# S P E C I A L  R E P O R T

## FAO/WFP MARKETS AND FOOD SECURITY ASSESSMENT MISSION TO THE CENTRAL AFRICAN REPUBLIC

**7 April 2014**

**FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS, ROME**

**WORLD FOOD PROGRAMME, ROME**

**I3714E/1/03.14**

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## TABLE OF CONTENTS

**Page**

**Acronyms** ..... 4

**Mission Highlights** ..... 5

**1. INTRODUCTION** ..... 5

**2. IMPACT OF THE CRISIS ON THE ECONOMY** ..... 6

**3. FOOD SUPPLY SITUATION** ..... 7
3.1 Agricultural production ..... 7
3.2 Commercial imports ..... 8
3.3 Internal trade ..... 9
3.4 Limited business interest ..... 10

**4. FOOD DEMAND SITUATION** ..... 10
4.1 Food demand ..... 10
4.2 Food prices ..... 11
4.3 Food security ..... 11

**5. PRIORITIES FOR ASSISTANCE** ..... 12

**6. FOOD ASSISTANCE PROGRAMMES AND RECOMMENDATIONS** ..... 12

**Annex 1:** Mission meetings ..... 14
**Annex 2:** General and food price inflation ..... 15

## ACRONYMS

| | |
|---|---|
| ACF | Action Contre la Faim |
| ACTED | Agency for Technical Cooperation and Development |
| CAR | Central African Republic |
| ECHO | Humanitarian Aid and Civil Protection department of the European Commission |
| FAO | Food and Agriculture Organization of the United Nations |
| FEWSNET | Famine Early Warning System Network |
| GDP | Gross Domestic Product |
| GIEWS | Global Information and Early Warning System |
| ICASEES | Institut Centrafricain des Statistiques, des Etudes Economiques et Sociales |
| IDP | Internally Displaced Person |
| IOM | International Organization for Migration |
| IPC | Integrated Phase Classification |
| MIRA | Multi Cluster/Sector Initial Rapid Assessment |
| MISCA | Mission Internationale de Soutien à la Centrafrique sous conduite Africaine |
| NGO | Non-Governmental Organization |
| OCHA | Office for the Coordination of Humanitarian Assistance |
| PK | Point Kilométrique |
| PU-AMI | Première Urgence-Aide Médicale Internationale |
| UN | United Nations |
| UNICEF | United Nations Children's Fund |
| USD | US Dollar |
| XAF | CFA Franc BEAC |
| WFP | World Food Programme |

**Mission Highlights**

- The Central African Republic (CAR) is gripped by unprecedented civil conflict and insecurity severely affecting economic activity and devastating livelihoods.
- In 2013 the Gross Domestic Product was 28.3 percent less than in 2012 while the agricultural sector contracted by 36.9 percent.
- Imports from neighbouring countries declined by 25.7 percent in 2013 and the movement of locally produced food commodities from surplus producing areas to deficit areas was severely restricted.
- The departure of Muslim businessmen who managed most of the trade and transport activities has severely impacted on the availability of food commodities. Commerce and transport sectors are currently a fraction of their pre-crisis levels.
- Prices of most agricultural commodities are currently lower than their pre-crisis levels due to a depressed local demand which more than compensated for the sharply reduced supply. By contrast, prices of meat and fish are well above their levels of early 2013.
- The 2014 lean season started at least two months earlier, exacerbating the strain on coping mechanisms of vulnerable groups. Serious food access constraints are observed with the dietary diversity and intake of animal proteins drastically diminished. This has raised serious concerns in terms of nutrition and health that may entail longer term consequences, particularly for children.
- Prospects for the 2014 cropping season, beginning from March/April, are grim given the level of insecurity and lack of agricultural inputs.
- A humanitarian system-wide Level 3 emergency response, whose immediate objective is saving lives and protecting livelihoods, was declared on 11 December 2013.
- About 1.25 million people, directly affected by conflict, are receiving food assistance for about eight months (January-August 2014). However, as of March 2014, only about one-third of the required funding is secured, necessitating incomplete food baskets and half ration distributions. Overall, 1.6 million people are estimated to be in need of urgent food assistance.
- The onset of the rainy season is expected to disrupt the already inadequate road transportation network, limiting the window of opportunity for humanitarian interventions. Pre-positioning of agricultural inputs and food stocks is also becoming a huge challenge.
- All indications are that it will be a long and expensive humanitarian operation over at least the next 18 months, particularly if the current agricultural season is missed.
- A multi-sectoral intervention is warranted to restore livelihoods by simultaneously creating effective demand through increased liquidity (cash transfers) and investing in human capital, particularly women, to improve agricultural production, trade and market access, child nutrition, health and education. Revitalization of community savings and loans (tontines) through cash transfers, such as quality seed multiplication would go a long way in rebuilding local economies.

## 1. INTRODUCTION

Civil insecurity has been a serious and consistent threat to the political stability and economic development of the Central African Republic (CAR) since its independence in 1960. The economic performance of CAR has often been subpar, despite vast endowments of arable lands, dense forests, gold and diamonds, largely due to the political instability caused by poor governance, successive coups and presence of foreign militants, especially in the northeast. In 2012, CAR ranked 180 out of 187 countries on the Human Development Index.

CAR is experiencing an unprecedented crisis in terms of both magnitude and intensity following the destabilization of the former regime in December 2012 and subsequent takeover by the rebel Séléka coalition in March 2013. The country has moved from a protracted crisis, characterized by chronic underdevelopment and localized emergency situations to an acute and complex emergency affecting almost the entire population. In December 2013, an unprecedented surge in violence and chaos in the capital Bangui[1] and several provinces around the country, mainly in Ouham and Ouham Pende in the North-West, exacerbated this situation. Today, CAR is on the brink of total economic and social collapse resulting in severe national and potentially regional repercussions.

[1] About 1 000 persons were killed, more than 300 000 displaced, almost 2 000 buildings and infrastructures were destroyed in one month.

To better understand the current food security situation, an FAO/WFP Mission visited CAR from 3 to 11 March 2014. The Mission aimed to assess the impact of the wider economic disruptions on the food sector. More specifically, the Mission focused on: how the crisis has impacted commercial food supplies (supply side); the purchasing power of the population, particularly of those who do not have access to food assistance (demand side); and the potential short to medium term mitigation measures that the international community could employ.

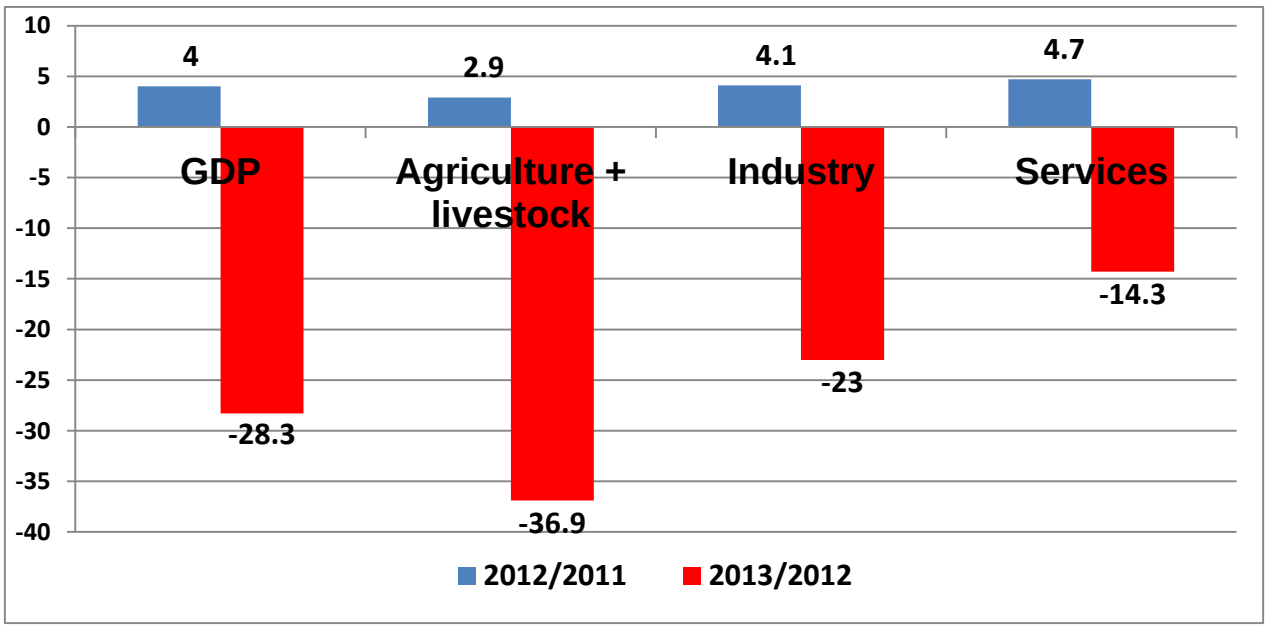
Prior to the Mission the latest available qualitative and quantitative information was analyzed. In-country, focus group and key informant discussions were held with both national and international stakeholders present in Bangui. They included the displaced populations at IDP and Transit Camps, NGOs, business community (importers/exporters, transporters, wholesalers and retailers), multilateral institutions, donors, civil society representatives, and relevant Government officials (see Annex 1).

## 2. IMPACT OF THE CRISIS ON THE ECONOMY

The crisis has had a severe negative impact on the country's overall economy. The 2013 Gross Domestic Product (GDP) was XAF 799.4 billion, 28.3 percent less compared to 2012. All sectors and sub-sectors of the economy recorded sharp declines in 2013 in contrast to the positive but low growth in 2012. The agricultural sector, which is essentially the backbone of the economy, (57 percent of the GDP) was most severely affected followed by industry and services sector (see Figure 1).

- Overall the agricultural sector contracted by 36.9 percent in 2013: agricultural product declined by 38.3 percent largely due to a sharp decrease in food crop (-37.8 percent) and cash crop (-46 percent) production. The output for export commodities like cotton (-80 percent) and coffee (-45 percent) was particularly affected. The livestock sector declined by 55 percent, a devastating blow for the future recovery of the overall agricultural sector. The forest sector declined by 18.2 percent mainly due to a 16 percent decline in timber production.
- The industrial sector declined by 23 percent in 2013: In particular, the mining sector experienced a 67.7 percent drop in 2013.
- The service sector declined by 14.3 percent in 2013: Commercial services declined by 7.4 percent whereas the non-commercial services decreased by 45.9 percent.

**Figure 1: Annual changes in total and sectoral GDP (2011–2013)**




**Source**: Ministère de l'Economie, du Plan, et de la Coopération Internationale Chargé de Pôles de Développement.

On the demand side, final consumptions declined by 22 percent in 2013 due to the following reasons:

- Delay in payment of salaries: civil servants have not received salaries for five months starting from October 2013 to February 2014[2].
- Delay in payment of pensions: pensioners have not received pensions for more than a year from January 2013.
- Extremely high unemployment both in the formal and informal sector.

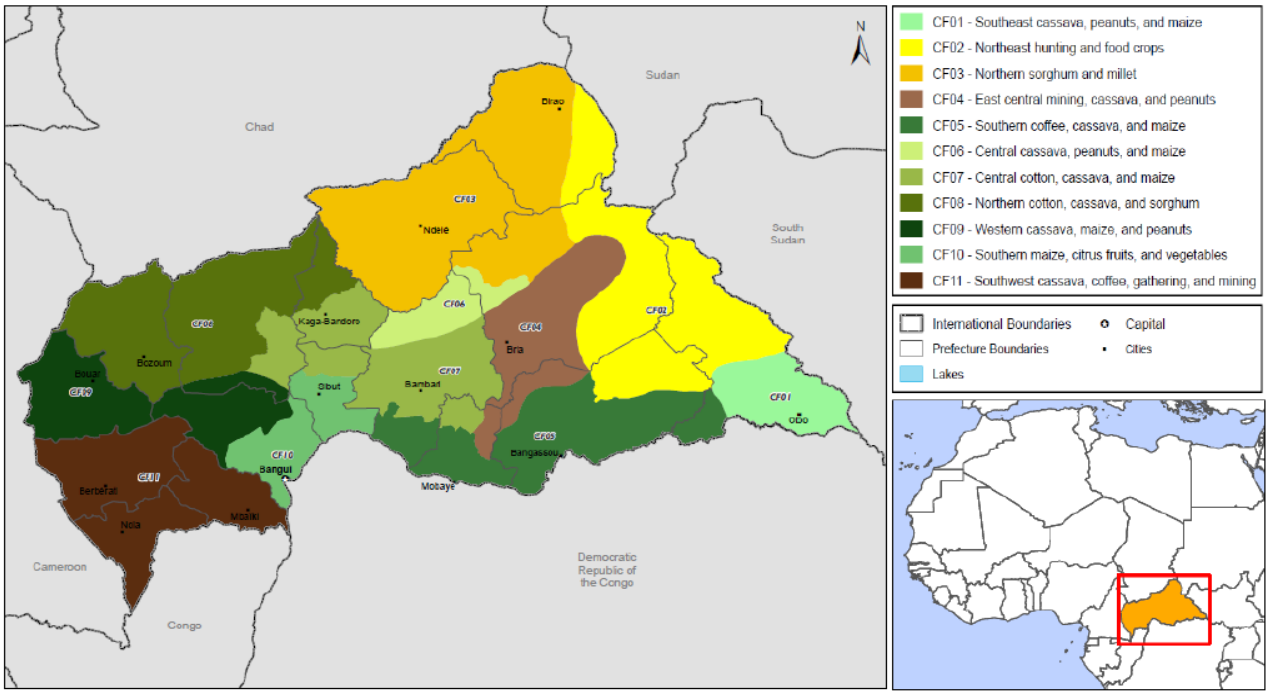
Trade has also been severely reduced: exports declined by 57.5 percent and imports decreased by 25.7 percent.

## 3. FOOD SUPPLY SITUATION

### 3.1 Agricultural production

The conflict which started in December 2012 in the northeast and quickly spread west and southwards in the following months severely affected the 2013 agricultural season. In the north, local farmers were completely caught by surprise and lost almost all their livelihoods as fields were burnt and food stocks were looted or destroyed. Displaced households were unable to cultivate again given the extent of insecurity in the northern prefectures of the dry savannah agro-ecological zone. By contrast, in central and southern prefectures, where humid savannah and forest agro-ecological zones prevail, displaced households found shelter in the dense vegetation and were able to farm small plots by clearing bush.

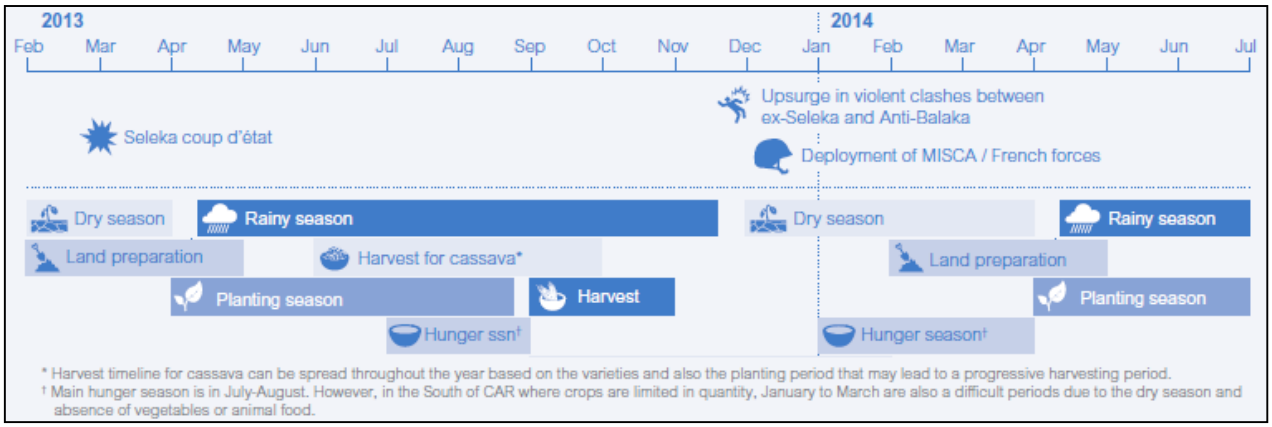
**Figure 2: Agroecological and livelihood zones**




**Source**: FEWSNET, "Livelihood zoning plus activity in the Central African Republic".

[2] Payments of one to two months arrears have started in March at the time of the mission.

**Figure 3: Timeline of critical events**




**Source**: OCHA-WFP, "Multi Cluster/Sector Initial Rapid Assessment (MIRA)".

Overall, the widespread conflict took a heavy toll on agricultural activities as large numbers of households could not access their fields due to severe insecurity. Only a small fraction of the 625 000 individuals displaced[3] (14 percent of the population) were able to farm small acreages. The main reasons were often lack of seeds which were either looted or consumed and destruction of agricultural tools and inputs, which were already inadequate even prior the conflict. Consequently, despite favourable rainfall experienced throughout the cropping season, 2013 agricultural production declined by about 40 percent compared to the previous year[4]. According to the findings of the Multi Agency Multi Cluster/Sector Initial Rapid Assessment (MIRA), undertaken in December 2013, 60 percent of the farmers included in the nation-wide sample have indicated that their crop production in 2013 was significantly reduced from last year's levels. Livestock rearing activities were also seriously disrupted with about 50 percent of livestock either killed or taken to neighbouring countries, particularly cattle[5]. Around 45 percent of the households interviewed during the MIRA declared to have lost their livestock and poultry.

Serious concerns remain over the prospects for the upcoming 2014 agricultural season. In the Centre and the South, land preparation and planting activities for the main cropping season, spanning from February to April[6], are being affected by widespread displacement; persistent insecurity limiting access to fields, shortage of inputs, tools and seeds[7], reduced availability of animal traction due to livestock losses, reduced labor demand due to indebtedness and low purchasing power of farming households, limited incentive to produce more given constrained access to markets. However, the majority of displaced households in rural areas have recently started to return to their places of origin to access their lands: in this case, timely input assistance in the form of seeds, tools, etc. is warranted.

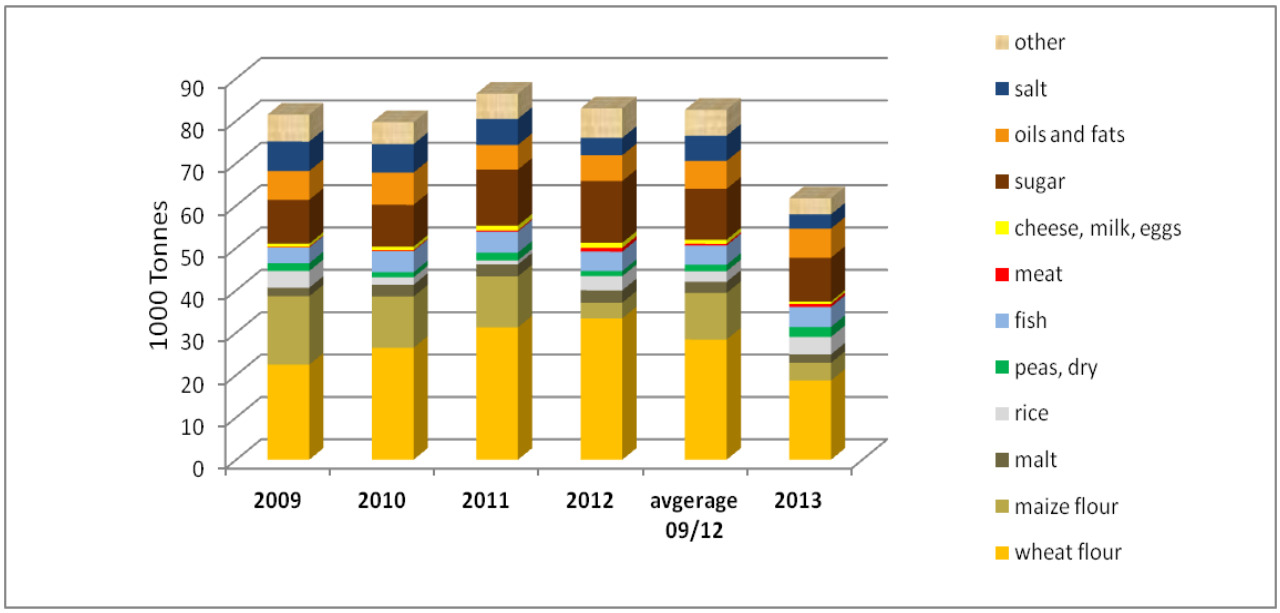
FAO has planned to assist some 150 000 farming households (of which funding has been received to assist over 75 000) through the provision of seeds and tools[8]. However, funding constraints[9] are seriously limiting ongoing operations and the likelihood of another crop failure is highly probable. This situation could only be averted if significant improvements in the security situation are realized now and returning farmers have immediate access to appropriate agricultural inputs.

### 3.2 Commercial imports

In 2013 commercial food imports declined by 26 percent from 2012 and by 25 percent from the average of the last four years (see Figure 4).

[3] OCHA CAR Situation Report No. 18 (26 March 2014).
[4] Ministère de l'Economie, du Plan, et de la Coopération Internationale Chargé de Pôles de Développement.
[5] Ministère du développement rural.
[6] In the northern regions, crops are usually planted in May and harvested in October.
[7] According to the findings of the MIRA, 94 percent of the interviewed communities reported that they would not have enough seeds to plant for the next agricultural season.
[8] FAO is also distributing emergency kits for vegetables production which will enable assisted farmers to harvest vegetables in only six to eight weeks.
[9] Of the total funding needs (USD 45 million), as of 11 March 2014 only USD 16.1 million (36 percent) were received.

**Figure 4: Commercial food imports amounts and composition, 2009-2013**




**Source**: Institut Centrafricain des Statistiques, des Etudes Economiques et Sociales (ICASEES).

The decline in imports is largely due to the widespread and severe insecurity disrupting transportation on the main supply routes:

- The road between the town of Garoua Boulai in Cameroon and Bangui is the main throughway for trade including imports of food commodities like peanut oil, frozen fish, rice, onion, salt and sugar. Trade along this route was first disrupted during the coup in March 2013 and then again when widespread violence erupted in Ouham prefecture in September 2013. Insecurity increased dramatically in December 2013 when the anti-balaka attacked Bangui and extended towards the centre-west and southwest parts of the country. Consequently, commercial trade from Cameroon came to a standstill for over a month. On 18 January 2014, the establishment of a weekly MISCA[10] armed escort allowed partial resumption of trade convoys. The humanitarian logistics community favours frequent highway-patrols instead of armed escorts to reduce travel times associated with large convoys.
- The routes linking Chad with Bangui, the main source for groundnuts, maize, beans and palm oil have been completely severed since the start of the crisis.

Another major blow to the country's food distribution and trade capacity is the exodus of the Muslim population. During late 2013, Muslims began seeking refuge in Chad and Cameroon after Christian militias started targeting them, in revenge for the violence previously committed by the Muslim Séléka militiamen. Out of the more than 100 000 Muslims that lived in Bangui, as of early March only very few had remained.[11]. Traditionally Muslims have managed most of the trade and transport activities. Most of them have now fled along with their vehicles and business capital leaving a huge void in the short to medium term. Consequently, commercial imports are unlikely to make up the shortfall in domestic production.

### 3.3 Internal trade

The inter-country trade in commodities both in rural and urban areas like Bangui is also sharply curtailed because of insecurity and lack of operators and availability of appropriate transport vehicles. Typically, rural agricultural households produced about three-fourths of their food commodities and relied on markets for about a quarter including imported goods.

The main wholesale market in Bangui, Kokoro market or "PK5"[12], is on the brink of collapse. Insecurity within the market is a big concern which disrupts daily operations. About 70 percent of the traders have left the

[10] MISCA is the French acronym for Mission Internationale de soutien à la Centrafrique sous conduite africaine, (African-led International Support Mission to the Central African Republic), the African Union peacekeeping mission to the Central African Republic established on 5 December 2013 by United Nations Security Council resolution 2127.
[11] Speech by Ms. Valerie Amos, UN Emergency Relief Coordinator, 7 March 2014.
[12] "PK" stands for "Point Kilométrique" ("Kilometric point"), a geographical reference which serves as an important mean of orientation within the city.

market and food stocks are reported to be around 20 percent of the pre-crisis levels[13]. There are slightly more imports from markets like Zongo in Northern Democratic Republic of the Congo, across the Oubangui River; however, transportation by boats and inadequate infrastructure constrains further intensification of such trade flows.

Finally, in addition to insecurity, another serious constraint for commercial and humanitarian operators alike is the upcoming rainy season making many locations completely inaccessible by road, compounded by lack of appropriate transport vehicles. The condition of the road network in CAR is extremely poor with only 5 percent of the 15 000 km of rural roads in good condition; 57 percent in bad condition; and the rest almost impassable.

### 3.4 Limited business interest

The insecurity and lack of liquidity in CAR has meant that there is no internal or external risk appetite in the business community to secure the market share vacated by the Muslim traders. The only exception is the Lebanese business community which has managed to survive the crisis with majority of their business assets intact by paying for their safety to both warring factions. Their businesses are at around 20 percent of the pre-crisis level. In the food sector they are now working not only as importers but also as wholesalers and retailers.

The Lebanese traders and transporters are inclined to work with the humanitarian community in Bangui and up-country under guarantees of armed escorts and insurance for goods and vehicles against malicious acts.

## 4. FOOD DEMAND SITUATION

### 4.1 Food demand

Currently complex multi-faceted interactions between supply and demand are determining food commodity price formations as the upward pressure exerted on the supply side by the sharply reduced 2013 food production and trade disruptions has been offset by many factors which depressed local demand:

- Reduced purchasing power due to destroyed livelihoods and reduced employment opportunities and availability of cash (see Section 2). Consequently, the demand has partially shifted from market purchases to own stocks when available (mainly cassava) and gathering.
- Reduced population: as of mid-March 2014, about 300 000 people sought refuge in neighboring countries, while about 110 000 non-nationals, including about 83 000 Chadians residing in Bangui, were evacuated.
- Extensive population displacements: as of late-March 2014, 625 000 individuals were displaced in CAR, of which 200 000 in Bangui. As a result, households relying on markets for food supplies are significantly less than the pre-crisis levels.
- The IDPs in Bangui rely more on the food assistance provided by the international community rather than the commercial markets.

Additional factors on the supply side contributed to the downward pressure on prices:

- Forced destocking at reduced prices by Muslim traders fleeing Bangui (see Section 3.3) and the country, and by traders who had to repay debts and buy essential items, after a prolonged lean season and in a degraded economic environment.
- Provision of food assistance for the IDPs (mainly maize and palm oil).
- Looted goods on sale and illegal imports.

Consequently, the market for agricultural commodities appears to have settled on a low level equilibrium, in which lower quantities are traded at unchanged or lower prices than before the crisis[14]. Due to the abrupt, exceptional changes both on the supply side and on the demand side, prices formed on food markets currently do not reflect absolute and relative scarcities of food commodities. In other words, the sharp decrease in production occurred in tandem with a serious decline demand, and the relatively low price levels reflect low food supplies and declined market reliance of households. In addition, this equilibrium appears to be extremely fragile, and it is likely that when cash is injected in the economic system the supply side may

[13] Findings from a focus group held in Ouango market during the mission. The mission itself could not access Kokoro market due to insecurity.
[14] The simultaneous decline of supply and demand is confirmed, at an aggregate-macro level, by the simultaneous decline of the GDP and of the domestic demand (see Section 1).

not be able to respond to the increased demand, and prices of staple food commodities could sharply increase.

### 4.2 Food prices[15]

A market survey was fielded by FAO during the Mission to collect prices of meat, fish and agricultural commodities in three markets of Bangui (Marché Central, Petevo, and Ouango) and in Bossangoa, in Ouham prefecture. In Bangui markets shortages of most commodities were reported. Prices of the most consumed types of fish[16] in early March 2014 were at the same levels of January 2014 but almost 70 percent higher than 12 months earlier. Prices of beef meat were almost double than 12 months earlier. Similarly, in Bossangoa (Ouham province), in early March prices of the same types of fish were around or below the levels of January 2014, but up to 60 percent higher than 12 months earlier. Prices of goat meat declined by 18 percent from January, but were still 50 percent higher than in March 2013; while prices of beef meat were almost 70 percent higher than in January and about 4 times higher than 12 months earlier. Both in Bangui and Bossangoa, prices of maize and cassava were well below their levels of 12 months earlier.

In contrast with prices of agricultural commodities, prices of meat and fish, the main source of animal proteins, have sharply increased over the last year, consistently with their increasing scarcity (see Section 2), due to the interaction between a reduced supply[17] and a demand that, differently from that for agricultural commodities, has not declined, or declined only marginally when compared to the supply. This was due to several factors:

- While for agricultural commodities it is possible to switch from market purchase to own production, livestock rearing requires a far greater initial capital investment;
- Meat and fish are preferred by wealthier social strata, and are purchased by hotels and restaurants. A high purchasing power enables these actors to preserve their eating habits and their business practices in spite of increasing prices[18];
- No meat or fish have been distributed as food assistance.

The main findings of this market survey show that, since early 2013, the population of CAR is facing serious and constantly deteriorating food access constraints, due to widespread displacement, destroyed livelihoods, reduced own production, sharply curtailed market activity and availabilities, and access to markets. In addition, not only the quantity of food intake is reduced, but the dietary diversity is also drastically diminished, with the substitution of more nutritious cereal and vegetable staples with more cassava and the sharp reduction of animal proteins intake. This widespread dietary deterioration raises serious concerns, having a dire effect in terms of nutrition and health. As such, it needs to be monitored and taken into account by the humanitarian actors to inform their decisions and their actions.

### 4.3 Food security

Currently, about 1.6 million people (35 percent of the total population) are directly affected by the crisis and in need of urgent assistance, more than double the estimated level in February 2013. Of these, about 1.25 million people are receiving food assistance for about eight months (January-August 2014). According to the Integrated Food Security Phase Classification analysis undertaken in November 2013, the most affected prefectures were Ouham, Nana-Gribizi and Mbomou (IPC Phase 4: “Humanitarian Emergency”). A subsequent update in December noted that the situation in four additional prefectures (Lobaye, Ouham-Pendé, Ouham and Ombella-Mpoko) has also deteriorated to IPC Phase 4 due to intensified violence.

Acute food security outcomes for poor households are deteriorating as a result of the combined negative effects of the conflict on household food and income sources. According to the findings of the Multi-Agency Multi-Cluster/Sector Initial Rapid Assessment (MIRA), undertaken in December 2013, several households had already switched to cheaper foods and 90 percent of households had cut back their normal three meals a day to a single meal.

The findings from an IOM assessment conducted in January 2014 in IDP camps in Bangui confirmed that people were already resorting to negative coping mechanisms: most people reported that during the last two weeks they had reduced the number of meals consumed each day (91 percent), cut the size of their portions

[15] See Annex 2 for a detailed discussion of inflation and food commodity price trends.
[16] Capitaine, Pete, Mboto.
[17] Looted livestock has been exported to neighbouring countries, not re-sold within CAR.
[18] Low price elasticity of demand.

(90 percent), gone more than a day without eating (78 percent), and sold assets in order to buy food (54 percent).

Child malnutrition, already at high levels before the crisis, sharply deteriorated as well[19]. According to the Nutrition Cluster, in January 2014 the number of admissions for Severe Acute Malnutrition with medical complications reported to the Nutrition Stabilization Unit of the Bangui Paediatric Hospital was 62 percent higher than 12 months earlier.

According to the findings of the MIRA, in December 2013 food reserves were almost non-existent: 60 percent of households reported to have completely exhausted their food stocks, while the remaining households declared that their food reserves could cover their requirements for up to two weeks in urban areas and one month in rural areas. In addition, 94 percent of interviewed households indicated that they had no seeds for planting. As a result, the lean season, which usually begins in April in the South, where most of the population resides, has already started, and the current dire food security situation is expected to worsen in the coming months.

## 5. PRIORITIES FOR ASSISTANCE

When inquired about the community priorities for assistance the overwhelming response by both Christian and Muslim IDP communities was revival of peace and security in the country. Both communities saw that as a must before the situation could return to normal.

The immediate concerns of the IDPs revolved around the type and regularity of assistance that was being provided. They highlighted their preference for a local food basket in sufficient quantities including cassava. They also discussed the shortages of medicines, health facilities and schools. The living conditions in the transit centre hangar near the Bangui international airport were poor and IDPs were frustrated as they did not know when and if they will be relocated[20].

Interestingly, even though people have incurred severe trauma and many were awaiting relocation to neighboring countries, a sense of hope still persisted that they will be able to return relatively soon and restart their lives. IDPs talked about taking their property deeds with them and the need for international assistance in ensuring their property rights upon return. They also discussed the type of assistance they will need to build their lives and livelihoods first in the places of relocation and then upon their return.

## 6. FOOD ASSISTANCE AND PRODUCTION PROGRAMMES AND RECOMMENDATIONS

The Under-Secretary-General/Emergency Relief Coordinator has declared a humanitarian system-wide Level 3 emergency response for the crisis in CAR with the immediate objective of saving lives and protecting livelihoods. The WFP assistance project is designed to assist about 1.25 million directly affected women, children and men for about eight months (January-August 2014). The total cost of the project is around USD 107 million, about USD 11 per person per month. Yet the project is severely underfunded and as of March 2014 only about a third of the much needed resources were secured. Funding shortages have meant that WFP is forced to distribute half rations with fewer than planned food commodities to the internally displaced vulnerable people.

Additional funding is urgently required to preposition food commodities before the lean season which also coincides with the rainy season. WFP is using its internal advance financing mechanisms yet more resources are needed to immediately procure commodities, particularly through the Douala corridor to avoid international purchases, with an average lead time of four months.

In terms of food production, FAO has developed a twofold approach consisting of providing essential agricultural inputs (such as seeds and tools) to about 150 000 households in time for the current planting period, starting in March/April. Consolidation of the resilience of over 400 farmer groups, and women associations, are also carried out through a comprehensive approach that is addressing three main aspects:

- Social: group governance, social inclusion, women empowerment, nutrition, social cohesion and dialogue.
- Financial: cash transfer through quality seed and food production contracts to boost community savings and loans schemes such as the tontines.

[19] According to UNICEF, even prior to the current crisis, 23.5 percent of children under-5 were under-weight, 40.7 percent were stunted and 7.4 percent were wasted. Child mortality rate was estimated at 129 per 1 000 live births: http://www.unicef.org/infobycountry/car_statistics.html.

[20] WFP Country Office reported during the preparation of this report that the IDP transit centre is now closed.

- Production: quality input access, animal traction, agro processing machines and post harvest; market access and quality seed production at community level.

Considering the fluid environment and changing humanitarian needs, humanitarian agencies need to maintain their operational flexibility to adapt beneficiary figures, targeting, and duration of assistance as necessary. As the situation evolves, opportunities to more directly support the recovery of assets through seasonal livelihood activities in stabilized areas should be considered.

In addition to in-kind food assistance many NGOs have conditional and unconditional cash and voucher transfer programmes. These programmes are well appreciated but they are relatively small in size, mostly in hundreds rather than thousands of households. Scalability is a concern given the shocks to the market supply chains, particularly the exodus in the commerce and transport sector.

Still in urban areas with relatively more secure food supply chains gradually scalable conditional and unconditional cash programmes could be considered. Cash transfers, including in rural areas, such as contractual quality seed multiplication, to revitalize community savings and loans (tontines) activities to restart local economies are also important to building productive assets. An appropriate combination of both cash and in-kind assistance could be applied.

The choice of the modality, however, should be informed through quick feasibility assessments focusing on location specific key factors like: 1) size of intervention; 2) seasonality; 3) impact on the market supply chain; 4) consumer preferences and 5) implementation capacity. It is important to learn from the innovative NGO experiences in implementation of such programmes. For instance, OXFAM experience to deliver unconditional cash assistance in Bangui through partnership with Eco-bank and Western Union is a unique example of overcoming weak local financial and telecommunication capacities to deliver assistance.

Whenever possible the in-kind food basket must include locally preferred and available surplus commodities like cassava, rice and maize. Local surplus purchases for deliveries within the same area will relieve some pressure from the logistics sector and also inject much needed liquidity in the economy. Furthermore, beneficiaries will no longer sell expensive food assistance commodities below cost to buy their preferred food commodities. In fact an in-kind food assistance basket comprising of locally preferred food items is essentially an income transfer similar to cash with the additional benefit of supporting the local economy.

Innovative conditional transfer approaches that encourage treatment and prevention of disease should be pursued. It is particularly important in CAR where even the pre-crisis statistics on child mortality and morbidity are alarming. For example conditioning food assistance or cash transfer initiatives on child vaccinations or targeting vulnerable households through health centres are some of the approaches that could be tested. Such conditionality can also be adapted to ensure that farmer group members apply good practices such disaster risk reduction and sustainability measures.

FAO and WFP are working together to ensure that immediate food and agriculture assistance needs are met, which, in turn, is expected to pave the way for livelihoods resilience consolidation and Peace initiatives. Women are also the main partner in Peace.

**ANNEX 1**

## Mission Meetings

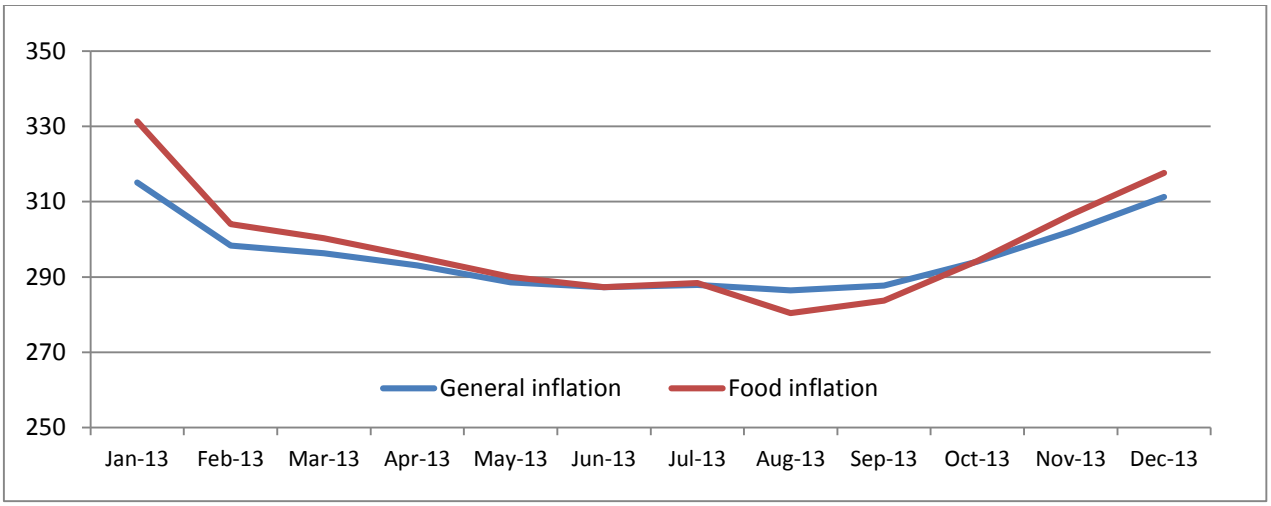
| | |
|---|---|
| NGOs: | PU-AMI, ACF, OXFAM, ACTED |
| Transit Camp: | Focus Group with Muslim men and women |
| IDP Camp: | Focus Group with Christian men and women |
| Ouango Market: | Focus Group with retailers |
| Traders and Transporters: | Focus Group with Lebanese business people |
| Government: | Ministry of Economic Planning, Statistics Division and Ministry of Rural Development |
| Donors: | ECHO, European Commission, French Embassy |

**ANNEX 2**

## General and Food Price Inflation

During 2013 food inflation in the capital Bangui was similar to previous years, slightly more than general inflation. Compared to 2012, both the average rate of general inflation and food inflation were about two percent higher. General inflation declined in the first semester of 2013, and subsequently increased in the second semester, following the trend of food inflation[21] (see Figure 1).

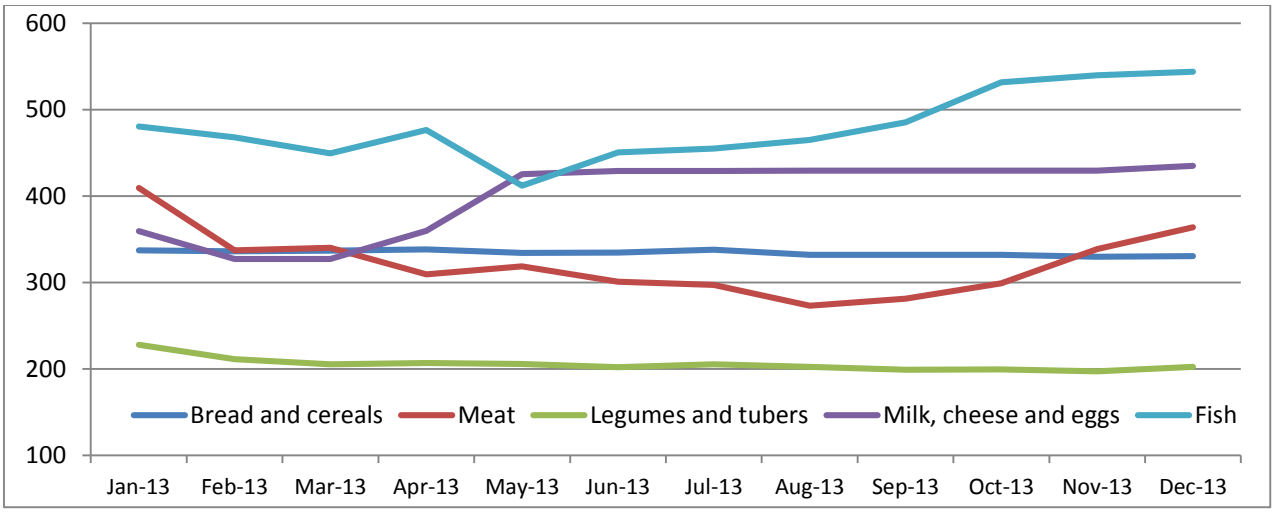
**Figure 1: Consumer price index, 2013**




**Source**: Institut Centrafricain des Statistiques, des Etudes Economiques et Sociales (ICASEES).

However, the levels and the trend of food inflation are the result of different dynamics of its main components (see Figure 2).

**Figure 2: Consumer price indexes for selected food commodities, 2013**




**Source**: Institut Centrafricain des Statistiques, des Etudes Economiques et Sociales (ICASEES).

The declining trend from January to August and the subsequent increase from September to December in food inflation appear to be largely influenced by prices of meat, which account for almost 30 percent of the total value of the food basket. Meat prices, in turn, were dictated by the dynamics of the livestock sector: during the first semester of the year, distress sales due to looting caused prices to decline; subsequently, in the following months, as lootings continued on a massive scale, meat became scarce and prices rose. However, the meat price increases in the last months of 2013 were compensated by the relatively lower prices in the previous months resulting in inflation rates very similar to the previous year. Prices of livestock products such as milk, cheese and eggs, mostly imported, increased in April and May, mainly as a result of trade disruptions: the year on year increase was 21 percent; and the average rate of inflation was 13 percent

[21] Food products account for more than 60 percent of the value of the basket used for the computation of the Consumer Price Index.

higher than in 2012. Similarly, price of fish, another important source of animal proteins, increased from May 2013 onwards: in December, the year on year increase was 21 percent; and the average rate of inflation was 13 percent higher than in 2012, but the average rate of inflation in 2013 was similar to 2012. As a result, the prices of meat, livestock products and fish, the main sources of animal proteins, have increased during 2013. By contrast, rates of inflation for bread and cereals and for legumes and tubers, the main agricultural commodities, were stable throughout 2013, and their average rates in 2013 were at the same levels of 2012 for bread and cereals and 4 percent higher than in the previous year for legumes and tubers.

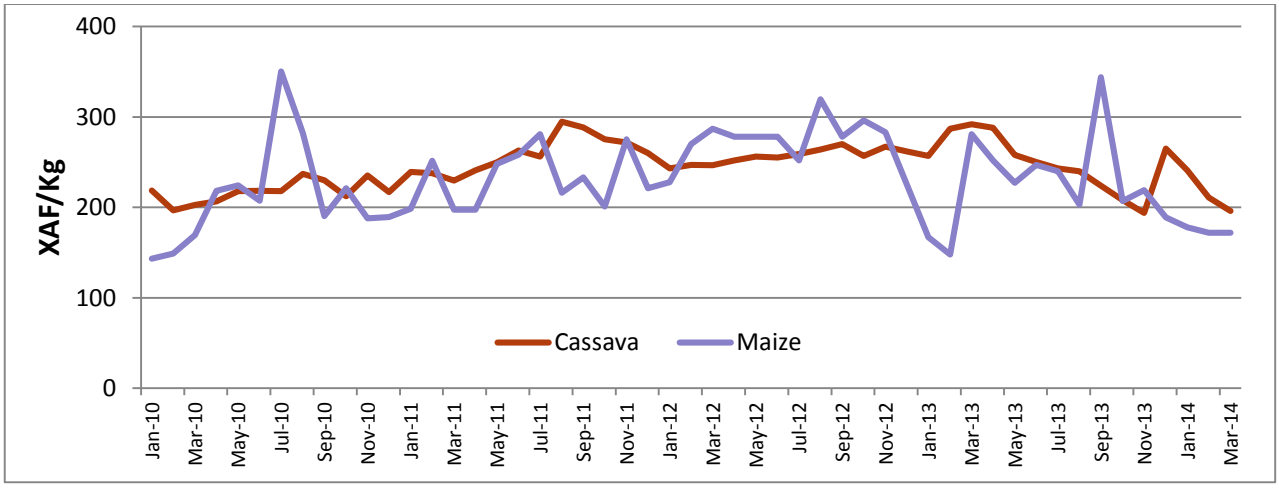
Official CPI data for the first months of 2014 were not available at the time of the Mission; in addition, a further disaggregation of food categories in single commodities was deemed essential for an in depth and valuable price analysis. As a result, the Mission opted to:

- Analyse 2013 and 2014 price data collected by the "*Projet de Surveillance Multisectorielle en République Centrafricaine*"[22] (Multi-sectorial Surveillance Project) for agricultural commodities. .
- Field a FAO market survey (see Section 4.2) in Bangui and Bossangoa to collect prices of meat and fish prices (not collected by the *Projet de Surveillance Multisectorielle*), as well as prices of agricultural commodities for comparative purposes.

According to *Projet de Surveillance Multisectorielle* data, in the capital Bangui, prices of locally produced cassava (see Figure 3), the main staple, increased in the first three months of 2013, peaking in March when the coup d'état and the ensuing disorders took place, and subsequently declined (-33 percent) between March and November. In December, cassava prices sharply increased (+36 percent) with the eruption of sectarian and intercommunal violence, declining again (-26 percent) between December and March 2014. Despite an increased volatility compared to previous years[23], the average price of cassava in 2013, at about XAF 250/kg, was similar to 2012. In addition, in December 2013 prices were at the same levels of 12 months earlier, and in March 2014 they were 33 percent lower than in March 2013.

Similarly, prices of maize peaked in March, and declined between March and August by 28 percent. Subsequently, prices dramatically surged in August (+69 percent) due to the combined effects of a substantial delay in harvesting operations, poor crop prospects, total depletion of stocks after a prolonged and harsh lean season, and the intensification of violence in central and western provinces which disrupted trade flows. In the following months, the newly harvested crops, despite the dismal performance of the 2013 season, increased supplies, and prices declined by 50 percent between September 2013 and March 2014. Food aid distributions exerted additional downward pressure on prices. Similar to cassava prices, maize prices in 2013 (see Figure 3) were more volatile than in 2012[24], but the average price in 2013, about XAF 230/kg, was 17 percent lower than in 2012, in December 2013 prices were 16 percent lower than 12 months earlier, and in March 2014 they were 39 percent below the levels of March 2013.

**Figure 3: Prices of cassava and maize in Bangui (January 2010-March 2014)**

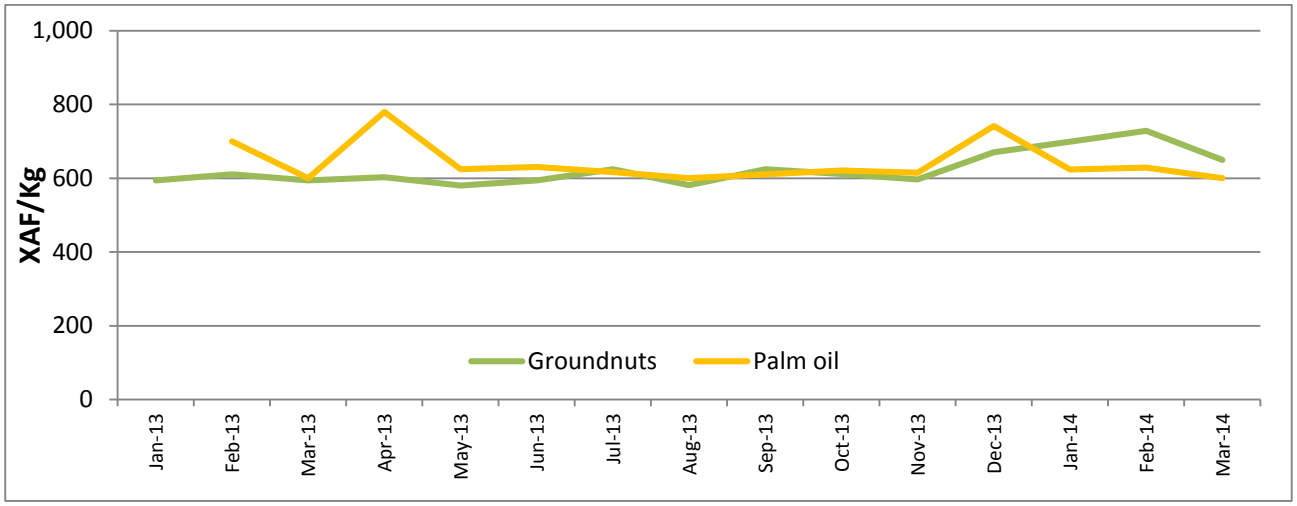



**Source**: Suivi de prix, Surveillance Multisectorielle.

[22] The "Projet de Surveillance Multisectorielle en République Centrafricaine" is funded by ECHO and Action Contre la Faim and carried out by a network of seven humanitarian partners (UN Agencies and NGOs).
[23] In 2013, the coefficient of variation, at 0.12, was almost four times than the 0.03 value calculated for 2012.
[24] In 2013, the coefficient of variation, at 0.22, was more than double than the 0.09 value calculated for 2012.

Prices of imported commodities such as palm oil, mainly sourced from Cameroon, and groundnuts, mainly imported from Chad (see Figure 4), have been relatively more stable than locally produced food commodities during the last 12 months. In March 2014, prices of palm oil were at the same levels of 12 months earlier, while prices of groundnuts, stable until November, increased in the following months and declined in March 2014, when they were 9 percent higher than in March 2013.

**Figure 4: Prices of groundnuts and palm oil (January 2013-March 2014)**




**Source**: Suivi de prix, Surveillance Multisectorielle.