

FAIR FOOD PRICES IN GHANA

EVIDENCE BRIEF

EXECUTIVE SUMMARY

After hitting an all-time high in March 2022, [food prices on global commodity markets](#) have been declining steadily ever since. Yet in that same period, [consumer food prices](#) in Ghana have been rising rapidly, with monthly inflation hitting a 22-year high of 61% in January 2023.

There are strong signs that weak competition in our overconcentrated global and national food systems are enabling some actors in the market to make excessive profits, at the expense of overcharged consumers and underpaid farmers.

Consumer organisations have developed a new tool, the **Fair Food Price Monitor**, to act as an early warning system for potential unfair food prices in Ghana. Through analysis of publicly available food price data, the Monitor shows that:

For many food items, retail/consumer prices are rising substantially faster than wholesale/market prices.

For example, the retail price of gari has increased by 77% since the start of 2022, while the wholesale price of cassava, its basic ingredient, rose by just 46.4% in this time. Similarly, retail prices of maize grew by 42.2% through 2022, while wholesale prices increased by 18.1%.

While rising fuel costs, currency fluctuation, and infrastructural challenges may contribute to this divergence, there is also a strong risk of unfair pricing.

To tackle unfair food prices in Ghana, we need:

More data, on prices and profits all throughout food supply chains.

More enforcement, with a competition law and dedicated authority.

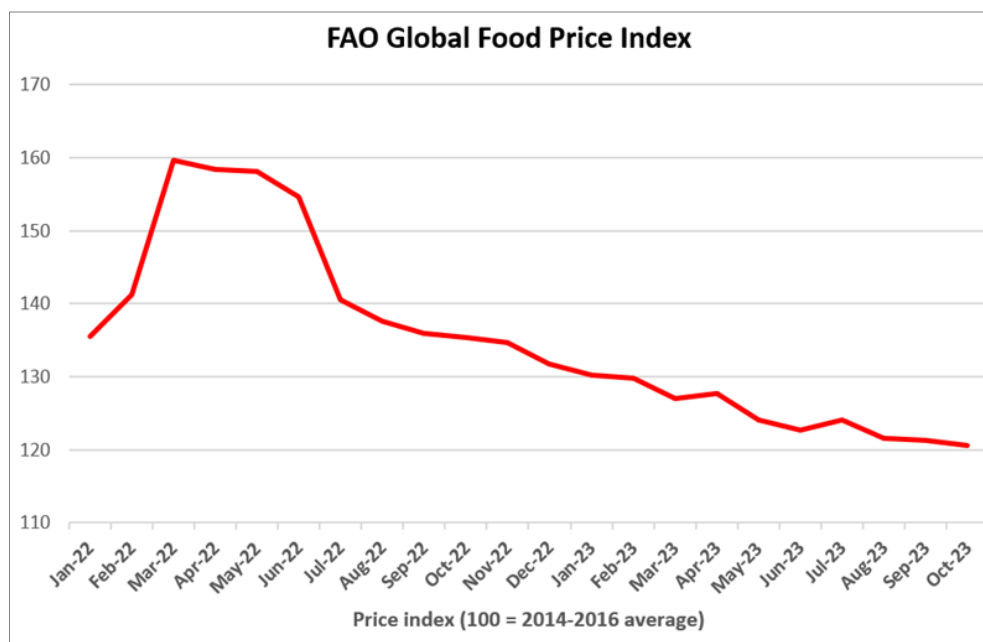
More collaboration, through a multi-stakeholder coalition for Fair Food Prices.

A GLOBAL FOOD CRISIS

As of 1st November 2023, the [UN World Food Programme](#) reports that **5.5 million** Ghanaians, **18.4%** of the population, have insufficient access to food.

Rising food prices are a significant driver of food and nutrition insecurity. According to [Ghana Statistical Services](#), monthly food price inflation hit a 22-year high of **61%** in January 2023, and has exceeded **50%** every month of the year so far.

Yet since a significant spike at the start of 2022, global food commodity prices have been in steady decline, according to the UN Food and Agriculture Organization's [Global Food Price Index](#):



TACKLING UNFAIR FOOD PRICES

There are various reasons why food prices at consumer level are still rising in nearly every country across the world – increasing fuel costs, currency depreciation, infrastructural challenges, the impact of climate crisis, and more.

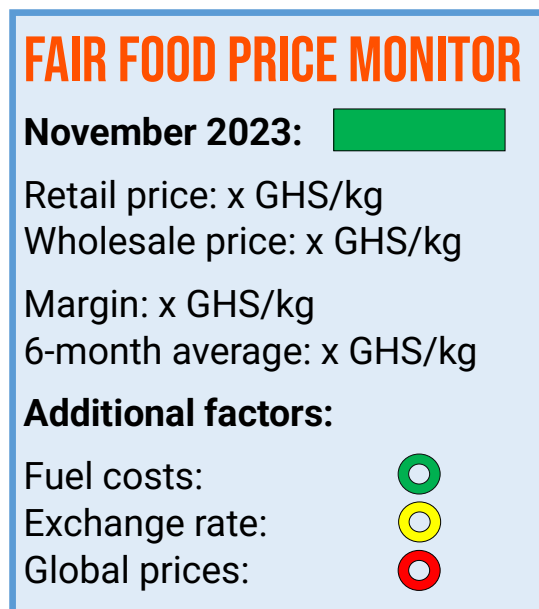
Yet there are also signs that a lack of competition in our global and national food systems are allowing a small number of dominant actors in the market to profit excessively, resulting in **unfair food prices** for both consumers and farmers.

This evidence brief shares the pilot outcomes of a new tool, the **Fair Food Price Monitor**, which uses publicly available data to track the relationship between food prices at different stages of the supply chain, and to highlight where further investigation – and ultimately intervention – may be needed.




INTRODUCING THE FAIR FOOD PRICE MONITOR

Consumers International – the membership organisation for consumer groups worldwide – has collaborated with the Bureau for Food and Agricultural Policy, as well as consumer organisations in Ghana, to develop the **Fair Food Price Monitor**.



This is an early warning system for identifying potential cases of unfair food pricing – that is, when insufficient competition in the marketplace allows certain actors to set excessive prices for consumers or to underpay farmers, possibly through anti-competitive practices such as price fixing or price gouging.



The Fair Food Price Monitor applies a two-stage analysis process. The first stage is a comparison of food prices over time, at different stages of the supply chain – in this evidence brief, focusing on retail/consumer level, and wholesale/market level.

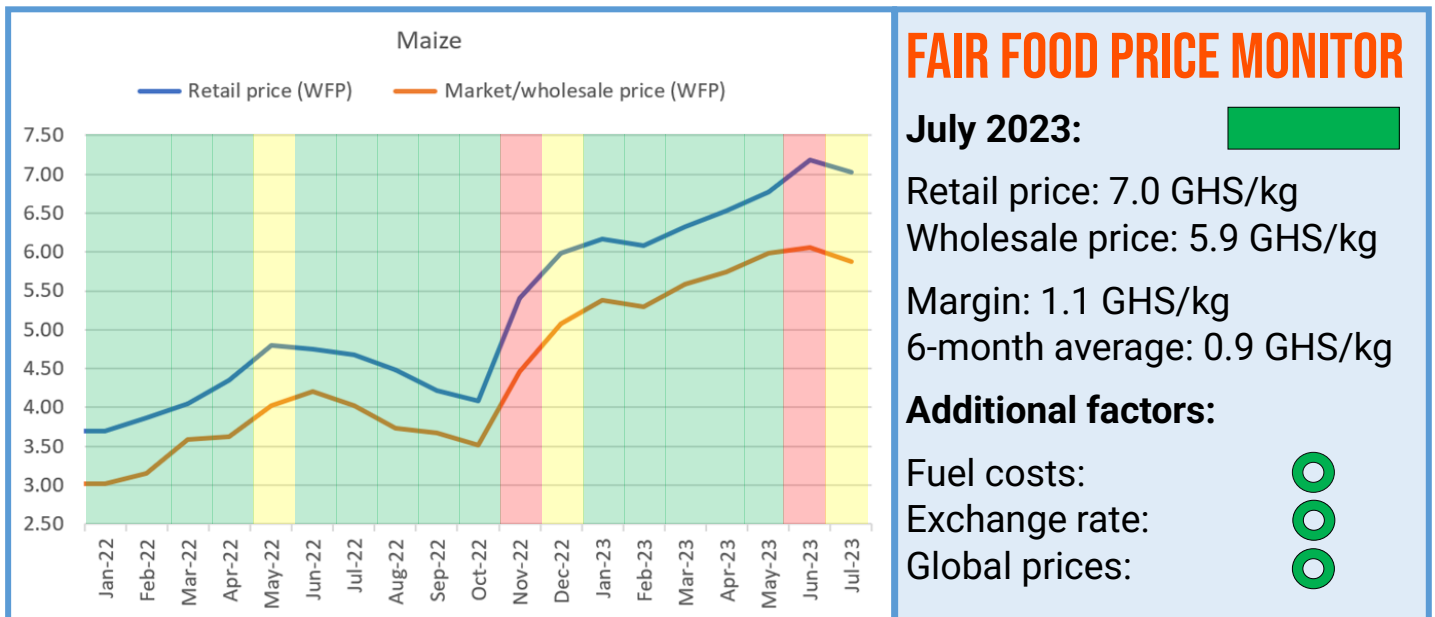
The margin between retail and wholesale prices is compared each month to the six-month average. If this margin is within a typical range (i.e. one standard deviation), a  flag is shown. But if retail prices are rising excessively, a  (more than one SD) or  flag (more than two SDs) is shown.

The second stage is a preliminary exploration of the most likely explanations for this price divergence – such as fuel costs and exchange rate at national level, and changes in global food commodity prices (where applicable).

If these indicators are also unusually volatile – marked by a  or  – then this could explain a divergence in prices. When these factors do not clearly explain a divergence, authorities should consider a deeper investigation into unfair prices.

FAIR FOOD PRICE MONITOR

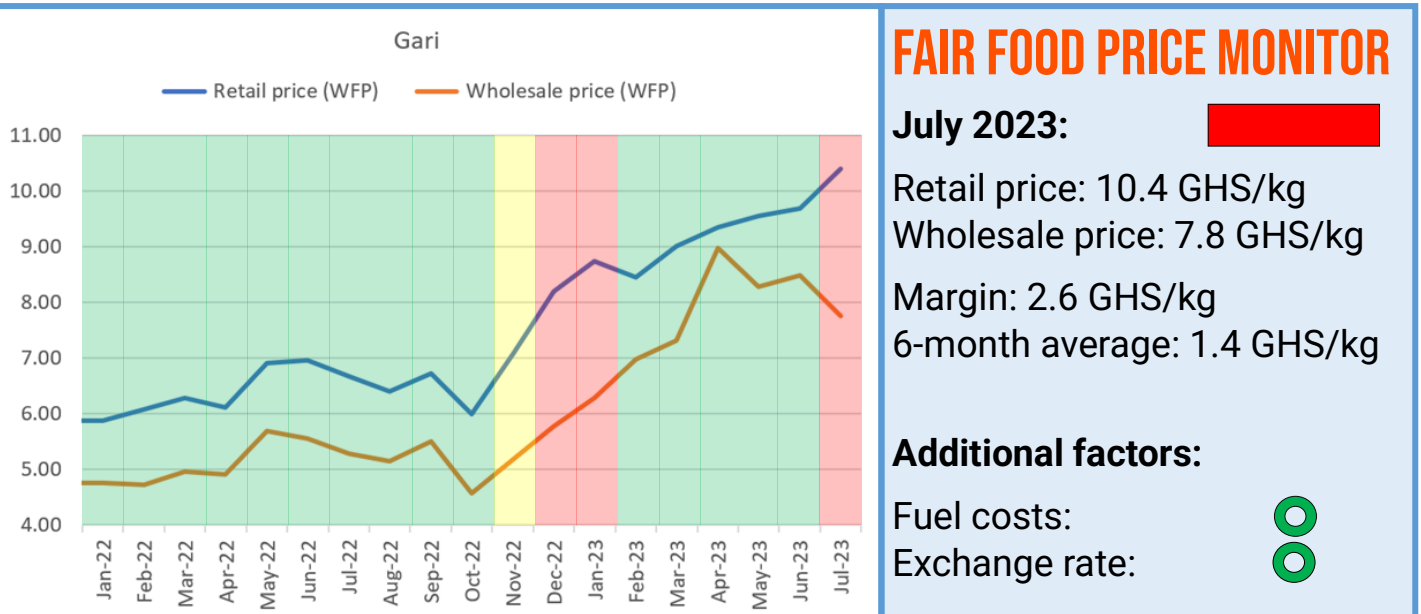
MAIZE



- Since January 2022, both retail and wholesale prices for maize (via [WFP](#)) have increased significantly. The wholesale price of maize increased by **94.7%** in this period, while retail prices increased by **90%**.
- In a competitive marketplace, in a context of external food price shocks, we would hope to see wholesale prices rising faster than retail prices; this would mean consumers paying higher prices, but profit margins would also decrease, sharing the impact between marketplace actors.
- The fact that profit margins have stayed relatively consistent suggests that competition could be improved; however, it also implies that dominant actors have not taken advantage of external shocks to engage in price gouging.
- However, there are signs that this margin is beginning to grow – in particular throughout 2023, as retail prices have increased by **13.9%** since January, compared to a **9.3%** rise in wholesale prices, earning and flags in June and July.
- Three ○ flags suggest that fuel costs, currency fluctuation, and global maize prices do not explain this divergence in prices. This does not necessarily mean that anti-competitive pricing practices are taking place, as there may be other, less easily measurable factors in play. Nonetheless, it is clear that an official investigation into maize prices could be beneficial for consumers.

FAIR FOOD PRICE MONITOR

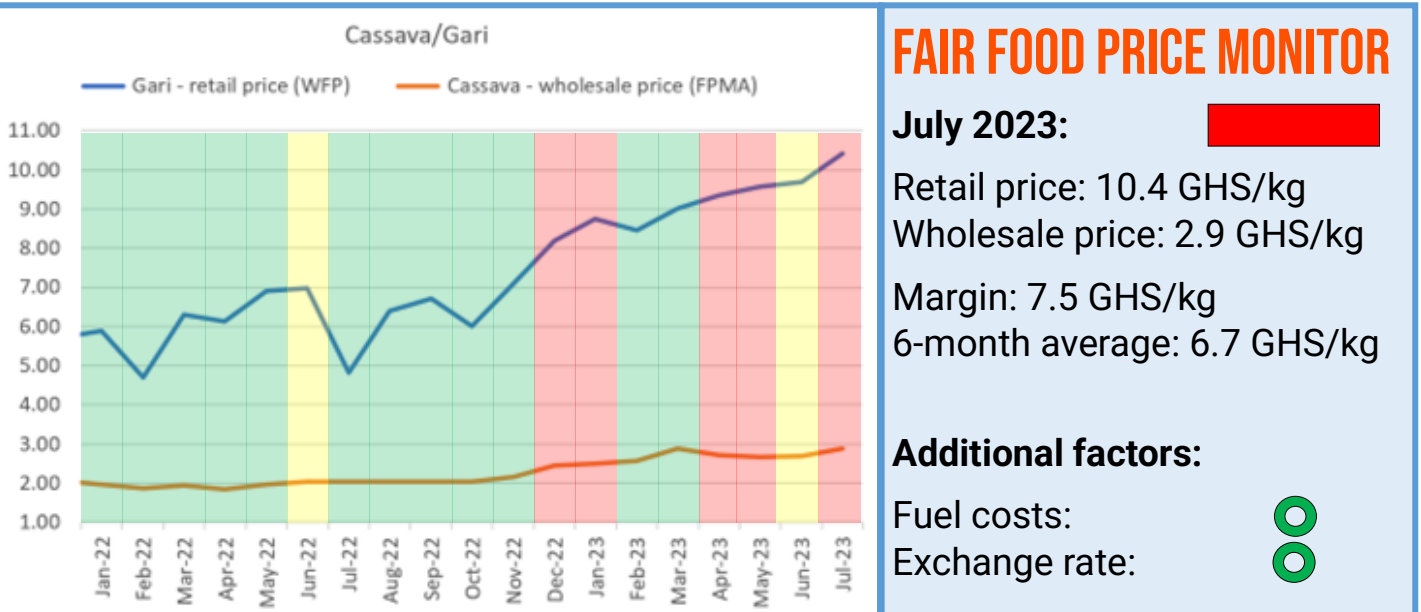
GARI



- The retail price of gari has risen by **77%** since the start of 2022, compared to a **63%** rise in wholesale prices (both via [WFP](#)).
- This represents a more clear-cut divergence between retail and wholesale prices, beginning in late 2022, when both sets of prices began to rise, but with retail prices spiking far more quickly, earning [Redacted] flags in December 2022 and January 2023.
- Fuel costs were rising more rapidly at that time, and likely contributed to this divergence – but there is also a strong risk that some marketplace actors took advantage of the context of rising prices to increase profits too.
- A [Redacted] flag was also registered in July 2023 (the most recent data available), as wholesale prices began to decrease, yet retail prices still continued to climb. This adds further credibility to the risk of unfair pricing, with no indication that fuel costs or exchange rate were driving the divergence. Insufficient competition can mean there is little market pressure to share cost savings with consumers.

FAIR FOOD PRICE MONITOR

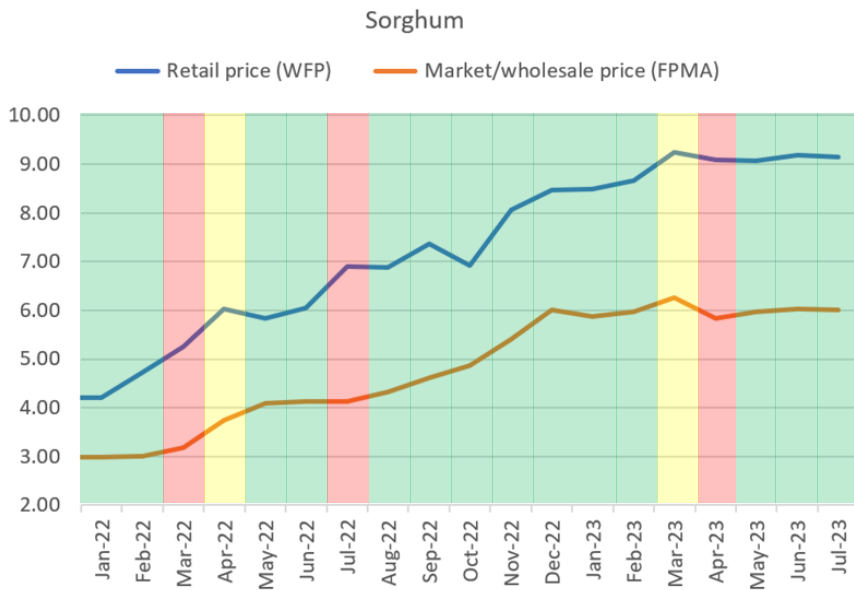
CASSAVA/GARI



- While the retail price of gari rose by **77%** since the start of 2022 (via [WFP](#)), the wholesale price of cassava, its basic ingredient, increased by just **46.4%** in this period (via [FPMA](#)).
- This example demonstrates another point along the supply chain where stronger competition could result in lower prices for consumers – the processing and manufacturing of food products.
- Both sets of prices remained relatively steady throughout 2022, before beginning to rise at the end of the year – with retail prices once again increasing notably faster, warranting ██████████ flags in December 2022 and January 2023 (when fuel costs were high).
- However, this trend has intensified through 2023, as the retail price of gari continues to climb sharply (despite fuel prices levelling out), while wholesale cassava prices increase much more slowly; earning series of ██████████ and ██████████ flags, and presenting a clear risk of unfair food prices.

FAIR FOOD PRICE MONITOR

SORGHUM



FAIR FOOD PRICE MONITOR

July 2023:

Retail price: 9.2 GHS/kg

Wholesale price: 6.0 GHS/kg

Margin: 3.2 GHS/kg

6-month average: 3.1 GHS/kg

Additional factors:

Fuel costs:



Exchange rate:



- Since January 2022, the retail price of sorghum has increased by **117.9%** (via [WFP](#)), in which time the wholesale price has increased by **100.6%** (via [FPMA](#)). And since the start of 2023, retail prices have risen by **7.9%**, while wholesale prices grew by just **2%**.
- There is again a notable divergence between retail and wholesale prices, with this margin growing consistently since early 2022, earning [REDACTED] and [REDACTED] flags at various points – including in March and April 2023, despite little change in fuel costs or exchange rates at this time.
- Both sets of prices have subsequently evened out, resulting in a [REDACTED] flag for July 2023; however, it is clear that the margin has grown substantially since the start of 2022, creating a risk that unfair prices could become entrenched. Once again, action is needed to further investigate this supply chain, and to intervene if required.

WHAT ARE THE SOLUTIONS?

1. We need more data

Improved data on food prices in Ghana would enable the Fair Food Price Monitor to provide stronger evidence on the risk of unfair prices for consumers and producers. Data on prices earlier in the supply chain (especially those received by farmers from aggregators and other distributors) could demonstrate additional points of unfairness in the food marketplace.

Similarly, data on a wider range of food products – especially non-staple foods such as legumes, fruits, and vegetables, that are nonetheless essential for a nutritious diet – would enable analysis of these supply chains also. Price data on onions, for example, is not reported frequently enough to be assessed through the Fair Food Price Monitor, but we can nonetheless observe that retail prices increased by 42.4% since the start of 2022, and wholesale prices by just 18.1%.

2. We need more enforcement

Ghana urgently needs a strong competition law, and dedicated enforcement authority, to tackle the threat of unfair food prices. This authority would then need support to take effective action – not just improved evidence, but also the resources and mandate required to conduct detailed monitoring and investigations into unfair food prices; and ultimately to intervene where needed, to protect consumers and farmers.

3. We need more collaboration

Delivering fair food prices will require collaboration between a wide range of stakeholders in Ghana – including government authorities, consumer groups, food producers, traders, manufacturers, researchers and academics, civil society, and more – to identify and deliver the solutions required.

Consumers International and partners will continue to share monthly updates through the Fair Food Price Monitor. We will also continue to explore solutions for strengthening food price data, and for building collaborative solutions.

If you would like to receive these monthly updates directly, or to join our coalition for Fair Food Prices in Ghana, please contact DMinayo@consint.org