KEY FINDINGS

- The mVAM market assessment suggests that markets in Kandahar centre could support a 2-3 months cash-based response, as they maintain a steady supply of food commodities from Pakistan, has a large number of food markets/retailers, and limited security concerns compared to the other 3 assessed markets (Capital of Hilmand, Uruzgan and Farah provinces).

- The markets in Lashkar Gah (Capital of Hilmand Province), Tirin Kot (Capital of Uruzgan Province) and Farah centre have smaller markets compared to Kandahar Centre. It would be important to introduce cash assistance gradually, so as not to overwhelm the traders’ capacity to respond to a sudden increase in demand. These districts also have security concerns which need to be further assessed, to understand whether cash assistance would pose a protection concern for beneficiaries – particularly in terms of travelling to and from markets.

- It is important to monitor food prices in all districts where cash assistance is planned, to see whether the intervention is contributing to price increases – and to inform whether/how the programme should be adjusted accordingly (e.g. increasing the transfer value or switching to in-kind assistance).

ASSESSMENT BACKGROUND AND METHODOLOGY

In September, 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, WFP carried out another rapid market survey in Kunar, Laghman and Kabul provinces where high numbers of returnees had settled.

The findings of this market assessment are based data collected on 4-6 December from traders in the capitals of Hilmand (Lashkar Gah), Kandahar (Kandahar centre), Uruzgan (Tirin Kot) and Farah (Farah centre) provinces through a mobile survey (mVAM). A total of 35 interviews were conducted, distributing 10 interviews per provincial centre, except for Uruzgan capital in which the number of interviews was limited to 5 mainly due to limited availability of mobile network. The purpose of this assessment is to see if markets can support a cash-based transfer (CBT) response, as the supply of the in-kind support is challenging in the assessed areas.

Food prices and transportation costs from the source point are highest in Tirin Kot and Lashkar Gah markets among all assessed markets, linked to food supply challenges and security concerns for the traders when sourcing food commodities from other neighbouring markets.

Kandahar centre has the largest food markets, with maintained supply from Pakistan and no/limited security concerns. The prices in Kandahar markets are relatively lower compared to the other assessed markets. Food retailers/traders have the capacity to respond to the current demand and can also respond if the current demand increase by 20 percentage in the future.
Food Markets

Supply and Capacity of the Markets:
The capital of Kandahar province has the largest food markets and has the highest number of food retailers/traders, followed by Lashkar Gah and Farah district markets. The food markets in Tirin Kot are smaller compared to the others. The food supply to Kandahar centre is mainly from Pakistan; while Kandahar centre, is the main supply source for the markets of Lashkar Gah and Tirin Kot markets. The supply to Farah markets is mainly from Hirat province and Iran. All the assessed markets has the capacity to respond to the current demand as well if demand increase by 20 percentage in the coming months.

Most of the traders in Kandahar centre reported that they have a bank account, while traders in Farah Centre, Tirin Kot and Lashkar Gah reported that they do not have bank accounts.

Price of Food Commodities and Percentage Changes:
The highest food prices were reported in Tirin Kot and Lashkar Gah markets, and followed by Farah central markets. The prices were reported the lowest in Kandahar central markets which is mainly due to maintained supply from Pakistan and has larger markets compared to the other assessed markets. The current average price of monitored food commodities (wheat flour, rice, sugar, beans and cooking oil) in the assessed markets are higher compared to the national average price except the price for wheat flour in Farah markets and rice and wheat flour price in Kandahar markets which is reported lower compared to the national average price.

The reason for high prices compared to national average prices is mainly due to limited supply, high transportation cost and insecurity, and the reason for lower wheat flour and rice prices in Kandahar and wheat flour in Farah is mainly due to availability of local wheat in the markets and increased supply of rice from Pakistan.

<table>
<thead>
<tr>
<th>Province Name</th>
<th>District Name</th>
<th>Wheat flour price (AFN/Kg)</th>
<th>*Rice price (AFN/Kg)</th>
<th>Sugar price (AFN/Kg)</th>
<th>Beans price (AFN/Kg)</th>
<th>Cooking oil price (AFN/Lit)</th>
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</thead>
<tbody>
<tr>
<td>Farah</td>
<td>Farah</td>
<td>29</td>
<td>77</td>
<td>56</td>
<td>81</td>
<td>82</td>
</tr>
<tr>
<td>Hilmand</td>
<td>Lashkar Gah</td>
<td>30</td>
<td>79</td>
<td>57</td>
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</tr>
<tr>
<td>Kandahar</td>
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<td>29</td>
<td>74</td>
<td>55</td>
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<td>83</td>
</tr>
<tr>
<td>Uruzgan</td>
<td>Tirin Kot</td>
<td>31</td>
<td>80</td>
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<td>86</td>
</tr>
<tr>
<td>National Average Price</td>
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<td>29</td>
<td>76</td>
<td>54</td>
<td>77</td>
<td>81</td>
</tr>
</tbody>
</table>

*All rice prices were collected for basmati rice in all the assessed districts