Syria Market Monitoring Exercise: September 2016–February 2017 Overview

Syria

Report

April 2017

CASH-BASED RESPONSES
TECHNICAL WORKING GROUP

REACH Informing more effective humanitarian action

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About REACH

REACH is a joint initiative of two international non-governmental organizations – ACTED and IMPACT Initiatives – and the UN Operational Satellite Applications Programme (UNOSAT). REACH's mission is to strengthen evidence-based decision making by aid actors through efficient data collection, management and analysis before, during and after an emergency. By doing so, REACH contributes to ensuring that communities affected by emergencies receive the support they need. All REACH activities are conducted in support to and within the framework of inter-agency aid coordination mechanisms. For more information please visit our website: www.reach-initiative.org.
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EXECUTIVE SUMMARY

Over the past six years, the conflict in Syria has had devastating effects on the country's economy, posing complex challenges to both individual households and local economies. Securing better access to markets and creating income-generating opportunities are critical components of the humanitarian response and will eventually become cornerstones of any early recovery effort. When supported by a robust understanding of market functionality, market-based approaches to humanitarian aid allow communities to prioritise their own needs, while continuing to support existing infrastructure and services. Markets, as an integral component of Syrian life, should therefore be considered in the context of any integrated multi-sector response.

The Syria Market Monitoring Exercise, coordinated by REACH and the Cash-Based Responses Technical Working Group (CBR–TWG), has been contributing to a greater understanding of markets since its inception in January 2015. The inter-organisation partnership among 16 NGOs involved in cross-border cash-based programming enables monthly data collection of availability, prices and stock levels of selected food items, non-food items (NFIs) and types of fuel throughout Syria, as well as information about exchange rates and private water trucking services in assessed markets. During the same week each month, partners use harmonised data collection tools to collect data from the main markets in their areas of operation within Syria. Data collected by partners is then compiled, analysed and mapped by REACH on behalf of all participating NGOs and the broader humanitarian community. Monthly outputs include:

1. A consolidated, normalised price dataset
2. A situation overview, which includes:
   - 2.1. Analysis of the median prices and price distributions of all monitored commodities
   - 2.2. Summary of observed shortages
   - 2.3. The calculated cost of a Survival Minimum Expenditure Basket (SMEB), a proxy for cost of living in northern Syria, in each assessed subdistrict

Together, these provide humanitarian actors with market-level data that can be used to assess market functionality, estimate household financial needs and set values for cash transfers, vouchers and other cash-based responses in their areas of intervention.

This report summarises northern Syria data from the Syria Market Monitoring Exercise spanning the six months from September 2016 to February 2017. During the period covered by this report, partners collectively assessed markets in 55 subdistricts across six governorates of northern Syria, as displayed in the map below. Analysis presented in this report explores trends related to market access, prices, availability and supply chains during these months, as well as the financial impact of these developments on Syrian households, with the aim of helping humanitarian actors provide more informed support.

Map 1: Governorate-level coverage of the Syria Market Monitoring Exercise, September 2016–February 2017

From September 2016 to February 2017, decreases in the median prices of most food items were offset by increases in the price of key hygiene NFIs and fuels. Overall, this meant that the level of expenditure required to meet household needs, which had risen to very high levels earlier in 2016, lessened only slightly over the six months assessed. On the whole, market prices for most goods across northern Syria remained stable between September and February, as did exchange rates between the Syrian pound and US dollar. This is a marked change from the first half of 2016, when volatile Syrian pound exchange rates led to constant month-on-month increases in food prices and periodic price spikes for most NFIs. The greater stability of both market prices and exchange rates has made it easier for household heads to plan for future expenditures.

Key findings

- **Median exchange rates between the Syrian pound and the US dollar remained steady between September and February** across all assessed subdistricts, with just a 6% differential between the highest and lowest monthly medians (539 SYP in September and 507 SYP in December). No notable regional differences were observed. This contrasted sharply with the situation during 2015 and the first half of 2016, when inflation was constant and exchange rates volatile.
    - **Median exchange rates between the Syrian pound and the Turkish lira decreased by 21% between September and February**, declining from 182 to 143 SYP/TRY. Given the stability of SYP/USD exchange rates during the same period, this can be attributed almost solely to the decline in the value of the Turkish lira due to political events in that country.
    - **Overall, there were very few differences between Syrian pound and US dollar price trends** due to the stable exchange rate between the two currencies. Again, this was very different from the situation in the first half of 2016, when ongoing inflation caused large spikes in SYP prices even as commodities' real value in USD remained static or even decreased.
- **The median cost of an SMEB also remained fairly constant**, with monthly northern Syria–wide medians fluctuating by only 8%. Across all six months, the median price of an SMEB was 62,405 SYP (119.09 USD), with the most expensive six-month basket observed in ar-Raqqa and the least expensive in Menbij.
    - **The price of the food portion of the SMEB dipped by 10% between September and February**. The prices of nearly two-thirds of monitored food items decreased over the same period, with some of the largest drops observed across northern Syria in staple foods such as rice, bulgur and red lentils. That of cucumbers, however, increased by over 100%, with particularly large increases observed in markets affected by airstrikes and heavy conflict.
    - **The price of a basket of hygiene NFIs jumped by 24% between October and November**, driven mainly by import disruptions and price spikes in al-Hasakeh following the launch of hostilities just over the Iraqi border in Mosul. However, by February, prices had returned to a stable level just 4% below September values. The prices of individual hygiene NFIs followed the same pattern, changing only slightly over the same time period.
- **Across most parts of northern Syria, the price of a basket of monitored types of fuel dropped by 11% between September and November before rising to almost exactly its initial level.** Meanwhile, in al-Hasakeh governorate, where fuel is heavily subsidised by local councils, fuel prices were just 21% of those in other parts of northern Syria; prices also followed different patterns over time, remaining almost unchanged for months before jumping by 15% in January. The average price of government-produced petrol fell by 28% across most parts of northern Syria excepting al-Hasakeh, but fuels that are more commonly used by households, including kerosene, LPG and manually refined diesel, all became more expensive over the same time period.
- **Median prices for water delivery moved in parallel with the median price of fuel** outside al-Hasakeh governorate, dipping by 20% from September to November and stabilising thereafter at a higher rate. This reflects the fact that water delivery services rely heavily on the purchase of fuel in order to operate.
- **Commodity shortages were primarily sporadic and localised.** Fuel products exhibited the most frequent shortages, particularly government-produced diesel; these were most often observed in areas with high levels of generalised conflict, particularly Idleb and northwestern Aleppo governorates from September through December and ar-Raqqa and northeastern Aleppo governorates from December through February. Shortages of food items and hygiene NFIs were much rarer.
- **Markets are most likely to be vulnerable to conflict-related shocks** when they are located near active frontlines or other targets for armed group activity; when they face high and sustained levels of displacement; when few commodities are produced locally; when supply chains must cross borders, frontlines or checkpoints or are otherwise vulnerable to conflict-related risk; and when local authorities do not have the capacity to implement price controls.

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List of Acronyms

CBR–TWG	Cash-Based Responses Technical Working Group
CCCM	Camp Coordination and Camp Management Cluster
GoS	Government of Syria
HNO	Humanitarian Needs Overview
HSOS	Humanitarian Situation Overview in Syria
IRC	International Rescue Committee
ISMI	IDP Situation Monitoring Initiative
KI	Key informant
LPG	Liquefied petroleum gas
NFIs	Non-food items
SMEB	Survival Minimum Expenditure Basket
SYP	Syrian pound
TRY	Turkish lira
USD	US dollar
WASH	Water, sanitation and hygiene

METHODOLOGY

Background

The Syria Market Monitoring Exercise, developed in conjunction with the Cash-Based Responses Technical Working Group for northern Syria, was launched in January 2015 as a REACH-only pilot project in 11 subdistricts of Idleb governorate in January 2015. Following several successful monthly rounds of data collection, the project was brought under the auspices of the CBR–TWG in May 2015 and transformed into a data collection partnership in which participating Turkey-based CBR–TWG members joined REACH in collecting price and restocking data using a unified set of tools. Over time, the assessment gradually began to expand outside northwestern Syria, beginning to incorporate markets in the northeast in August 2015 and undertaking a major expansion into the south in February 2017. Over the past two and a half years, the exercise has expanded to cover markets throughout 11 out of 14 Syrian governorates, excepting only Tartous, Homs and as-Sweida.[1]

To date, 16 partner NGOs (ACTED, CARE/Shafak, Concern, DanChurchAid, Global Communities, GOAL, Ihsan, IRC, Mercy Corps, the Norwegian Refugee Council, People in Need, REACH, Relief International, Save the Children, Solidarités International and Violet), most of them members of the CBR–TWG, have contributed to the Market Monitoring Exercise at some point. Twelve of these organisations participated in the assessment between September 2016 and February 2017, collecting data in a total of 66 subdistricts across eight governorates.[2]

Though REACH leads the coordination of the exercise, the CBR–TWG remains a close advisory partner on the assessment, supporting with the onboarding of new partners and most recently driving a 2016-2017 effort to update the Market Monitoring SMEB to better reflect changing consumption patterns among Syrian households.

Coverage and access

Geographic coverage for the exercise depends on the specific markets and subdistricts that participating NGOs are collectively able to cover in a given month. This coverage invariably shifts from month to month due to partners' security and operational constraints, but where possible, REACH and the CBR–TWG aim to have more than one partner collecting data in each subdistrict to mitigate the effects of these constraints.

- Participating NGOs do not assess all markets in a given subdistrict, rather seeking out the largest or two largest markets in each subdistrict, as these tend to attract the widest array of traders and commodities, serving as centres of commerce for residents of many surrounding villages. Smaller markets are not assessed, as these tend to lack some monitored commodities due to the limited number of vendors operating there, which can create false impressions of shortages in their vicinity.
- Access challenges tend to be highly localised and vary each month, although they have become more frequent as the security situation in northern Syria has worsened. Participating NGOs monitor the security context in target subdistricts to avoid exposing their enumerators to undue risk.
- In some subdistricts, remote data collection is adopted as enumerators cannot collect data from certain communities or neighbourhoods. In these circumstances, questionnaires are remotely administered to shop owners, suppliers and consumers using social media, WhatsApp and/or Skype.

Map 2 on the following page displays the number of months in which partners were able to assess each monitored subdistrict of northern Syria. This includes months in which enumerators were only able to collect partial data in certain markets, due to either operational constraints or shifts in the security context that required data collection efforts to be abandoned. In cases such as these, no SMEB can be assembled for that subdistrict, but the prices collected are retained as part of the overall database and are used to calculate northern Syria–wide medians.

[1] Data from southern Syria (Dar'a, Quneitra, Damascus and Rural Damascus governorates) was collected for the first time in February 2017, the final month covered by this report. Therefore, to maintain a relatively consistent sampling frame across all months, February data from the south was removed from the dataset, and analysis was conducted only on prices from northern Syria governorates.
[2] Following the removal of prices collected in southern Syria, data from 45 subdistricts across 7 governorates was analysed as part of this report.

Map 2: Number of months each northern Syria subdistrict has been assessed between September 2016 and February 2017

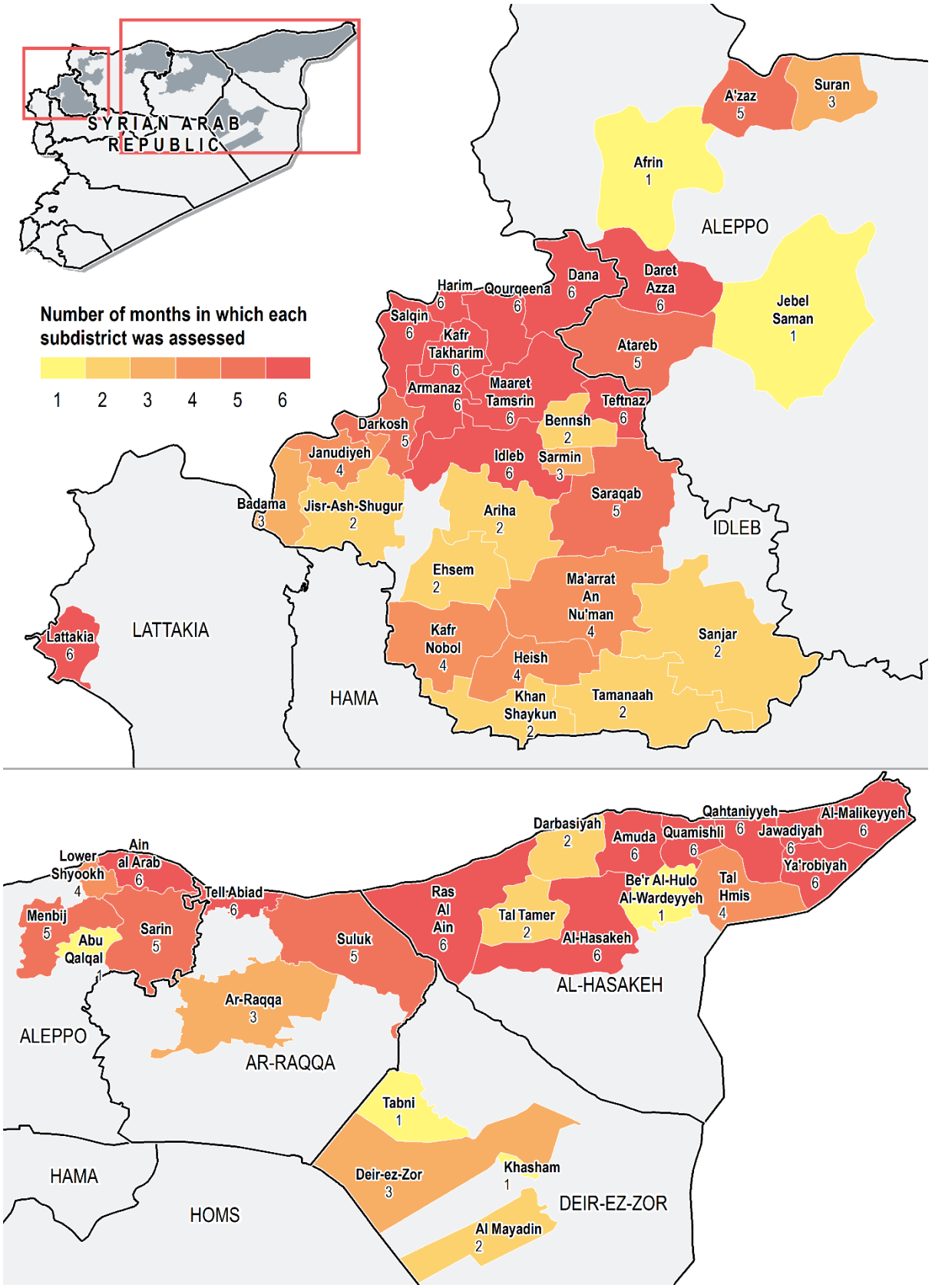


Table 1: Subdistrict-level coverage of the Syria Market Monitoring Exercise in northern Syria governorates

Governorate	Subdistricts covered *(remote coverage in italics)*		% subdistricts covered	% population covered
Lattakia	1 of 22	*Lattakia*	5%	72%
Idleb	24 of 26	Ariha, Armanaz, Badama, Bennsh, Dana, Darkosh, Ehsem, Harim, Heish, *Idleb*, Janudiyeh, Jisr-ash-Shugur, Kafr Nobol, Kafr Takharim, *Khan Shaykun*, Ma`arrat an-Nu`man, Maaret Tamsrin, Qourqeena, Salqin, Sanjar, Saraqab, Sarmin, Tamanaah, Teftnaz	92%	96%
Aleppo	11 of 40	Abu Qalqal, Afrin, Ain al-Arab, Atareb, A`zaz, Daret Azza, Jebel Saman, Lower Shyookh, Menbij, Sarin, Suran	28%	75%
Ar-Raqqa	3 of 10	*Ar-Raqqa*, Suluk, Tell Abiad	30%	61%
Deir-ez-Zor	4 of 14	*Al-Mayadin, Deir-ez-Zor, Khasham, Tabni*	29%	37%
Al-Hasakeh	12 of 16	Al-Hasakeh, Al-Malikeyyeh, Amuda, Be`r al-Hulo al-Wardeyyeh, Darbasiyah, Jawadiyah, Qahtaniyyeh, Qamishli, Ras al-Ain, Tal Hmis, Tal Tamer, Ya`robiyah	75%	88%
Total	55 of 128		43%	74%

Data collection

Data collection takes place during the third week of each month, using harmonised tools developed by REACH in coordination with partners and deployed on a joint CBR–TWG KoBo server, accessed via the KoBoCollect Android application. Each partner is responsible for hiring and logistics surrounding its own data collection efforts.

Items assessed

The majority of organisations participating in the Market Monitoring Exercise collect data using a joint set of five KoBo forms, each designed for shops selling different commodities (the compiled Market Monitoring questionnaires can be found in the appendix):

- Food/NFI form: grocery stores, bakeries, butcher shops, vegetable/produce vendors, hygiene item stores
- Fuel form: LPG (liquefied petroleum gas) vendors, vendors of other types of fuel
- Water form: private water trucking services
- Communications form: mobile phone stores
- Currency form: currency exchange and hawala shops

Partners record the prices of a wide array of staple foods, non-food items and types of fuel; prices for smartphone data and water delivery services; and currency exchange rates for US dollars, Turkish lira and Jordanian dinars. Enumerators are required to record a minimum of three prices for each commodity in each market.

The Survival Minimum Expenditure Basket

The majority of food items and NFIs assessed are part of the Survival Minimum Expenditure Basket (SMEB), developed by the CBR–TWG in late 2014 and revised in February 2017. The SMEB represents the minimum amount of food and non-food items an average six-person Syrian household must purchase each month in order to achieve a 2,100 kCal/day diet. Calculating the median price of an SMEB in a given region provides a proxy for minimum cost of living in that region, which in turn enables humanitarian organisations engaged in cash programming to set the values of their vouchers and cash transfers based on market observations.

The table below displays the composition of the SMEB prior to February 2017.[3]

Table 2: Items included in the Survival Minimum Expenditure Basket (SMEB)

SURVIVAL MINIMUM EXPENDITURE BASKET			
ITEM	QUANTITY	ITEM	QUANTITY
Bread	37 kg	Laundry powder/dish soap	2 kg
Rice	19 kg	Bathing soap	12 bars
Bulgur	15 kg	Toothpaste	2 100-g tubes
Ghee	7 kg	Sanitary pads	4 packs of 10
Sugar	5 kg	Red lentils	19 kg
Tomato paste	6 kg	Fresh vegetables	6 kg
Chicken	4 kg	Kerosene (manually refined)	25 L
Eggs	6 kg	Water	2790 L
Salt	1 kg	Float*	6% total basket value
** not included in SMEB calculations*			

Training and Guidelines

All participating field coordinators have access to standardised Syria Market Monitoring Exercise training materials, covering how the data collection tools are structured, how to download forms to KoBoCollect, and what methods partners should follow in monitoring specific commodities. These materials are supplemented by periodic face-to-face refresher trainings open to all participating and aspiring partners. The training documents also contain guidelines regarding the types of shops enumerators must assess. Grocery stores, for example, must be located in permanent structures, be of small or medium size, and stock a majority of food items and hygiene NFIs included in the survey. Additional criteria have been developed for hygiene item shops, mobile phone shops, water truck operators and currency exchange vendors. Field coordinators for each NGO are responsible for training enumerators from their organisations.

Analysis

At the start of the fourth week of the month, REACH receives and compiles data from all participating organisations, then cleans the compiled dataset, identifying outliers, data entry mistakes and other errors in conjunction with partners. Following this process, data analysis begins. On behalf of the CBR–TWG and all partners, REACH:

- Analyses the **distributions of all prices** observed across Syria for each commodity, including the observed maximum, minimum and median prices. Medians are preferred to averages because they mitigate the effects of wide outliers, particularly the high prices observed in besieged areas.
- Calculates the **median price for each commodity in each subdistrict**.
- Identifies **subdistrict-level shortages** of monitored commodities.
- Calculates and maps the **price of an SMEB in each assessed subdistrict** based on the median subdistrict-level prices for each SMEB commodity, weighted based on the amounts in Table 1.

For the purposes of this trend analysis report, REACH additionally calculated the value of a northern Syria–wide SMEB in each month to enable the analysis of monthly trends. The food and hygiene NFI portions of the SMEB were analysed separately to draw out differences in price trends between these two types of commodities; in

[3] The composition of the SMEB changed in February 2017 to match the recommendations put forth in the CBR–TWG's SMEB Northern Syria Guidance Document, published that month; this was done to reflect changing consumption patterns among Syrian households. The February 2017 situation overview for the Syria Market Monitoring Exercise included SMEB values calculated using the new formulas. However, to maintain consistency within this trend analysis report, data from all months, including February, was re-aggregated and all SMEB values were re-calculated using the pre-February formula in Table 1.

addition, a fuel basket was constructed, consisting of 1 litre of each assessed type of fuel, to better highlight overall shifts in fuel prices from month to month.

Limitations

- Tools and methodology:
  - While all partners are encouraged to collect data using a joint set of data collection tools, a small number of partners opt instead to modify existing internal data collection tools to meet the exercise's methodological requirements. While these partners' internal tools always provide the prices of nearly all monitored commodities, along with core information on the markets and traders assessed, the partners sometimes do not collect secondary data relating to stock levels and market shortages, meaning that this information is not available for certain markets.
  - Since early 2016, Market Monitoring partners operating in northern Idleb governorate have faced challenges conducting mobile data collection in their areas of intended coverage. In March and April 2016, in a tense security environment, local councils and other authorities in the region withdrew their permission to collect Market Monitoring data using KoBoCollect in areas under their control; some objected to the collection of GPS coordinates by enumerators, while others rejected the idea of collecting data using mobile devices altogether. More recently, in March 2017, some local authorities imposed a blanket ban on all mobile data collection in their areas of control. To respond to these concerns, REACH has removed all GPS functionality from the Market Monitoring Exercise data collection tools and regularly distributes paper versions of its KoBo forms for partners to use where necessary.
  - During the first two months covered by this report (September and October 2016), the sequence of questions in the joint Market Monitoring data collection tools made it difficult to distinguish between commodities that were wholly absent from a given market, which would indicate a shortage, and commodities that were simply not sold in the particular shops visited by enumerators. This issue was addressed with a revised set of data collection tools rolled out in November 2016; the new forms ask both whether a commodity was available or unavailable in the specific store assessed and whether it was available or unavailable in the market as a whole. For September and October, however, REACH's availability analyses have out of necessity assumed that a lack of prices for a given commodity indicates a localised shortage of that commodity. This is the most likely scenario, but it is impossible to be certain.
- Coverage inconsistencies: While NGOs participating in the Syria Market Monitoring Exercise strive to maintain consistent subdistrict-level coverage from month to month, this is not always possible for reasons outside their control. Due to shifts in the Syrian security context and in partners' operational restrictions, coverage is never fully identical from one month to the next; the markets with least consistent coverage tend to be those most strongly affected by conflict, including Aleppo, Deir-ez-Zor and ar-Raqqa, due to the danger of direct data collection in these areas. In addition, the frequency of shortages makes it difficult to consistently record prices for all commodities within a given subdistrict; nearly all assessed subdistricts have been affected by this problem at different times. As a result, all trends reported should be taken as indicative, not representative, and it is generally not possible to draw out month-on-month subdistrict-level trends. In particular:
  - Data collection in eastern Aleppo was only possible for a brief period in November 2016.
  - Ar-Raqqa and Deir-ez-Zor cities, though assessed remotely, also proved challenging to cover as escalations of hostilities in these cities made it more difficult to contact key informants.
  - In Idleb governorate, markets in Jisr-ash-Shugur, Ariha and Bennsh were frequently deemed too insecure for data collection due to targeted attacks on public infrastructure.
  - Restrictions on outside access to the Afrin area, imposed by local authorities, have made it difficult for partners to assess markets in this subdistrict.
- Level of analysis: All prices collected in northern Syria governorates were included in the analysis. The only excluded prices were from the month of February, when coverage was extended to Dar'a and

Quneitra governorates and several new commodities were added to the exercise; prices for these new governorates and commodities were removed from the compiled dataset to ensure consistency of analysis. It is not possible to assemble complete SMEBs in every month on a subdistrict or governorate level due to inconsistent coverage and the frequency of commodity shortages.

- Conclusions: The cost of an SMEB in a given subdistrict can be taken as a proxy for levels of household expenditure and minimum cost of living in that subdistrict. It is not, however, perfectly correlated with overall household economic vulnerability, which depends on many other variables including access to livelihoods, level of debt, access to financial services, exposure to external shocks, etc. Further analysis of these variables would be necessary to paint a full picture of economic vulnerability across northern Syria.

FINDINGS

Prices

On the whole, market prices across northern Syria remained stable between September 2016 and February 2017, as did exchange rates between the Syrian pound and US dollar. This is a marked change from the first half of 2016, when volatile Syrian pound exchange rates led to constant month-on-month increases in food prices and periodic price spikes for most NFIs. From September to February, decreases in the median prices of most food items were offset by increases in the price of key hygiene NFIs and fuels; overall, this meant that the level of expenditure required to meet household needs, which had risen to very high levels earlier in 2016, lessened only slightly over the six months assessed. Even so, the greater stability of both market prices and exchange rates has made it easier for household heads to plan for future expenditures.

Exchange rates

The Syrian pound (SYP) is the primary currency in use in nearly all parts of Syria. This has remained the case despite occasional attempts by non-state actors to introduce alternate currencies in their areas of influence, including the US dollar (USD), the Turkish lira (TRY)[4] and the unofficial 'golden dinar'.[5]

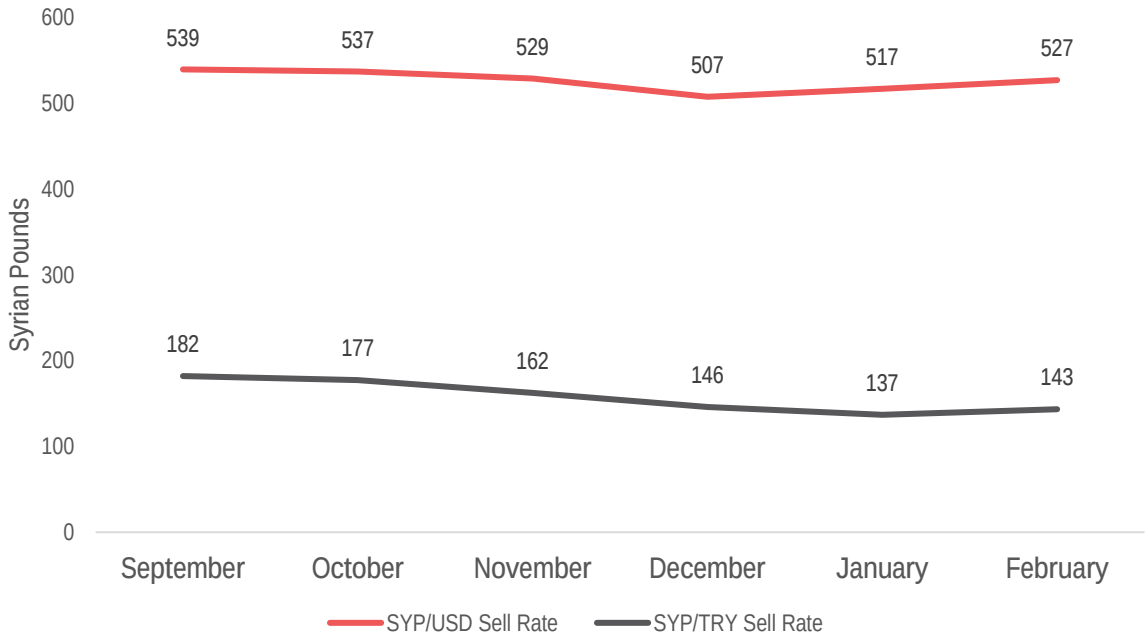
An informal January 2017 REACH survey of NGOs involved in cash-based programming in Syria showed that Syrian pounds and US dollars are widely accessed by households in all regions. While Syrian pounds are dominant in everyday purchases and are used in a wide array of other transactions, US dollars are slightly more common in transactions that require large quantities of money, including asset purchases and business investment; this can be attributed, at least in part, to the volatility and high inflation of the Syrian pound since 2011. For the same reason, households are much more likely to keep savings in USD, and also tend to receive remittances and humanitarian cash transfers in this currency. Near Syria's northern and southern borders respectively, the Turkish lira and Jordanian dinar are sometimes used in place of USD, particularly to receive remittances coming from family members who have fled Syria; other international currencies, mainly the euro and the Saudi riyal, are used less frequently for the same purpose. Lebanese pounds and Iraqi dinars are rarely used, as despite the greater ease of bringing these currencies cross-border, both remain weaker than the Syrian pound.[6]

Throughout late 2016 and early 2017, the value of the Syrian pound stayed fairly constant, in contrast with its frequent sharp decreases in value throughout 2015 and the first half of 2016.[7] The median SYP/USD sell rate, or the number of Syrian pounds needed to purchase one US dollar in northern Syria, changed by only 8 SYP between September (539 SYP) and February (527 SYP); the difference between its highest and lowest monthly rates, in September and December respectively, was just 32 SYP (6%). Indeed, since May 2016, the median monthly sell rate had neither dropped below 495 SYP/USD nor risen above 539 SYP/USD. This suggests that the Syrian Central Bank's May 2016 currency float, in which it abandoned its former currency peg regime that had created a disconnect between official and informal exchange rates,[8] has been successful in controlling the inflation of the Syrian pound.

In any given month, **exchange rates tend to be remarkably consistent across northern Syria markets**, except where access restrictions preclude the entry of foreign currency. **In most months, the difference between the highest and lowest observed SYP/USD sell rates was between 15 and 18 SYP (3% of the median rate)**, which can be taken as the baseline variation across shops, regions and areas of control. In November, however, this gap temporarily increased to 50 SYP due to that month's inclusion of lower exchange rates from eastern Aleppo; in February, it increased to 34 SYP due to the reintroduction of data from Deir-ez-Zor governorate.

[4] https://www.newsdeeply.com/syria/articles/2015/08/27/aleppo-residents-divided-over-switch-to-turkish-lira
[5] http://www.syriahr.com/en/?p=48280
[6] Data collected by REACH Initiative, January 2017.
[7] Monthly exchange rates collected by the Syria Market Monitoring Initiative. Daily rates sourced from http://www.sptoday.com/en.
[8] http://www.usnews.com/news/business/articles/2016-05-10/syrian-central-bank-exchange-rate-hits-record-high

Figure 1: Reported prices of 1 US dollar and 1 Turkish lira in Syrian pounds (SYP) by month, September 2016–February 2017



The SYP/TRY sell rate, meanwhile, decreased substantially between September 2016 and February 2017, sinking from 182 SYP/TRY in September to 143 SYP/TRY in February (21%). This can be attributed almost wholly to the falling value of the Turkish lira, driven by political instability in Turkey; the TRY/USD exchange rate jumped from 2.98 to 3.64 TRY/USD, a rise of 22%, over the same period,[9] and the lira and the SYP/TRY sell rate both reached their lowest values near the end of January.[10]

Cost of a Survival Minimum Expenditure Basket (SMEB)

As outlined above, the Survival Minimum Expenditure Basket represents the minimum amount of food and non-food items an average six-person Syrian household must purchase each month in order to achieve a 2,100 kCal/day diet. The 21 items in the SMEB are at the core of the Syria Market Monitoring Exercise and represent the bulk of data collected. Partners also collect price data on some non-SMEB commodities, particularly flour, tea, diesel and petrol, that are frequently sought out by Syrians despite not being strictly necessary to support a household.

Since the beginning of the Syria Market Monitoring Exercise, partners have observed **a strong correlation between the SYP/USD exchange rate and the overall cost of the SMEB**. During the first half of 2016, for instance, sizable fluctuations in the median SMEB price were driven by a 59% drop in the value of the Syrian pound between January and May.[11] Via a similar mechanism, **between September 2016 and February**

Calculating the Cost of the SMEB

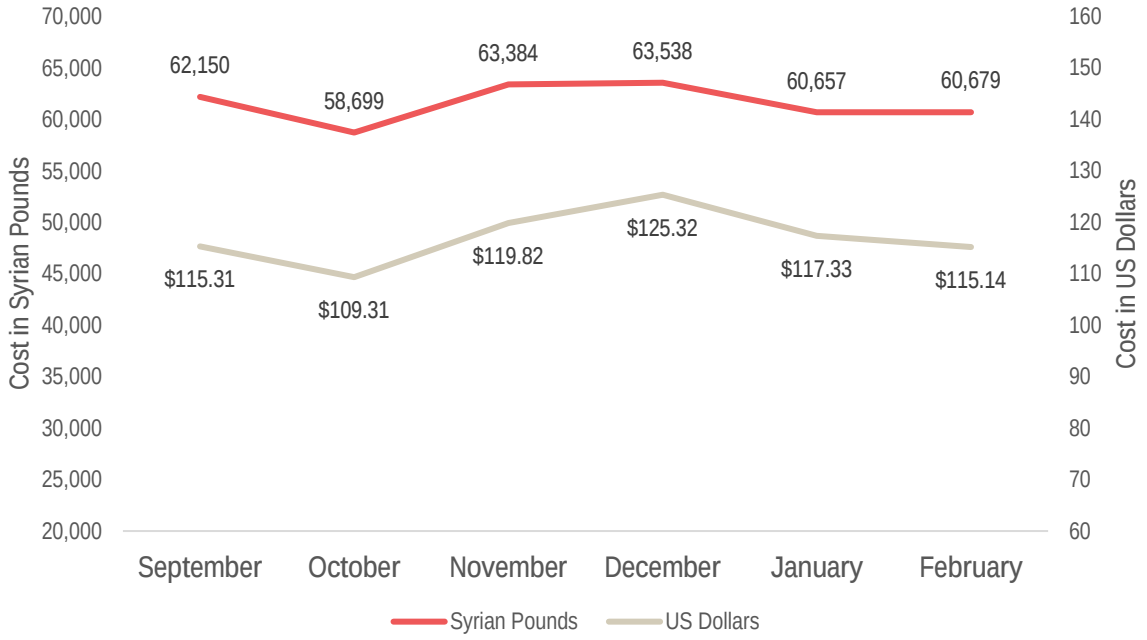
- Median prices were calculated for each commodity in the SMEB for each month in every assessed subdistrict.
- These median commodity prices were weighted based on the quantity of each that an average six-person Syrian household may be expected to consume each month (see Table 1, p. 10).
- All weighted prices were then summed to derive the total cost of the SMEB in each subdistrict for each month of the assessment.
- Afterwards, the food and hygiene NFI portions of the SMEB were extracted and analysed separately to highlight differing trends for these commodities.
- A separate fuel price basket was constructed by summing the median prices of 1 litre of each type of monitored fuel for each month in every assessed subdistrict.

[9] TRY/USD daily rates sourced from http://www.xe.com/currencycharts/?from=USD&to=TRY&view=1Y.
[10] SYP/JOD exchange rates were collected for the first time in February 2017 but were not analysed in the present report, as data was only available for a single month.
[11] REACH, *Northern Syria Market Monitoring Exercise: January–August 2016 Overview*, http://www.reachresourcecentre.info/system/files/resource-documents/reach_syr_marketmonitoring_trendsanalysis_janaug2016.pdf.

2017, the largely static SYP/USD exchange rate produced a largely static median SMEB price, one that drifted from a low of 58,699 SYP (109.31 USD) in October to a high of 63,538 SYP (125.32 USD) in December, an 8% difference. When converted to USD, these prices fluctuated slightly more (15%), due in part to a lag between changes in the SYP/USD exchange rates and changes in commodity prices. Between November and December, for instance, the median SYP/USD sell rate fell from 529 to 507, but the median price of an SMEB in SYP did not drop to reflect this change until January; for this reason, the real median SMEB value rose from 119.82 USD in November to 125.32 USD in December, though households' SYP expenditures did not change. Though some directional price trends and regional variations were observed for individual components of the SMEB (detailed in the sections "Food", "NFIs" and "Fuel"), these tended to offset each other, keeping the overall SMEB price stable.

The monthly prices in the following graph (Figure 2) represent the medians of all complete subdistrict-level SMEBs collected in each month.[12] The number of complete SMEBs, and the locations from which they are derived, has varied from a low of 13 in October to a high of 35 in January; it is generally possible to assemble a complete SMEB in 50-70% of the total number of subdistricts covered by the exercise. Enumerators and KIs in just three subdistricts (Lattakia, Idleb and Harim) reported complete SMEB values for all six months covered by the present report.

Figure 2: Median price of a complete SMEB by month, September 2016–February 2017



There have been substantial geographic variations in the cost of the SMEB, with prices in some subdistricts consistently higher than those in others. As in previous periods, KIs in Deir-ez-Zor reported the most expensive SMEB values across all assessed areas of northern Syria in nearly every month in which a complete basket could be assembled. The median cost of an SMEB in Deir-ez-Zor between September 2016 and February 2017, 90,158 SYP (172.06 USD), was 44% higher than that of the northern Syria–wide six-month median of 62,405 SYP (119.09 USD).[13] The subdistricts of ar-Raqqa (84,704 SYP, 161.65 USD, 36% above overall median) and Tamanaah (83,852 SYP, 160.02 USD, 34% above overall median) also typically reported some of the highest SMEB values in the Market Monitoring Exercise; in both areas, nearby military operations and increased insecurity made it difficult to keep markets supplied, which in turn led to high prices. Due to local council subsidies, the Kurdish-held areas

[12] It is important to note that complete SMEB values could not be obtained in all subdistricts in all months, given the frequency of commodity shortages and security issues that affected access. If enumerators cannot collect prices for even one SMEB item, the basket must be considered partial and cannot be directly compared to complete baskets.

[13] Data collected from Deir-ez-Zor city during the period of analysis reflected prices and availability in ISIL-controlled areas. Prices for goods, if available, are likely to be higher in besieged areas.

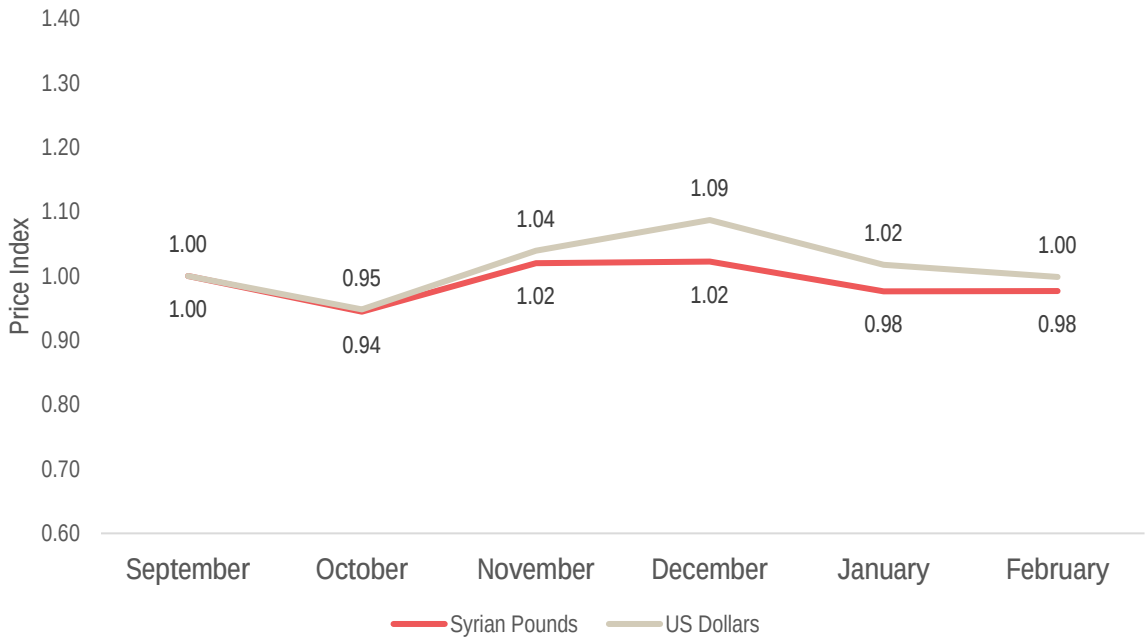
almost uniformly reported the least expensive median six-month SMEB costs across all assessed areas of northern Syria, with Menbij reporting the lowest price (51,356 SYP, 98.01 USD, 18% below overall median).

The following graph (Figure 3) shows a pair of price indices, one for Syrian pounds and one for US dollars, for the cost of the complete SMEB across all six months. These price indices reinforce the picture of an SMEB whose price in both SYP and USD stayed largely static, aside from a short-lived dip in the month of October 2016; USD prices wandered upwards slightly more than SYP prices in December, but both returned to nearly the same point from which they had started.

How to Read a Price Index

- A price index is a representation of relative price changes over a given period of time.
- The price indices in this report were created by setting the initial (September 2016) price equal to one and reporting all subsequent prices as a fraction of the initial price.
- In any given month, a value of 1.00 represents no change from the initial state, a value of 1.10 represents a 10% increase, and so on.

Figure 3: Complete SMEB price indices, September 2016–February 2017



Food

Across northern Syria, **between September 2016 and February 2017, food prices subsided by 10% in SYP and 8% in USD**, with SYP prices in January 2017 dipping to 13% below September levels. This contrasts sharply with the first half of 2016, when the cost of a food basket jumped by 42% between January and July; the change can be attributed in part to the increased stability of the Syrian pound, which in turn enabled suppliers and vendors to set more stable prices.

Figure 4: Combined price indices for SMEB food items, September 2016–February 2017

Disaggregating the food basket by item shows that **the average prices of nearly two-thirds of monitored food items fell in both SYP and USD between September 2016 and February 2017**. The SYP prices of staple foods such as red lentils (–17.1%), rice (–15.0%) and bulgur (–14.4%) saw some of the largest decreases, which held consistent across most subdistricts of northern Syria. Consistent region-wide decreases were also observed in the prices of chicken (–13.2%) and eggs (–9.1%), historically two of the most expensive commodities monitored; the median price of eggs spiked by 250 SYP in December but quickly returned to its downward trend. Average observed bread prices increased by 21.2%, but this can be attributed to the fact that, between September and February, coverage for the Syria Market Monitoring Exercise expanded into areas of Idleb governorate where bread was less heavily subsidised.

In contrast with those of most other commodities, the average price of cucumbers rose by 104.7% over the assessed period, reflecting several months of widespread price spikes, decreasing supplies and increasing shortages for this commodity. These spikes were particularly dramatic between January and February in conflict- and displacement-affected areas of Idleb and Aleppo governorates, particularly Jisr-ash-Shugur, Ariha, A'zaz and Suran subdistricts. Prices for other fresh vegetables have stayed more stable, indicating that local producers have had fewer issues supplying markets with these items; price distributions tend to be small for all but the most expensive food items, indicating limited regional variation. Unlike in the first half of 2016, no significant differences were observed between SYP and USD trends, reflecting greater stability in exchange rates.

Table 3: Net changes in the average prices of monitored food items, September 2016–February 2017

	September average price (SYP)	September average price (USD)	February average price (SYP)	February average price (USD)	Percent change in SYP	Percent change in USD
Red lentils (1 kg)	534	0.99	443	0.84	-17.1%	-15.2%
Rice (1 kg)	497	0.92	422	0.80	-15.0%	-13.0%
Bulgur (1 kg)	249	0.46	214	0.41	-14.4%	-12.5%
Chicken (1 kg)	968	1.80	840	1.59	-13.2%	-11.2%
Sugar (1 kg)	489	0.91	433	0.82	-11.4%	-9.4%
Flour (1 kg)	188	0.35	168	0.32	-10.6%	-8.6%
Eggs (30 eggs)	1352	2.51	1228	2.33	-9.1%	-7.1%
Ghee (1 kg)	805	1.49	752	1.43	-6.5%	-4.4%
Vegetable oil (1 L)	607	1.13	577	1.09	-4.9%	-2.8%
Potatoes (1 kg)	197	0.37	189	0.36	-4.4%	-2.3%
Tomatoes (1 kg)	241	0.45	239	0.45	-0.9%	1.3%
Tomato paste (1 kg)	605	1.12	618	1.17	2.1%	4.5%
Tea (1 kg)	3126	5.80	3407	6.46	9.0%	11.5%
Onions (1 kg)	150	0.28	172	0.33	14.7%	17.4%
Bread (7-8 loaves)	115	0.21	139	0.26	21.2%	23.9%
Salt (500 g)	72	0.13	91	0.17	26.8%	29.7%
Cucumbers (1 kg)	192	0.36	393	0.75	104.7%	109.3%

Shortages of food items were relatively rare, with over two-thirds present in all assessed markets in nearly every month of data collection. Bread was the most commonly unavailable food item, absent from a median of 4 subdistricts per month. In contrast to the winter of 2015-2016, **no widespread seasonal shortages were observed during the winter of 2016-2017**. That said, the price of cucumbers did rise notably over the same time period, and shortages began to surface in February 2017, indicating that supply chains for this item are increasingly unable to cope with demand.

NFIs

While the core food items in the Syria Market Monitoring Exercise are often brought to market by local producers, most hygiene NFIs, by contrast, are produced on an industrial scale. However, six years of conflict have ravaged Syria's manufacturing sector, which has contracted by 77% since 2010, with the result that the country has lost its former self-sufficiency in many areas.[14] **Hygiene items and other essential manufactured goods must often be imported, either across international boundaries or across frontlines**, which results in more volatile prices dependent on access restrictions and inconsistent importation patterns.

Separating hygiene NFIs out from the rest of the SMEB shows that their median prices have, on the whole, varied more widely than those of food. The Syrian pound prices of this partial basket ranged from a low of 15% below September 2016 levels to a high of 9% above those levels (a spread of 24%), with the highest prices observed in November and December; this was driven largely by a 63% jump in the price of an NFI basket in al-Hasakeh between October and November, likely linked to the launch of hostilities across the Iraqi border in Mosul

[14] Jeanne Gobat and Kristina Kostial, *IMF Working Paper: Syria's Conflict Economy*, June 2016, http://www.imf.org/external/pubs/ft/wp/2016/wp16123.pdf.

and increased security at the Iraqi-Syrian border at that time. By February 2017, however, prices had circled back to nearly their initial September values.

Figure 5: Combined price indices for SMEB hygiene NFIs, September 2016–February 2017

Unlike in the first half of 2016, **most individual hygiene NFIs in the basket did not exhibit significant average price changes from September to February**. Individual bars of soap saw the greatest percentage increase in average price over this time period (16.7%); this was counteracted by decreases in the average prices of other hygiene NFIs, particularly laundry powder (–47 SYP, –7.6%), which kept the price of the partial NFI SMEB at the same level. That said, as the price indices above suggest, the small differences between the beginning and end of the assessed period mask larger swings in most items' median prices in the intervening months, particularly from October to November and from December to January. Given this volatility, along with the vulnerability of NFI imports to sudden shifts in conflict dynamics, helping shopkeepers obtain the capital and storage capacity to purchase and retain large stocks of NFIs when prices are low can potentially help to counteract the effects of short-lived price spikes.

Table 4: Net changes in the average prices of monitored hygiene NFIs, September 2016–February 2017

	September average price (SYP)	September average price (USD)	February average price (SYP)	February average price (USD)	Percent change in SYP	Percent change in USD
Laundry powder (1 kg)	614	1.14	567	1.08	-7.6%	-5.5%
Toothpaste (100 g)	239	0.44	234	0.44	-2.0%	0.2%
Dishwashing liquid (1 L)	303	0.56	314	0.60	3.8%	6.1%
Sanitary pads (1 pack of 10)	268	0.50	286	0.54	6.7%	9.1%
Bathing soap (150 g)	149	0.28	174	0.33	16.7%	19.3%

Hygiene NFIs went through short periods of localised unavailability, particularly in November 2016, when each assessed item was absent from between four and six markets throughout the assessed area. No regional patterns were observed.

Fuel

More than most monitored commodities, fuel in Syria tends to be subject to movement restrictions and supply chain breakdowns. Although the country produces and refines its own oil, fuel almost always needs to be

transported across frontlines and through multiple checkpoints before reaching markets, which leaves supply chains vulnerable to access restrictions and shifts in conflict dynamics. This erratic supply can lead to price spikes, shortages and wide swings in observed prices in affected areas.

Though manually refined kerosene, or kaz, was the only fuel included in the SMEB for most of the period covered by the present report,[15] partners in the Market Monitoring Exercise also monitor the prices of several other types of fuel, specifically government-produced petrol, government-produced diesel, manually refined petrol, manually refined diesel and 20-litre cylinders of LPG (liquefied petroleum gas). LPG is preferred as a cooking fuel, but in northern Syria poorer and more vulnerable households tend to cook with kerosene instead, due to its cheaper price and the option of buying it by the litre rather than in a larger canister. Manually refined diesel and petrol, meanwhile, tend to be of low quality but still sufficient to run a generator, whereas industrially refined versions of the same fuels are necessary to operate a vehicle reliably. To create fuel price indices, the sum of the median price of one litre of each type of monitored fuel was compared across all six months from September 2016 to February 2017.

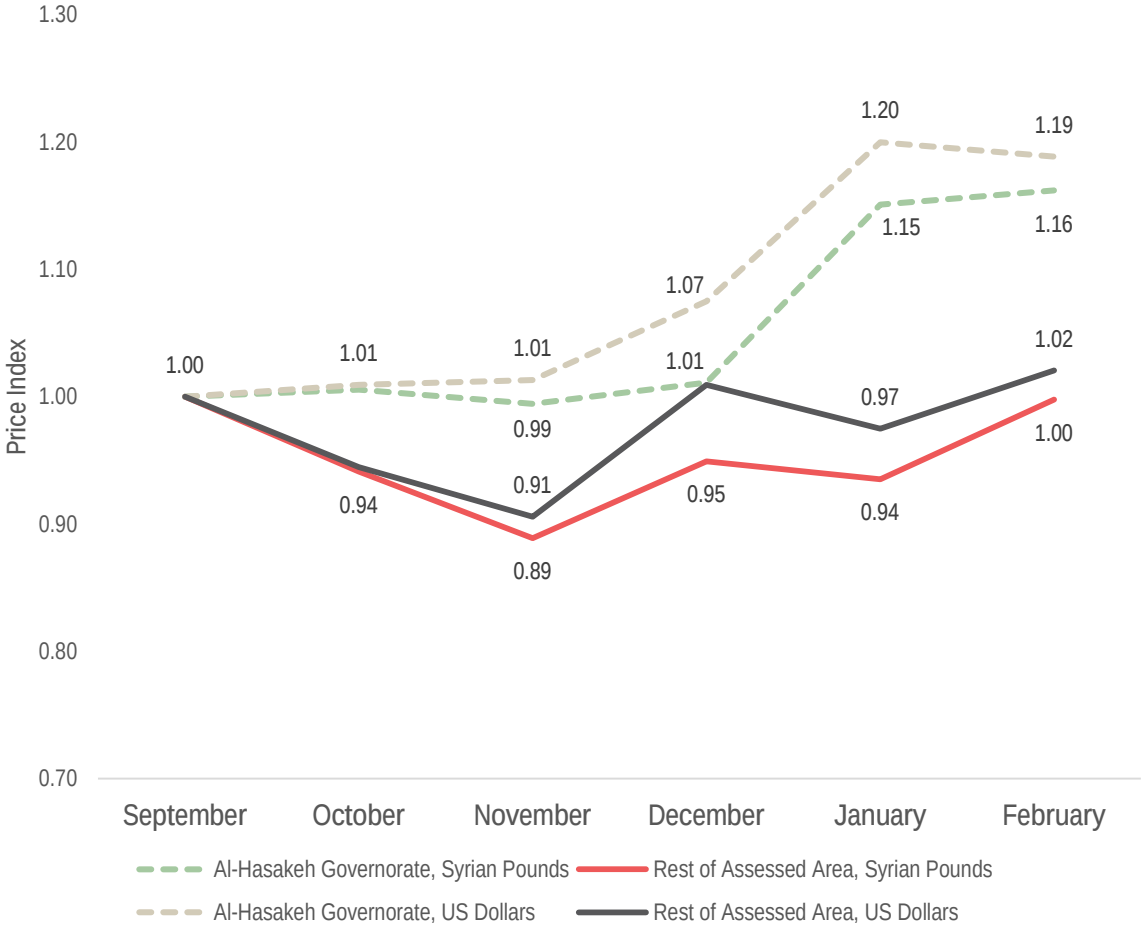
One of the phenomena that most affects fuel prices in northern Syria is the fact that in al-Hasakeh governorate, the prices of most types of fuel are fixed or heavily subsidised by local councils, which drives market prices far lower than in other regions of the country. This results in a bimodal dataset that contains few values in the middle of the range, which makes it difficult to calculate meaningful country-wide averages or medians. Instead, fuel prices from al-Hasakeh governorate have been extracted and analysed alongside data from other governorates in northern Syria. Doing so reveals that median combined fuel prices in al-Hasakeh are just 21% of combined fuel prices in other areas of northern Syria, and that month-to-month variations in that governorate tend to follow different patterns from those observed elsewhere.

[15] In February 2017, in connection with the Market Monitoring Exercise's expansion to the south and the CBR–TWG's larger changes to the structure of the SMEB, REACH implemented a new method of calculating the cooking fuel expenditures of Syrian households. Previously, kerosene had been the only fuel included in the SMEB; from February onwards, kerosene was designated as the principal SMEB fuel only in northern governorates of Syria, while in southern governorates it was changed to LPG to better reflect local consumption patterns. If the principal SMEB fuel was not available in markets, the price of the secondary SMEB fuel could be substituted in the calculations. However, to maintain consistency within this trend analysis report, data from all months, including February, was re-aggregated and all SMEB values were re-calculated using pre-February formulas.

Figure 6: Median price of a fuel basket by month in al-Hasakeh governorate and other governorates in northern Syria, September 2016–February 2017

While all regions of the country have struggled with fuel price fluctuations, examining the price indices below reveals that they tend to happen at different times in al-Hasakeh. The median price of an al-Hasakeh fuel basket in Syrian pounds remained nearly static between September and December 2016, but jumped 15% in January 2017 due primarily to changes in the prices of government-produced petrol and manually refined diesel. This jump was not observed in other parts of northern Syria. This disconnect can be explained partly by the heavy fuel subsidies implemented by local councils in al-Hasakeh governorate; it may also reflect the fact that al-Hasakeh relies mainly on fuel from a single refinery complex at Rmeilan, al-Malikeyyeh subdistrict, and is thus less susceptible to whole-of-Syria trends than to fluctuations in production at that single location. The rest of northern Syria makes use of more diverse fuel sources, but also faces more frequent breaks in supply due to conflict events.

Figure 7: Combined price indices for monitored types of fuel in al-Hasakeh governorate and other governorates in northern Syria, September 2016–February 2017



Between September 2016 and February 2017, the average prices of most fuels rose to varying degrees, counteracting the decrease in food prices over the same period. In northern Syria outside of al-Hasakeh governorate, the average price of manually refined diesel rose by 62 SYP (0.13 USD, 29.0%), and that of government-produced diesel rose by 77 SYP (0.16 USD, 24.5%). The price of government-produced petrol, which had previously spiked in September, tumbled by 173 SYP (0.30 USD, –27.7%) between September and February. Government-produced fuels, however, tend to be less commonly used or available in opposition-held territories and are not strictly necessary for household use, meaning that changes in these prices tend to have a smaller effect on a household's economic vulnerability than do changes in the price of LPG or manually refined fuels, including kerosene.

In al-Hasakeh, meanwhile, the price of manually refined diesel rose by 34 SYP (0.07 USD, 78.7%), but that of government-produced petrol moved in the opposite direction as in other parts of northern Syria, rising by 70 SYP (0.14 USD, 51.6%). The much higher percent changes in al-Hasakeh should be interpreted with caution, as these represent very low prices that have risen by only a few Syrian pounds. In many cases, the average prices in other areas of north Syria rose significantly more than those in al-Hasakeh, which translates into a greater financial burden on households in these regions.

Table 5: Net changes in the average prices of monitored fuel types in al-Hasakeh governorate and other governorates in northern Syria, September 2016–February 2017

	September average price (SYP)	September average price (USD)	February average price (SYP)	February average price (USD)	Percent change in SYP	Percent change in USD
Al-Hasakeh governorate:						
LPG (1 L)	108	0.20	106	0.20	-2.5%	-0.3%
Manually refined petrol (1 L)	110	0.20	118	0.22	7.4%	9.8%
Manually refined kerosene (1 L)	76	0.14	93	0.18	22.8%	25.6%
GoS diesel (1 L)	35	0.06	44	0.08	25.2%	28.1%
GoS petrol (1 L)	137	0.25	207	0.39	51.6%	55.1%
Manually refined diesel (1 L)	43	0.08	77	0.15	78.7%	82.8%
Rest of assessed area:						
GoS petrol (1 L)	625	1.16	452	0.86	-27.7%	-26.1%
Manually refined petrol (1 L)	277	0.51	292	0.55	5.2%	7.6%
LPG (1 L)	367	0.68	417	0.79	13.6%	16.1%
Manually refined kerosene (1 L)	270	0.50	323	0.61	19.8%	22.5%
GoS diesel (1 L)	316	0.59	393	0.75	24.5%	27.3%
Manually refined diesel (1 L)	213	0.39	275	0.52	29.0%	31.9%

Shortages of fuel, especially that produced by the government of Syria, have proven particularly challenging to consumers. In line with patterns observed throughout 2015 and 2016, government diesel was absent from a median of 14 assessed markets each month, making it by far the monitored commodity with the most frequent shortages. There were additional shortages of manually refined petrol in a median of 8 subdistricts each month between September 2016 and February 2017; of government petrol and manually refined kerosene (kaz) in 6 subdistricts per month; and of LPG in 5 subdistricts per month. On the other hand, manually refined diesel, the least expensive and most widely used fuel in northern Syria, was absent from just one or two subdistricts in most months. Observed fuel shortages tended to centre on Idleb and Aleppo governorates from September through December and on the northeastern Aleppo and northern ar-Raqqa countrysides from December through February, reflecting shifts in the centre of conflict in northern Syria. The number of observed shortages of all types of fuel except manually refined petrol increased between January and February, reflecting the inability of local fuel supply chains to meet increased winter demand.

Private water trucking services

Six years of hostilities have heavily damaged Syria's pre-conflict water infrastructure. Ruptured pipes, destroyed pumping stations, contamination, insecure routes to water sources and the deliberate restriction of water supplies as a weapon of war[16] have limited many Syrians' access to this vital resource, leaving households to cope in any way they can. **For many in opposition-held areas, the safest and most reliable way to access drinking water is to have it delivered directly to their residence by a private water trucking service.** While this tends to be the preferred option in the absence of a functioning municipal water network, it can also be costly, placing an additional financial burden on households that can ill afford the expense.

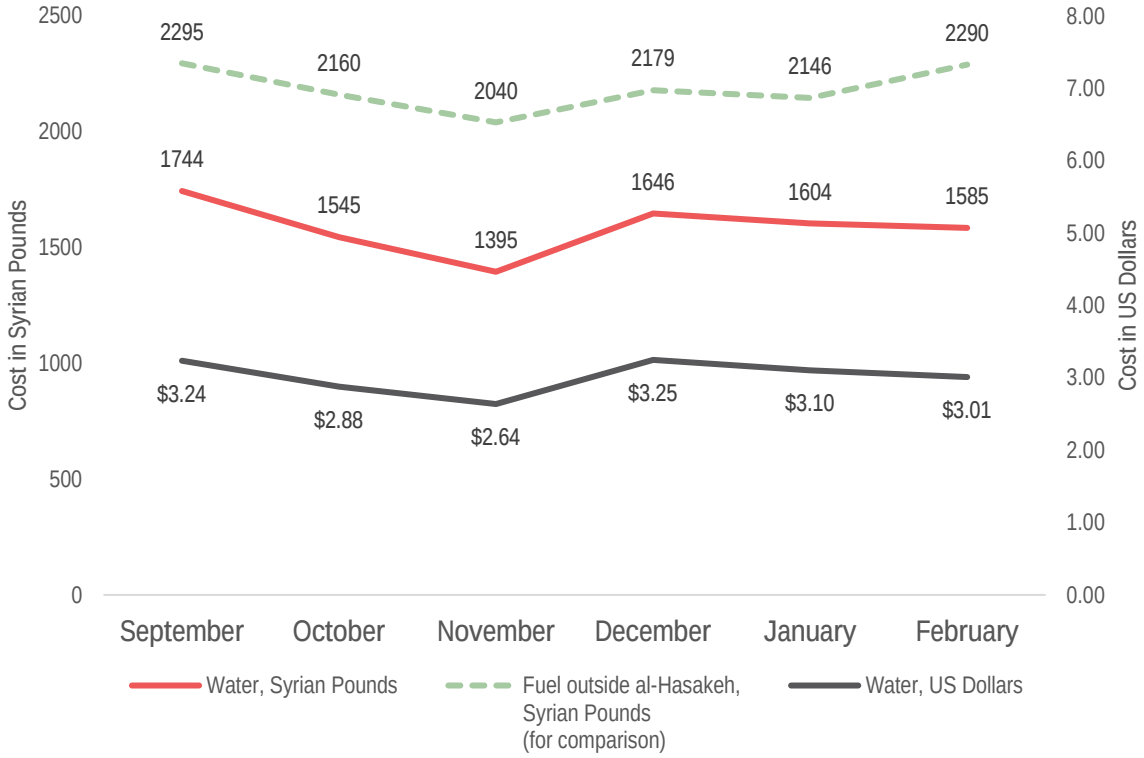
[16] Marcus DuBois King, "The Weaponization of Water in Syria and Iraq," *The Washington Quarterly* (Winter 2016).

On behalf of the WASH Cluster, REACH and its partners monitor the prices of privately run water trucking services throughout Syria. By collecting data on the capacities of individual water trucks operating in monitored markets, as well as on the price of delivering a truck of water over various distances, REACH is able to derive the cost per litre of accessing water in this manner.[17] Though water is commonly distributed by the truckload, the full cost of the truck is rarely borne by a single household; rather, several adjacent households with outdoor tanks will jointly hire a truck to supply them all regularly.

In practice, **the great majority of monitored water trucks in northern Syria operate in Idleb and Aleppo governorates**, with the result that most water price data reported in the Market Monitoring Exercise is drawn from that region. Private trucking is rarer in other assessed governorates, particularly al-Hasakeh, ar-Raqqa and Lattakia, where municipal networks remain intact and usage is widespread. In al-Hasakeh, for example, 87% of households rely primarily or wholly on the main network and only 3% on water trucking services,[18] as opposed to in Idleb, where 72% of households rely on water trucking and only 15% are connected to the network.[19] Where functioning water networks are present, the water is generally either fully subsidised or available for a negligible flat or per-cubic-metre fee.[20]

Prior to February 2017, the SMEB included 2,790 litres of water, which represents the average amount of water a six-person Syrian household must consume per month to meet the Sphere minimum standard of 15 litres per person per day, plus a 2% cushion.[21] In general, between September and February, **changes in the monthly median price of water delivery in Idleb and Aleppo governorates closely paralleled changes in the price of fuel in that region**: declining by 20% between September and November, jumping by 18% between mid-November and mid-December, and stabilising thereafter. This reflects the fact that water trucking services depend heavily on fuel purchases, both for trucks and for water pumps, in order to function.

Figure 8: Median price for the delivery of 2,790 L of water by a private water trucking service by month, September 2016–February 2017, alongside median price of a fuel basket over the same period



[17] CBR–TWG partners also collect information on the nature of the water source used and whether the water in the truck is chlorinated, data that is analysed independently by the WASH Cluster.
[18] REACH, Hasakeh Governorate Multi-Sector Needs Assessment 2016.
[19] REACH, Syria Shelter and NFI Assessment: Governorate Factsheets, December 2016.
[20] REACH, Humanitarian Situation Overview for Syria (HSOS), March 2017.
[21] In February 2017, based on CBR–TWG and WASH Cluster guidance, this number was raised to 4,500 litres per month to more accurately reflect the consumption patterns of Syrian households. However, to maintain consistency within this trend analysis report, data from all months, including February, was re-aggregated and all SMEB values were re-calculated using the same pre-February formulas.

Across assessed markets, **the lowest six-month median water prices between September 2016 and February 2017 were reported in Menbij** (median price of 0.25 SYP/L), though prices there increased sharply in the first months of 2017 in connection with rises in the price of fuel throughout the Kurdish-held region. Nearby Kurdish-held subdistricts of Aleppo governorate followed closely, including Ain al-Arab (0.35), Sarin (0.38) and Lower Shyookh (0.38).

Meanwhile, **the highest reported water prices generally came from northern Idleb governorate**, in particular the communities of Idleb (median price of 0.90 SYP/L), Kafr Takharim (0.78) and Qourqeena (0.78). Though prices in this region have been consistently high, this ranking contrasts with the first half of 2016, when month after month, ISIL-held suburbs of Deir-ez-Zor consistently reported the highest water prices of any assessed market in northern Syria. In recent months, water price data from Deir-ez-Zor has been unavailable due in part to a reignition of hostilities and widespread instability in the region, which has made it difficult for water trucking services to operate.

Case studies

Prices in northern Syria are shaped by a complex array of factors, chief among them areas of control. **Otherwise similar subdistricts controlled by different parties to the conflict often display significant variations in commodity prices and price trends**, which can be attributed in part to the differing economic policies of local authorities. Many secondary dynamics, including **levels of displacement, proximity to major conflict events, internal and external trade patterns, and the ease or difficulty of commercial access**, can vary from subdistrict to subdistrict and even from market to market. The four subdistricts below, representing three major areas of control within northern Syria, provide a window into Syria's intricate market dynamics.

Table 6: Four case studies: Median price changes in Syrian pounds in selected subdistricts, September 2016–February 2017

A'zaz

	SEP	FEB	CHANGE
Bread	85	150	76.5%
Bulgur	200	200	0.0%
Tomatoes	175	250	42.9%
Bathing soap	250	200	-20.0%
Kerosene	210	300	42.9%

Dana

	SEP	FEB	CHANGE
Bread	200	117	-41.5%
Bulgur	250	213	-14.8%
Tomatoes	175	233	33.1%
Bathing soap	113	95	-15.9%
Kerosene	350	228	-34.9%

Lattakia

	SEP	FEB	CHANGE
Bread	100	100	0.0%
Bulgur	325	350	7.7%
Tomatoes	200	200	0.0%
Bathing soap	200	100	-50.0%
Kerosene	Rarely used in this subdistrict		

Amuda

	SEP	FEB	CHANGE
Bread	55	55	0.0%
Bulgur	200	250	25.0%
Tomatoes	375	250	-33.3%
Bathing soap	100	165	65.0%
Kerosene	100	100	0.0%

- A'zaz and Dana: *Northwestern Syria, opposition-held, IDP destinations, few price controls*

  Both opposition strongholds situated next to Turkish border crossings, A'zaz and Dana subdistricts absorbed unprecedented numbers of IDPs in 2016, a consequence of military operations in the northern Aleppo and ar-Raqqa countryside that led to major shifts in frontlines. The presence of these IDPs, which make up an estimated 78% of A'zaz residents and 88% of Dana residents,[22] has placed enormous strain

[22] Estimated population and IDP figures come from the 2017 Humanitarian Needs Overview (HNO) for Syria.

on local markets. However, median prices in the two subdistricts moved in opposite directions: most prices in Dana fell between September 2016 and February 2017, particularly those of bread and kerosene, while those in A'zaz were more unstable, with the prices of bread, tomatoes and kerosene rising markedly and others holding steady or falling.

This difference can be attributed to geography and shifts in conflict dynamics. Throughout 2016 and 2017, the centre of conflict in northern Syria has gradually moved eastward, shifting first from Idleb governorate (where Dana is located) to Aleppo city and the northern Aleppo countryside, and more recently from Aleppo to northern ar-Raqqa governorate. By early 2017, A'zaz subdistrict was receiving roughly double the number of IDPs of Dana subdistrict; the influx of IDPs into Dana had calmed slightly even as A'zaz continued to struggle with massive displacement from the east.[23] Accordingly, while markets in A'zaz remained subject to frequent unpredictable increases in demand that left prices unstable, those in Dana were better able to adapt and rebuild, thanks in part to humanitarian market interventions that had a chance to take effect.

- Lattakia: *Northwestern Syria, government-held, IDP destination, price controls in force*

  The city of Lattakia, at the heart of government-held territory on the Syrian coast, is insulated from much of the fighting taking place in Syria. Although it has absorbed large numbers of IDPs from areas near the frontlines, which has placed strain on local markets, prices for food items such as bread, bulgur and tomatoes remained steady between September 2016 and February 2017, owing to a system of price controls implemented by local authorities to support the production and purchase of locally produced goods. Imported items, including most hygiene NFIs, are not included in this system of price controls, which led to freer price variations among these commodities. For 2015 and much of 2016, Lattakia consistently reported some of the highest SMEB costs in Syria; this is no longer the case, as SMEB costs in many parts of Idleb governorate have risen to match.

  The stability derived from government control means that nearly all monitored commodities have remained consistently available in Lattakia, with the exception of manually refined fuels such as kerosene (kaz), which are rarely produced or sold due to the easy availability of their government-produced equivalents. However, a January attack on a government-controlled oil refinery in Homs governorate led to short-lived but severe fuel shortages in Lattakia in February, with all types of fuel apart from LPG reported unavailable in markets.[24]

- Amuda: *Northeastern Syria, Kurdish-held, insulated from conflict, price controls in force*

  Like Lattakia, Amuda, a small Kurdish-held city in north-central al-Hasakeh governorate, is far from frontlines and is only occasionally affected by fighting or large influxes of IDPs. This relative stability enables local councils to control the prices of some essential commodities via heavy subsidies. The price of bread in Kurdish-held areas, for instance, remains lower than in any other assessed part of northern Syria. All monitored fuels are also distributed by Kurdish local councils at heavily subsidised rates, with median prices for some types of fuel falling as low as 35 SYP/L and generally not rising in response to inflation. The prices of non-subsidised items, including bulgur, fresh vegetables and hygiene NFIs, tend to be less regular; the dynamic here is very similar to that observed in opposition-controlled areas of northern Syria, but the nature and timing of price fluctuations do not match, given that the Kurdish-held areas source their imports from Iraq, not Turkey, and rely on different supply chains.

Because each market is shaped by its own political, geographic and economic dynamics, it is generally not advisable to take a single market as representative of its entire region. Still, it can be inferred that markets exhibiting the following characteristics are most likely to be vulnerable to conflict-related shocks:

- The market is located near an active frontline or is otherwise a target for armed group activity.
- The general area faces a high intensity of conflict and/or high and sustained levels of displacement.
- Local authorities do not have the capacity to implement subsidies or other types of price controls.

[23] Data collected as part of the CCCM Cluster's IDP Situation Monitoring Initiative (ISMI), January through March 2017.
[24] http://syriadirect.org/news/most-public-transport-in-latakia-suspended-amidst-fuel-shortage-2-bus-lines-reinstated-after-outcry/.

- Limited access to agricultural land or functioning industry means that **few commodities are produced locally**.
- **Supply chains** for many products must cover long distances; cross borders, frontlines, checkpoints or other unsafe areas; or are otherwise **vulnerable to conflict-related risk**.

CONCLUSION

Markets in northern Syria have shown remarkable resilience in the face of protracted conflict. Despite myriad challenges, supply chains in Northern Syria tend to regenerate quickly following shocks, with products generally returning to markets within weeks of their disappearance. Nearly all markets included in the Market Monitoring Exercise since its start in 2015 have continued to operate, with a majority of monitored commodities consistently available except at times of intense local clashes, while markets continue to operate, sometimes in different locations, even after having been targeted by direct attacks.

Nevertheless, while markets do continue to operate, some of them are under severe conflict-related stress, and the cumulative effects of six years of war are evident. Though the value of the Syrian pound has kept steady in recent months, the February 2017 exchange rate between the Syrian pound and the US dollar remains 211% higher than it was two years earlier. Though food prices have generally dropped between September and February, commodity shortages remain a constant risk, with items such as bread and most types of fuel absent from multiple markets month after month. Though the cost of a full SMEB has decreased slightly over the assessed period, this decrease comes in the wake of a year and a half of erratic price shifts and ever-increasing financial burdens on Syrian households.

In particular, markets that are in the vicinity of high-intensity conflict areas, such as Jisr-ash-Shugur and ar-Raqqa, or that can only be restocked via supply chains that cross these unstable regions, such as Deir-ez-Zor, are at particular risk of shortages and price instability. Those located in areas of heavy displacement, such as A'zaz, also tend to struggle. On the other hand, in markets that are insulated from areas of high-intensity conflict, where many core commodities are locally produced, and where local authorities maintain an active system of price controls—a group that includes locations such as Lattakia and Amuda—supplies and prices both tend to remain more stable.

Overall, the existence of relatively well-stocked and stable markets in many parts of Syria suggests that a significant proportion of the population has access to cash and is able to make purchases on the market. In this context, cash-based responses remain a wholly appropriate modality in most regions. As always, though, market conditions should be monitored regularly, and interventions should be designed to target the most vulnerable households, which are least likely to already have access to cash.

ANNEX: MARKET MONITORING DATA COLLECTION TOOLS & GUIDELINES

The paper data collection tools used in the Syria Market Monitoring Exercise can be downloaded from the REACH Resource Centre at the following links.

- Bakeries: English, Arabic
- Butcher shops: English, Arabic
- Cooking gas vendors: English, Arabic
- Currency exchange shops: English, Arabic
- Grocery shops: English, Arabic
- Fuel vendors: English, Arabic
- Hygiene item shops: English, Arabic
- Mobile phone shops: English, Arabic
- Vegetable vendors: English, Arabic
- Water trucking services: English, Arabic

Also available on the REACH Resource Centre are the data collection guidelines provided to participating NGO partners for distribution to all field coordinators and enumerators involved in the Syria Market Monitoring Exercise. These provide additional information about the methodology and coordination of this joint assessment.

- Syria Market Monitoring Exercise: Field Coordinator Guidelines
- Syria Market Monitoring Exercise: Enumerator Guidelines (English)
- Syria Market Monitoring Exercise: Enumerator Guidelines (Arabic)