



# Lake Chad Basin Crisis

## Regional Market Assessment Preliminary Observations

### Highlights

- Humanitarian crisis hits area with structural agricultural deficit
- Border closing affects food flows and transports costs in countries surrounding Lake Chad
- Devaluated Naira and informal exchange rate affect trade in the area

### Background and objectives

Considering the recent humanitarian crisis and the increased displacement in the region, the Vulnerability Assessment and Mapping (VAM) unit of the WFP Regional Bureau for West Africa, in collaboration with ACF and other partners, launched a regional market assessment around the Lake Chad basin. The assessment was conducted in four countries in the surrounding zones around the Lake : Chad, Niger, Nigeria and Cameroon .

The main objective aimed at addressing urgent information needs, to support the national and regional humanitarian response, and strengthen market baselines across the four countries.

The study assessed the market situation of the on-going crisis and subsequent market disruptions, comparing current findings to previous market data. The main focus was on cereal and livestock sectors. In some areas, like Nigeria, the non-food sector was also included.

Country missions gathered varying market trends in the current context, positive (e.g. lower fuel prices) and negative (e.g. border closures), and identified priorities for humanitarian and development action.

**Table1: Number of actors interviewed by country**

	Markets	Traders	Transporters	Partners
Chad	26	370	25	Acted, Min. Agr.
Niger	23	158	130	SIMA, IRC, ACF, SCI, Oxfam
Nigeria	51	736	125	ACF, CRS, IRC, NRC, Mercy corps, NEMA
Came- roon	35	362	26	Care, FAO, CRS, PNSA/Minader
<b>Total</b>	<b>135</b>	<b>1622 (366 women)</b>	<b>306</b>	

The study integrated gender analysis throughout the process to assess the different roles, capacities and vulnerabilities of female vs male traders.

In general, following aspects were addressed:

- What is the current impact of the conflict on the regional market environment and trade in Lake Chad (including market and trade route functionality and border closures)?
- How has the cross-border commodity flow and seasonal migration changed in 2015 compared to previous years?
- How does market structure differ in the respective countries, and how does structure influence different actors' reactions to opportunities and threats?
- What are the opportunities and constraints of actors based in currency regimes of CFA vis-à-vis those in non CFA countries?
- What are potential programmatic solutions to address the challenges and gaps identified in different market actors?

The overall approach was informed by various available market assessment methodologies developed by different partners. The four country market assessments included the following information sources: i) Secondary data review; ii) Key informant interviews; and iii) Trader surveys in pre-selected markets .

While the overall analysis is underway, this document summarizes preliminary observations made during filed exercises in the four countries.

## Niger

Over a period of 10 days, WFP, Government and partners (SIMA, IRC, Save the Children, ACF, and OXFAM) collected market information in the Diffa region. A total of 158 traders in 23 markets were interviewed.

### Cereal supply dropped between Nigeria to Niger

Niger's structural dependence on Nigerian markets for grain supply remains a bottleneck for the Diffa region in 2016. The harvest in Nigeria is generally considered "good" by the interviewed actors. With the closing of Damassak market in Nigeria, the incoming grain flows are further West, via the axis: Gashuwa—Geidem—Mainé—Soroa. Transactions have decreased following security measures (closure of border points for all-terrain trucks) in the southwestern strip of the region, to minimize the risk of boko haram attacks.

According to traders interviewed, the change in supply routes has caused transports cost to increase. The axis of Kablewa has not been operational since the recent explosion of a mine on a military vehicle, limiting the cereal flow between the two countries.

In Bosso, grain supply level has decreased due to low demand, particularly after the recent internal displacement of populations towards Yebi town. Cereal buffer stocks of wholesalers in Guigmi, Kablewa, Bosso, and Kindjandi on the central market of Diffa has helped to partially stabilize price levels. Cereal supply is steadily increasing in Diffa market (800 tonnes per week) and in Mainé Soroa, due to ongoing food assistance interventions resulting from increased presence of refugees and IDPs. Simultaneously, a constant decline in exports of animals, peppers, and fish towards Nigeria is affecting overall commercial activities. Live-stock flows around the Lake are also affected from the ongoing conflicts.

### Limited price increases observed in Maine and Guigmi

Demand and cereal prices are increasing between Mainé and Guigmi. However, in the southwest part (Djajéri-Goudoumaria-Kilakam-Bouti), a general price stability was noted.

The observed increase in demand and prices is attributed to seasonality, increased presence of displaced people, and cash distributions.

37% of retailers say they had fewer customers in January 2016 compared to January 2015, while 31% believe the opposite is true. With constant arrival of IDPs and refugees, the creation of circumstantial markets is on the rise. For example, Yebi market is now considered to be larger than the market in Bosso.

In a number of markets, many IDPs are becoming merchants. For example, in Bosso, most retailers are refugees (approximately 70 percent) and in Yebi, all women involved in the grain retail business are refugees.

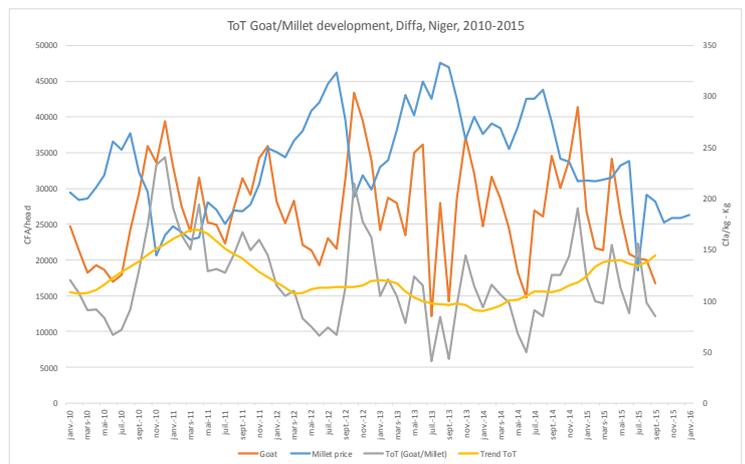
### 40 percent of interviewed transporters indicate to have "suspended their activities"

A first review of responses suggests that 41 percent of carriers say they opted to "suspend their activity" due to insecurity. 33 percent of interviewed transporters used different trading routes. Similarly, 26 percent of interviewed traders say they have resorted to unusual strategies to cope with rising prices and supply problems.

### Terms of Trade between Goat and Millet remain volatile

Other livelihoods are suffering as well, especially for pastoralists who have to sell goats to buy millet and are facing erratic trade conditions with constant variation in cattle value.

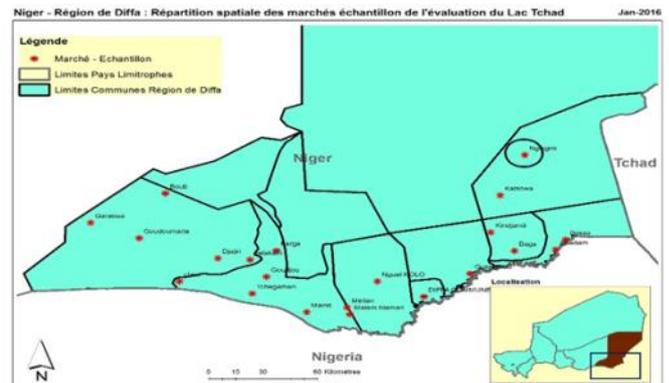
**Graph1: Terms of trade between goat and millet, Diffa**



### Cereal price increases will be observed in the coming months, while supply continues to decrease

Increased seasonal demand, reinforced by the presence of displaced people and monetized interventions, will be observed in the coming weeks—mainly in Mainé, Diffa and Bosso N'guigmi. Almost half of the interviewed traders think that demand will increase in the coming six months. At the same time, 21% of traders believe supply will decrease during the same period.

**Map1: Markets visited in Niger**



## Nigeria

In North East Nigeria, more than 736 traders covering 51 markets were interviewed.

Damaturu and Potiskom markets recorded lower trade levels due to security concerns in the area. Similarly, in Maiduguri, commercial activities seem to have decreased by up to 40 percent. In rural areas, trading activities are directly affected by the conflict, leading to temporary closure of markets.

### Overall cereal supply dropped in North East Nigeria

Cereal supply has dropped in most markets visited in the North East. For example, in Mai'adua market, all cereals are in short supply.

However, stock composition across most visited markets where cash crops still dominate reflected similar proportions as the previous year.

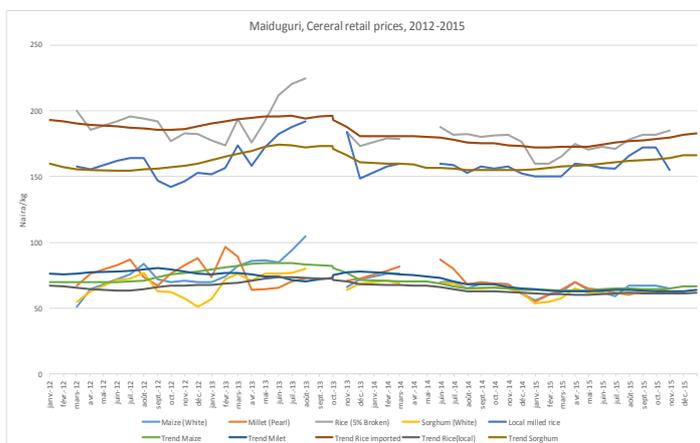
Although cereal stocks like maize, sorghum, and millet have increased compared to last year, levels are still far from the typical 5 year average stock level.

*“There are people in Baga, Cross and Manguno communities but there is no access to get them food.” (Trader's comment)*

Responses from interviewed traders in Maiduguri suggest that local products, in particular livestock, have undergone a major supply change due to the ongoing conflict.

However, despite ongoing insecurity, rice supply has overall covered demand, demonstrating traders' resilience to the ongoing crisis. The integration of local rice in markets further supports this observation.

**Graph2: Maiduguri cereal prices, 2012–2015**



### Transport is functioning but with many hurdles and higher costs

A total of 27 transporters were interviewed in Maiduguri town. Most traders indicate that access to markets with motorized vehicles and large trucks is good. Their main challenges are insecurity, checkpoints, bribes, and harassments along their trading routes.

For example, several transporters coming from Adamawa and Taraba reported having to pass through up to 50 formal and 30 informal checkpoints to get to Maiduguri.

Potiskum town in Yobe state is currently one of the most important trade entry points to Maiduguri city. Should this axis be disrupted, all markets in and around Maiduguri will be severely affected.

The closing of Niger-Nigeria and Nigeria-Chad borders is one of the major impediments to traders and transporters in the region.

### Naira devaluation and high food prices exacerbates trade and food access

With up to four currencies being used in the border areas, exchange rates play a vital role in for trade in the area and directly influence traders and their decision-making.

The drop in oil prices pushed a country like Nigeria, an undiversified oil-based economy to devalue its currency beginning of 2015. This initiative has directly affected traders and left them with diminished purchasing power when it comes to imports.

This was exacerbated by high inflation and increasing food prices.

In fact, already in May 2013, the announcement of state of emergency in the three states in the Northeast (Borno, Yobe, Adamawa) induced a price spike on all food items in the area.

Finally, import bans on rice and restrictions on foreign currency transactions have put pressure on rice prices (See figure left). Hence, high food prices are having a significant impact on food access and food security, particularly in the Northeast.

## Cameroon

In Cameroon, the assessment was carried out jointly with the PNSA/MINADER, CARE, CRS, and FAO. 362 traders and 26 transporter groups were interviewed in 35 markets within the North and Far North.

### Border closure to Nigeria has increased offers and decreased cereal prices

Since the beginning of the crisis, a decrease in trades has been observed in the Far North and North of Cameroon. The number of traders coming from Nigeria to import food commodities including livestock and cereal has tremendously reduced due to border closure. This has led to poor sales and increased food availability on local markets, which resulted in a decrease of prices of cereals and animals.

Border closure in the Far North has forced traders to take alternate trade routes, and commodities now flow through the North of Cameroon to Nigeria. For instance, closure of Kousseri boundary between Cameroon and Nigeria rerouted supply through Fianga.

Traders had to find alternatives to Nigerian supply sources close to Northern Region (for sorghum), the Littoral region (for imported rice and pasta) and to Chad (for Groundnut and oil).

Trade is therefore decreasing between Nigeria and the Far North and also between cities within the country (East and North corridor of the Far North and Kousseri). Storage facilities have not been impacted and there are no new strategies developed.

Bad road infrastructure remains a constraint for trade, making access to different markets during the rainy season difficult.

### Border markets are closed all others remain open but poorly organized

Border markets in Kerawa, Kouyape, Amchide, and Dabanga Ziguage have been permanently closed by local authorities. Following recent attacks, main markets in Logone-et-Chari were also closed.

All other markets surveyed are functional. Markets are held weekly as before the crisis, but checkpoints are introduced at the entrance to prevent the intrusion of suicide bombers. These security measures do not seem to hinder the presence of markets though.

Nevertheless, most markets remain poorly organized. Storage infrastructure is of poor quality and the majority of traders sell in open air. There is no proper management of markets, no records of incoming and outgoing volumes and no regulation of sales.

### Security remains a major constraint and impacts business

Military interventions are increasing in the Far North as a result of numerous security incidents. Checkpoints are also multiplying on main trader routes, and transporters complain about police harassment. This increase in checkpoints is causing transport costs to increase with transporters having to pay fees and taxes driving through.

In addition, traders also reported that farmers could not harvest their whole crop because of risks linked to the security situation.

Further observations were also noted:

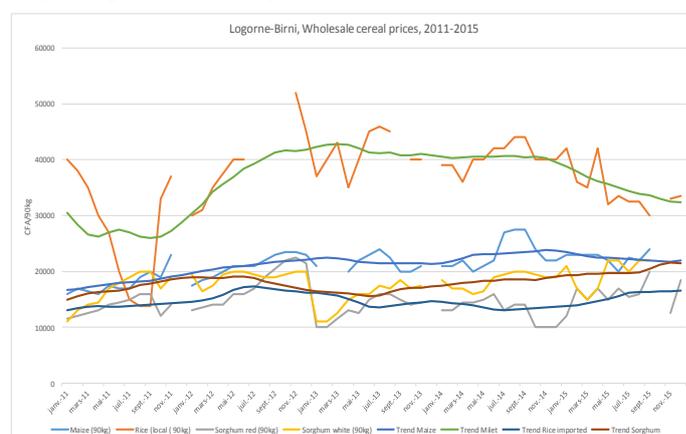
- Number of retailers increased, as wholesalers convert to retailers following reduced wholesale activities
- Decline in wholesalers' turnover for crops destined to Nigeria (rice from Mayo Danay, peanut from Tokombere and Meri and Cowpea and maize from Lake Chad)
- Humanitarian interventions contribute to price decline
- Refuelling in Chad (Moubi, Guider, Gachiga, alternative route to Nigeria) remains expensive
- Border closure and fishing prohibition on river Logone leads to lower demand (Ndjamena, Mandelia and villages bordering Cameroon) from Chad and disrupts fishing activities
- A weak Naira increases trade imports to Cameroon

### Prices drop or remain stable as demand is low

Prices of main cereals remain low and some even drop as availability increases. According to secondary data, prices of local rice experience the largest fall, while other cereals remain stable.

It was reported that the same phenomenon is observed for livestock.

Graph3: Logone Birni, cereal prices, 2011–2015



## Chad

In Chad, the assessment was carried out with the Government and ACTED. 370 traders and 26 transporters were interviewed in 26 markets in the Lake Region. Following this study, the questionnaires were used to cover market assessments needs in the whole country.

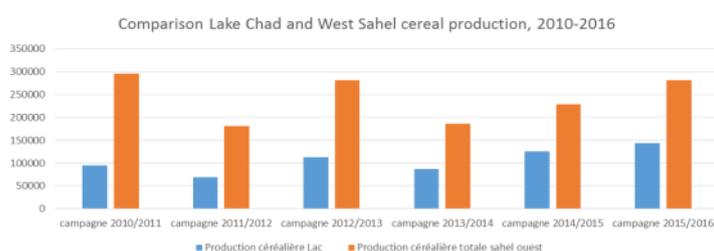
### Difficult national context

Conflicts on the borders of Niger, Cameroon and Nigeria have caused a major displacement of people and hindered trade and food flows. Declining government revenues resulted in wage payment delays and reduction of public spending, leading to a decline in the purchasing power of many households.

The provisional cereal production of the 2015/2016 season is estimated at 2,427,241 tonnes. This represents a drop of 12 percent compared to last year (2,748,668 tonnes) and 10 percent compared to the average of the last five years (2,687,408 tonnes). Largest decreases compared to the five year average were recorded in the regions of Batha (51 percent), Kanem (-54 percent), Sila (31 percent), WadiFira (31 percent), Bahr El Ghazal (27 percent), Guera (25 percent), and Mayo Kebbi West (21 percent).

However, cereal production in the four regions of Western Sahel in Chad is estimated at 280,800 MT in 2015, which is higher than the previous year.

**Graph4: Lake Chad and West Sahel, cereal production, 2011- 2015**



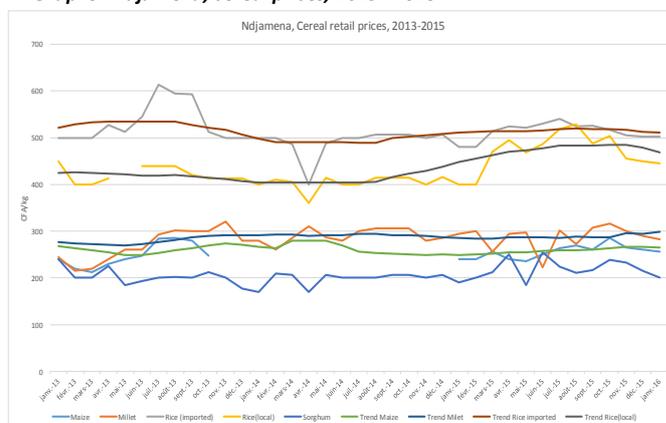
The Lake Region experienced a significantly higher output compared to the previous five years. However, Kanem and Barh El Gazal remain structurally deficient and dependent on strong maize production from the Lake. Wayi markets are well supplied with sufficient stocks compared to the demand, while in Mamdi, the security situation has slowed down commercial activities by lowering the attendance of traders in markets. Fewer stocks than in previous years were noticed, particularly in the isolated markets of Ngouboua and Tchoucotalia, where ¾ of cultivable areas were abandoned.



### Nevertheless, positive aspects remain

- Relatively stable security situation pursues
- Functioning markets, with many check points and difficult access in some.
- Food assistance reaching out previously inaccessible areas
- Traders in markets in deficit areas (Kanem and Barh El Gazal) are diversifying their sources of supply, easing pressure on Lake-sourced cereals
- Off-season crops will increase availability for households and generate income
- Prices of main cereals remain stable (except local rice) despite an increased demand from IDPs

**Graph5: Ndjamena, cereal prices, 2013– 2015**



### Challenges ahead with decreasing terms of trade and lean season

Border closures also impact trade flows, as pastoralists are not able to sell cattle to incoming traders, resulting in a decrease of livestock prices and of their terms of trade and purchasing power.

Finally, availability will decrease as a result of poor national production, limited imports from other countries, and lean season approaching.

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