**Evidence on the Determinants of the Food Price Fluctuations in Liberia**

**Abstract**

Liberia has had a long struggle with high food prices. In 1979, violent protests, known as Rice Riot, broke out against the hike in the price of rice which eventually led to a military coup and was followed by more than two decades of civil unrest. Sanctions and pressures from the international community caused the Liberian president to resign and a peace agreement among the warring factions ended the civil war in 2003. Notwithstanding, the 2008 global food crisis put a tremendous setback against Liberia’s transition towards development. In 2014, the Ebola epidemic left a catastrophic effect on its food prices and food security. In 2020, COVID-19 resulted in over 40 percent increase in food prices and left Liberia in a vulnerable position due to its already weakening socio-economic condition. Although unstable food price is a central issue in Liberia, there is limited study on this topic focused on Liberia. Understanding the price dynamics is important in policy formation and, therefore, this study sought to examine the determinants of food price fluctuations in Liberia. Oil price and exchange rate are identified as two main contributors to the rise in food prices. The long-term and short-term relationship between Liberian food price indices and the two variables—oil price and exchange rate— are examined using the Johansen cointegration method and vector error correction mechanism. The analysis suggested a positive long-term relationship between both food price fluctuations and depreciation of Liberian dollar, and food price fluctuations and oil price. In the short run, only the exchange rate was found to have a significant effect on the movement in food prices. In the light of the evidence found, the study concludes with the suggestion that the role of exchange rate should be considered when forming policies to address the instability of food prices.