



Bulletin 3 – March 2015

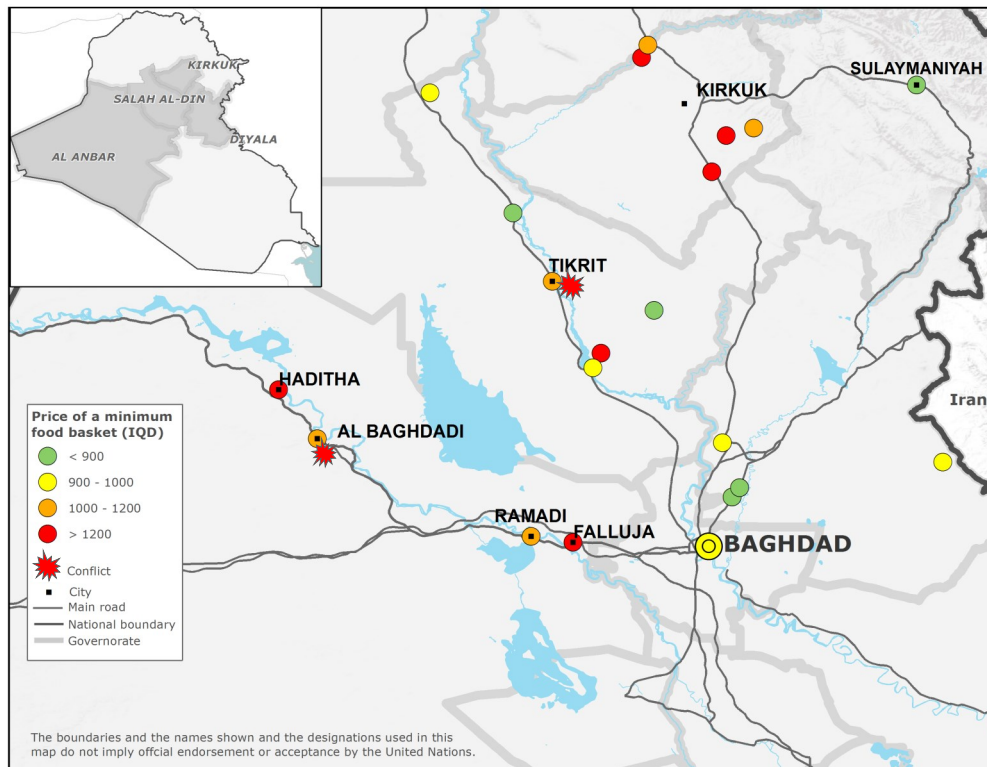
IRAQ FOOD MARKET MONITORING

Conflict disrupts food markets in Anbar, Salah Al-Din and Kirkuk

Highlights

- Conflict has severely disrupted supply lines to Anbar, Salah Al-Din and Kirkuk, pushing up the price of a basic food basket and causing shortages of fresh fruit, meat, eggs and dairy. In these governorates, reduced Public Distribution System (PDS) distributions are keeping wheat flour prices high.
- In early March, food prices in Salah Al-Din increased significantly due to ongoing conflict.
- In conflict-affected areas, casual labour opportunities are limited and wage rates are low. This is undermining people's ability to purchase food and other basic goods.
- The prospects for the 2015 winter crop are uncertain in conflict-affected parts of Anbar, Salah Al-Din and Diyala.

Map 1: Food price levels in monitored locations, February 2015



Methodology –mVAM remote data collection

WFP is using phone surveys to monitor food security in Iraq's central governorates. The latest survey was conducted in February. With the help of Islamic Relief Worldwide, information was obtained from 19 locations in the governorates of Anbar (4), Diyala (4), Salah Al-Din (6) and Kirkuk (5) using a simplified market questionnaire. In the first week of March, an update was obtained for Salah Al-Din.

High food prices in Anbar, Kirkuk and in parts of Salah Al-Din

To determine the market cost of purchasing food for an adequate diet, we calculate the cost of a standard daily food basket, comprising 225g of wheat flour, 225g of rice, 60g of lentils, 33g of sugar and 30g of vegetable oil. This basket provides 2,100 kcal per person, the minimum daily recommended dietary intake. We compare the price of these foods in conflict-affected areas with the prices that prevail in the governorates of Baghdad and Sulaymaniyah.

This analysis shows that an adequate food basket in Anbar and Kirkuk costs 25-30 percent more than in Baghdad and Sulaymaniyah. In contrast, prices in Diyala are average, as supply routes have remained open. Indications are that Public Distribution System (PDS) distributions in Diyala have been more regular than in the outlying governorates of Anbar and Kirkuk. In Salah Al-Din governorate, the price of the food basket varies widely by location: in some towns, the price is as high as in Anbar and Kirkuk, while it is below average in other parts. In all locations, there is week-to-week variability in prices owing to conflict-related instability in the food supply.

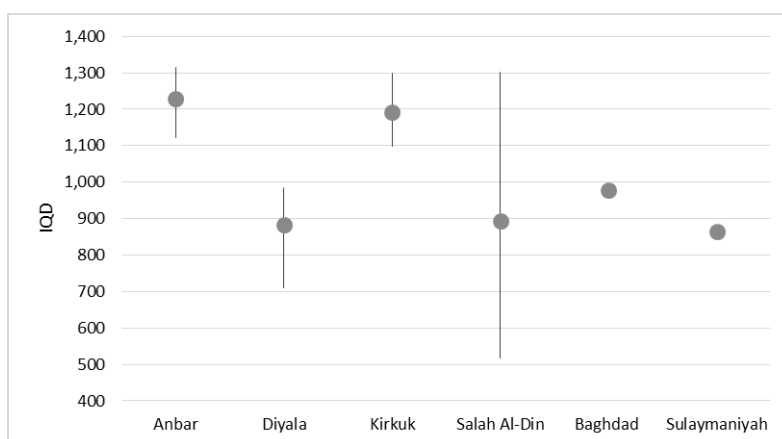
The analysis by commodity shows that high retail wheat flour prices are pushing up the price of the food basket in outlying governorates. Wheat flour in Anbar, Kirkuk and Salah Al-Din costs more than double the price in Baghdad, presumably because of reduced distributions of PDS wheat flour in these areas. High wheat flour prices make bread – the key staple – more expensive.

Table 1: Price differentials with Baghdad governorate, February 2015

Commodity	Anbar	Kirkuk	Diyala	Salah Al-Din
Wheat flour	+122%	+130%	+33%	+122%
Sugar	+80%	+75%	+30%	+21%
Vegetable Oil	+24%	+11%	+26%	+10%

Source: WFP mVAM

Figure 1: Cost of an adequate food basket in IQD per person per day, February 2015



Source: WFP mVAM

Differentials exceeding 75 percent are also observed for sugar in Anbar and Kirkuk. Overall, respondents continue to report that road closures are creating shortages of fresh fruit, meat, eggs and dairy products. Sustained shortages of these foods could reduce dietary diversity. In the governorate of Salah Al-Din, respondents have also reported a lack of vegetable oil on the market.

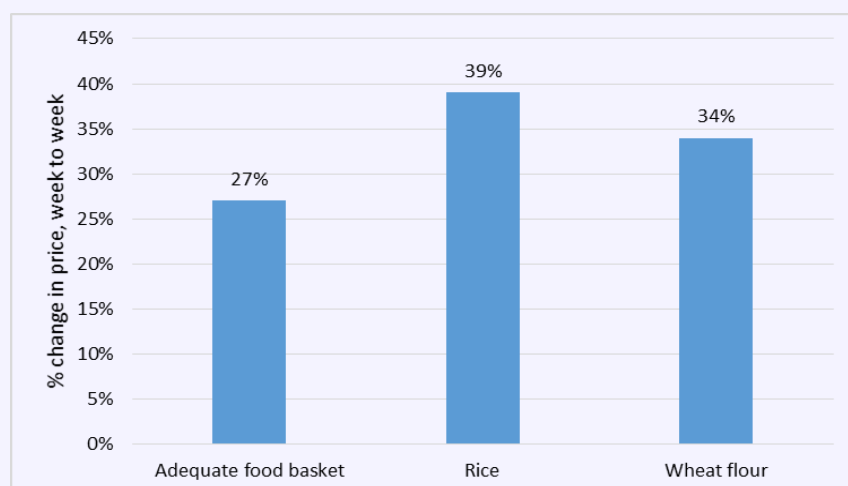
In February, authorities cancelled an international tender for wheat, delaying new imports. In the past, delays in wheat imports have resulted in higher prices.

Conflict in Salah Al-Din causes a large week-to-week food price increase

In early March, food prices in Salah Al-Din have increased significantly over the previous week due to ongoing conflict. Overall, the cost of an adequate food basket in the province has increased by +27% week to week. Higher prices for rice (+39%) and wheat flour (+34%) account for this increase.

Prices have risen most in locations most exposed to conflict, where rice and wheat prices have more than doubled and where insecurity is preventing regular market supply. Locations that are farther from the conflict zone experienced more moderate price increases.

Figure 2: Week-to-week change in food prices in Salah Al-Din province. March 1-5 compared to 22-26 February



Source: WFP mVAM

Wage rates are especially low in Salah Al-Din, driving down purchasing power

In the governorates of Anbar, Kirkuk and Diyala, unskilled wage rates varied between 20,000 IQD and 25,000 IQD a day in February. Respondents stated that conflict had reduced employment opportunities. Daily wage rates for unskilled labourers are in the range of 10,000–20,000 IQD in Salah Al-Din. By comparison, wage rates in the governorates of Babel and Sulaymaniyah are at or above 30,000 IQD a day. This suggests that conflict has impacted the unskilled wage labour market, reducing employment opportunities and pushing down wage rates.

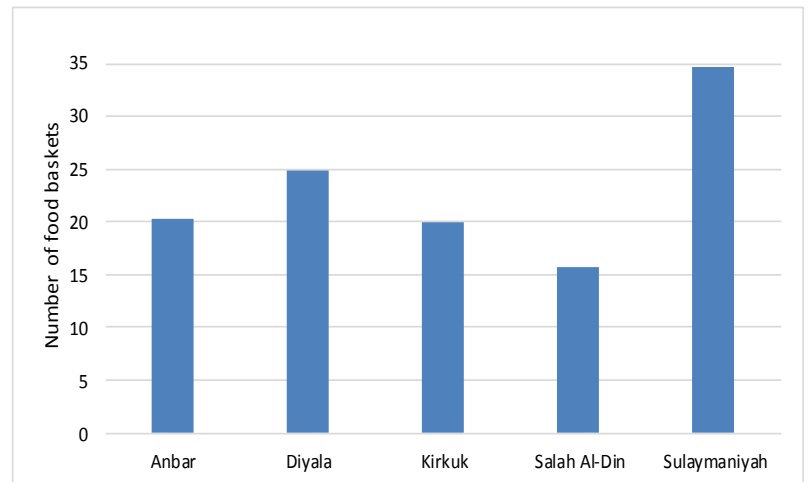
We calculate wage-to-food terms of trade to assess people's purchasing power. This indicator shows the quantity of food that can be purchased with a day's wage. As unskilled wage labour data was not available for Baghdad, we compare the results with Sulaymaniyah governorate.

Lower wage rates and higher food prices are eroding people's ability to afford food in conflict-affected areas, especially in high-price locations in Salah Al-Din. As Figure 3 shows, in Salah Al-Din, a day's wage is equivalent to 15 adequate food baskets, while it is worth 20 baskets in Anbar and Kirkuk, and 25 in Diyala. These levels are 30 percent below those observed in Sulaymaniyah.

Mixed prospects for the 2015 winter crop

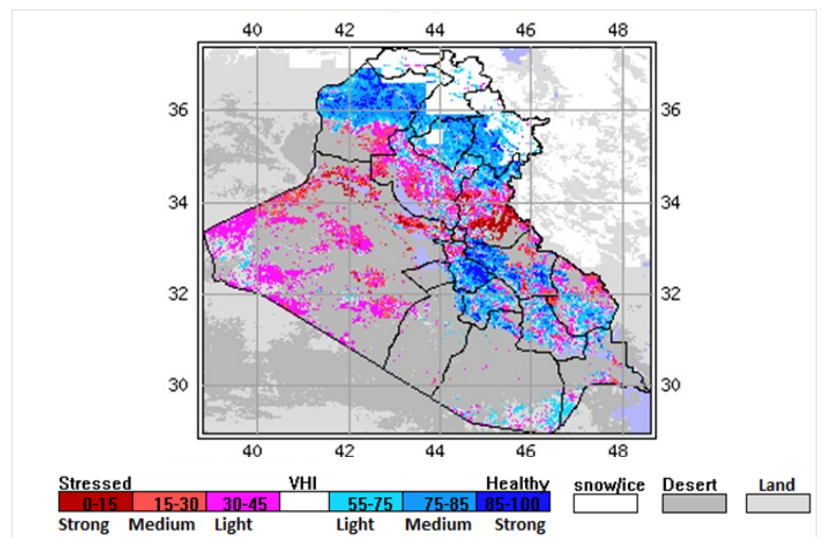
Satellite imagery shows mixed prospects as the April harvest of winter crop approaches. As Figure 4 shows, vegetation is stressed in areas of Anbar, Salah Al-Din and Diyala. As these are irrigated areas, this suggests that the conflict has had an impact on irrigation, agricultural inputs and fieldwork. Reduced food production in these areas could exacerbate already high food prices. Vegetation conditions are better to the north and in southern parts of the country.

Figure 3: Terms of Trade, number of food baskets per day worked



Source: WFP mVAM

Figure 4: Stressed and healthy vegetation, February 25th, 2015



Source: NOAA

Conclusion

Conflict has disrupted supply lines in many parts of Iraq's central governorates, and PDS distributions have also been affected. As a consequence, the price of essential goods is high in Anbar, Kirkuk and Salah Al-Din. In these governorates, the price of wheat is double that of Baghdad. The conflict has also reduced wage-earning opportunities and wage levels, eroding people's ability to purchase food. The prospects for the 2015 winter crop are uncertain in conflict-affected parts of Anbar, Salah Al-Din and Diyala, and the situation should continue to be monitored.



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