

Impact of High Prices in 8 Urban areas of the DRC

Over the past months, WFP DRC has been conducting assessments on high prices and their impact on urban dwellers in the following cities around the country: Kinshasa, Matadi, Mbandaka, Kisangani, Goma, Bukavu, Lubumbashi and Kananga.

Objectives

The main objective of the study was to better understand the impact of prices on poor households in the selected cities. More specifically the assessment aims at:

1. Determining the evidence of high food prices as well as its magnitude;
2. The causes of the high prices;
3. The impact on the natural, human, financial and social capital;
4. The impact on different socio-economic groups and specific areas of the cities;
5. Identify potential areas of intervention for WFP and partners.

Methodology

The method used to assess the situation in urban areas consisted of analysis of secondary data followed by key informant and focus group discussions in the various cities.

The available secondary data used included:

- market data, including staple food prices for at least the last 12 months; food production/import situation;
- most recent nutrition and health data, including: GAM, admissions at feeding centres for at least the last 6-12 months, crude and under five mortality or/and maternal mortality rates;
- population statistics

For the group discussions, 2-3 focus group discussions organized in 2-3 neighborhoods of each assessed city, targeting areas where the poorest live. Each group was composed of 10 people representing a variety of livelihoods such as agriculture, petty trade, salary work and daily work. A structured guide was used to capture information on:

- Income - main household income sources/livelihoods;
- Main household expenditures;
- Shocks and coping strategies during the last 3 months;
- The most affected groups, their number and parts of the town where they live.

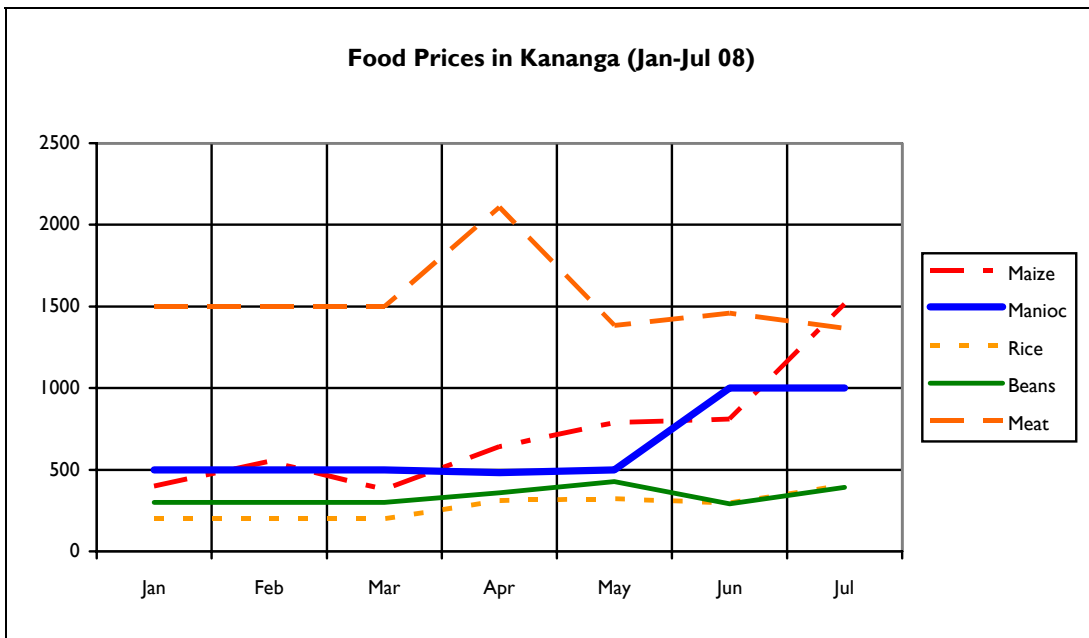
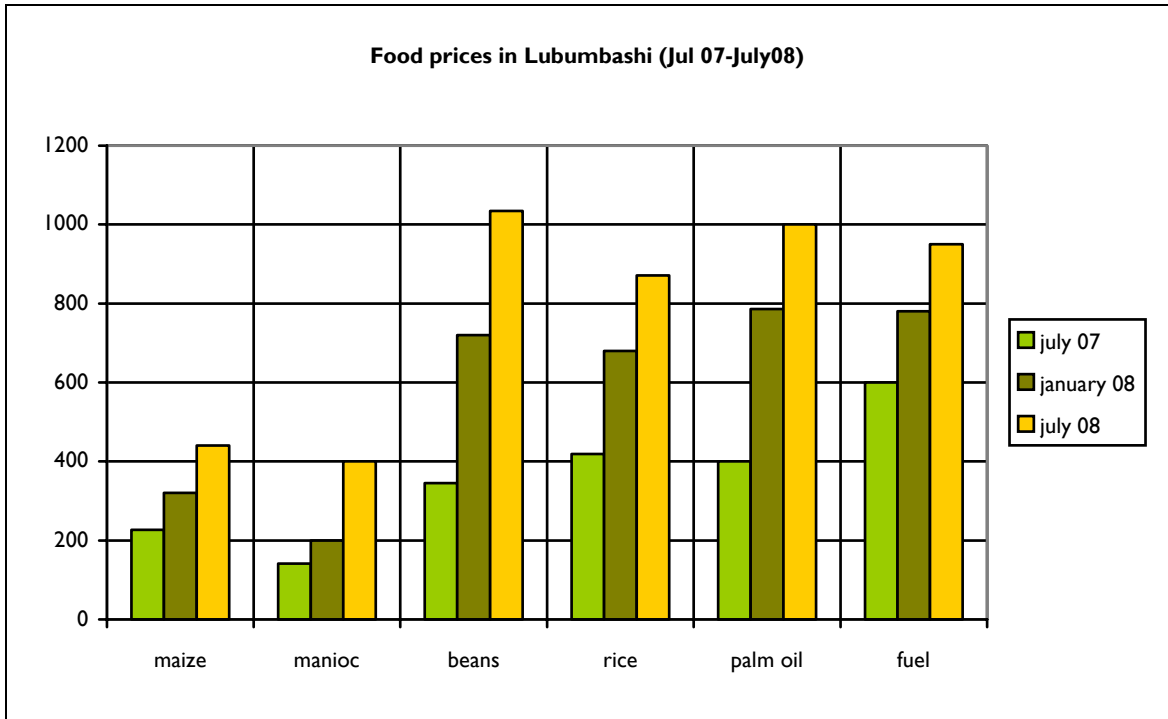
Limitations of the study

We do not know much about urban life. The assessment intends to give an overview situation of the urban areas as a starting point. The results of this assessment cannot pretend to be statistically representative.

Evidence of High Food Prices

- Ministries of Agriculture and Plan (National Institute of Statistics); and UN agencies, including WFP, FAO, MONUC radio Okapi have been monitoring food market prices. Collected data confirm an increase in all major food commodities during the last 6 months. The magnitude however differs from one city to another. In Kananga for example the price of maize has gone up from 400 FC in Jan to nearly 1,700 FC in July or more than 300% increase.

- All focus groups and key informants have indicated that high prices were one of the main shocks that affected livelihoods of all households in the assessed towns during the last three months:



Causes of High Prices

- Decline in food production while the population has increased. City food markets in DRC are supplied by the neighboring rural and semi-rural areas and by imported food. Various reports have indicated a significant decline in local food production over the last decade due to various reasons and mainly the 1991-93 lootings and armed conflicts.

Imported commodities have been affected by informal taxes (corruption) and high fuel prices reflected in high food and non food prices. Examples of production decline, the production of manioc (cassava) has decreased by 23% between 1992-2006; banana plantain by 75% between 1990-2006; maize in Maniema and N-Kivu by 22% and in Katanga by 12% (see CFSVA report). The population in cities has increased. Due to insecurity many people from rural areas have migrated to big towns in search of security and better life.

- **High Fuel Price:** the increased fuel price has come on top of an already ongoing high prices situation since 2000 (CFSVA) for the reasons described above.

Urban Livelihood Activities

- **Petty commerce:** Retailers of food and non food commodities, for many in a very limited quantity (less than 10 kg of peanuts, 50 kg flour, a few bunches of cassava leaves, a jerry can of oil, few loaves of bread, etc..). Focus groups have ranked this activity as one of the most practiced and the most useful, easy to start income generating activities in the cities (does not require lots of money to start. 10 to 100 \$ can do the job). Petty commerce contributes up to 70% of the total income of the households, according to the focus groups.
- **Agriculture:** vegetable gardening and cultivation of various crops (maize, rice, cassava/manioc, banana plantain, sweet potatoes, etc..). The size of the cultivated land generally small, less than 1 Ha, lack of adequate tools and seeds often limits seriously the quantity produced and thus the income generated thereof. Ranked no 1 or 2 by most focus groups. It contributes up to 80% of the total income of households.
- **Daily labor:** this group includes all those doing occasional and uncertain jobs, including handlers in ports/markets; maids; security guards (sentinelles), pousse-pousseurs, etc. They live day by day and are exposed to all kind of uncertainty.
- **Salary work:** employees in public and private sector. Salaries are very low and irregularly paid.
- **Handcraft:** tailors, masons and others. As prices increase and food expenditures are increasing as well, there are less and less opportunities for handcraft.

Expenditures

- **Food:** poor households spend 30 to 80% of their total income to buy food (focus groups); Focus groups have also indicated that their food expenditures have increased compared to last year without estimating the proportion of increase.
- **House rent:** ranked no 2 after food expenses by most of the focus groups, house rent is an important expenditure in cities after food. Households spend 5 to 40% of their income to pay house bills, including water and electricity;
- **School fees:** ranked no 3 by most of the focus groups. Although paid at specific periods, school fees take a big portion of households' income since teachers are not well paid and parents have to pay for the incentive to encourage teachers to give a good quality education to their children or to avoid teachers' strikes. This expenditure takes 5 to 50% of the household's income.
- **Health care:** ranked no 3 or 4 by the focus groups, households spend a big portion of their income for medicals in the Congolese context were most people are undernourished and live in an inadequate sanitary situation. Households spend 5 to 20% of their income to pay medical bills, according to most focus groups.
- **Transport:** in many towns (Mbandaka, Kisangani, Kananga), bicycle and motobikes are the main means of transport of both food and people. In Kananga people can carry huge

bags of food or charcoal for a distance of around 300 km. Households spend 3 to 20% of their income for transport.

Shocks and coping

- Amongst the shocks that affected households capacity to access to food during the last 3 months, focus groups indicated: high prices of both food and non food commodities, scarcity of some food commodities on the local markets; poor harvest, perturbation in food supply due to temporary suspension of local flights or train arrivals; attacks of plants by locusts; pest; difficult access to agricultural tools and seeds; loss of jobs, sickness, death, salary not paid
- To cope with these shocks, households have reduced the quantity and quality of meals; are now eating less preferred food; have cut what they consider non essential expenditures such as transport, to buy food; more households are now involved in additional little jobs such as petty commerce (selling food stuff in a very little quantity), vegetable gardening, taxi-velo/moto transport, etc... to cover daily expenses

Capital Impacts

- **Natural:** more families are involved in selling charcoals to survive. As the demand increases (because most of the cities have electricity problem), the charcoal activity is more likely to affect negatively the environment;
- **Human:** DRC is already a country with high mortality and malnutrition (see IRC report on mortality in DRC, 2005). The situation is worrying both in rural and particularly in urban areas where most people have to buy food in markets with a very weak purchasing power. According to an assessment by the ministry of social affairs (2003), around 80% of people in DRC live with less than US\$ 0.50 per person per day (2001). The high food prices which can be translated into reduced access to food for the poorest is more likely to deteriorate their nutritional status and increase mortality. Data on admissions at feeding centers are being gathered to have an idea on the trend for the last 12 months. However during the present assessments some alarming data on GAM and mortality have been collected in some health zones of the assessed cities. For example: GAM=14% (Lukonga/Kananga, Pronanut, Dec 2007); 11% in Kinshasa (Pronanut, 2007); 10,2% in Lubunga (Kisangani, Pronanut, 2006). High food prices are also impacting children's education as families that are forced to increase their food expenses are tempted to withdraw their children from school.
- **Financial:** As indicated above, a large portion of the Congolese population (80%, according to the above mentioned report by the ministry of social affairs) lives with less than US\$ 0.50/pers/day. The already weak purchasing power of the Congolese will be continuously eroded by prolonged inflation which can translate into increased food insecurity, high mortality and malnutrition as well as many other negative households decisions such as removing children from schools, using more and more traditional medicine, prostitution, theft, etc...;
- **Social Capital:** when parents are no longer capable of feeding, clothing or paying for their children's education, they will abandon them in the street accusing them of witchcraft and of being responsible for the misery of the family. The street children phenomenon, "shegue" has been on the rise as the economic situation in DRC has declined. The 2003 Social Affairs report talks about 40,000 abandoned children in DRC. High food prices are more likely to worsen the situation, as focus groups indicated that some parents are now even encouraging their younger children to go for sex work to support their families. Difficult life also means broken families.

Impact on Social Groups

- The **Better-off**: high food prices have less impact on the category identified by focus groups as better-off group comprised of business people, people occupying high positions in public and private sectors, UN and NGO staff. This group represents an average of 10% of the city population. They live in the wealthy and medium parts of the city.
- **Mid-Class**: this group is comprised of all those households earning an income, though little, from various activities including agriculture, livestock, petty commerce, handcrafts, daily work, and salary work. This group can still cope with the price increase. However the more prices will increase the weaker their purchasing power will be. The worst situation will be translated into negative decisions such as massive withdrawals of children from schools, choosing to eat more and more low quality and insufficient quantity of food with effects on health and nutrition; increased prostitution and theft activities, etc. Households in this class are at borderline and can fall easily into the 3rd category (poorest and most affected). This group represents an average of 40 to 50% of the city population. Live in medium and peripheral parts of the city.
- The **poorest** and most affected by high prices: Those with no income (jobless people), social groups with difficult access to jobs such as widows (heads of households) and handicapped people; orphans and abandoned children (street children). They represent 40 to 60% of the city population and live in poor neighborhoods, very often in the peripheral parts of the city.

Conclusions and Recommendations

- The weak purchasing power due to poverty is the main problem in urban areas where people depend on markets as main source of food. Urban households compared to village dwellers have an advantage to develop a wide range of coping strategies to cope with the high price situation. However, the income generated by these strategies is so little and exposed to various shocks, including high prices that more often the developed activities collapse, making households highly vulnerable to food insecurity;
- To better understand the impact of high prices on households in urban areas, WFP should partner with various organizations, including the government, UN, NGOs and churches to monitor the situation of prices, admissions at feeding centers and/or charity centers, migration situation with IOM. A structured key informant questionnaire should be developed to capture changes.
- Develop an early warning system and a contingency plan (maybe a prepared urban EMOP) in order to be able to intervene at a triggering point, which at this point might be difficult to establish.