KUNAR PROVINCE — RETURNEE AND IDP MONITORING

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mVAM AFGHANISTAN - MONITORING BULLETIN #1

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RETURNEE & IDP ASSISTANCE NEEDS AND IMPACT ON FOOD MARKETS | ANALYSIS BASED ON A COMBINATION OF FIELD AND PHONE (mVAM) SURVEYS

KEY FINDINGS

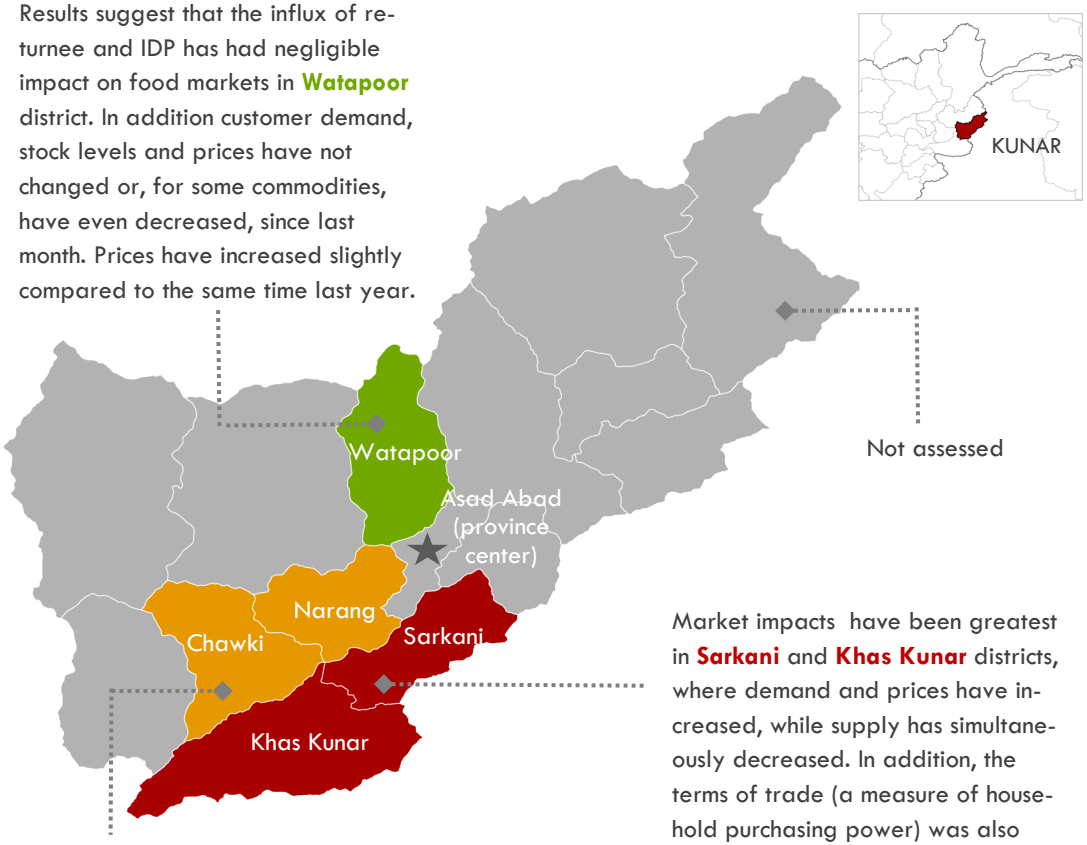
- Both traders and households reported strong reliance on credit to buy stocks from suppliers/ food on the market with half of all interviewed traders reporting increased reliance on credit from their suppliers compared to last year.
- Returnees seem to have more diverse sources of income than IDPs, who rely almost exclusively on casual labour. Several returnees reported being engaged in small-scale farming/ gardening on family-owned or rented plots.
- Despite being a major income source for returnees and IDPs, casual labour opportunities are very limited in all districts—with only 1 to 2 days of work available per week.
- Food and shelter were by far the two most often reported types of assistance needed by returnees and IDPs — in particular given the upcoming winter.

ASSESSMENT BACKGROUND AND METHODOLOGY

In September 2016, WFP conducted a rapid market survey in Nangarhar province in order to assess the suitability of using cash-based assistance for returnees and IDPs. In late October (27-31), WFP carried out another rapid market survey in Kunar, Laghman and Kabul provinces where high numbers of returnees had settled. This report presents the findings of this assessment for Kunar province. **Results from this in-person market survey are complemented by findings from a WFP phone survey (mVAM)** on the food and income sources and assistance needs for returnees and IDPs' in Kunar, conducted on 10-13 November.

Both surveys were carried out in **five** of Kunar's fifteen districts, namely those **which have received particularly high numbers of returnees and IDPs**: Chawki, Sarkani, Khas Kunar, Watapur and Narang. For the market survey, WFP staff in Kunar interviewed 25 traders (4 to 5 per district) while for the phone survey, an operator based in WFP's Kabul office interviewed 28 Shura or CDC members (3 to 5 per district).

Results suggest that the influx of returnee and IDP has had negligible impact on food markets in **Watapoor** district. In addition customer demand, stock levels and prices have not changed or, for some commodities, have even decreased, since last month. Prices have increased slightly compared to the same time last year.



While demand and sales have increased markedly in **Chawki** and **Narnag**, they have not yet had a major impact on prices. For example, in Chawki wheat prices are currently only 10% higher than one year ago, and are slightly lower than last month.

Market impacts have been greatest in **Sarkani** and **Khas Kunar** districts, where demand and prices have increased, while supply has simultaneously decreased. In addition, the terms of trade (a measure of household purchasing power) was also found to be the lowest in these districts—due to a combination of high food prices and low casual wage labour rates.

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IMPACT ON LOCAL FOOD MARKETS

OVERALL IMPACT ON DEMAND, STOCKS AND PRICES

Results suggest that the impact of returnee and IDP influxes on market conditions varies greatly between districts. The impact in **Watapoor** district has been negligible: customer demand, stock levels and sales of food commodities have not changed much compared to September 2016 and for some commodities, have actually decreased slightly. Prices are also similar compared to the previous month, and have increased only slightly compared to one year ago (October 2015).

On the other hand, in **Chawki and Narang** customer demand and sales have visibly increased. However, this has not yet had a major impact on prices where for example, in Chawki, wheat prices are only 10% higher than one year ago, and are slightly lower than last month.

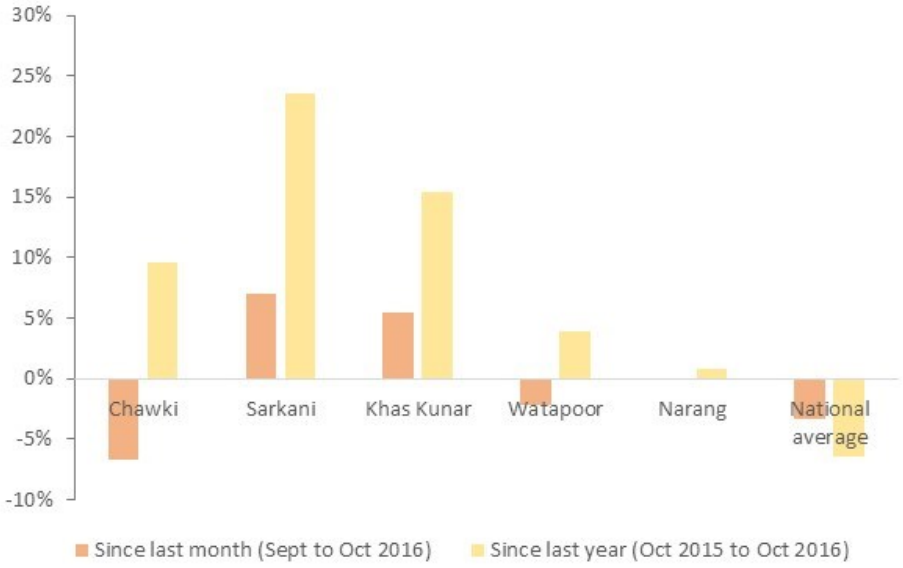
Negative market impacts are most apparent in **Sarkani and Khas Kunar**, where prices have greatly increased since last year. For example, in Sarkani wheat flour prices increased by 24%, rice by 33% and cooking oil by 27 percent. Compared to last month, these increases are more modest, but are still worrying given that they occurred against a backdrop of increased customer demand and decreased supply. In Sarkani, this **reduced supply** was reportedly due to **insecurity**, while in Khas Kunar it was caused by increased transport costs which could also be result of greater insecurity.

High reliance on credit, both in terms of traders buying on credit from suppliers and of households buying on credit from traders, was a common issue across all assessed districts. Half of all interviewed traders reported that their reliance on credit from their suppliers had increased since last year, particularly in Khas Kunar.

District	Wheat flour (AFN/ Kg)	Rice (AFN/ Kg)	Cooking oil (AFN/ Kg)
Chawki	25	63	67
Sarkani	30	61	67
Khas Kunar	27	62	74
Watapoor	26	38[1]	76
Narang	25	66	73
Jalalabad market[2]	26.5	76	77
National average	30	76	81

Prices of selected food commodities in October 2016

[1] All rice prices were collected for basmati rice, except in Watapoor district, where the price of (cheaper) sholaee rice was collected, as it more commonly eaten than basmati; [2] Main regional source market.



Change in wheat flour prices compared to last month and last year, by district.

PLACING OBSERVED PRICE CHANGES IN THE NATIONAL CONTEXT

In October, prices in Kunar were generally lower than the national average, in line with normal trends. More surprisingly, prices were similar or lower than prices in Jalalabad market, which serves as the main source market for Kunar district markets. The exceptions were wheat flour prices in Sarkani and Khas Kunar, which were higher than in Jalalabad. One explanation for this could be that retail prices have increased more in Jalalabad than in Kunar due to higher numbers of returnee/ IDPs, but that the wholesale prices at which Kunar traders buy commodities in Jalalabad have stayed relatively constant.

Overall, the impact of the influx of returnees and IDPs on food prices throughout Kunar province seem to be more modest than expected, with prices increasing only slightly (and in some cases even decreasing) since last month. However, any price increase — even modest — occurred when average national prices were decreasing. This suggests that the overall impact of increased demand from returnees and IDPs on prices in Kunar **may be masked by improvements in other trade conditions** (commodity prices, exchange rate, fuel prices etc.).

LIVELIHOODS, ACCESS TO FOOD, AND ASSISTANCE NEEDS

SOURCE OF FOOD AND INCOME

Both returnees and IDPs reported that **buying on credit** in the local market, and **borrowing or receiving gifts from relatives** were the main ways they currently access food. However, returnees seem to have more diverse sources of income compared to IDPs. Almost all **IDP** respondents indicated that **casual labour (farm and off-farm) was their main income source**, whereas **returnees rely equally on casual labour and small-scale farming/ gardening or lack of any income source at all.** The higher reliance of returnees on small-scale farming suggests that some have access to agricultural land — either rented or belonging to family members.

It's important to note that even though casual labour was frequently cited as an income source for both groups, they also indicated that **casual labour opportunities are very scarce.** Respondents in all districts indicated that people were usually only able to find 1 to 2 days of casual employment per week. This suggests that while casual labour is a major source of income for returnees and IDPs , the **actual amount earned is likely very modest.**

Photo: WFP/ Kunar province

HOUSEHOLDS' ABILITY TO BUY FOOD

The **terms of trade (ToT)** between wheat flour and casual labor 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 labor. Consistent with the results shown on the previous page, the **ToT was found to be lowest in Sarkani and Khas Kunar** (8-9 kg/ day) which were the two districts most affected by the influx of returnees and IDPs. This was due to a combination of low wage rates and high wheat flour prices. The ToT was also low in Watapoor, mostly due to particularly low wage rates of 244 AFN/day, compared to the national average of 300 AFN/day. This low wage rate could potentially explain why fewer refugee and IDPs appear to be settling in Watapoor although there is not have enough data yet to confirm this assumption. The ToT was highest in Chawki and Narang, at 10 kg/AFN, which is on par with the national average ToT for October and in Jalalabad City.

In terms of physical access to markets, all respondents reported that both households and traders were **able to access the markets.** While many of the surveyed districts are known to face insecurity issues which usually results in greater access constraints, these results seem to reflect the fact that **respondents generally do not report access constraints unless the markets are actually closed and fighting is ongoing. Even when travelling to markets is unsafe, respondents generally describe markets as accessible.**

ASSISTANCE NEEDS

Food and shelter were by far the two most often reported assistance needed by both groups, especially in preparation for the winter season. Respondents reported that for these districts there has been no forms assistance provided from the government, NGOs or UN agencies. However, many of the returnees in these districts should have received assistance at the border, upon entering Afghanistan.

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