

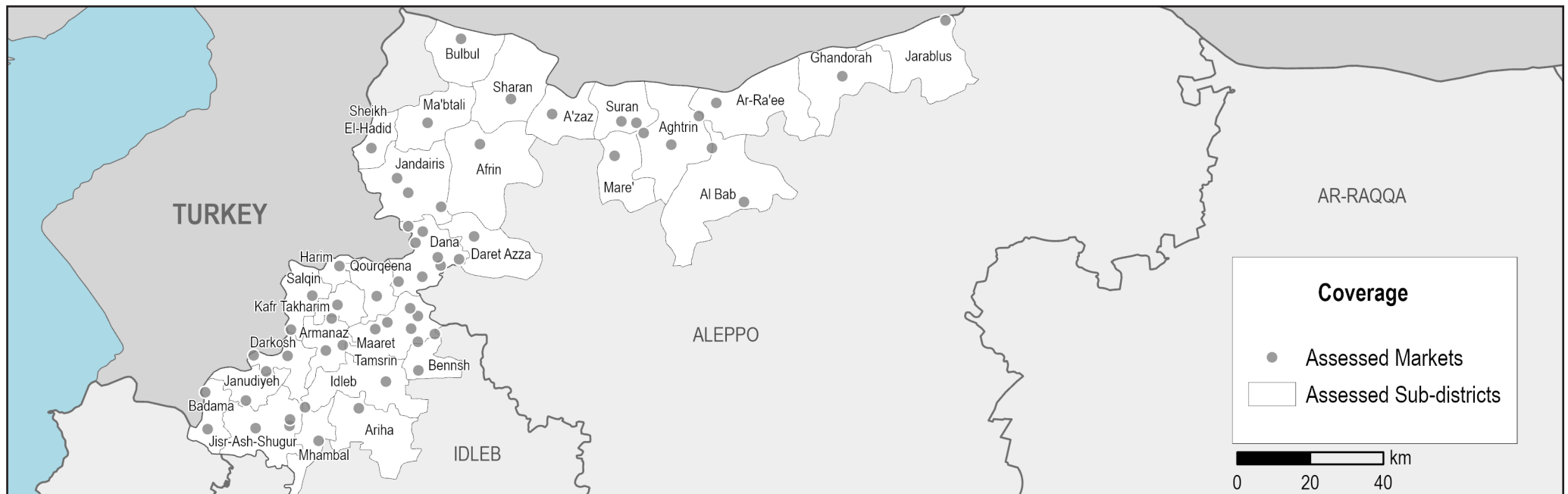
INTRODUCTION

The following northwest Syria (NWS) Supply Analysis was conducted in order to identify locations of suppliers of four market item types (bulk food, fresh food, hygiene items, and fuel), changes to supply routes in the past six months (October 2019 - February 2020), as well as procurement challenges faced by vendors. Given the current volatile situation and ongoing conflict in the northwest of Syria, this analysis and accompanying maps can contribute to a more informed response for food security and cash actors. A nuanced understanding of current and previous supplier locations will be particularly useful in the event of an escalation in conflict or sudden sharp increases in demand, since a disruption of supply lines (due to for instance a change in area of control or fall out of a market) could impact commodity prices or cause shortages.

To better understand which communities might be impacted by changes in supply lines and increasing prices, REACH also conducted a Market Network Analysis¹ in February 2020 which highlighted markets that communities depend on for the four assessed market item types. Together, the Supply Analysis and Market Network Analysis products aim to provide a clearer picture of the complex linkages and interdependencies of markets, communities, and suppliers in northwest Syria.

This information can be used in tandem with the [monthly Market Monitoring Exercise](#), conducted by REACH and Cash Working Group (CWG) partners to assess the availability and prices of 36 basic commodities that are typically sold in markets and consumed by an average Syrian household. This monthly exercise aims to provide a better understanding of the impact of the ongoing conflict on markets in Syria and guide the implementation of humanitarian cash and voucher programmes within those markets.

MAP 1: OVERVIEW OF ASSESSED MARKETS IN NWS



¹ Information products and analysis are available upon request.

METHODOLOGY

Data collection took place between 10-17 February as part of the [Northwest Syria Market Monitoring Exercise](#) (MM) conducted by REACH and partners, with market vendors as key informants (KIs). In selecting markets for inclusion, markets must be permanent in nature, large enough to support at least two wholesalers, and diverse enough to provide a sufficient variety of goods and commodities. Additionally, shops surveyed within each market must be housed in permanent structures and must sell Survival Minimum Expenditure Basket (SMEB) items². In total, 1,894 market vendor KIs in 59 communities across 30 sub-districts in NWS were surveyed for this Supply Analysis through both direct and remote data collection where the security situation permitted.

Market vendor KIs specifically selling the four monitored item types (fuel, bulk food, fresh food and hygiene items) were asked about changes in supply routes after October 2019, when Turkish military operations began in northeast Syria (NES). Vendors were also asked which currencies were accepted within their stores, main procurement challenges, current location of suppliers, and whether they expected demand/supply to change in the coming six months. Lastly, vendors were asked about current stock and potential depletion of stock-levels in the event that supply routes were to be cut.

Given the current volatile situation across NWS and the fact that some assessed markets have changed Area of Influence (AoI) since data collection ended, findings in this analysis as well as in the Market Monitoring dataset should be seen as representative only in the context where and when information was collected. Furthermore, this analysis is not representative of all markets, all supplier locations, or procurement challenges, but is rather indicative of those reported by market vendor KIs.

² The SMEB outlines the minimum culturally-adjusted items (food, water, hygiene items, cell phone data, and cooking fuel) that an average six-person household in Syria needs to purchase in one month.

KEY FINDINGS

Across all item types, **increasing prices was the most commonly reported procurement challenge for vendors, followed by stocking issues**. These are related to the sharp depreciation of the Syrian Pound (SYP), which dropped 66% in value to the United States Dollar (USD) since October 2019. Damaged infrastructure was the least reported challenge for procurement across all items and was only consistently reported by vendors in the sub-districts of Daret Azza, A'zaz and Maaret Tamsrin.

Instability and supply route disruptions in northern Syria have impacted fuel prices and availability. The events of October 2019 disrupted the flow of fuel from NES to opposition-controlled areas in NWS. Rapid changes to AoI and escalating conflict have also affected the ability of vendors to maintain stock.

Like bulk food vendors, **fresh food vendors reported little change to supply lines, but they were concerned with increasing prices. More than 80% of vendors predicted that they would run out of supplies within a week if not able to restock**, but this may reflect perishability, rather than an inability to maintain sufficient stocks.

While prices of bulk food items have increased, **supply lines for bulk food items remain largely unchanged** since October 2019. Most vendors reported that their supply of bulk foods came from within Syria.

Vendors of hygiene items reported no change to supply routes, and 27% reported purchasing stock from Turkey. As with most other item types, price increases were the most widely reported concern, and 27% reported that they would run out of items within a week if not able to restock. The majority (73%) reported purchasing hygiene items from Syria, while 27% reported supplies coming from Turkey.

Vendor KIs for all four item types reported accepting foreign currencies. In response to the decline of the SYP, some vendors reported accepting Turkish Lira (TRY) and USD in their shops. This practice was most widespread in sub-districts along the Turkish border. This pattern was especially evident in Dana sub-district where the Bab Al Hawa border crossing connects NWS to Turkey.

Fuel vendors more commonly reported a change in supply routes since October 2019 than vendors of other items, with 26% reporting that their supply routes had changed. When asked about current supply routes, 39% reported that fuel was coming from Turkey and 59% reported fuel supply coming from within Syria. Of the 49 fuel vendors who reported having changed supply routes, 100% reported that previous supply was coming from inside Syria.

FUEL ITEMS

High quality and manually refined petrol and diesel

Supply disruptions and the costs associated with importing fuel affect fuel availability and prices in NWS. The escalation of conflict in NES in October 2019 and the current situation in NWS have led to challenges in importing fuel from NES and Government of Syria (GoS)-controlled areas. As most oil fields are located in NES, locally manufactured fuel is imported from Self-Administrative Authority areas into NWS, often with taxes imposed. Higher quality fuel is imported from Turkey or processed in GoS-controlled areas before entering NWS and sold to the public at a higher price (see February MM).

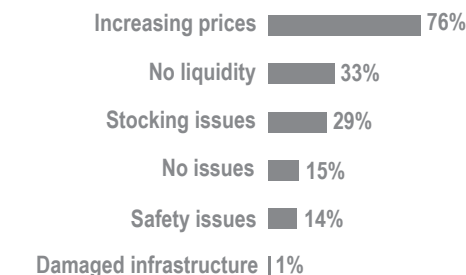
Changes to fuel suppliers since October 2019

This NWS Supply Analysis was informed by 188 fuel vendor KIs in 30 sub-districts (59 communities). More than a quarter (26%) of fuel vendor KIs reported that fuel supply routes had changed since October 2019. Of the 187 fuel vendor KIs who knew where their current fuel supply was coming from, 59% reported that the fuel supply was coming from inside Syria, while 39% reported that their fuel supply was coming from Turkey. Of the 49 who reported a change in supply routes since October 2019, all of them reported that previous fuel supply came from within Syria. Only 2 vendors reported fuel coming from Europe and 1 vendor reported fuel coming from Lebanon, amounting to 1% respectively (see map 3: Current Fuel Supply Routes).

High prices is an important procurement challenge for fuel vendors

When KIs were asked about their main fuel procurement challenge, 76% cited increasing prices, 33% no liquidity, and 29% reported stocking issues (see figure 1).

Figure 1: Main procurement challenges as reported by fuel vendor KIs (177 respondents)*



*Multiple answers allowed, thus findings might exceed 100%

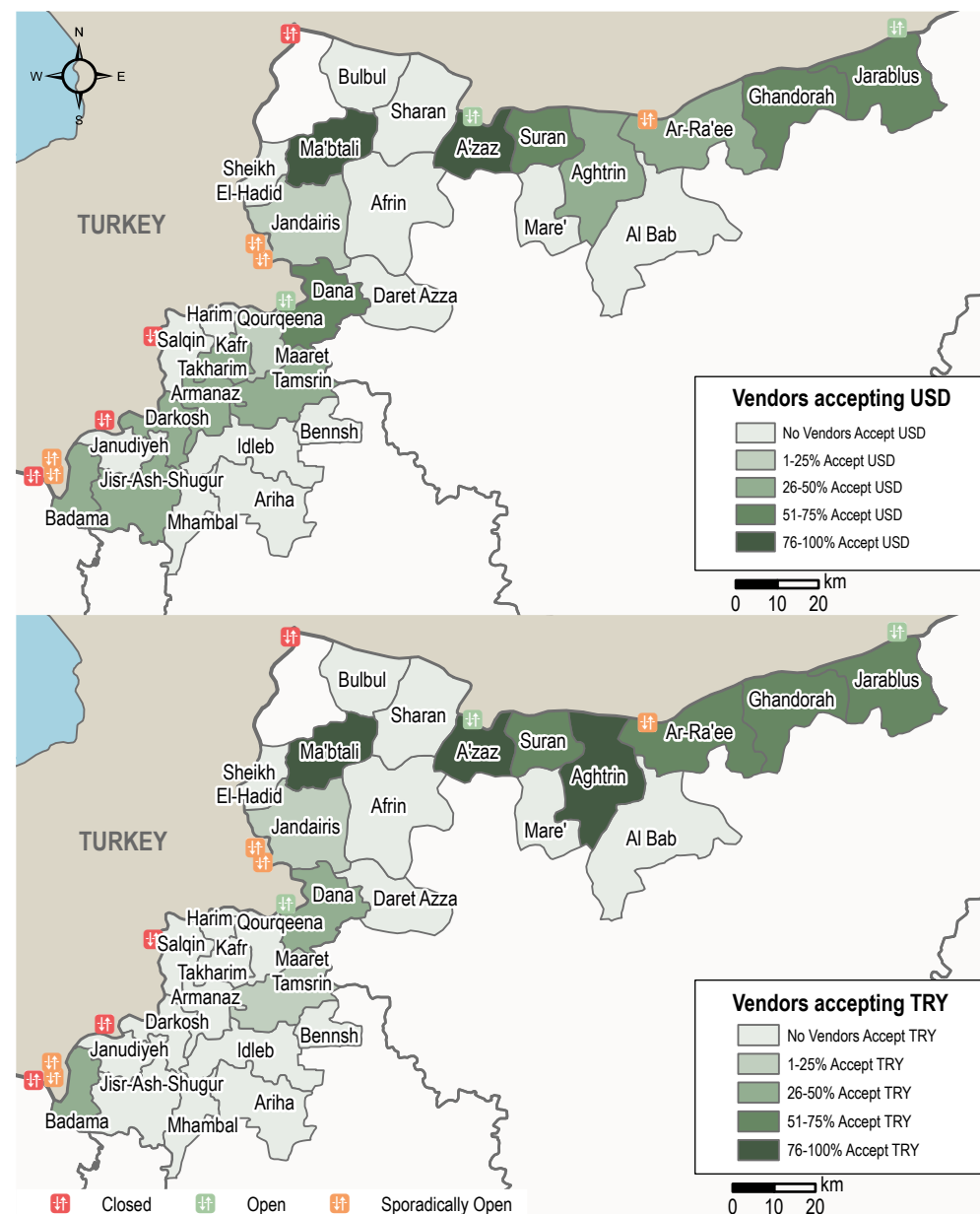
Restocking challenges for fuel vendors

REACH also asked fuel vendor KIs after how many days they would run out of fuel, if they would suddenly become unable to restock. Twenty-eight per cent (28%) of fuel vendor KIs reported they would run out within 3 days, 47% reported they would run out after 3-7 days and 21% reported they would run out after 1-3 weeks.

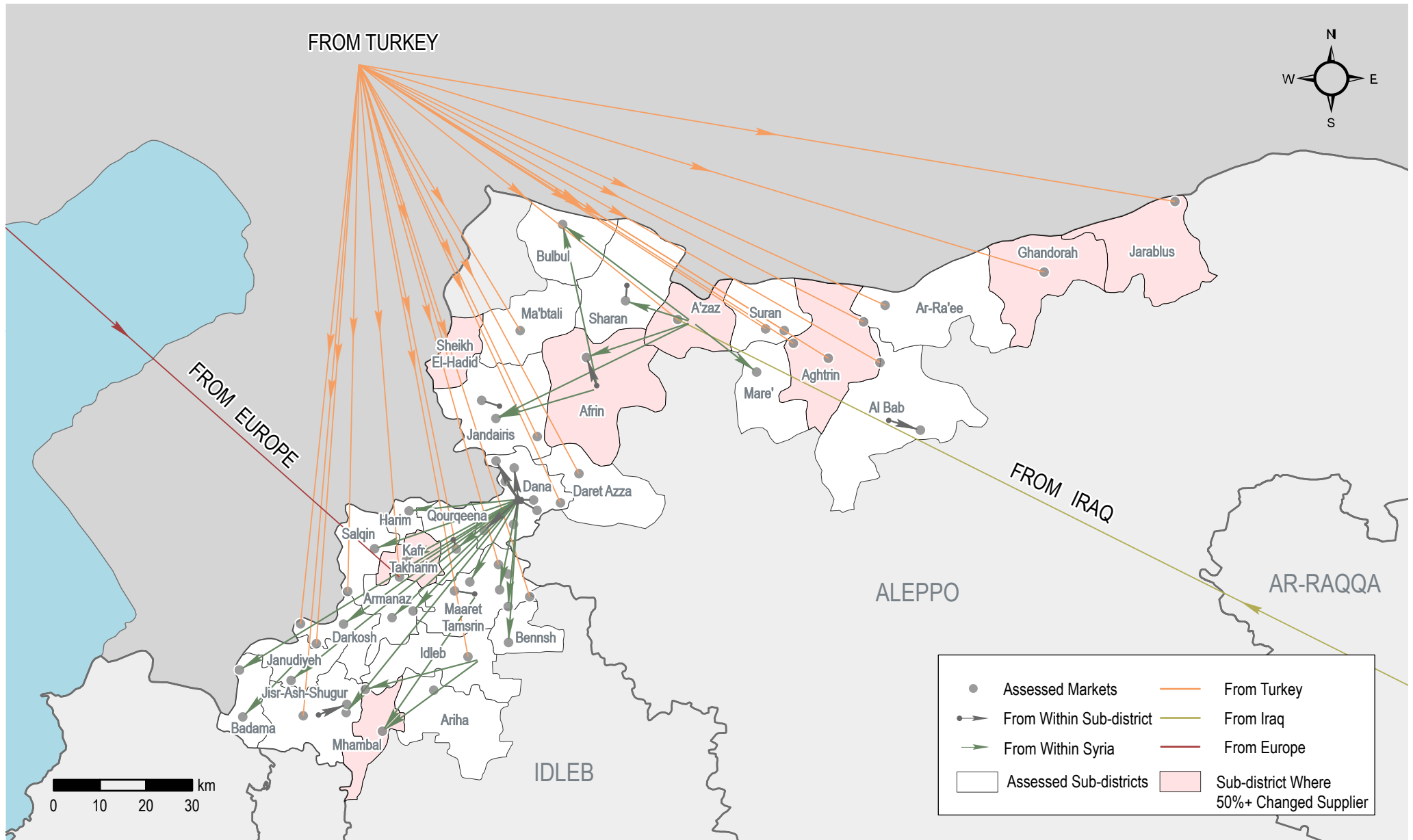
Accepting other currencies

All surveyed fuel vendors reported accepting SYP in their stores, 39% reported accepting USD, and 26% reported accepting TRY (see map 2).

MAP 2: FUEL VENDORS ACCEPTING FOREIGN CURRENCIES



MAP 3: CURRENT FUEL SUPPLIER LOCATIONS AS REPORTED BY FUEL VENDOR KIS IN NWS



BULK FOOD ITEMS

Rice, bulgur, lentils, sugar, salt, chickpeas, pasta and green peas

Few changes to supply lines of bulk food items

Overall, only a few market vendor KIs selling bulk food reported a change in supply routes since October 2019. Of the 197 vendors, only 8 (4%) reported having changed suppliers after Turkish operations began in NES. These vendor KIs were located in the sub-districts of Armanaz, Dana, Kafr Takharim, Maaret Tamsrin, and Salqin. Of the 192 vendors who reported knowing where their current supplier was located, 74% reported that their supplier was located inside of Syria, and 26% reported that bulk food suppliers were located inside Turkey.

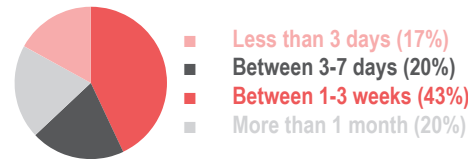
Accepting other currencies

Nearly half (49%) of bulk food vendors reported accepting USD in their stores while 31% reported accepting TRY (see map 4).

Storage and restocking of bulk food items

Of the four item types assessed in this Supply Analysis, bulk food vendors had the fewest respondents reporting that their supply would run out in 7 days or less, in the event that they were unable to restock. Out of the 197 surveyed vendors, 17% answered that they would run out in less than 3 days, and 20% answered that they would run out between 3-7 days (see figure 2). As bulk foods are easy to transport, store and have long shelf-lives, these vendors are less likely to experience sudden shortages of bulk food commodities in the event of a supply line disruption.

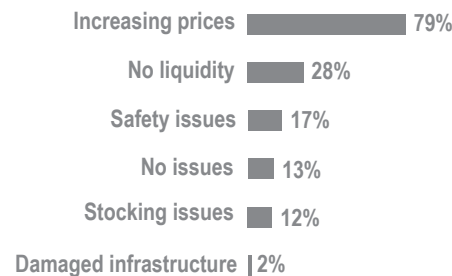
Figure 2: Reported number of days before stock of bulk food would run out, if supply lines were cut (197 respondents)



Increasing prices are most commonly reported procurement challenge

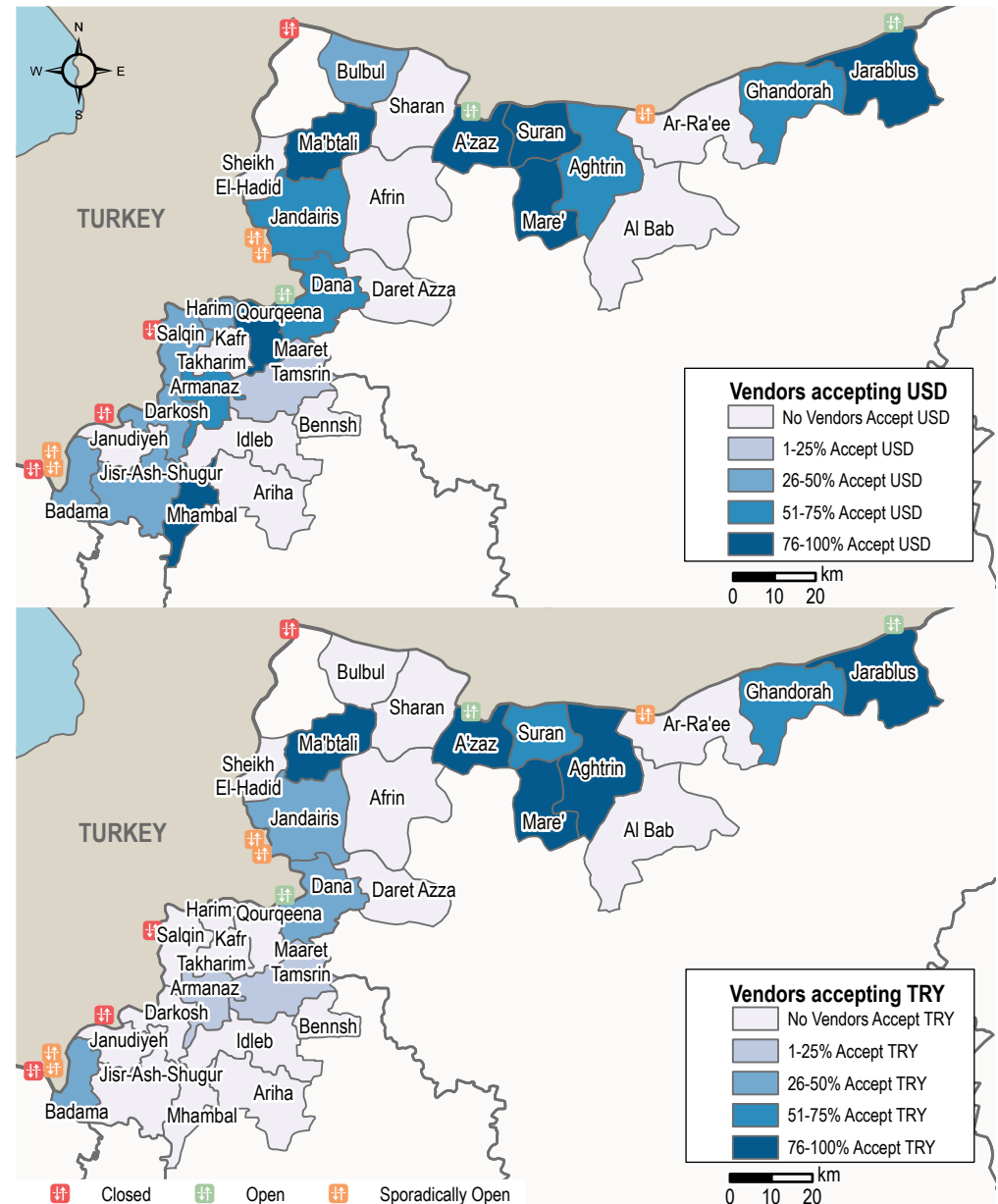
When asked about main challenges for procurement of bulk food items, 79% of vendor KIs reported increasing prices as one of the main challenges, followed by 28% reporting no liquidity, and 17% reporting safety issues (see figure 3). Safety issues were reported in communities in 13 out of 30 assessed sub-districts (Afrin, Ariha, Ar-Ra'ee, A'zaz, Badama, Dana, Daret Azza, Darkosh, Idleb, Maaret Tamsrin, Mhambal, Salqin and Suran).

Figure 3: Main procurement challenges as reported by bulk food vendor KIs (179 respondents)*



*Multiple answers allowed, thus findings might exceed 100%

MAP 4: BULK FOOD VENDORS ACCEPTING FOREIGN CURRENCIES



HYGIENE ITEMS

Bathing soap, laundry soap, sanitary pads & toothpaste

No reported disruption of supply routes for hygiene items after October 2019

In contrast to the other assessed item types, none of the 342 market vendor KIs selling hygiene items reported a change in supply routes since October 2019. Of the 335 vendors who knew where their current supplier was located in, 73% said Syria and 27% said that hygiene items were coming from Turkey.

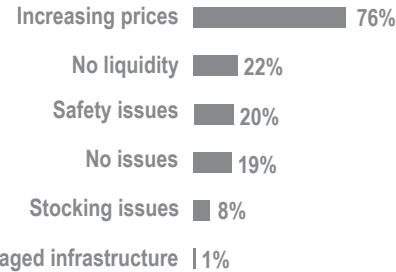
Increasing prices reported as main procurement challenge

Vendors were also asked about main challenges for procuring hygiene items. Similar to all other assessed item types in this Supply Analysis, increasing prices were reported by most vendors (76%). The second most commonly reported procurement challenge was no liquidity (22%), followed by safety issues (20%). Nineteen per cent (19%) of all hygiene items vendors answered that they were facing no issues with procuring stock. Lastly, damage to infrastructure was only reported in two sub-districts -- Daret Azza and Maaret Tamsrin -- amounting to 1% of all hygiene item vendor KIs (see figure 4).

Accepting other currencies

All hygiene items vendors reported accepting SYP in their stores; 37% reported accepting USD and 27% reported accepting TRY (see map 5).

Figure 4: Main procurement challenges as reported by hygiene vendor KIs (338 respondents)*



*Multiple answers allowed, thus findings might exceed 100%

More than one quarter would run out within one week, if not able to restock

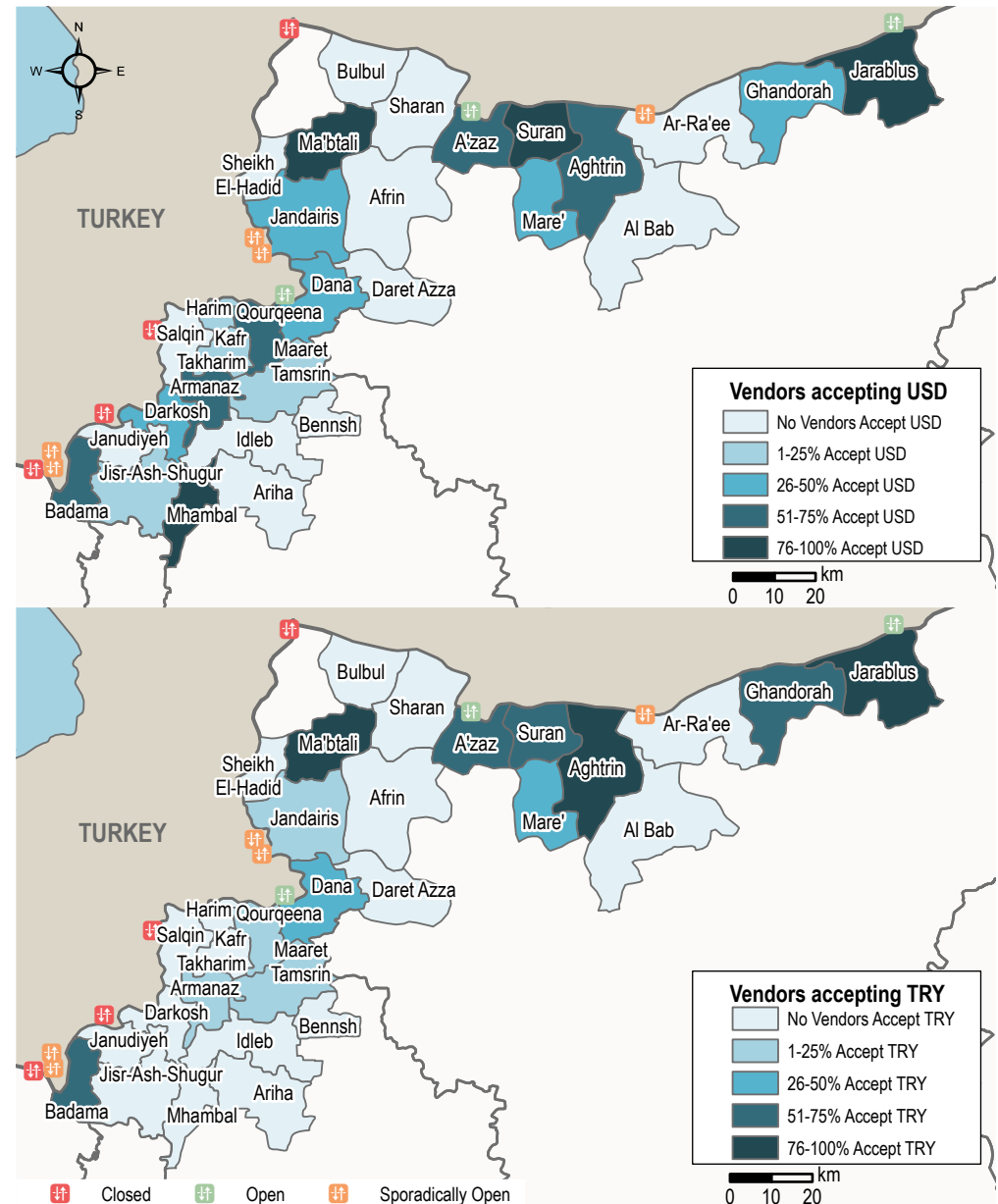
Vendors were also asked after how long they would run out of hygiene items if they were not able to restock. The majority of hygiene items vendors answered that they would run out after between 1-3 weeks (38%) or after more than 1 month (36%).

This was followed by 20% answering that they would run out after 3-7 days and 7% of respondents reporting that they would run out in less than 3 days (see figure 5).

Figure 5: Reported number of days before stock of hygiene items would run out, if supply lines were cut (342 respondents)



MAP 5: VENDORS OF HYGIENE ITEMS ACCEPTING FOREIGN CURRENCIES



FRESH FOOD ITEMS

Cucumbers, potatoes, tomatoes, onions, and chicken meat

Few reported disruptions of supply route for fresh food items after October 2019

Only 12 (2%) of the 543 market vendor KIs selling fresh food items reported a change in supply routes after October 2019. Of the 533 vendors who knew where their current supplier was located, 80% said Syria, and 20% said Turkey.

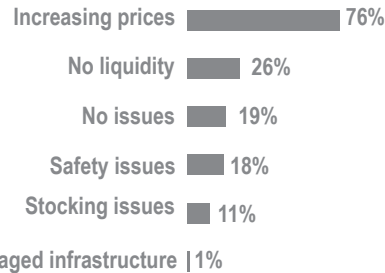
Increasing prices reported as main procurement challenge

Vendors were also asked about the current main challenges for procuring fresh food items. Similarly to the other assessed item types in this Supply Analysis, increasing prices were reported by most vendors (76%). 26% reported issues in liquidity, followed by 19% reporting no issues. Eighteen per cent (18%) cited safety issues as a main challenge for procurement (see figure 6). Damage to infrastructure was only reported in five sub-districts -- Daret Azza, Azaz, Jandairis, Jisr-Ash-Shugar, and Salqin -- amounting to 1% of all fresh food item vendor KIs.

Accepting foreign currencies

Of the 543 fresh food vendors asked, 3 of them reported not accepting SYP; 23% reported accepting USD and 18% reported accepting TRY (see map 6).

Figure 6: Main challenges for procurement as reported by fresh food vendor KIs (523 respondents)*



*Multiple answers allowed, thus findings might exceed 100%

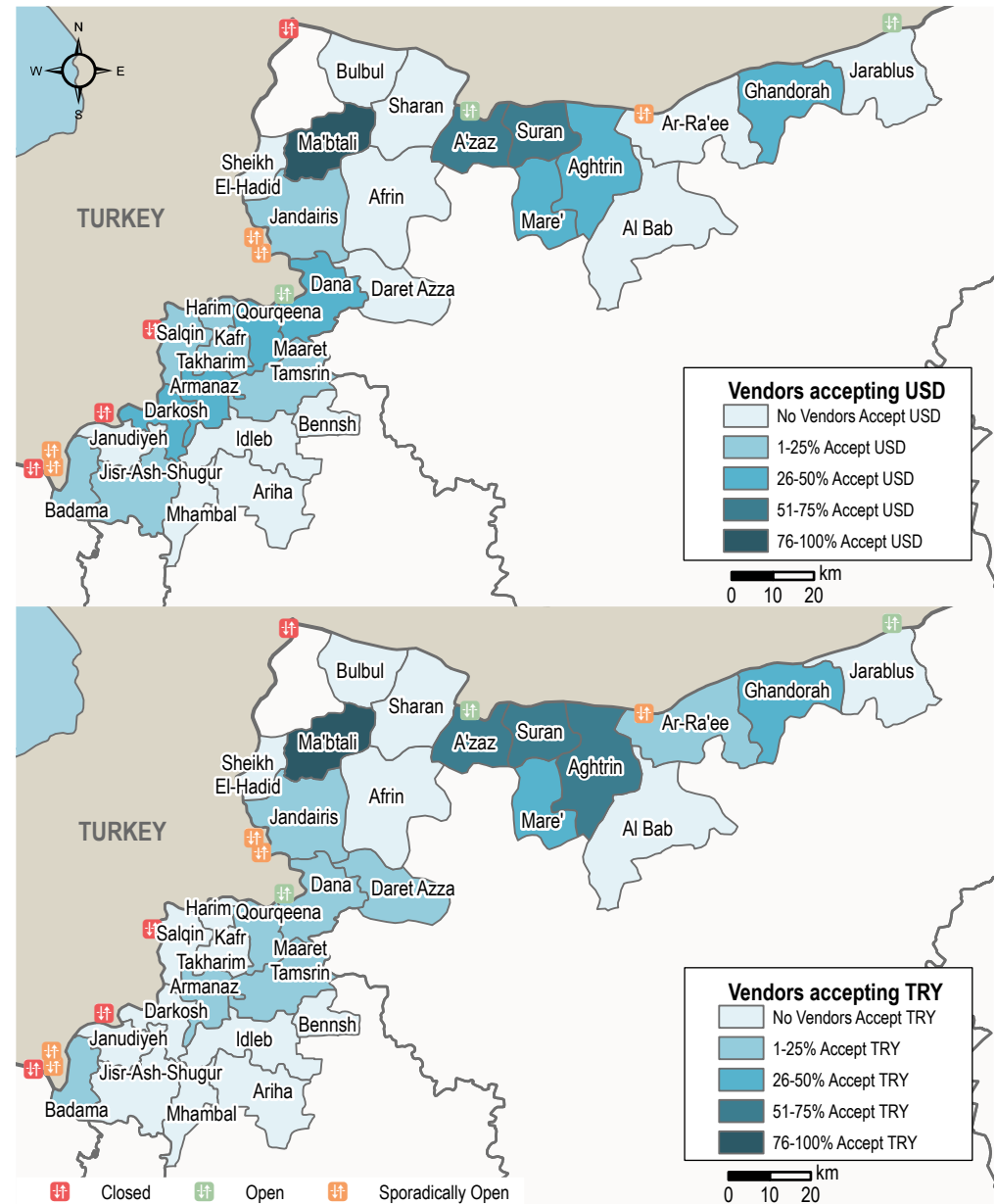
83% would run out within one week, if not able to restock

If unable to restock, 44% of fresh food vendors answered that they would run out in less than 3 days and 39% that they would run out after 3-7 days (see figure 7). These findings may reflect the perishability of fresh food items, rather than stocking or procurement challenges.

Figure 7: Reported number of days before stock of fresh food would run out, if supply lines were cut (543 respondents)



MAP 6: FRESH FOOD VENDORS ACCEPTING FOREIGN CURRENCIES



CURRENCY AVAILABILITY

Availability of US Dollars (USD) and Turkish Lira (TRY)

In addition to the four market item types, REACH and partners assessed the current situation among informal exchange vendors. With the sharp depreciation of the Syrian Pound against foreign currencies in the second half of 2019, the demand for other currencies has reportedly increased across Syria. Many imported items are purchased in USD or TRY and then sold at higher prices in SYP in order to anticipate USD/SYP depreciation and to cover losses. As a result, significant increases in prices and increased dependency on imported goods incurring high transportation costs (driven by high fuel prices) have been reported. In parallel, vendors reported a higher demand for USD as traders and citizens sought to convert their savings to USD.

Availability of USD and TRY across sub-districts - widely reported increase in demand of foreign currencies

Of the total 170 surveyed informal exchange vendors, none reported unavailability of USD and only 2 reported unavailability of TRY. Of 109 surveyed vendors, 94% also reported an increase in the demand of USD within their communities since October 2019. Only KIs from communities in Mhambal sub-district did not report an increase in the demand of USD. Of the 104 informal exchange vendors who answered this question, 49% also reported an increase in the demand of TRY.

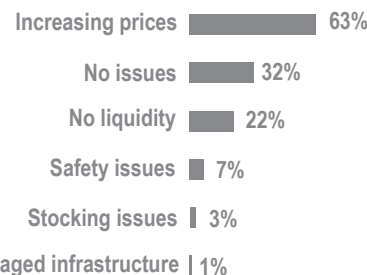
Limited stock of USD banknotes

Informal exchange vendors were also asked if they had limited stock of USD. At the time of data collection, 93% of respondents reported having limited stocks of at least one type of USD banknote (see table 1). While the remaining 7% of respondents reported no shortages, there was no single assessed community in which all surveyed informal exchange vendors reported no issues with stocking USD.

Procurement challenges for acquiring foreign currencies

Similar to the four assessed item types (bulk food, fresh food, fuel, hygiene items), increasing prices was reported as the main procurement challenge for all 170 informal exchange vendors (see figure 8). Almost one third (32%) of all vendors reported having no issues with procurement, followed by 22% reporting no liquidity as one of the main challenges to procurement.

Figure 8: Main challenges for procurement as reported by informal exchange vendor KIs (170 respondents)*



*Multiple answers allowed, thus findings might exceed 100%

TABLE 1: PERCENTAGE OF SURVEYED INFORMAL EXCHANGE VENDORS REPORTING LIMITED STOCK OF USD BANKNOTES, PER SUB-DISTRICT

Sub-district	#KIs	USD Banknote Denominations					
		1 USD	5 USD	10 USD	20 USD	50 USD	100 USD
Northwest	170	35%	60%	63%	59%	59%	65%
Afrin	5	0%	100%	100%	100%	100%	100%
Aghtrin	9	0%	78%	78%	78%	78%	78%
Al Bab	3	100%	100%	100%	100%	0%	0%
Ariha	1	100%	0%	0%	0%	100%	100%
Armanaz	8	25%	63%	63%	63%	50%	38%
Ar-Ra'ee	3	33%	33%	0%	0%	0%	0%
A'zaz	6	50%	50%	50%	50%	50%	100%
Badama	6	50%	100%	100%	67%	50%	50%
Bennsh	3	0%	100%	100%	100%	100%	100%
Bulbul	3	100%	100%	100%	100%	100%	100%
Dana	27	33%	52%	56%	70%	89%	89%
Daret Azza	3	67%	100%	33%	0%	0%	0%
Darkosh	8	0%	13%	50%	50%	25%	50%
Ghandorah	3	33%	67%	100%	100%	100%	100%
Harim	3	100%	100%	33%	0%	0%	0%
Idleb	3	0%	0%	0%	0%	0%	100%
Jandairis	9	67%	67%	67%	78%	89%	67%
Janudiyeh	3	0%	67%	67%	33%	0%	0%
Jarablus	3	33%	67%	100%	100%	100%	100%
Jisr-Ash-Shugur	5	0%	0%	0%	0%	20%	40%
Kafr Takharim	3	0%	67%	100%	100%	100%	100%
Maaret Tamsrin	18	33%	44%	56%	39%	44%	72%
Ma'btali	3	100%	100%	100%	67%	0%	0%
Mare'	3	100%	100%	100%	100%	100%	0%
Mhambal	5	0%	0%	0%	0%	0%	100%
Qourqeena	3	100%	100%	100%	0%	0%	0%
Salqin	6	17%	83%	100%	100%	100%	50%
Sharan	3	0%	0%	0%	0%	67%	67%
Sheikh El-Hadid	3	0%	100%	100%	100%	100%	100%
Suran	9	67%	67%	67%	67%	67%	67%