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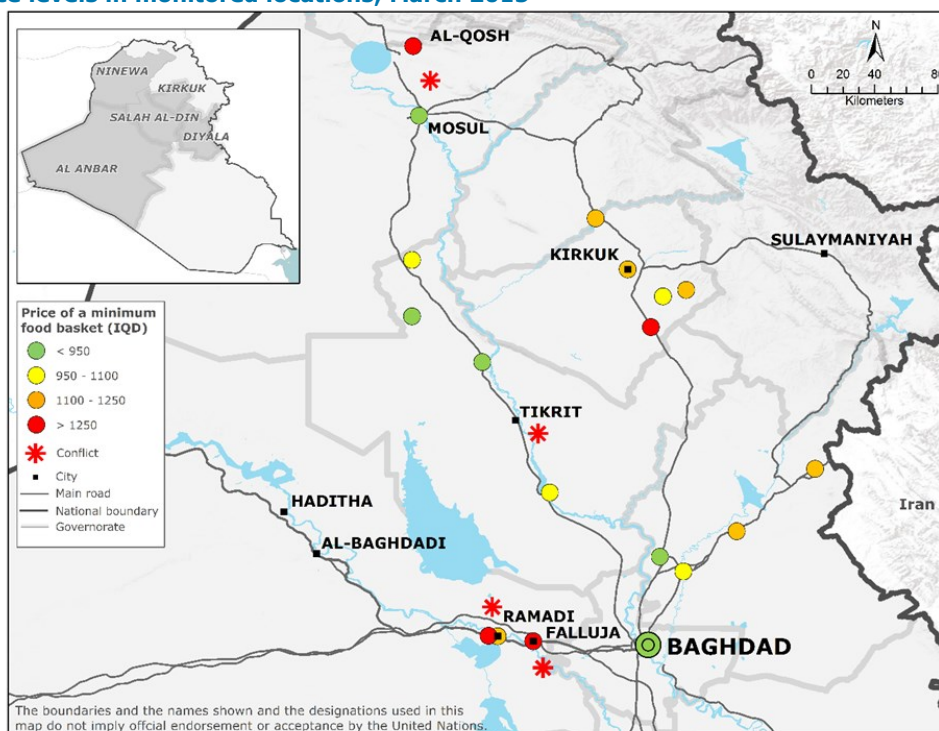
IRAQ FOOD MARKET MONITORING

Conflict drives food insecurity in Ninewa and Anbar

Highlights

- Ongoing conflict and blocked supply lines continue to cause high food prices in Anbar, Ninewa and Kirkuk. Particularly in Anbar, the price differential for wheat flour and sugar with Baghdad has increased substantially since February.
- In Ninewa, conflict has caused food scarcity and high food prices. Here, people's purchasing power is the lowest of all surveyed governorates, because of a lack of job opportunities and low wage levels. In Anbar and Diyala, purchasing power has fallen by a quarter since February.
- Domestic wheat stocks available for milling are low, as are imported stocks. Crop prospects are uncertain: the conflict has meant less planting, especially across southern and central regions.

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



Methodology –mVAM remote data collection

Since February 2015, WFP's mobile Vulnerability Analysis and Mapping team (mVAM) has been conducting remote market data collection in central and northern governorates of Iraq, using live telephone interviews. This approach allows WFP to collect market information from key areas that are difficult to access because of security constraints. With the help of Islamic Relief and Muslim Aid, information was obtained between 3 and 19 March from 24 locations in the governorates of Anbar (5), Ninewa (2), Diyala (9) and Kirkuk (8), using a simplified market questionnaire.

High food costs in Anbar and Ninewa

To determine the cost of purchasing an adequate diet on the market, we calculate the cost of a standard 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, which is the minimum daily recommended dietary intake. We compare the price of these food items in conflict-affected areas with the prevailing prices in Baghdad and Sulaymaniyah, which neighbour the areas of interest.

Collected data shows that the food basket in areas of Anbar, Ninewa and Kirkuk costs much more than in Baghdad and Sulaymaniyah. The food basket in Anbar was 66 percent more expensive than in Baghdad, while in Ninewa and Kirkuk, the difference was between 25 and 35 percent. The main routes connecting Anbar and Ninewa to Baghdad have been left inaccessible by the conflict, affecting the food supply.

In part of Falluja (Anbar governorate), the cost of an adequate food basket has increased by 74 percent since February, mainly because of increasing wheat flour and rice prices. The effects of severe conflict and prolonged road closures are mounting.

Analysis by commodity shows that retail wheat flour prices in Anbar, Ninewa and Kirkuk are at least double the price in Baghdad. The prices of

other commodities including sugar have also increased since February. In Anbar, sugar was over twice as expensive as in Baghdad. Sugar prices in Ninewa were 50 percent higher. Reduced distributions of PDS wheat flour in these conflict affected areas may be keeping wheat flour prices high. January PDS distributions remained below the mandated requirement even in governorates outside the conflict area.

In Ninewa, respondents highlighted the large difference in wheat flour prices between Ninewa and Baghdad (134%), which may be attributable to low food supply.

Table 1: Commodity Price differentials with Baghdad (March 2015).

Commodity	Anbar	Kirkuk	Diyala	Ninewa
Rice	66%	19%	11%	33%
Wheat flour	163%	128%	53%	134%
Sugar	125%	46%	29%	50%
Vegetable oil	68%	7%	113%	14%

Source: WFP mVAM

Low wage rates in Ninewa and Anbar weaken purchasing power

Ninewa had the lowest unskilled wage rates of IQD 15,000 a day in March, which less than half of the rates prevailing in Sulaymaniyah. In Anbar, Diyala, and Kirkuk, wage rates varied between IQD 20,000 and IQD 25,000 a day, which is similar to February. By comparison, the average wage in the governorate of Sulaymaniyah was IQD 35,000 a day in March, and it was IQD 25-30,000 in Baghdad. Respondents in Anbar said that although food was available, they weren't receiving their salaries in order to buy it. The contrast between governorates suggests that the conflict is impacting the unskilled wage market as well.

We use terms of trade to calculate purchasing power, estimating how many minimum food baskets can be purchased with the prevailing daily wage for unskilled labour. Then we compare with wage labour data from the nearby governorates of Sulaymaniyah and Baghdad.

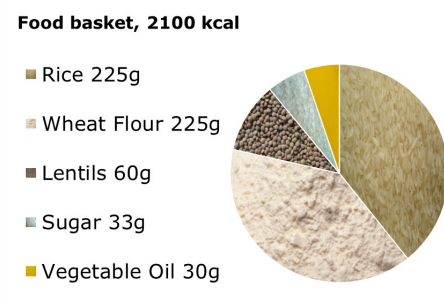
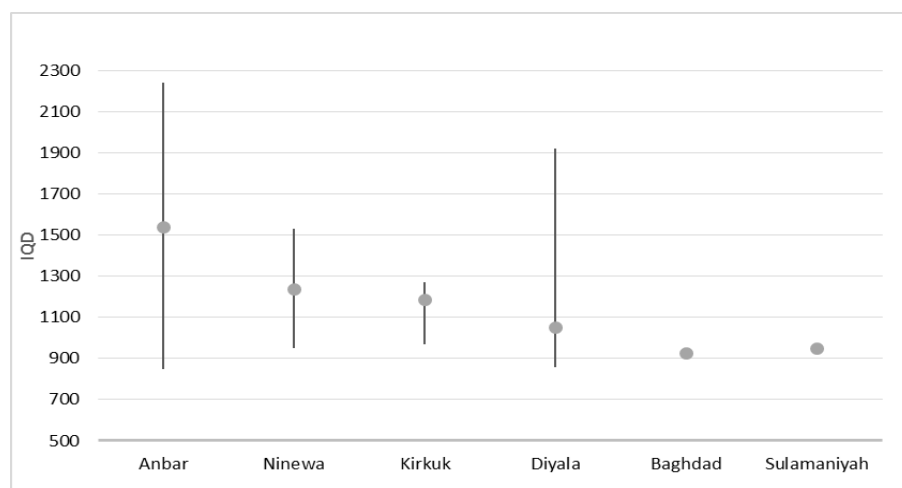


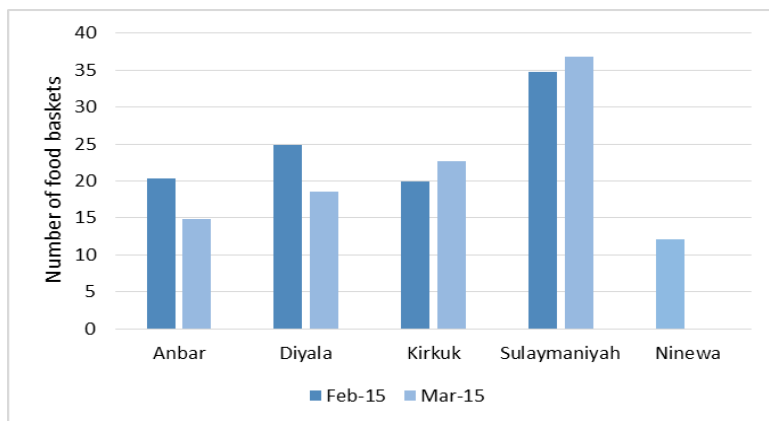
Figure 1: Cost of an adequate food basket in the governorates of Anbar, Ninewa, Kirkuk, Diyala, Baghdad and Sulaymaniyah (March 2015)



Source: WFP mVAM

Respondents in some areas of Salah al-Din reported that many food commodities were no longer available on the market because the military operation in Tikrit has greatly reduced road access. Shortages of cooking gas in conflict-affected areas are forcing households to use firewood instead.

Figure 2: Purchasing power, number of food baskets per day worked



Source: WFP mVAM

Terms of trade are lowest in the governorate of Ninewa, where people can only purchase 12 food baskets with their daily wage, compared to 37 baskets for those working in Sulaymaniyah. In Ninewa, respondents said they did not have the financial capacity to buy their daily essentials.

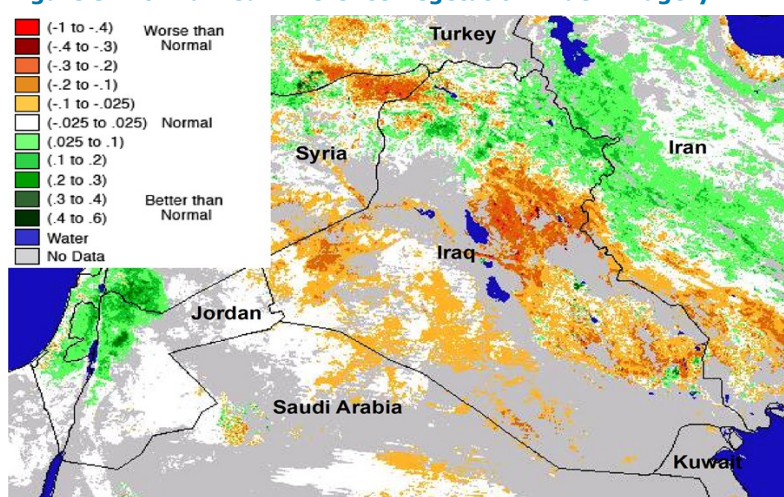
In both Anbar and Diyala, purchasing power has decreased since February. In Anbar, people could purchase 15 food baskets in March, down from 20 in the previous month. In Diyala, purchasing power has fallen from 25 food baskets in February to 19 in March. In contrast, purchasing power in Kirkuk and Sulaymaniyah fared better, increasing in both locations.

Mixed prospects for the 2015 winter crop

Satellite imagery can be used to compare vegetative growth patterns from the current season with the previous year. In general, the vegetative growth index values for central and southern areas of Iraq reflect poorer conditions in 2015 than for this same period a year ago. Conditions are better than average across northern areas and the Kurdistan region of Iraq (KRI). As irrigation supplies and rainfall have generally been adequate, the poorer conditions in Baghdad, Diyala, Salah al-Din and Anbar may reflect unplanted fields and/or the disruption of irrigation caused by the ongoing conflict across these areas.

Prospects for Iraq's 2015 wheat harvest – expected in April – appear mixed at best, with southern areas likely to experience a minor drop in production. Wheat production across central Iraq will be much lower in 2015 as planting and irrigation faced major disruptions during the autumn planting period. Across the more northern areas of Kirkuk and Ninewa, prospects are mixed. Farmers will face the challenge of how to harvest and market their crop successfully in the midst of the conflict. Wheat production prospects across the KRI appear good to excellent, except in the areas of Dahuk that border Ninewa.

Figure 3: Normalized Difference Vegetation Index imagery



Source: USDA/NOAA

Conclusion

Conflict continues to disrupt commodity supply lines, road access and consequently, food prices. The phenomenon is most noticeable in the governorates of Anbar, Ninewa and Kirkuk, where the price of wheat flour is more than double that of Baghdad. Price differentials for sugar are also very large. Conflict has affected daily wage rates and terms of trade, especially in Anbar and Ninewa.

There is concern for wheat stocks, as domestic and imported stocks are low. Iraq's 2015 wheat harvest prospects appear mixed, with southern areas likely to experience a minor reduction in production. Central areas are likely to face a significant drop in production because of the disruptions to planting and irrigation that occurred during the fall planting period.



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