KEY FINDINGS

- Mazar City is the main supply market for Kunduz City which, in turn, supplies most of the food to the other districts in Kunduz province. The wave of conflict that occurred throughout Kunduz province in May affected the supplies from both Mazar to Kunduz City, and from Kunduz City to the rest of the province. As a result, both traders and customers reported facing difficulties accessing the district markets due to insecurity.

- Prices of staple foods (wheat flour and rice) were higher in all district markets of Kunduz province, compared to Mazar City; these prices had also increased locally in the past two weeks. Traders attributed the higher prices to reduced supply and higher transport costs from Mazar due to insecurity, but also to fluctuation of exchange rates between Afghan, U.S. and Pakistani currencies.

- Lack of work is a major concern—and an important driver of displacement towards other provinces. Daily wage rates for unskilled labour average AFN 280 (approx. USD 4) throughout the province, which is slightly higher than current rates in Mazar, and similar to rates in Kunduz province at this time of year in 2016. However, people are generally unable to find work. And while unemployment is chronically high in Kunduz it has been exacerbated by the recent wave of conflict. Labour opportunities are particularly scarce in Ali Abad, Khan Abad and Qala-e-Zal districts, where respondents said that most people could only find work for two days or less per week (compared to 3-5 days per week in the other districts).

ASSESSMENT BACKGROUND AND METHODOLOGY

Following renewed fighting between Afghan government forces and armed opposition groups in Kunduz province in May 2017, WFP and NRC launched a phone-based market survey covering the province’s 7 districts. WFP has been carrying out phone surveys in Afghanistan since October 2016 under the mVAM initiative, enabling it to get information faster and from insecure or remote areas where face-to-face surveys are not possible. WFP has now partnered with NRC Afghanistan, with both organizations working together to enhance and leverage mVAM’s capacity to inform emergency response—particularly cash-based assistance. From 11–15 May, two phone operators based in WFP’s Country Office interviewed 35 traders and shura leaders (5 per district), to assess the impact of the conflict on food supplies and households’ abilities to access markets.

The primary aim of this assessment was to inform humanitarian response to the crisis, by helping determine whether local markets were functioning well-enough to support cash-based interventions. The findings helped WFP and NRC coordinate their response in districts where market conditions were found to be particularly challenging—with WFP providing in-kind food and NRC proving cash for items and services which were less affected by market disruptions (non-food items, rent, health care etc.).

A secondary aim of this assessment was to better understand conflict and market dynamics in Kunduz more generally, in order to inform future responses. WFP and NRC will continue to collect prices in the same districts over the next 3 months, to understand how the conflict impacts markets over a longer period of time. The follow-up Kunduz mVAM bulletins are planned for early July and early August 2017.
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FOOD PRICES AND CUSTOMER DEMAND

Retail prices for wheat flour and rice were higher in all 7 district markets, compared to prices in Mazar City. The largest differences were found in Ali Abad, Dasht-e-Archi, Imam Saheb and Qala-e-Zal, where wheat prices were 7-14 percent higher than in Mazar, and rice prices were 12–20 percent higher. Traders also reported that prices had increased within their district in the past two weeks, because of reduced supply and higher transport costs from Mazar due to insecurity, but also because of exchange rate fluctuations between Afghan, U.S. and Pakistani currencies. Interestingly, prices of oil and sugar were lower in some district than in Mazar, because retailers were still selling stocks bought a few weeks ago at lower prices.

Figure 1. Percentage difference in prices compared to prices in Mazar city

The vast majority (30 out of 35) of the traders and shura leaders reported that customer demand had decreased, because customers were unable to come to the market from surrounding areas due to insecurity. The 5 people who reported that demand had increased said that it was because of the influx of IDPs from rural areas displaced by fighting to the district centre. Although it is expected that the influx of IDPs into Kunduz City would have resulted in increased prices and demand, only 1 in 5 people interviewed in Kunduz City reported an increase in customer demand. Prices of wheat and rice in Kunduz city are also only marginally higher than in Mazar (8% and 3%) , which suggests that, in terms of impact on prices, the drop in demand caused reduced access to markets outweighs the effect of reduced supply and of increased demand from IDPs.

LIVELIHOODS AND TERMS OF TRADE

Daily wage rates for unskilled labour average AFN 280 (approx. US $4) throughout the province, which is slightly higher than current rates in Mazar, and similar to rates in Kunduz province at this time of year in 2016. This explains that despite an increase in prices, the terms of trade (ToT) between wheat flour and casual labour\(^1\) has remained relatively stable throughout the province. The lowest ToT was found in Imam Sahib and Qala-e-Zal districts, at 9-10 kg wheat flour/ day of labour—lower than the average ToT in Mazar City over the period January to March 2017 (11.2kg/ day of labour). ToT were higher in Chahar Dara, Dasht-e-Archi, Kunduz City and Ali Abad, ranging between 12 and 13 kg/ day of labour.

However, these relatively high ToTs do not account for the fact that casual labour opportunities are very scare—particularly in Ali Abad, Khan Abad and Qala-e-Zal districts, where most people can only find work for two days or less per week (compared to 3-5 days per week in the other districts).

The ToT 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 labour.

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