WFP Iraq

Rapid Market assessment in Tikrit, Al Door, Samarra, and Balad

Salah al-Din Governorate

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Key messages for decision makers

The main objective of this assessment is to analyze if markets will be able to respond to increased demand resulting from the introduction of cash transfers into the Salah al-Din governorate. Due to time constraints and security limitations, 69 traders, including 35 wholesalers and 34 retailers, were surveyed in seven markets located in Tikrit, Al-Door, Samarra and Balad.

The assessment leads to the following conclusions and recommendations:

- Markets are functional, and main food commodities are available to cover consumers' demand at a reasonable price. Since the beginning of the year, 80 percent of the traders have not experienced a shortage of stock.
- The market supply chain is stable; wholesalers and traders have reported a significant improvement regarding market conditions compared to last year.
- There is no tangible evidence of collusion among traders to reduce food supply in order to drive prices up, and the number of traders operating in the markets leads to a competitive landscape.
- Market division has to be put into perspective and analyzed in a broader context characterized by the subsidized "food basket" provided through the Public Distribution System (PDS) scheme.
- Should demand increase by 50 percent in the coming months, 98 percent of the traders stated they would be able to respond adequately and in a timely manner (within one to two weeks).
- According to 67 percent of traders, prices will remain stable or will not increase significantly if the demand increases. Key informants shared a similar opinion regarding price forecast.
- Since market circumstances have improved and there is no evidence of a major immediate threat that could hamper the ability of traders to absorb the increase of demand, cash based transfers (CBT) can be suggested as a transfer modality in the assessed locations.
- Given the current context, WFP's response should be flexible, and should enable immediate shift from cash to in-kind distribution when the security situation worsens. Evidence suggests that markets are more likely to collapse or to be closed when the security situation deteriorates.
- WFP should strengthen its market monitoring system, and follow-up on a regular basis food availability, food commodities prices and markets functionality in the locations where CBT will be implemented.
- With regard to this, WFP could expand the geographic coverage of mVAM market component based on key informant interviews in the locations where WFP is transitioning to CBT.
- As most of the markets in Iraq have more or less the same characteristics, in a short run, security situation should be the main parameter to make a decision regarding CBT expansion.
- From a market perspective, mid and long term CBT programming should be reassessed if the PDS in-kind distributions are shifted into cash transfer. This significant paradigm shift could have a greater impact on market; thus, require an in-depth update of food markets.

1. Background

In Iraq, WFP provides life-saving assistance to refugees affected by the Syrian crisis and to internally displaced persons (IDPs). In August 2016, WFP assisted more than 1.2 million people with monthly family food rations (898,000 beneficiaries) and cash-based transfers (303,000 beneficiaries).

In February 2016, WFP launched a successful pilot cash transfer programme in the city of Akre (Duhok Governorate), and will be scaling-up and expanding the geographic coverage of the programme within the country. Despite the growing interest for CBT in Iraq, there is little evidence on how markets will respond to a major influx of cash. Although some partners implement multipurpose cash to cover the immediate needs of new arrivals, and common knowledge of markets in some locations could justify CBT, the scope of WFP's interventions make it essential to provide more insight into the functionality of markets in a fast changing environment.

In the coming months humanitarian needs in the country will increase, as people fleeing Mosul city will require immediate food assistance. WFP response remains flexible. Where market conditions are favorable, WFP will be providing CBT to food insecure people. This transition to CBT is one of the main recommendations of the 2016 Country Office Portfolio Evaluation report, due to its cost effectiveness and an overwhelming preference among stakeholders. By the end of 2016, the Country Office should move from in-kind and vouchers to the use of cash transfers wherever feasible. Market assessment is a prerequisite for determining whether CBT is feasible or not, hence why there is a crucial need to analyze market conditions and to provide recommendations to inform evidence based decision-making.

2. Objectives

The main objective of this assessment is to analyze if markets will be able to respond to increased demand resulting from the introduction of cash transfers in Tikrit and surrounding locations. The specific questions the study aims to answer are:

- Are markets operational and physically accessible to target households?
- Are food markets integrated and competitive?
- Are markets able to adequately respond to increased demand?

This study is a starting point for a number of assessments that WFP will conduct in order to describe and analyze market functionality. Overall, the lessons learned during this first study will help the VAM team to develop a market assessment package that will be used in other governorates where WFP is transitioning to CBT (Baghdad, Karbala, Babel and Najaf).

3. Methodology

The study is a combination of secondary and primary data analysis. Primary data was collected by using a reduced version of the trader survey methodology developed by WFP. A trader survey consists of collecting and analyzing data from traders, then using the results to inform a response options analysis.

Given current time constraints, the study prioritized the main markets. According to key informants, the seven markets selected represent at least 80 percent of food traded in the area covered by the survey. In those markets, 69 traders were interviewed using tablets (Open Data Kit "ODK"). In addition to the trader questionnaires, discussions with key informants took place in each market to collect qualitative data.

Due to security limitations, WFP conducted the assessment in close collaboration with Islamic Relief Worldwide (IRW), as one of the NGOs that has a permanent presence in Tikrit and surrounding locations. Prior to the fieldwork, WFP and IRW organized a workshop in Erbil to train enumerators. After the two days classroom training, pilot data collection took place, also in Erbil, in order to test the tools.

Traders' questionnaire	Key informants' questionnaires
Section 1: General characteristics of the trader	Section 1: General information
Section 2: Supply chain, volumes and flows	Section **2**: Market functionality
Section 3: Constraints and response capacity	Section **3**: Supply chain and flows
Section 4: Credit and stock strategy	Section **4**: Constraints and response capacity
Section 5: Impact of insecurity	Section **5**: Credit and prices
Section 6: Open ended question	Section **6**: Communication
Section: 7: Observations by enumerators	Section **7**: Observations by enumerators
Section 8: Open-ended question	
Section 9: Observations by enumerators	

The fieldwork took place from 15 to 17 October 2016. It is worth noting that the assessment period coincided, almost to the day, with the military offensive lunched by Iraqi Security Forces (ISF) and the international coalition to retake the city of Mosul from Islamic State (IS). The city has been under IS control since June 2014, and humanitarian actors estimate that the number of people in need of assistance will reach 1.5 million. If the displacements that could result from this military offensive occur, it is likely that some of the IDPs will seek refuge in Tikrit and surrounding area.

4. Food markets in Iraq: a quick overview[1]

There are a great deal of reports analyzing and describing food markets in Iraq. These studies deal with the following topics: (1) Dependence of Iraq on food imports, (2) Public Distribution System (PDS) and its impact on market demand, and (3) The role of the private trade sector in food grain markets.

The World Bank defines Iraq as a lower middle-income economy with a Gross National Income (GNI) of $2,640 per capita. Iraq represents a large and growing food market, and imports roughly $16 billion in food and agricultural products annually. The Ministry of Trade (MOT) is responsible for 38 percent of these imports.

Cereals, dominated by wheat flour, are most important in the Iraqi diet, accounting for about 60 percent of the average energy supply. Cereal (wheat and rice) availability for food use varied between 121 kg/capita/year and 191 kg/capita/year, according to FAO's Food Balance Sheets available for several years. Iraq is highly dependent on food imports and, on average, about 70 percent of wheat and almost 90 percent of rice consumed is imported.

While reliable import data are often not available, main competitors in the agricultural sector include Turkey (fruits, vegetables, processed foods, wheat flour) and Iran (vegetables and fruits). Jordan and

[1] Most of the information have been compiled from a wide range of reports from different Organizations and authors including the Wood Food Programme and World Bank (2004); the United States Department of Agriculture (2013); the World Bank and FAO (2012); OXFAM (2016); Jessica Powell Tibbets (2012) and the World Bank (2005 and 2015).

Syria also supply fruits and vegetables and serve as major transit routes for imported agricultural goods as well. Kuwait is also a transit route into Iraq, particularly for frozen poultry.

Demographic growth, limited water supplies and periodic drought are the most important factors that could explain the inability of domestic agriculture to make a larger contribution to the overall supply of cereal.

Food rations given under the Public distribution system (PDS) are the key determinant of market demand for cereals and some of the major non-cereals present in the average Iraqi diet. The PDS started as a programme to distribute domestically produced food when sanctions were imposed in 1990. Iraq's PDS is the world's largest public food distribution programme, and Iraq's largest governmental programme. The PDS is accessible to every resident of Iraq, foreign and Iraqi, rich and poor.

Iraq became a net importer of food in the early 1970s and imports about 70 percent of its food supply. To meet the wheat demand in Iraq, domestic wheat production averages 1 million tons per year while 3 million tons are imported.

During the sanction period, the Public Distribution System (PDS) played a crucial role. By making transfers to households and by injecting food into local markets, the PDS helped Iraq avoid a humanitarian crisis. In 1996, the United Nations agreed to allow food imports under the Oil-For-Food Programme, thereby permitting the size of the rations to more than double.

Managed by the Ministry of Trade, the PDS is implemented through a combination of state-owned-enterprises and private sector companies. While importing, rice processing and warehousing functions are largely performed by state-owned-enterprises. Wheat processing, transportation and retailing activities are predominately contracted out to the Iraqi private sector.

The PDS exerts both supply and income effects on the demand for food, and subsequently on market prices and trading activities. The highly subsidized "food basket" provided by the PDS has been an essential policy measure to ensure food security and avoid possible famine. However, subsidized food rationing using imported food on a national scale has had a negative impact on local grain markets, with consequent effects on producer prices and investments into the agricultural sector.

The source of a relatively large part of Iraq's food grain market activities has been the PDS. The large scale of the programme has had a strong influence on food markets. Although the government does not directly set retail prices of any food products, the PDS depresses open market prices considerably below border prices by bringing large quantities of food into the market.

During the years of economic sanctions, all PDS ration goods were produced abroad and imported by the Ministry of Trade. In the past year, efforts have been made to use locally produced goods (especially Iraqi wheat) and utilize Iraqi import companies. These efforts have had mixed success due to problems with low product quality and insufficient capacity of import companies.

Ration consumption that is supported by public sector interventions account for 60 percent of total grain availability, implying that 40 percent of grain flow is in the domain of the private sector, with farm-level uses accounting for 10 percent and private trade accounting for 30 percent. The private sector is therefore already playing a significant role in the food grain market. However, it is worth remembering that the State, through the PDS scheme, controls 60 percent of the total retail market.

In areas where the PDS is implemented by state-owned-enterprises (and in markets that compete with ration products), the Iraqi private sector is unable to compete and does not have the experience necessary to build its capacity. The PDS's heavy reliance on imports and the artificially low prices caused by large quantities of food brought into the Iraqi market have reinforced the market domination of state-owned-enterprises.

According to the Iraqi Chamber of Commerce, there are approximately 100,000 officially registered private food retailers in Iraq. However, it is worth noting that there are up to 200,000 unregistered small retailers. Retailers generally purchase most items from established wholesalers and from specific wholesale markets. Overall, sales among registered retailers have grown modestly at a few percentage points per year.

5. Characteristics of traders

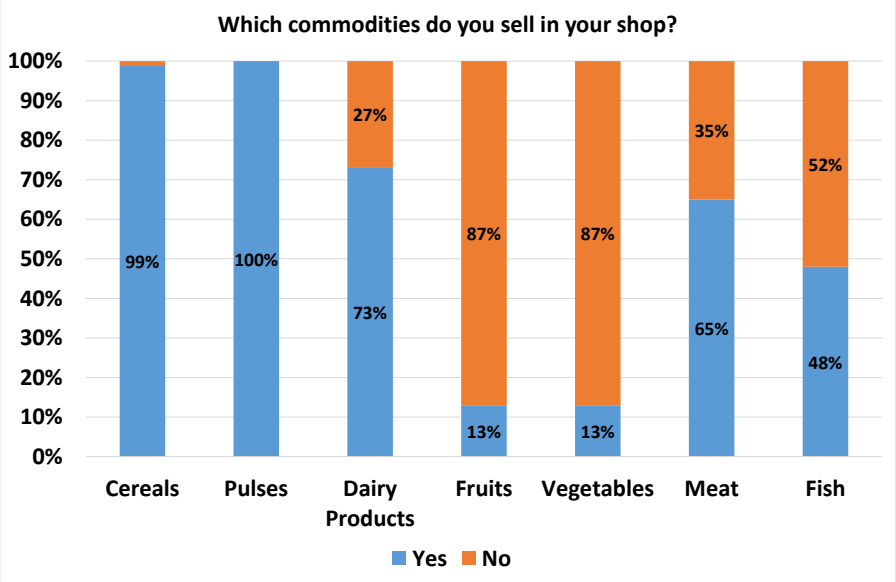
Most of the traders surveyed are operating in shops (85 percent), while the rest are running their business in the open market (15 percent). Only 19 percent of the traders have a dedicated bank account for their business. The shops have been categorized into three groups. The average length of larger shops (not including warehouse space) is about 105 square meters. The larger the shop, the bigger is the warehouse where food commodities are stored.

Table 1 – Size of shops in square meters and number of employees

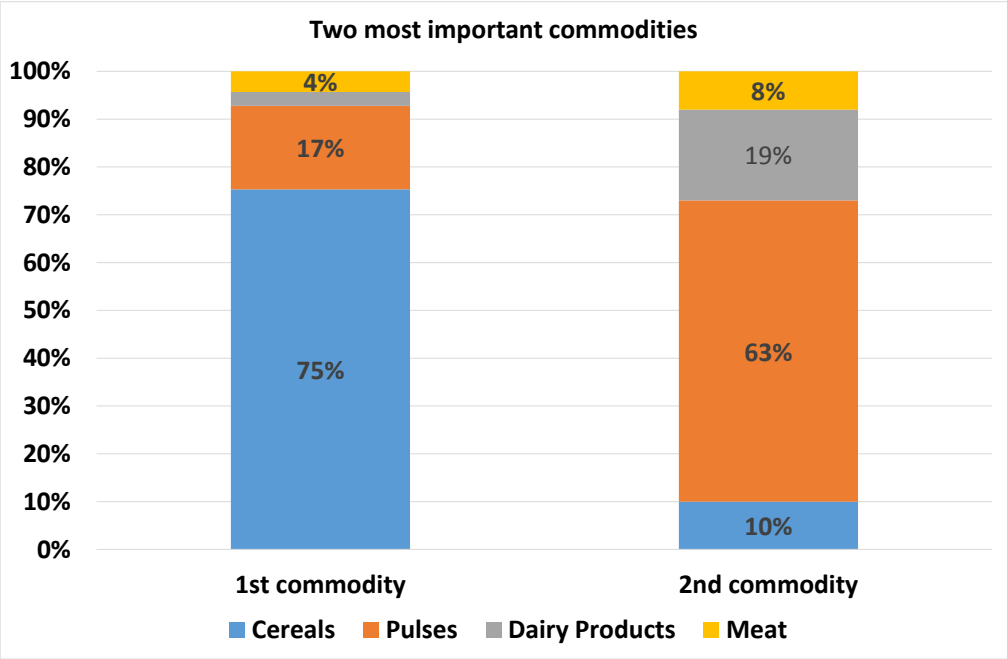
	Size of the shop (without warehouse)	Size of warehouse	#of employee
Large	105	94	4
Medium	41	27	2
Small	17	15	2

Only 9 percent of the respondents have less than one year of participation in commercial activities. The majority of the traders have been operating in commercial activities for more than five years. The vast majority of the shops operate on a daily basis (78 percent). The remaining shops (22 percent), have one closing day (Friday). Most of the surveyed traders (75 percent) employ people in their shop, employing an average of three people. The number of employees in large shops (4) is twice the number of staff in medium and small shops (2).

A retailer is a person who sells goods to consumers, as opposed to a wholesaler whose principal activity is to purchase from traders, collectors/assemblers, and sell to traders. Results suggest that 51 percent of the traders surveyed are wholesalers, and 49 percent are retailers. Wholesaling and retailing are not mutually exclusive, as 36 percent of the traders are involved in both activities.



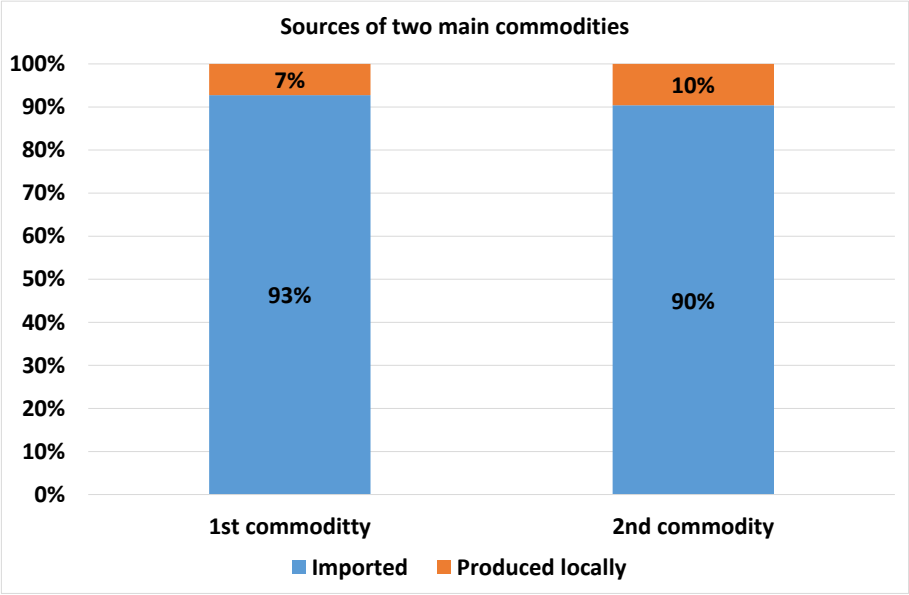
On average, the surveyed traders sell four commodity categories. This average is almost the same regardless of the size or specification (shop or open market) of the shop; in others words and typical for the food retail sector, there is no specialization. The traders were asked to indicate the two main commodities they are selling, with the main parameter for ranking being the quantity sold. Results suggest that 75 percent of the traders mention cereals as their most important commodity.



As mentioned earlier, cereals (dominated by wheat flour) are highly important in the Iraqi diet, accounting for about 60 percent of the average energy supply. The second most important commodity listed by traders are pulses (lentils, beans).

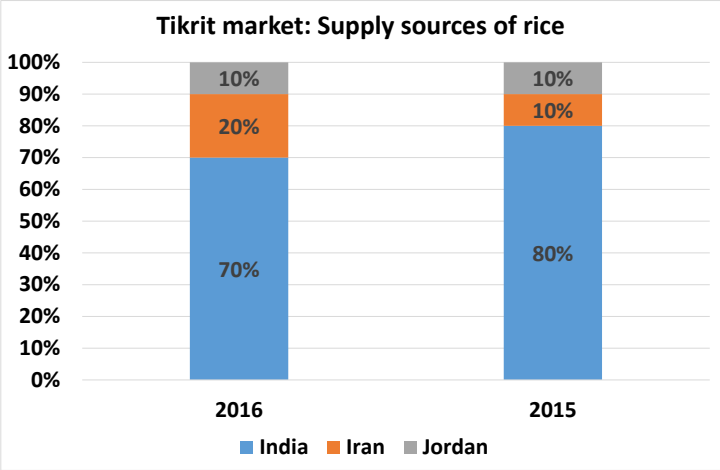
6. Supply chain, volumes and flows

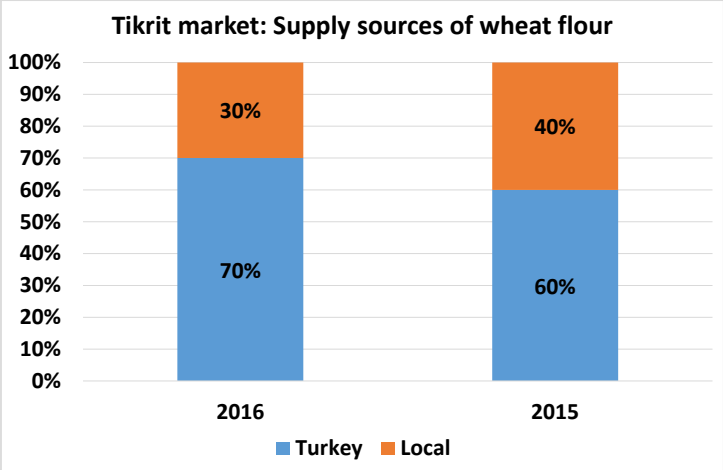
A large percentage (at least 90 percent) of the two main commodities sold by traders is imported. Iraq largely depends on food from abroad. The main import sources are Turkey, Iran, Syria, Jordan, and India.

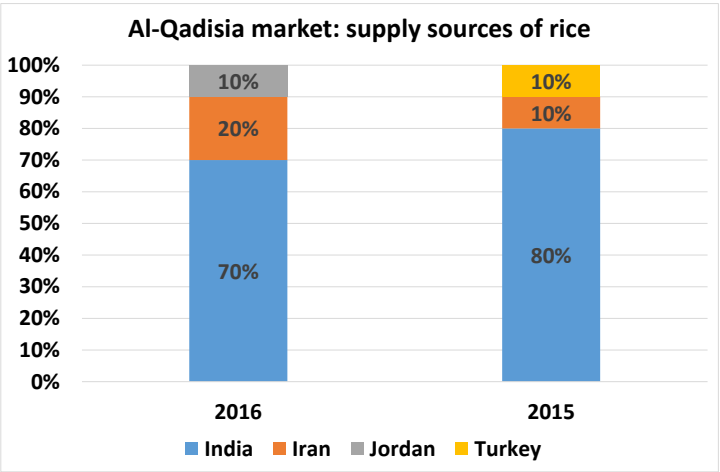


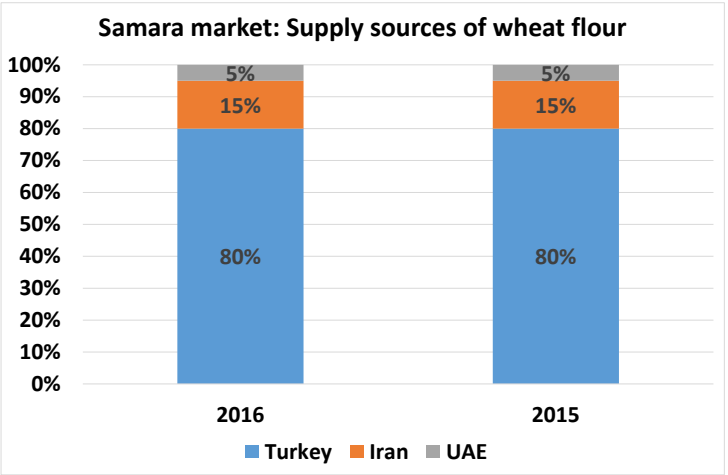
Overall, most traders do not predict that the sources of their main commodities will change during the next six months. However, in actuality 40 percent of traders surveyed think that the supply source will not change, while 30 percent declined to give their opinion regarding forecasted supply sources.

A comparison between supply sources in 2015 and 2016 could serve as a benchmark to predict how the coming six months will look. Compared to 2015, the 2016 sources of main food commodities remain more or less the same as reported by the key informants interviewed (using the proportional pilling technique). India remains the main source for rice, while Turkey is the main provider for wheat flour.







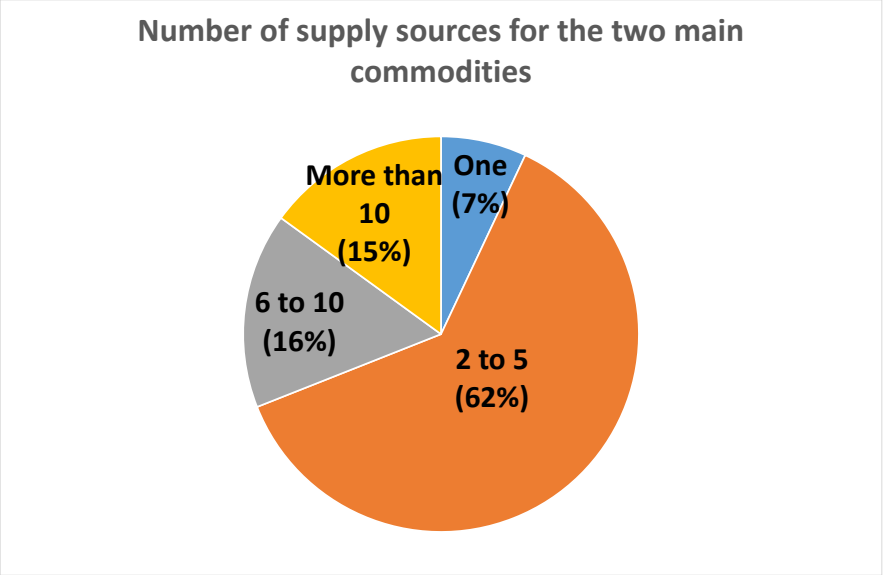


Only few of the traders surveyed (7 percent) import their main commodities on their own. Direct purchase from wholesalers within the governorate (36 percent) or in Baghdad (30 percent) are the most important supply sources. Purchase from wholesalers in Erbil (12 percent) and Kirkuk (9 percent) are amongst the supply sources.

Thirty percent of traders have more than six sources of supply, while only seven percent rely on one source. Sixty five percent of traders stated that their number of supply sources had increased compared to October 2015. The number of supply sources remained unchanged for 31 percent of traders, while only 4 percent pointed out a decrease. The main reason for this increase in suppliers is directly related to the increase in consumer demand (35 percent).

The displacement tracking matrix (DTM) report issued by the International Organization of Migration (IOM) suggests that about 273,500 IDPs reside in the Salah al-Din governorate. It is worth noting that this high number of IDPs represents an opportunity for traders. Others reasons for traders increasing

their number of suppliers include higher profit margins (9 percent), increased supply from others districts or abroad (9 percent), more access to credit (10 percent), and less risk with improvement of the security situation (14 percent).



The number of customers a trader has can be used as an indicator to gauge how dynamic the commercial system is, and how open and accessible the market is to consumers. About 28 percent of traders stated that in the week before the survey their number of clients was more than 100, while 22 percent estimated a range between 50 and 100. For 42 percent of traders the number of clients is between 10 and 50, and only 9 percent of traders surveyed declared less than 10 clients.

Compared to October 2015, the number of reported customers has increased. Moreover, 68 percent of traders reported an increase in sales of more than 20 percent for their two main food commodities, while 20 percent reported that the situation remains unchanged. Conversely, only 7 percent of them reported a decrease.

7. Credit

Only 12 percent of traders provide credit to their customers, with the majority of transactions between traders and clients done in cash. Understanding the broader context may explain this result, as the security situation around the Salah al-Din governorate could be why most traders are less willing to provide credit to their customers. In April 2016, the Iraqi security forces retook the city of Tikrit from ISIS, and while traders have resumed their activities, most of them seem cautious. Continued uncertainty regarding security situation will prevent most traders from providing credit to their customers.

Less than half of the traders (40 percent) reported having access to credit. This credit is mainly informal and obtained either through someone they are familiar with (84 percent) or their suppliers (16 percent). As it is often the case, trustworthy relationship is the main driver for acquiring credit. This credit is reimbursable within a tight timeframe, as 96 percent traders reported that they reimburse loans in a timeframe not exceeding 30 days. Compared to October 2015, the figure of 96 percent of traders reporting this timeframe remains unchanged.

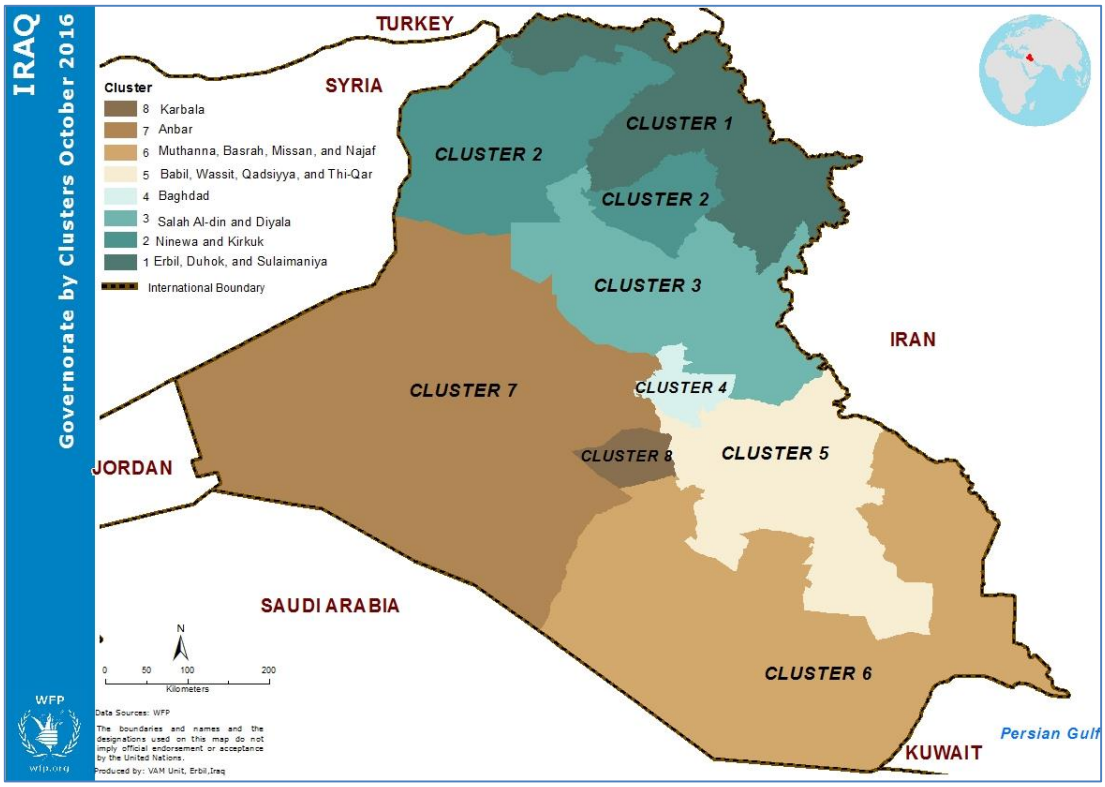
8. Market integration

Markets are important determinants of food availability and food access. The extent to which markets make food available and keep prices stable depends on whether they are integrated. Integrated markets can be defined as markets in which prices for comparable goods do not behave independently.

If markets are well integrated, price changes in one location are consistently related to price changes in other locations, and market agents are able to interact between different markets. If markets are integrated, food will flow from surplus to deficit areas - and imports will flow from port and border areas into the hinterland. High prices in deficit areas provide the incentive for traders to bring food from surplus to deficit areas, making food available.

In this section, market integration analysis has been performed using correlation coefficients in order to measure linear association between two series. Based on suggestions made by Edirisinghe (2004), we have grouped governorates into eight clusters[2]:

- Cluster 1: Sulaimania, Erbil and Dahuk
- Cluster 2: Ninewa and Tamim (Kirkuk)
- Cluster 3: Salal Al Din and Diyala
- Cluster 4: Baghdad
- Cluster 5: Babil, Wasit, Qadisya and ThiQar
- Cluster 6: Muthana, Basra, Missan and Najaf
- Cluster 7: Anbar
- Cluster 8: Karbala



This analysis gives a broader understanding of market integration in Iraq. The search for evidence for market integration requires thorough analysis, and regular collection of price data in hard to reach

[2] As suggested by Edirisinghe (2004).

areas is a huge challenge. This major constraint is illustrated by missing data in price series. For the purpose of this market assessment, market integration covers the period from 2013 to 2015, and uses average prices by governorate.

The Salah al-Din Governorate is located in Cluster 3. Results suggest Cluster 3 is well integrated with Cluster 2, Cluster 5 and Cluster 6 for wheat flour. For rice, Cluster 3 is well integrated with Cluster 1, Cluster 4 and Cluster 6.

Table 2 – Market integration (wheat flour)

	Cluster 1	Cluster 2	Cluster 3	Cluster 4	Cluster 5	Cluster 6
Cluster 1	1	-0.968**	-0.538**	-0.390*	-0.398*	-0.421*
Cluster 2	-0.968**	1	0.911**	0.503**	0.836**	0.702**
Cluster 3	-0.538**	0.911**	1	0.326	0.867**	0.866**
Cluster 4	-0.390*	0.503**	0.326	1	0.382*	0.318
Cluster5	-0.398*	0.836**	0.867**	0.382*	1	0.759**
Cluster 6	-0.421*	0.702**	0.866**	0.318	0.759**	1

Table 3 – Market integration (rice)

	Cluster 1	Cluster 2	Cluster 3	Cluster 4	Cluster 5	Cluster 6
Cluster 1	1	0.417*	0.765**	0.496**	0.694**	0.745**
Cluster 2	0.417*	1	0.086	-0.211	0.611**	0.427*
Cluster 3	0.765**	0.086	1	0.823**	0.676**	0.867**
Cluster 4	0.496**	-0.211	0.823**	1	0.532**	0.744**
Cluster 5	0.694**	0.611**	0.676**	0.532**	1	0.741**
Cluster 6	0.745**	0.427*	0.867**	0.744**	0.741**	1

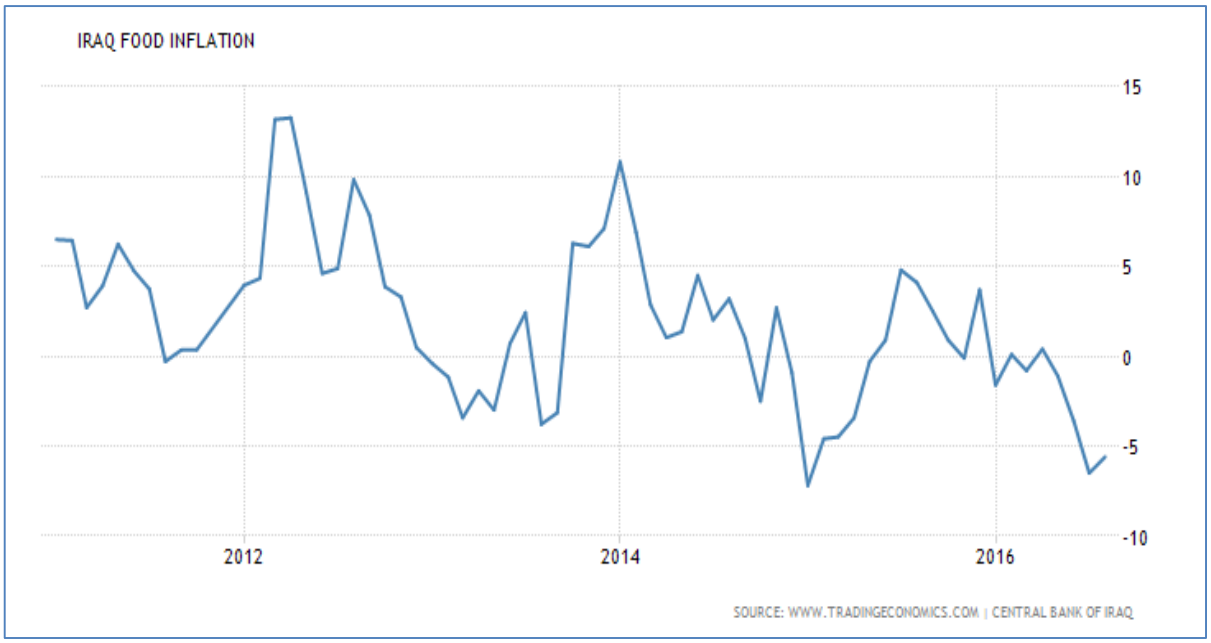
Market integration in Iraq should be analyzed in a broader context by taking into consideration the potential impact that state intervention might have on food availability. Through the PDS scheme, huge quantities of food commodity are imported and made available in markets, with the state controlling 60 percent of the total retail market. Consequently, market demand for cereals and some of the major non-cereal consumption items (sugar, oil, pulses) is highly dictated by the PDS. The PDS exerts both a supply effect and an income effect with direct consequences on market prices and trading activities.

9. Price of food commodities: trends and forecast

The Consumer Price Index (CPI) is a measure that examines the weighted average of prices of a basket of consumer goods and services. It is calculated by averaging price changes for each item in the predetermined basket of goods. Changes in the CPI are used to assess price changes associated with the cost of living. The CPI is one of the most frequently used statistics for identifying periods of inflation or deflation.

Overall, cost of food in Iraq decreased by 5.60 percent in August 2016 compared to same month in the previous year. Food price inflation in Iraq averaged 1.98 percent from 2011 until 2016, reaching 13.27 percent in April 2012 and a record low of 7.19 percent in January 2015[3].

[3] http://www.tradingeconomics.com/iraq



While this countrywide average masks some significant disparities between governorates, WFP's food market monitoring system highlights the differences in price trends. In general, the prices of main food commodities in August 2016 have confirmed the decreasing trend started in June 2016. Prices have generally remained stable since July 2016, however the governorates of Anbar and Sulaimaniyah have registered a decrease in the minimum food basket cost, and Kirkuk registered an increase of food commodity prices.

An example being that the price of wheat flour was 69 percent higher in July 2016. In order to monitor hard to reach areas, WFP put in place a remote data collection process using mobile VAM (mVAM), which has shown different trends in food commodity prices. In August 2016, prices went down in Anbar, Salah al-Din, Diyala, Baghdad and Ninewa, while they were consistently increasing in Kirkuk.

According to 67 percent of traders surveyed, prices will remain stable if the demand for main commodities increases by 50 percent, while 33 percent think that prices may increase. According to key informants, prices will remain stable or may increase slightly.

10. A competitive market

Perfect competition[4] refers to a market situation where there are a large number of buyers and sellers dealing in homogenous products. Under perfect competition, there are no legal, social, or technological barriers on the entry or exit of organizations.

In perfect competition, sellers and buyers are fully aware of the current market price of a product. Therefore, none of them sell or buy at a higher rate. As a result, the same price prevails in the market under perfect competition. Within perfect competition, buyers and sellers cannot influence market prices by increasing or decreasing their purchases or output. This implies that in perfect competition, the market price of products is determined by taking into account two market forces, namely demand and supply.

[4] http://www.economicsdiscussion.net/price/price-and-output-determination-under-perfect-competition

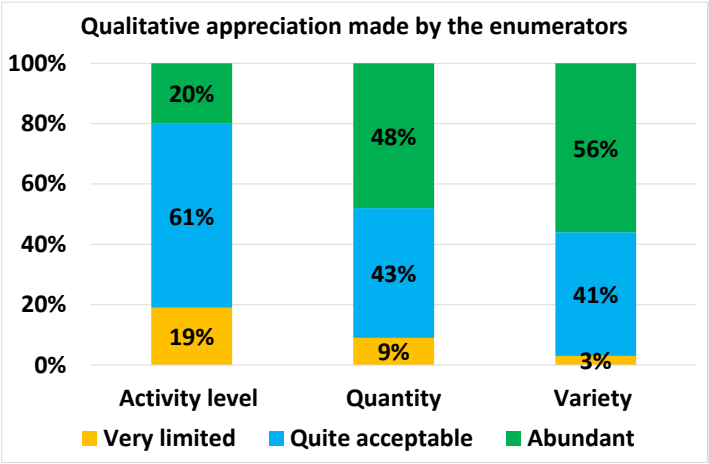
We can assume that the markets covered by the survey are competitive because of the large number of traders selling homogenous products. There is no specific barrier to market entry and each market is accessible to a large number of sellers and buyers.

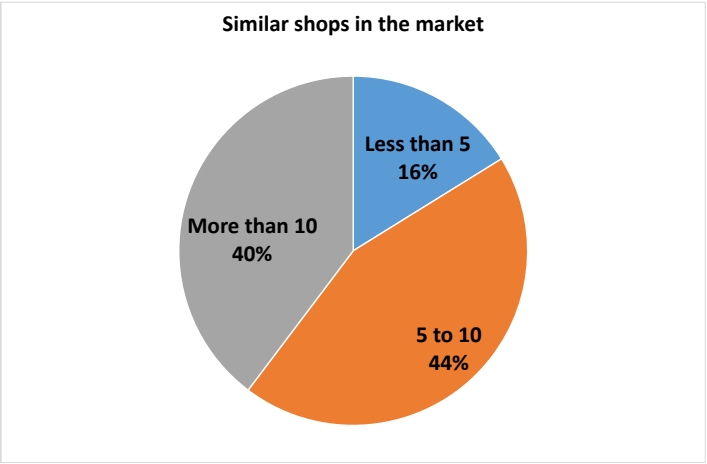
The enumerators were also asked to collect data on a number of similar shops currently functioning in the markets surveyed to give an idea concerning the number of shops presenting similar features to the surveyed shops.

Table 4 – Market overview

Markets	# of wholesalers	#of retailers
Titkrit -Main Market	85	65
Tikrit- 40 Market	14	164
Tikrit- Al Qadissiya Market	6	82
Al-Alam	3	105
Samarra-Main Market	25	100
Al-Door	13	73
Balad	25	250

Observations made by enumerators, although subjective, provide interesting qualitative information on the level of activity in a shop as well as the amount, variety, and quantities of food commodities available in the shop. The enumerators have to categorize these parameters using a scale of one to three, with one being very limited, two being acceptable and three being abundant. The findings of this study suggest that markets are functioning and that food commodities are available both in terms of variety and quantity.





There is not monopoly control in the markets as prices are determined by each trader (50 percent) or by many wholesalers (30 percent). As mentioned by one key informant, price determination is complex and dynamic. Traders purchase at the best price offered by their suppliers so that they can set a sale price that will enable them to maintain a reasonable profit margin and sell quickly.

In this sense, mobile phones play a key role, as 87 percent of traders reported that they use this means of communication to obtain price information from their potential local suppliers before making a decision. Most traders (77 percent) use then this information to determine their selling prices as well. Mobile phones are also used to obtain information on the US dollar exchange rate.

More interestingly, 20 percent of traders reported that they use mobile phones to obtain information on food commodity prices in some of the neighboring countries supplying their markets.

11. Response capacity

Since the beginning of the year, only 20 percent of traders surveyed report experiencing poor stock, or running out of stock regarding their two main commodities indicating that they are fairly readily available. Concerning response capacity, 98 percent of the traders declared that they would be able to supply their customers if demand increased by 50 percent. Most of the traders (69 percent) stated that they would be able to respond to this demand increase within one week. For others traders, this response could take two weeks (24 percent) or at least one month (7 percent).

Overall these findings seem reliable, as evidence shows a significant stabilization of markets in the areas covered by the survey. As mentioned earlier, the markets have already been able to respond to an increased demand resulting from the influx of IDPs, and there is no major threat that could prevent local traders from buying food commodities from their usual suppliers.

12. Constraints and opportunity

Lack of own capital is one of the main constraints mentioned by the respondents (47 percent). Other constraints include limited access to credit and insecurity. According to 97 percent of traders, insecurity in the surrounding localities is also affecting their commercial activities (checkpoints, illegal taxes, restricted movement of goods and people, less demand from consumers, increase of transportation fees). Despite these major constraints, traders are optimistic, as most of them recognize that there is a significant improvement in the security situation compared to October 2015.

Below is the list of non-functioning markets. Most of them are located in and around areas under IS control (high concentration of security forces). According to key informants, if these areas were liberated, it would take at least three months for the markets to become fully functional and operational.

Table 5 –List of market non-functioning

Locations	Market	Since when?	How important is the market?
Balad	Balad Station	2014	Important
Balad	Aziz Balad	2014	Important
Balad	Alqadisia	2014	Important
Tikrit	Alawja	2014	Not very important
Tikrit	Alawja	2014	Not very important
Tikrit	Albojeelh	2015	Very Important
Aldoor	Albaraka	2015	Important
Aldoor	Aljameh	2015	very important
Alqatol Sub district	Mariam	2014	Important
Samarra	Alqasabeen	2013	very important
Samarra	Alshawaf Street	2011	Important
Samarra	Al-gubla	2011	Important

13. Conclusion and recommendations

Through the trader surveys and the evidence from key informants, this study has met its main objective of analyzing market response to increased demand resulting from the introduction of cash transfers. It can be said that the seven markets considered in this study are highly functional and there is adequate and stable amounts of main food commodities in order to cover increased consumer demand while maintaining reasonable prices.

There is stability regarding the market supply chain as well, and both wholesalers and traders report substantial improvement in market conditions when compared to those of the previous year. The number of traders currently operating in the markets has allowed for an efficient competitive landscape, and there has been no evidence found to demonstrate traders conspiring to reduce their supplies in order to drive up food prices.

In conclusion, due to the evidence of stability and functionality in markets, and the response from the vast majority of traders that increased demand could be managed in a timely manner, a CBT program would be feasible.

The assessment leads to the following recommendations:

- Given the current context, WFP's response should be flexible, and should enable an immediate shift from cash to in-kind distribution when the security situation worsens. Evidence suggests that markets are more likely to collapse or to be closed when the security situation deteriorates.
- WFP should strengthen its market monitoring system, and regularly follow-up on food availability, food commodity prices and market functionality in the locations where CBT will be implemented.

- With regard to the market monitoring system, WFP should expand the geographic coverage of the mVAM market component based on key informant interviews in the locations where WFP is transitioning to CBT.
- As most of the markets in Iraq have more or less the same characteristics, the security situation should be the main short-term parameter for decisions regarding CBT expansion.
- From a market perspective, mid and long term CBT programming should be reassessed if the public distribution system (PDS) for in-kind distributions is shifted to cash transfer. This major paradigm shift could have a significant impact on markets; thus, requiring an in-depth update of food market analysis.

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