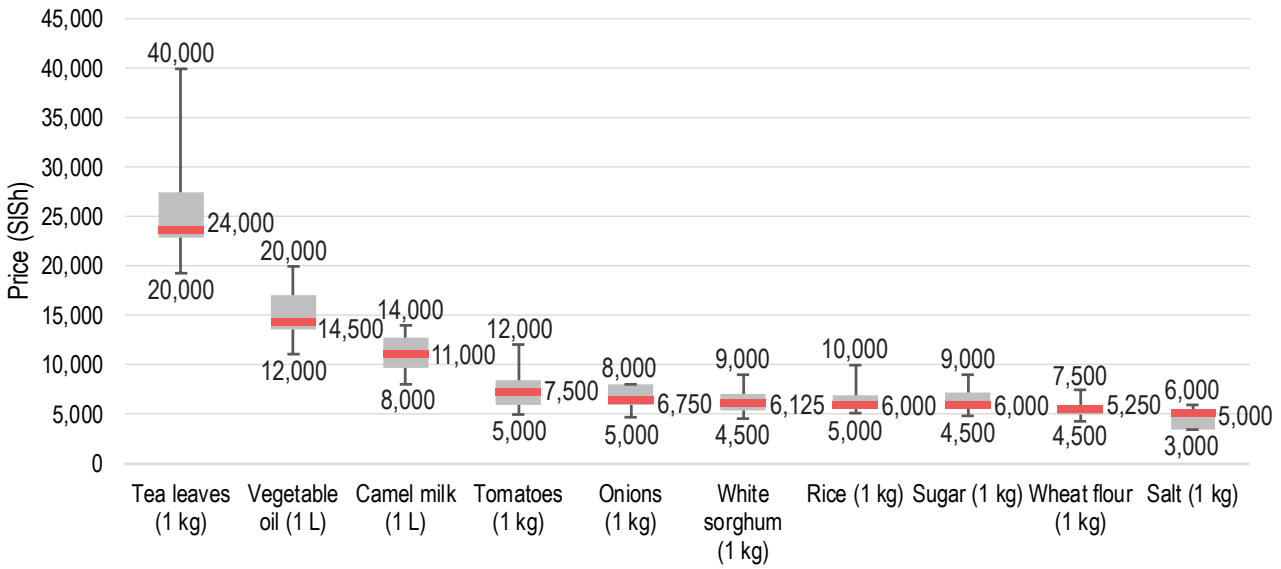
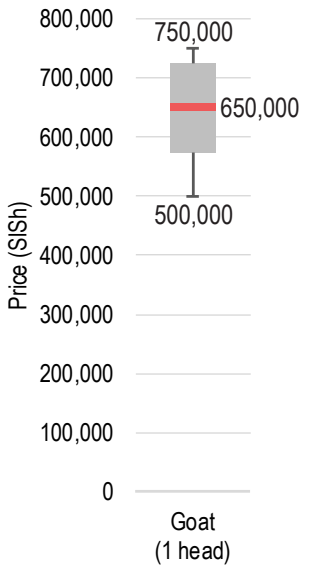
DISTRIBUTION OF PRICES[5]

Food items

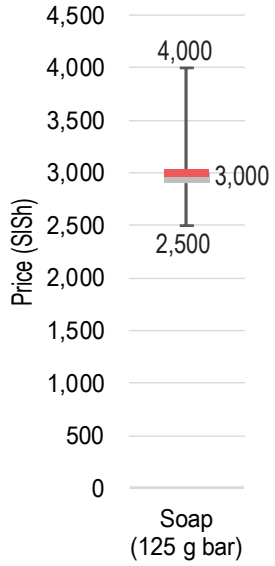




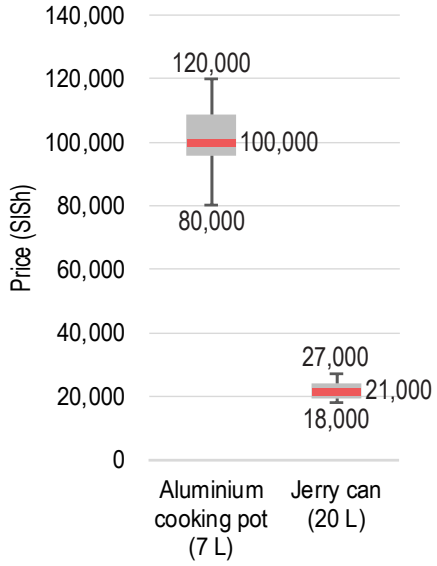
Livestock



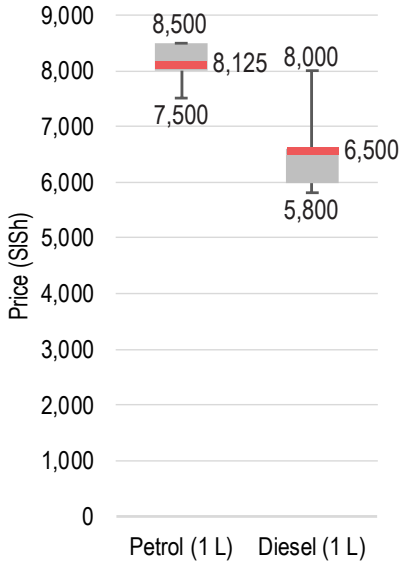
WASH items



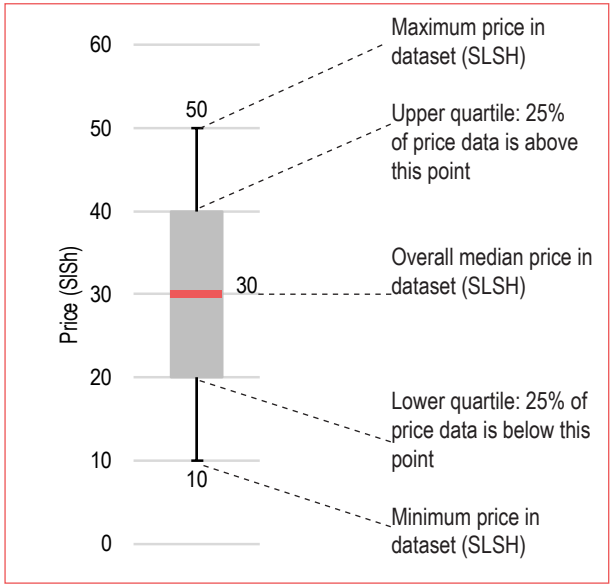
Household NFIs



Transportation fuel



Reading boxplots



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

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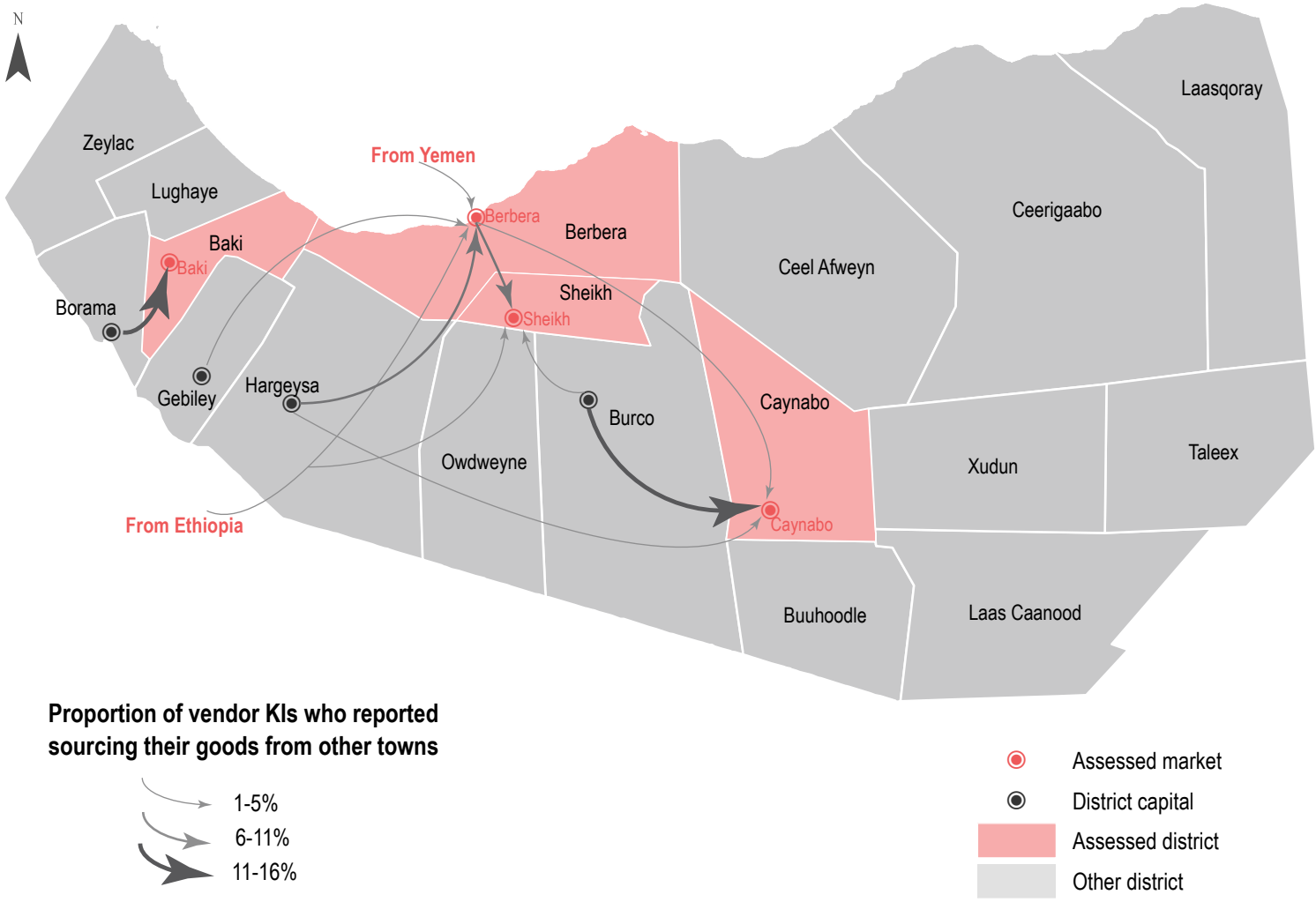
SUPPLY

- In the first week of data collection, "wholesaler in current town" was the most commonly reported source of goods in Baki and Caynabo, cited by all vendor KIs in Baki and by 86% of vendor KIs in Caynabo. On the other hand, "local producers" was the most commonly reported source of goods in Sheikh and Berbera, cited by 85% of vendor KIs in Sheikh and by 51% of vendor KIs in Berbera. Just 12% of vendor KIs in Sheikh and 5% in Berbera reported sourcing their goods from a supplier in a town outside their current town.
- In the third week, compared to the other weeks of data collection, a higher proportion of vendor KIs in Caynabo (33%) and Baki (24%) reported sourcing their goods from a supplier in a town outside their current town.
- In the last week of data collection, "wholesaler in current town" was the most commonly reported source of goods in all assessed markets, cited by all vendor KIs in Baki, 92% in Caynabo, 87% in Sheikh and 77% in Berbera. Twenty-two percent (22%) of vendor KIs in Baki, 17% in Sheikh, 12% in Caynabo and 5% in Berbera reported sourcing their supplies from a supplier in a town outside their current town.
- In the first week of data collection, an increase in prices was the most commonly reported supply challenge in all but Sheikh market, cited by 74% of vendor KIs in Baki, by 50% of vendor KIs in Caynabo and by 15% of vendor KIs in Berbera. In Sheikh, a sudden increase in demand was the most commonly reported supply challenge, cited by 26% of vendor KIs. In the last week of data collection, an increase in prices was the most commonly reported supply challenge in all markets, cited by 54% of vendor KIs in Berbera, 52% in Baki, 43% in Sheikh and 31% in Caynabo.

SUPPLY SOURCES MAP



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APPENDIX

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 consultated 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 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.

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.
- 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 is a joint initiative of two international non-governmental 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.

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