

mVAM AFGHANISTAN - MARKET ASSESSMENT BULLETIN #5

July 2017

KEY FINDINGS

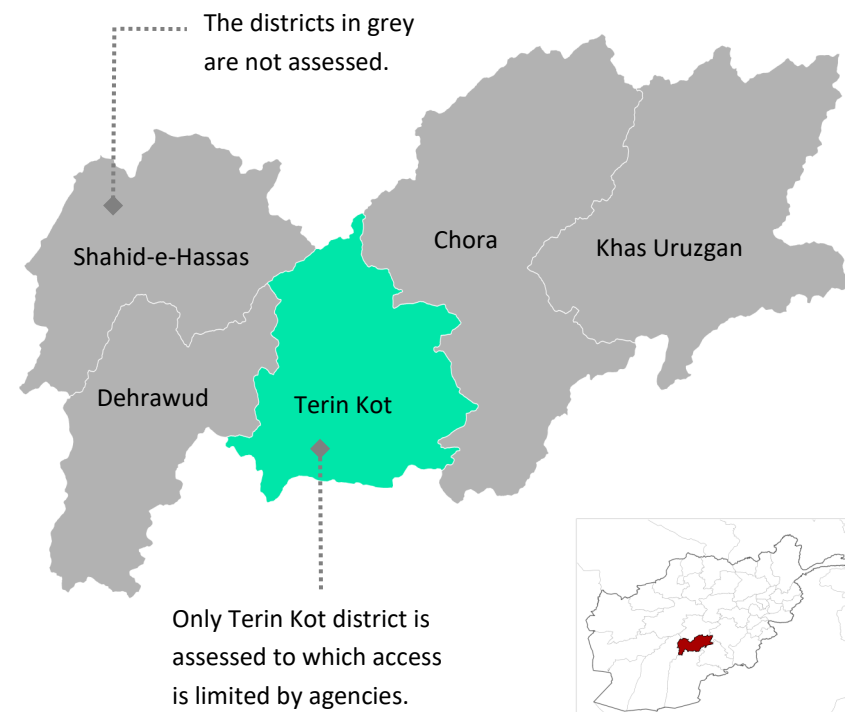
- For the past two months, insecurity and conflict has hindered access by traders and local populations to the market. As a consequence:
 - The local population are facing increased challenges to access markets, such as road blocks due to insecurity and increased fighting between AGEs and government forces.
 - Traders are also facing these challenges and thus the supply of food commodities has been limited
 - As a result, the prices for staple food in Terin Kot are more than 30 percent higher in comparison to Kandahar City.
- Income generating opportunities are really only available in the district capital of Terin Kot, while the majority of people living outside the district capital are unable to work or to find new income opportunities. There main income opportunities currently available in Terin Kot are casual and agriculture wage labour due the harvesting season.
- Household access to food and livelihood opportunities in Terin Kot are severely constrained due to the conflict. Moreover, populations can also put themselves at security risks while accessing the markets. Therefore, based on the findings of the assessment, a cash-based intervention is not appropriate in Terin Kot district.

Assessment Background and Methodology

In December 2016, WFP conducted its first mobile (mVAM) market monitoring assessment in the southern regions including; capitals of Hilmand (Lashkar Gah), Kandahar (Kandahar centre), Uruzgan (Terin Kot) and Farah (Farah centre) provinces. This was followed by assessments of Nangrahar, Kandahar, and Kunduz province markets. This market assessment was conducted jointly with the Protection Cluster in Terin Kot district of Uruzgan province on 9th July. A total of 15 interviews were carried out by two phone operators based in the WFP Country Office. Interviewees included key informants (mainly traders and Shura leaders) in Terin Kot to better understand the impact of the renewed armed clashes between Afghan government forces and armed opposition groups on the food supplies, market function and traders' abilities to access markets in the district. The primary aim of this assessment is to provide a snapshot of the impact of the current conflict on food prices, supply routes, food market and food security situation of the households in Terin Kot district.

Insecurity, Food Prices and Food Shortage

Most of the respondents indicated that households are facing challenges such as road blockages due to insecurity and increased fighting between AGEs and government forces while accessing the district market and traveling to work. Conversely, traders face serious risks in supplying food commodities from Kandahar market to Terin Kot district market. Keeping large amount of food stocks may expose them to looting or bombing. Thus they avoid storing large amount of food stocks in their shops or warehouses. This subsequently limits the availability of goods in Terin Kot market and has reduced the supply of food coming from Kandahar.



This has resulted in an inflation of food prices in Terin Kot district over the last two months because of reduced supply and higher transport costs from Kandahar caused by insecurity and bad road conditions. The greatest increases (30 percent and above) are prices for staple foods such as wheat flour, rice, sugar and cooking oil, when compared to prices of Kandahar main city market from May and June 2017.

Traders also reported that insecurity in the district has resulted in major food shortages of perishable foods such as fruits and vegetables, as well as staple foods. The transportation cost from Kandahar to Terin Kot district is reported to have increased since May 2017 which has also contributed to increase in food prices and reduction in food supply. Based on the information from the traders, it is reported that prices for wheat flour will decrease in the coming months due to the approaching harvest season.

Figure 1: Percentage difference in prices compared to prices in Kandahar main market

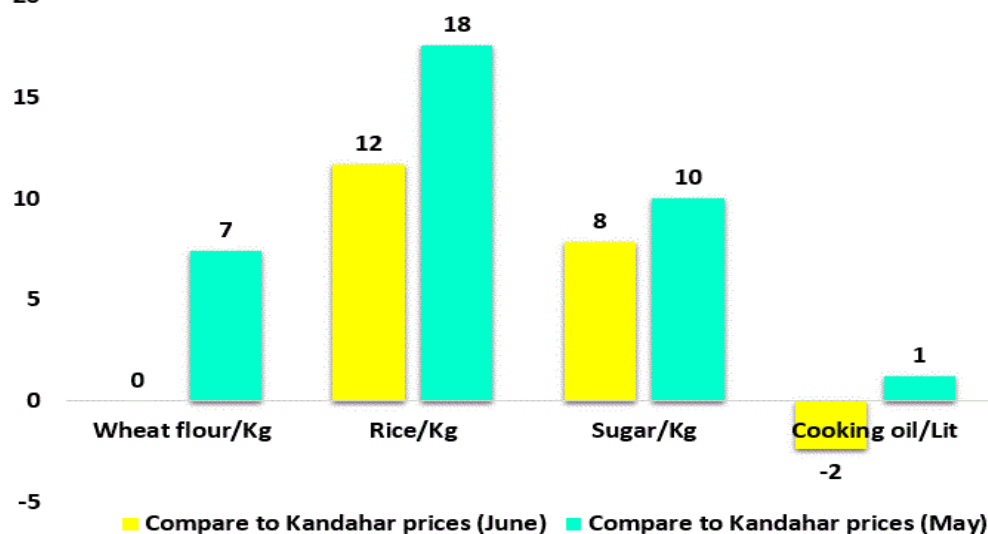


Figure 2: Average retail price of staple foods in Terin Kot and Kandahar main city markets

District Name	Wheat flour/Kg	Rice/Kg	Sugar/Kg	Cooking oil/Lit
Terin Kot main city prices (July)	29	89	55	83
Kandahar main city prices (May)	27	76	50	82
Kandahar main city prices (June)	29	80	51	85

Term of Trade (ToT)

The **Terms of Trade (ToT)** between wheat flour and casual labour is a proxy indicator for **household purchasing power**, which shows the quantity of wheat flour that can be purchased with the wage earned from one day of casual (unskilled) labour.

The reported ToT for labour/wheat flour in Terin Kot district is 10 kgs of wheat flour/day wage. This is lower 17% lower than Kandahar, which stands at 12 kgs. Moreover, the availability of casual labour in Terin Kot is extremely limited and stands at 1 to 2 days per week. The increasing negative impacts of the armed conflict on the household income is getting worrisome as working opportunities for local residents have substantially reduced. When compared to previous years, people in Terin Kot district would have better access to agriculture and casual labour work due to the harvest season. However, this year work opportunities are extremely limited due to increase in insecurity and conflict.

Market Capacity

The markets of Terin Kot district are the largest in Uruzgan province, while the markets in Chora, Khas Uruzgan, Dehrawud, Shahid e Hassas districts are relatively smaller. They have fewer shops, lower food stocks and are completely reliant on food supply from Terin Kot. The food supplies to Terin Kot market depends completely on Kandahar main city market. Terin Kot market has the ability to respond to current food demand and to a sudden or slow increase in the future. However, the increase in demand will also increase food prices. Terin Kot market has the highest stock of staple foods in the district. Moreover, Gizab district of Daykundi province also relies on Terin Kot main city market for food supply.

An impact on the food supply in and out of Terin Kot market will subsequently impact not only the whole of Uruzgan but also Gizab district in Daikundi. A cash intervention is not the appropriate response modality given the fact that Terin Kot market does not have the capacity to supply enough food to meet the demands of the population. As significant increases in food prices are reported, a cash based response can result in additional price increases, by creating more demand for the food commodities.

Access and Food Supply

Most of the traders in Terin Kot district indicated that secure and un-interrupted access is needed to supply food from Kandahar market to Terin Kot district market and from Terin Kot district market to all the districts of Uruzgan province. This is extremely challenging as all the routes are subject to temporary closure and increased security risks taken by transporters.

Conflict-related insecurity, including cross border fire, unexploded ordinances (UXOs) and vulnerability to abduction or pillaging, bad road conditions and high transport costs are collectively disrupting the food supply in the region. As a result, fewer traders are willing to districts of Uruzgan province. This disrupts the food supply around the region and increasing the susceptibility to higher food prices and lower food availability, especially to areas outside Terin Kot, that is directly proportional to the level of warfare and conflict-induced insecurity.

Insecurity and warfare does not only impact food availability in the market but also access to food by the affected population. The local population in Terin Kot district is facing security concerns when traveling to markets to purchase food, or when travelling to find casual labour opportunities. It is indicated by the traders and other respondents that this insecurity is not limited to Terin Kot district but it permeates across all districts of Uruzgan province.

Livelihood Related Information

All the respondents in **Terin Kot** district reported that people were currently unable to go to work, even for available casual labour opportunities (1-2 days), mainly due to insecurity. In general, people in this district have very limited access to livelihood activities compared to Kandahar main city, and are mainly relying on loans from friends and relatives.

The daily wage rate in for unskilled labour is AFN 200-250 in Terin Kot district. This is much lower than the casual labour wage in Kandahar (AFN 300-350) which, when compounded with the higher price for wheat flour makes the ToT between the two districts substantially different. The respondents in Terin Kot district indicated that most of the households in the centre of the district have limited access to buy food with cash and some with credit. Conversely, outside the district centre the majority of people have limited food stocks and are mainly relying on credit and borrowing cash to purchase food. Agriculture and livestock are the main livelihood activities to the majority of the people in Terin Kot district as well in all districts of Uruzgan province. Some limited number of people also rely on petty trade, and small scale shops.

Food Security Situation

When asked about the food security situation in the district, farmers indicated that they have around 1-2 months of food stocks left from the previous year, but that this is expected to increase with the upcoming harvest. This will have a positive impact on household food security. However, households with no land indicated a lower food reserve that would last less than a month. These households showed a tendency of purchasing food to meet the immediate need of the households and not buying in bulk. Thus the poorer households, those that have no access to land or livestock and rely on casual labour, tend to rely on buying food with credit, with some also relying on their relatives and friends for food. Their complete reliance on casual labour opportunities to purchase food is extremely worrying, as a sudden halt in food supply to the market could drastically impact these households' to access food. Given food shortages and high prices in the local market, households are facing double access constraints. These are both physical and economic in nature. There is not enough food on the local markets to meet demand, and the little that is available is unaffordable for most households due to the high price and lack of income generating opportunity.

The ongoing harvest season, which has already started in some parts of Terin Kot district, is expected to improve the food security situation. However, this may not be evenly distributed amongst all categories of the population and is expected to mainly contribute to the food security of farmers for the next 3-4 months.

Protection Concerns

It is reported by all the respondents that people in Terin Kot district are facing continuous safety and security concerns when travelling to and from the market or to find livelihood activities. These concerns are mainly related to increased fighting between AGEs and government forces, which lead to civilians getting trapped between cross and being victims of attacks on civilian areas, increasing tensions between the population over the few livelihood opportunities, and blockage by AGEs of arterial roads between Terin Kot and Kandahar main city and Terin Kot to the remaining districts of Uruzgan province.