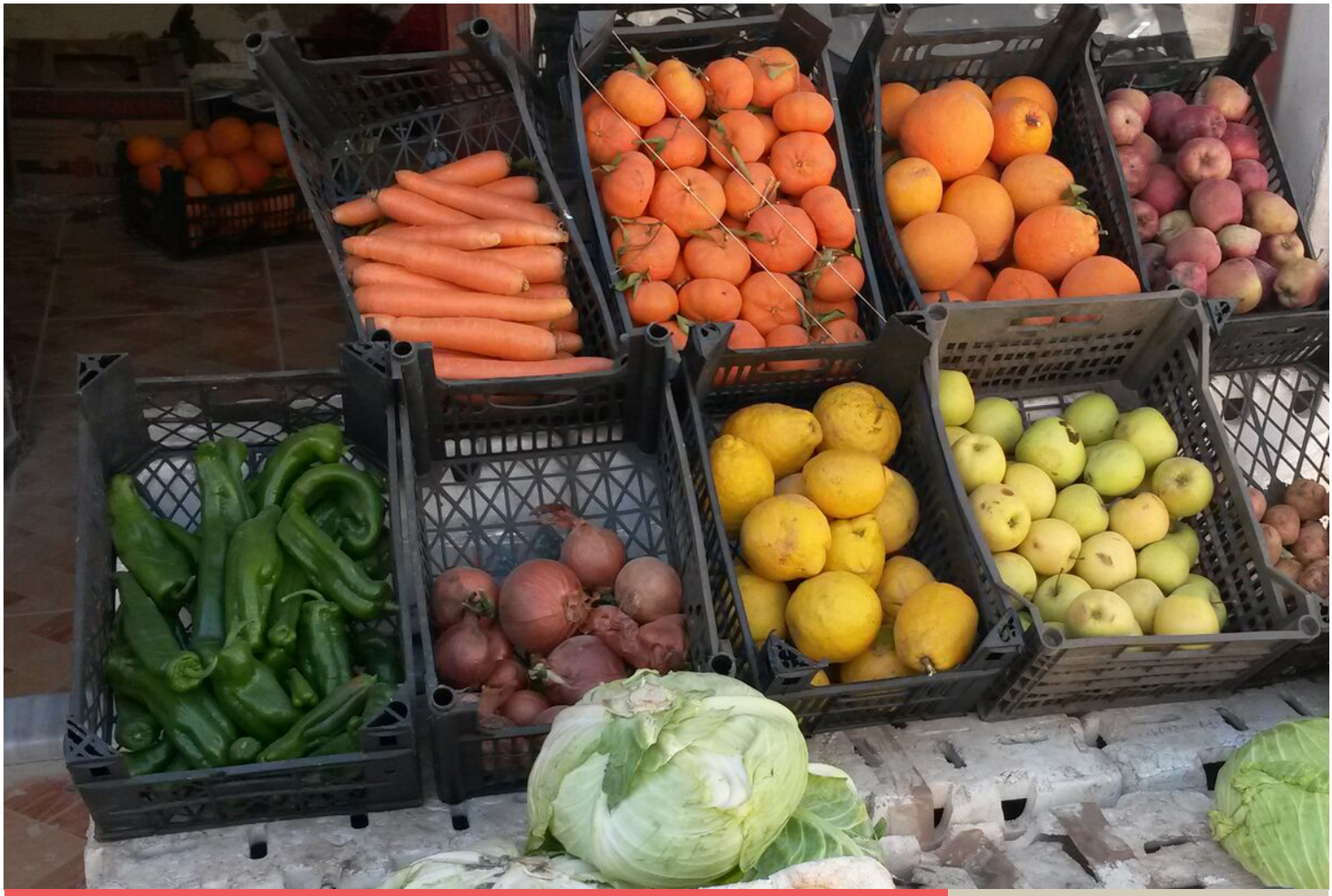

Northern Syria Market Monitoring Exercise: January–August 2016 Overview

Syria

Report

October 2016

CASH-BASED RESPONSES
TECHNICAL WORKING GROUP

REACH Informing more effective humanitarian action

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Photo credits: CBR–TWG (2016)

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.
You can contact us directly at: geneva@reach-initiative.org and follow us on Twitter @REACH_info.

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List of Acronyms

CBR–TWG	Cash-Based Responses Technical Working Group
GoS	Government of Syria
HSOS	Humanitarian Situation Overview in Syria
IRC	International Rescue Committee
NFIs	Non-food items
SMEB	Survival Minimum Expenditure Basket
SYP	Syrian Pound
TRY	Turkish Lira
USD	US Dollar

INTRODUCTION

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.

To support these efforts, the Cash-Based Responses Technical Working Group (CBR–TWG) and REACH have conducted monthly monitoring of prices and stock levels of selected food items, non-food items (NFIs) and types of fuel throughout northern Syria, as well as collecting information about exchange rates and private water trucking services in monitored markets. During each round, data on a range of consumable goods and commodities, including information on availability, prices and stock levels, is collected from the main markets in each subdistrict before being analysed and mapped.

With the aim of informing and guiding cash-based response programs in northern Syria, the Market Monitoring Exercise complements other multi-sectoral and macroeconomic efforts to understand markets in Syria. Despite the toll taken by years of fighting, markets are available and accessible throughout many parts of the country. Data collected as part of the Humanitarian Situation Overview in Syria (HSOS) project[1] in September 2016 found that only in 23% of surveyed communities was a lack of access to markets reported as a barrier to obtaining enough food.

This report summarises key findings from the Northern Syria Market Monitoring Exercise over the course of eight months, from January to August 2016. Its main objective is to identify and analyse trends related to market access, prices, availability, and supply chains during the past months, as well as tracking the impact of these trends on humanitarian needs.

[1] Humanitarian Situation Overview in Syria (HSOS): A monthly community-level multi-hub data collection exercise run by REACH in which multi-sectoral data on the humanitarian situation in each assessed community is collected either directly, by enumerators on the ground in Syria, or remotely, via refugee participants based in Iraq and Lebanon or assessment staff based in Turkey.

METHODOLOGY

Background

The Northern Syria Market Monitoring Exercise began as a REACH pilot project in 12 subdistricts of Idleb governorate in February 2015. In June of that year, the project was brought under the auspices of the CBR–TWG for northern Syria. Since then, the project has expanded to cover markets throughout Idleb, Lattakia, Aleppo, Hama, Ar-Raqqa, Deir-ez-Zor and al-Hasakeh Governorates. So far, 11 CBR–TWG partners (CARE/Shafak, Concern, Global Communities, GOAL, IRC, Mercy Corps, the Norwegian Refugee Council, People in Need, REACH, Save the Children and Solidarités International) have contributed resources to the Market Monitoring Exercise at some point in time. Eight of these organisations have participated in the first eight months of 2016, collecting data in a total of 43 subdistricts. While it has been possible to visit many locations on a near-monthly basis, in other cases, markets that were accessible in one round were not in the next.

Data collection

Data collection takes place during the third week of each month, using survey forms for each monitored type of vendor deployed on the KoBoCollect Android application. In most cases, enumerators affiliated with CBR–TWG members collect detailed information about the availability and prices of key food items, non-food items and fuel in northern Syria by visiting stores and directly surveying shopkeepers. Where direct visits are impossible, CBR–TWG partners collect data via remote interviews with shop owners, suppliers and consumers.

Organisations participating in the Market Monitoring Exercise collect data using a unified set of 10 KoBo forms, each designed for a different type of shop: larger food and NFI stores, bakeries, butcher shops, vegetable/produce vendors, hygiene item stores, fuel vendors, natural gas vendors, currency exchange shops, winter blanket vendors and private water trucking services. Using these 10 data collection tools, partners are asked to record the prices of a wide array of staple foods, non-food items and types of fuel; they also collect prices for winter blankets and water delivery services, as well as recording currency exchange rates in each market. Enumerators are required to record a minimum of three prices for each commodity in each market.

The majority of food items and NFIs assessed each month are part of the Survival Minimum Expenditure Basket (SMEB), developed by the Syria Nutrition Cluster in 2014. 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. The composition of the SMEB can be seen below.

Table 1: Items included in the Survival Minimum Expenditure Basket (SMEB)

SURVIVAL MINIMUM EXPENDITURE BASKET			
ITEM	QUANTITY	ITEM	QUANTITY
Bread	37 kg	Laundry/dish soap	2 kg
Rice	19 kg	Individual soap	12 pcs
Bulgur	15 kg	Toothpaste	2 pcs
Ghee	7 kg	Sanitary pads	4 packs of 10
Sugar	5 kg	Dried pulses	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	6% float*	6% total value
** not included in SMEB calculations*			

To ensure consistency amongst various partners, all enumerators have been trained in data collection techniques and are provided with guidelines regarding the types of commodities and shops they must assess. Food retailers, for example, must be located in permanent structures, be small- to medium-sized and stock multiple items included in the survey. Additional criteria have been developed for shops selling food and NFIs; water truck operators; and currency exchange vendors.

Once data collection has been completed, enumerators upload completed survey forms to a server where they are checked and cleaned by the CBR–TWG. This includes normalizing prices, cross-checking outliers and triangulating the results using secondary sources. REACH then analyses the cleaned data by commodity and by subdistrict, calculating median prices and the cost of living in each assessed area of northern Syria.

Coverage and access

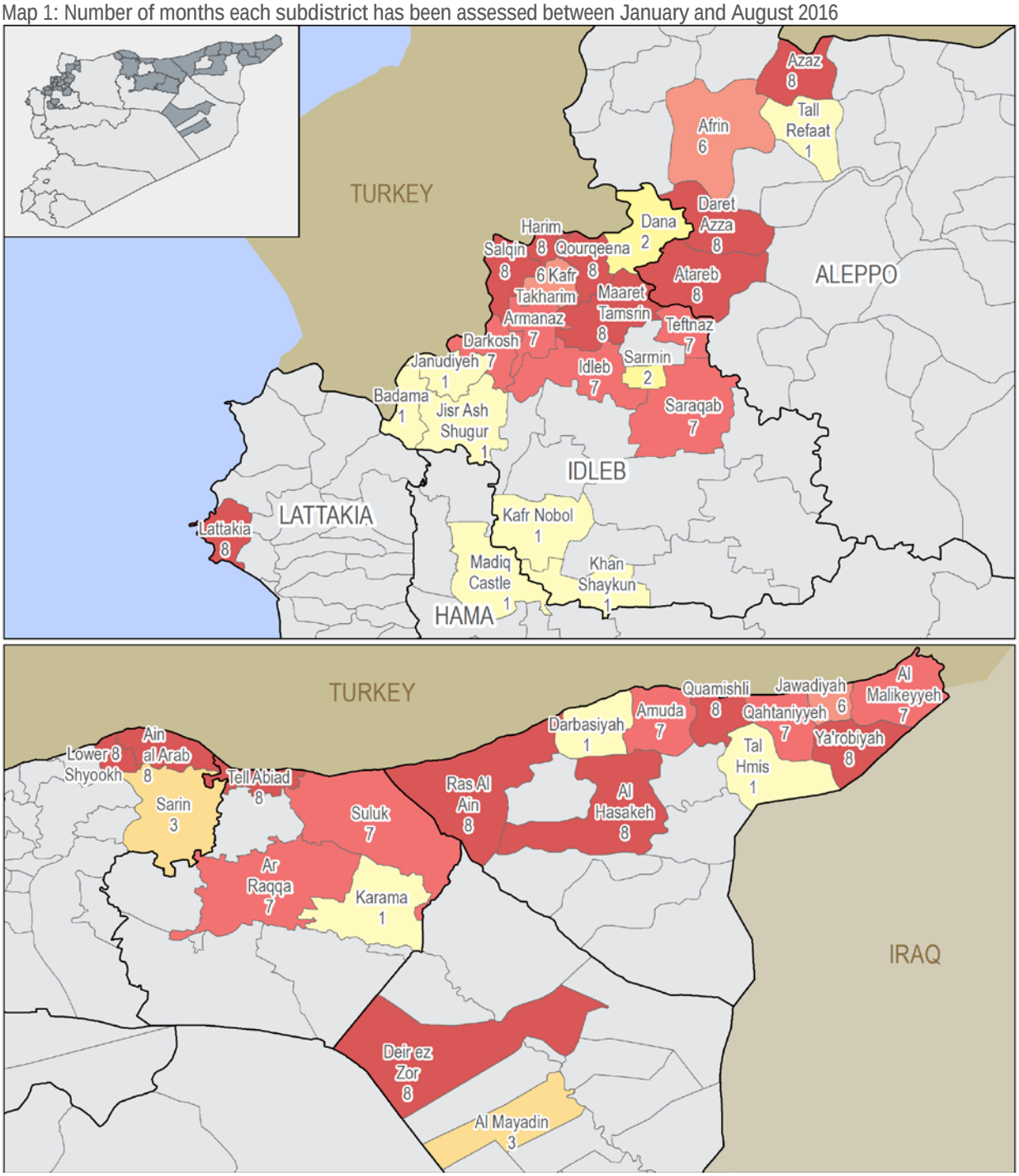
CBR–TWG partners closely monitor the security context in the subdistricts where they have committed to collect data and are encouraged not to expose their enumerators to undue risk. In some subdistricts, this means that enumerators cannot collect data from certain communities or neighbourhoods, a problem particularly acute in the divided cities of Deir-ez-Zor, al-Hasakeh and Qamishli. In light of these challenges, it has been necessary to develop alternative means of collecting data in some areas. CBR–TWG partners have been able to expand coverage to areas controlled by the government of Syria (GoS) and other armed groups by conducting remote interviews with key informants such as shop owners, suppliers and consumers. Typically, this is done through social media, WhatsApp and Skype, using the same data collection tools as those employed by ordinary enumerators.

Access challenges have varied each month, and while they have tended to be highly localised, they have increased in number as the operational environment in northern Syria has become more challenging. In particular, since late 2015, CBR–TWG partners have been unable to assess markets in the city of Aleppo due to the dramatic increase in shelling and airstrikes, which have consistently targeted markets and other public infrastructure throughout the city. Similarly, in July and August 2016, attacks on markets in Idleb city have led to gaps in data collection there. Shifts in the frontlines, followed by mass displacement events, have made also it impossible to access markets in Tall Refaat and Mare' subdistricts for most of 2016.

In March and April 2016, increased suspicion from local authorities required a change in the way some partners in northern Idleb governorate collected data. In an increasingly tense security environment, local councils and other authorities in the region withdrew their permission to collect Market Monitoring data 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. To respond to these concerns, the CBR–TWG removed all GPS functionality from the Market Monitoring Exercise data collection tools and began to distribute paper versions of its KoBo forms for partners to use where necessary.

The map on the following page displays the number of months in which CBR–TWG partners were able to assess each monitored subdistrict of northern Syria. This includes months in which enumerators were only able to collect a small amount of data in certain markets, due either to 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 Syria-wide medians.

Map 1: Number of months each subdistrict has been assessed between January and August 2016



Limitations

CBR–TWG partners do not assess all markets in a given subdistrict as part of the Market Monitoring Exercise. Rather, they are instructed to seek out the largest or two largest markets in each subdistrict, those that attract the widest array of traders and serve as centres of commerce for residents of many surrounding villages. As a result, the prices collected by enumerators in these markets are not necessarily representative of the situation in all markets across the subdistricts assessed. The trends identified here should thus be considered indicative.

During the eight months covered by this report, the sequence of questions in the Market Monitoring Exercise's data collection tools made it difficult to distinguish between commodities that are wholly absent from a given market, which would indicate a shortage, and commodities that are only absent from the particular shops visited by enumerators. Out of necessity, REACH's availability analyses have therefore 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 fully certain that that is the case. This issue has been addressed with a revised set of data collection tools rolled out in November 2016.

Finally, while CBR–TWG partners strive to maintain consistent subdistrict-level coverage from month to month, this is not always possible. Due to shifts in the Syrian security context and in partners' operational restrictions, coverage is never fully identical from one month to the next; in addition, the frequency of shortages makes it difficult to consistently record prices for all commodities even in a single subdistrict. As a result, all trends reported should be taken as indicative, not representative, and it is not yet possible to draw out subdistrict-level trends.

KEY FINDINGS

Prices

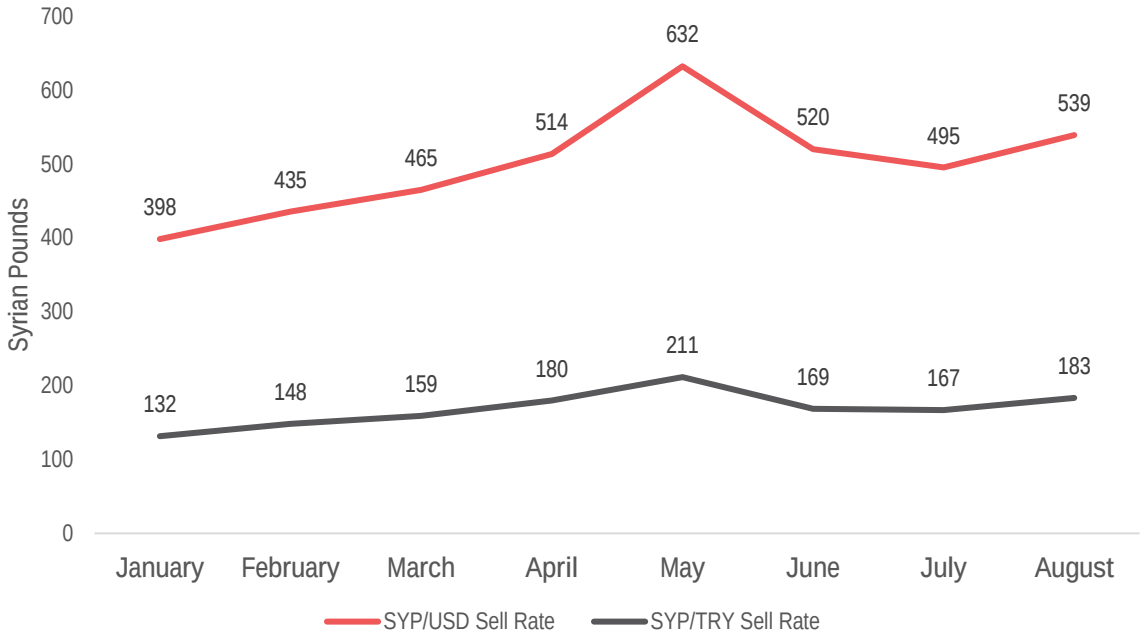
On the whole, the cost of an SMEB across northern Syria increased between January and August 2016, peaking in May and diminishing slightly over the three months that followed. The costs of different types of commodities, however, tended to move independently of one another. Whereas the prices of most food items rose consistently month after month, compounding the financial stress on Syrian households, those of hygiene NFIs remained largely static over the first eight months of the year. Fuel, water delivery and winter blankets, on the other hand, were all subject to periodic price spikes, after which prices receded to levels slightly higher than before.

Rather than shortages or rising demand, the devaluation of the Syrian pound appears to have played the greatest role in many price increases. The mechanism by which this happens tends to be circular: the decreased value of the Syrian pound leads to increased costs for food producers and wholesalers, which leads to higher food prices in the markets, which in turn pushes the inflation rate still higher. Overall, nearly all monitored commodities cost more in August than in January in both Syrian pounds and US dollars, indicating that the prices of these commodities are rising at a rate in excess of inflation.

Exchange rates

The Syrian pound, despite strong inflationary pressure, has remained the primary currency in use across the northern governorates. In 2015, several local councils and non-state groups attempted to introduce alternate currencies, including the US dollar and the Turkish lira, into northern Syrian communities,[2] but these efforts met with resistance and resulted in no long-term change. More recently, a new 'golden dinar' has begun to circulate in some areas of Deir-ez-Zor governorate, but its use appears to be restricted to the oil industry and does not affect everyday transactions.[3]

Figure 1: Reported prices of 1 US dollar and 1 Turkish lira in Syrian pounds (SYP) by month



In early 2016, the value of the Syrian pound fell more rapidly than at any time since 2013. The SYP/USD sell rate, or the number of Syrian pounds needed to purchase one US dollar in northern Syria, rose by 59% (398 to 632),

[2] https://www.newsdeeply.com/syria/articles/2015/08/27/aleppo-residents-divided-over-switch-to-turkish-lira
[3] http://www.syriahr.com/en/?p=48280

jumping by 78 pounds in a single week in early May.[4] On 10 May, however, the Syrian Central Bank abandoned its former currency peg regime, which had kept official exchange rates artificially low, and converted the pound to a floating currency.[5] While this eased the immediate crisis, with the SYP/USD sell rate subsiding to 520 in June and 495 in July, rates were on the rise again as of August. Similarly, the SYP/TRY sell rate rose from 132 in January to a peak of 211 in May, a 60% rise; it fell to 167 by July, but had begun to rise again by mid-August.

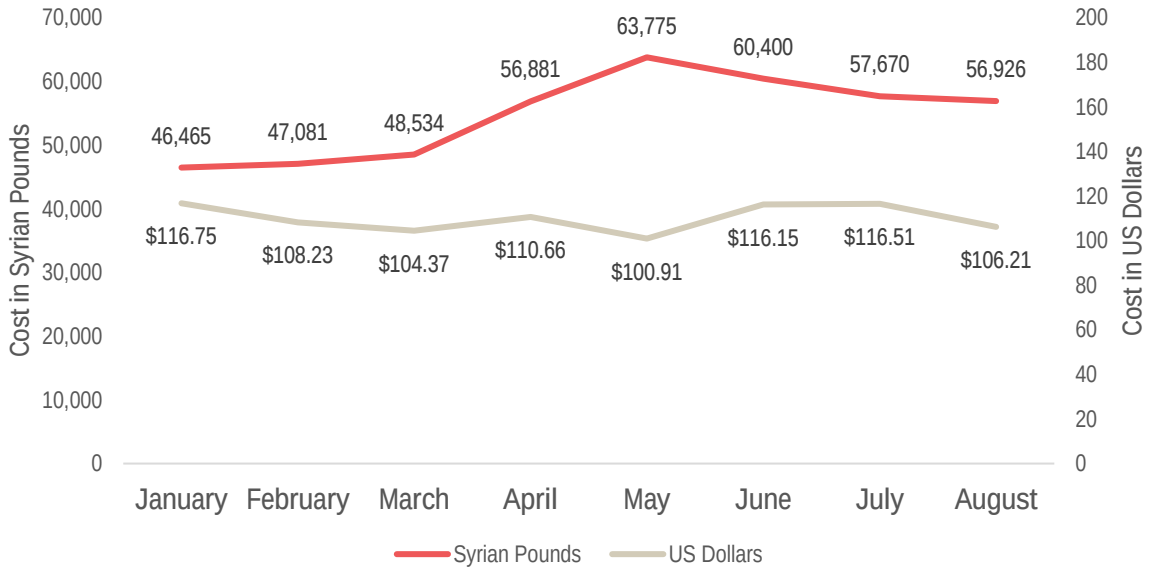
This increased volatility also manifested in the wide variations evident in northern Syria exchange rates. In 2015, regional variations were almost non-existent, with sell rates differing by only a few pounds across all assessed communities. The same was true in January 2016, when the highest and lowest recorded SYP/USD sell rates differed by only 4 pounds. By May, this gap had widened to 71 SYP, and by June to 153 SYP, with informal exchange rates ranging from 480 SYP/USD in Daret Azza to 633 SYP/USD in al-Hasakeh and Ras al-Ain. This may be attributable to the slow spread of the effects of the currency float across different areas of control. By August, the spread had decreased to 26 SYP.

Cost of a Survival Minimum Expenditure Basket (SMEB)

The cost of an SMEB is calculated based on the median prices of its component commodities. These medians are then weighted based on the quantity of each commodity that a household may be expected to consume each month. All weighted prices are then summed to derive the total cost of the SMEB in each subdistrict for each month of the assessment.

In mid-August, the median cost of the SMEB across northern Syria was 56,926 SYP, a rise of 23% since January. Due in part to fluctuations in the inflation rate, this number rose to a peak of 63,775 SYP in May, 37% above January values, before subsiding slightly in the following months. When converted to USD, however, the median cost of the SMEB remained largely stagnant, moving between a high of 116.75 USD (January) and a low of 100.91 USD (May). This suggests that over the first eight months of 2016, changes in food prices were closely linked to inflation in the value of the Syrian pound, as the real value of the SMEB changed only slightly from month to month. Occasional dips in that real value, such as in May, represented months when the exchange rate rose too rapidly for food prices to keep up.

Figure 2: Median price of a complete SMEB by month



The monthly prices above represent the medians of all complete subdistrict-level SMEBs collected in each month. 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. The number of complete SMEBs, and

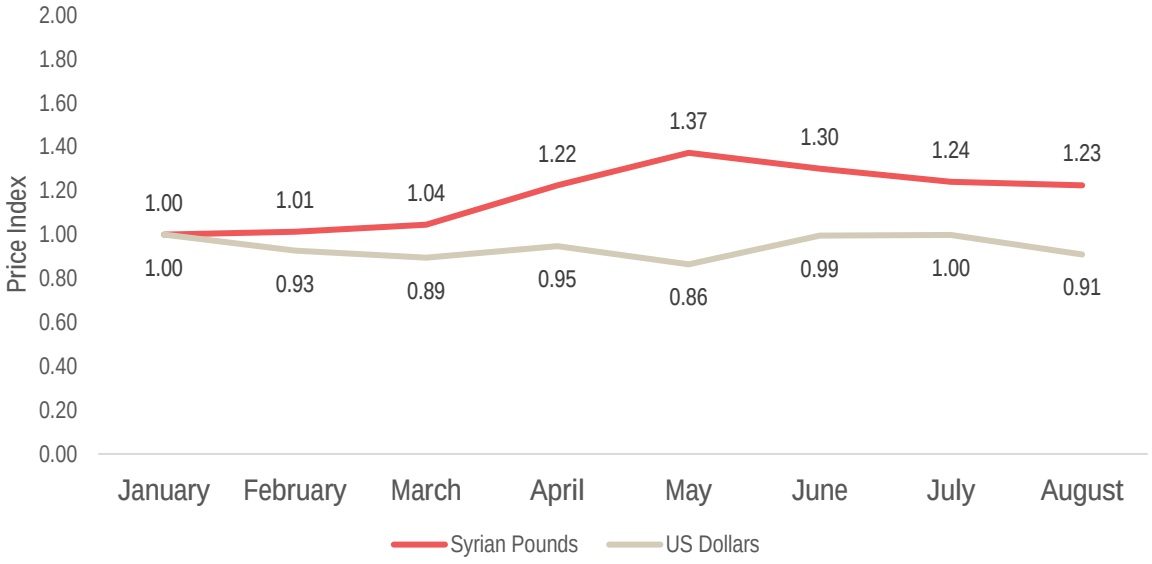
[4] Monthly exchange rates collected by the Northern Syria Market Monitoring Initiative. Daily rates sourced from http://www.sptoday.com/en.
[5] http://www.usnews.com/news/business/articles/2016-05-10/syrian-central-bank-exchange-rate-hits-record-high

the locations from which they are derived, has therefore varied from a high of 17 in July to a low of 7 in May. KIs in only one subdistrict, Lattakia, reported complete SMEB values for all eight months covered by the present report.

There have been substantial geographic variations in the cost of the SMEB, with prices in some subdistricts consistently higher than those in others. KIs in Deir-ez-Zor, in particular, reported the most expensive SMEB value across all assessed areas of northern Syria in nearly every month in which a complete basket could be assembled. That subdistrict's eight-month median SMEB cost, 71,409 SYP (144.26 USD), was 31% higher than that of the northern Syria–wide eight-month median of 54,315 SYP (109.73 USD).[6] The subdistricts of ar-Raqqa (65,622 SYP, 132.57 USD, 21% above overall median) and Dana (64,814 SYP, 130.94 USD, 19% above overall median) also typically reported some of the highest SMEB values in the Market Monitoring Exercise. In Dana, this was likely related to the high concentration of IDPs near the Bab al-Hawa border crossing, which elevates demand for basic commodities at the nearby market in Sarmada. The most comparatively inexpensive SMEBs were available in Idleb subdistrict (45,157 SYP, 91.23 USD, 17% below overall median) and Ya'robiyah (47,482 SYP, 95.92 USD, 13% below overall median).

The following graph shows a pair of price indices, one for Syrian pounds and one for US dollars, for the cost of the complete SMEB across all eight months. A price index is a representation of relative price changes over a given period of time, created by setting the initial 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. These price indices reinforce the picture of an SMEB whose price in SYP increased sharply in April and May and then gradually declined, but whose price in USD followed the opposite course, staying stagnant or decreasing until reaching a trough in May and then rising sharply in June.

Figure 3: Complete SMEB price indices, January-August 2016

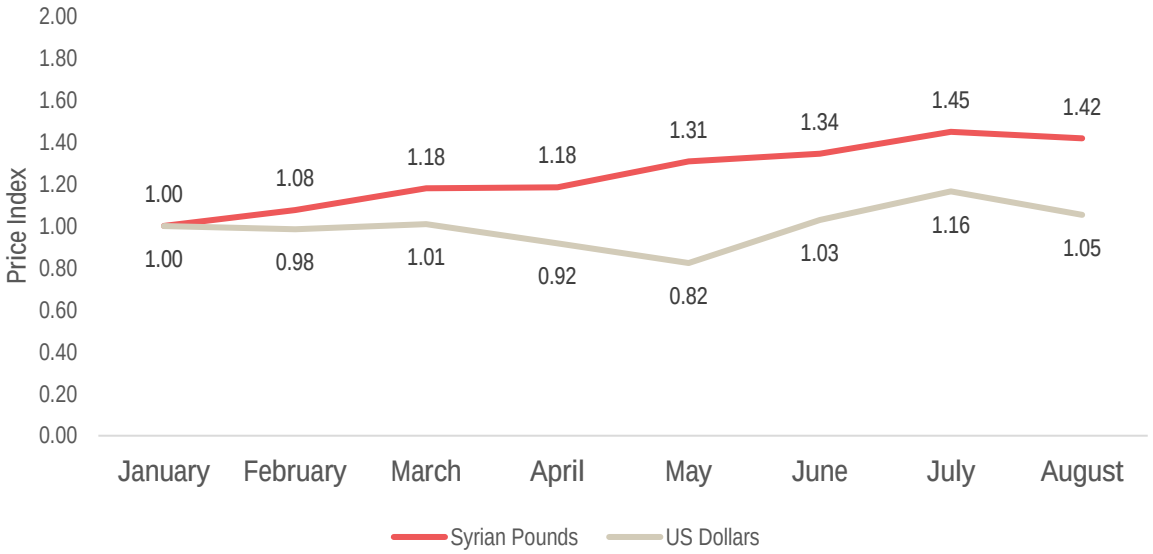


Food

To compare food prices over time, a separate basket consisting only of the food items included in the SMEB was analysed, and a pair of price indices was created for food items alone. Between January and August 2016, food prices across northern Syria rose by 42% in SYP and 5% in USD. Apart from a slight dip in August, the Syrian pound prices rose every month, with notable jumps in March, May and July—a finding that runs counter to trends in NFI prices, fuel prices and the cost of the overall SMEB. This suggests that throughout 2016, food prices have been the main driver of increases in household expenditures throughout northern Syria.

[6] Data collected from Deir-ez-Zor reflects prices and availability in ISIL-controlled areas. Prices for goods, if available, are likely to be higher in besieged areas.

Figure 4: Combined price indices for SMEB food items, January-August 2016



Disaggregating the food basket by item shows that the price of nearly every monitored food item rose in both SYP and USD during the first eight months of 2016. The largest observed rises were in the prices of sugar (121.0%), salt (108.4%), bulgur (81.6%) and ghee (70.1%), reflecting the cumulative effects of multiple price increases over several months. Tomatoes and cucumbers were the only food items for which SYP prices decreased between January and August. This was due partly to seasonal produce shortages in winter and partly to temporary disruptions to the fresh vegetable supply chains in al-Hasakeh governorate, which subsided quickly but resulted in January prices that were much higher than normal.

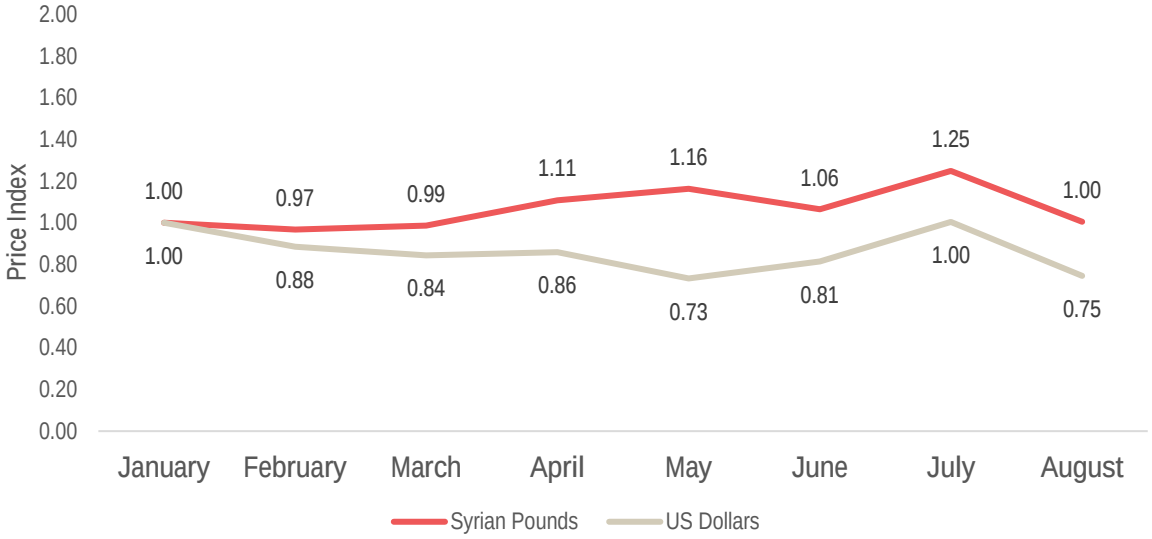
Table 2: Net changes in the average prices of monitored food items, January-August 2016

	January average price (SYP)	January average price (USD)	August average price (SYP)	August average price (USD)	Percent change in SYP	Percent change in USD
Flour (1 kg)	132	0.33	208	0.42	58.1%	27.1%
Rice (1 kg)	337	0.85	496	1.00	46.9%	18.1%
Bulgur (1 kg)	141	0.35	255	0.52	81.6%	46.0%
Red lentils (1 kg)	389	0.98	540	1.09	38.6%	11.5%
Ghee (1 kg)	503	1.26	856	1.73	70.1%	36.8%
Sugar (1 kg)	250	0.63	553	1.12	121.0%	77.7%
Potatoes (1 kg)	133	0.33	208	0.42	57.2%	26.4%
Tomatoes (1 kg)	259	0.65	202	0.41	-22.3%	-37.5%
Onions (1 kg)	126	0.32	136	0.28	8.0%	-13.2%
Cucumbers (1 kg)	306	0.77	151	0.30	-50.7%	-60.4%
Tea (1 kg)	2132	5.36	3064	6.19	43.7%	15.6%
Tomato paste (1 kg)	461	1.16	591	1.19	28.1%	3.0%
Chicken (1 kg)	673	1.69	1023	2.07	52.1%	22.3%
Cooking oil (1 L)	413	1.04	616	1.24	49.0%	19.8%
Eggs (30 eggs)	888	2.23	1219	2.46	37.2%	10.3%
Salt (500 g)	36	0.09	74	0.15	108.4%	67.6%
Bread (7-8 loaves)	86	0.22	118	0.24	37.5%	10.6%

NFIs

To compare the prices of monitored hygiene NFIs (individual soap bars, laundry detergent, dish soap, sanitary pads and toothpaste), a second partial basket was constructed only of the hygiene NFIs included in the SMEB. The Syrian pound prices for this NFI basket have been fairly stable from month to month, rising by less than 1% between January and August; they reached a peak in July at 25% above January levels, but prices quickly receded from that peak. Due to inflation, the USD value of the basket fell by 25% between January and August.

Figure 5: Combined price indices for SMEB hygiene NFIs, January-August 2016



This image of largely stable NFI prices, however, has been created by increases in the prices of some items offset by decreases in the prices of others. The average price of sanitary pads, for instance, rose by 77.5% in Syrian pounds between January and August, and that of toothpaste rose by 53.1%. The price of individual bars of soap fell by 60.9% over the same eight-month period.

Table 3: Net changes in the average prices of monitored hygiene NFIs, January-August 2016

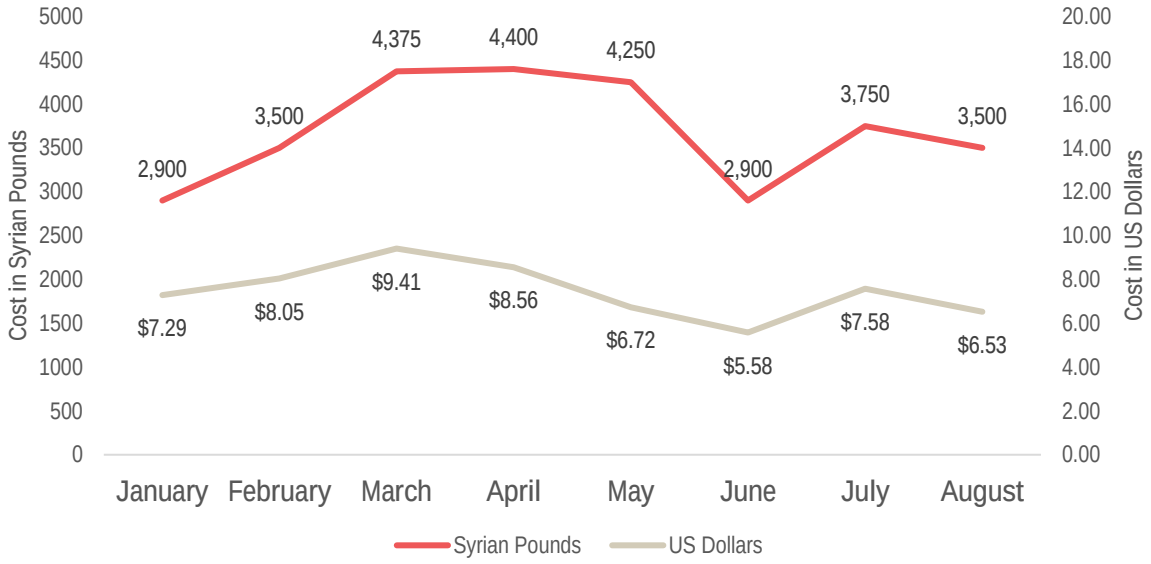
	January average price (SYP)	January average price (USD)	August average price (SYP)	August average price (USD)	Percent change in SYP	Percent change in USD
Laundry Soap (1 kg)	399	1.00	537	1.08	34.6%	8.2%
Individual Soap (1 bar)	334	0.84	130	0.26	-60.9%	-68.6%
Dish Soap (1 L)	249	0.63	266	0.54	6.9%	-14.0%
Toothpaste (1 piece)	165	0.41	252	0.51	53.1%	23.1%
Sanitary Pads (1 pack)	166	0.42	294	0.59	77.5%	42.7%

In addition to these hygiene NFIs, REACH has monitored the price of winter blankets year-round to get a sense of how the prices of winter NFIs rise and fall throughout the year.[7] The monthly median price of a winter blanket proved more volatile, rising from 2,900 to 3,500 SYP (21%) between January and August and peaking at 4,400 SYP in April. The prices reported each month ranged widely, typically from a minimum of around 1,500 SYP to a maximum of around 10,000 SYP. Based on reports provided by Market Monitoring Exercise partners, this reflects the erratic availability of winter blankets in subdistricts with smaller markets. In these markets, which tended to have

[S] Partners are asked to monitor the price of a double-size winter blanket (100 x 150 cm with a minimum thickness of 5 mm), and are instructed to report the price of the least expensive blanket in the market that meets these specifications.

unreliable supplies of non-consumable commodities, partners frequently reported that the only remaining winter blankets were high-end products whose price was out of reach for the majority of Syrian households.

Figure 6: Median price of a double-size winter blanket by month

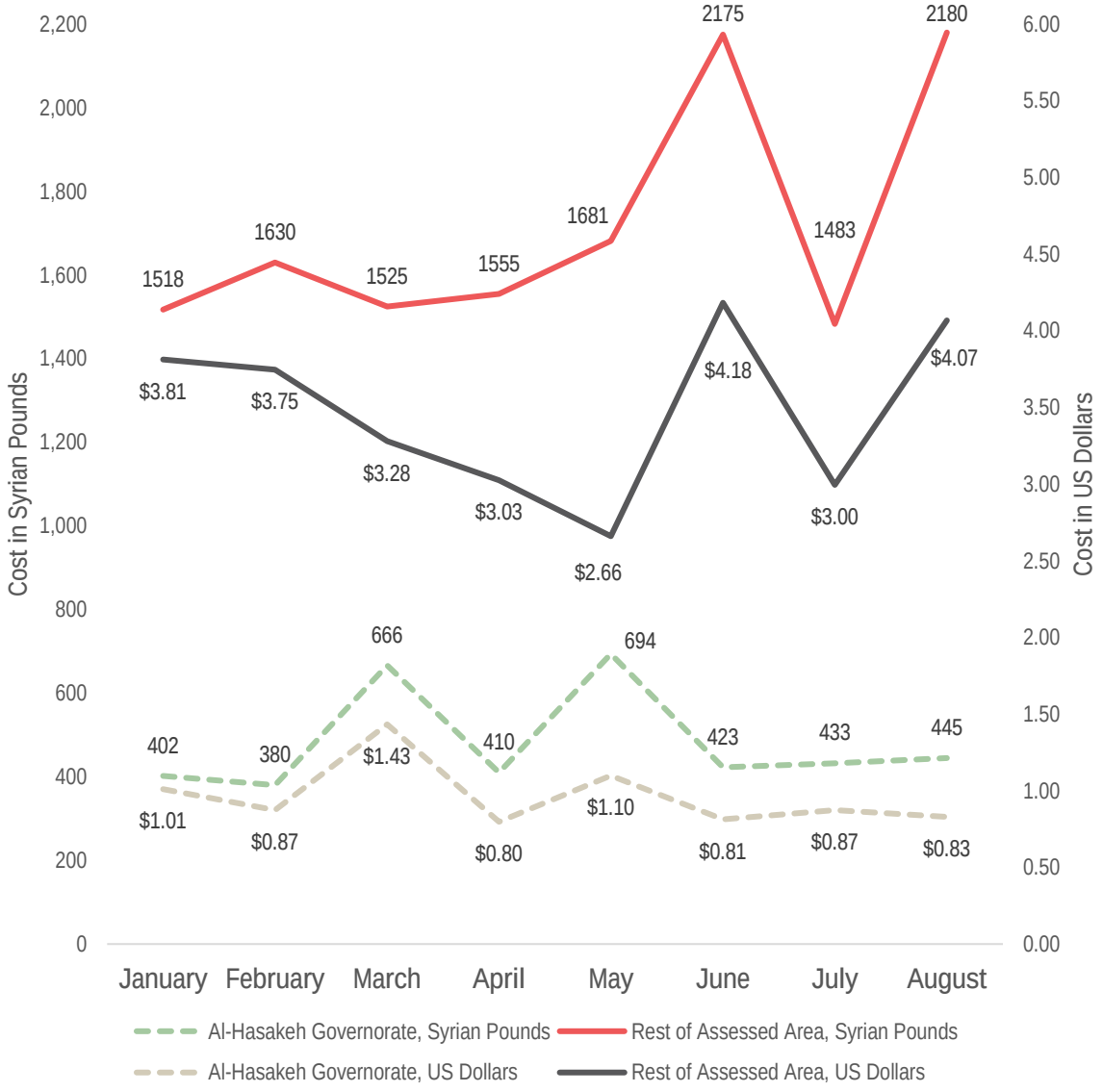


Fuel

While kerosene is the only fuel included in the SMEB, partners in the Market Monitoring Exercise also monitor the prices of several other fuels, including government petrol, government diesel, manually refined petrol, manually refined diesel and natural gas. To create fuel price indices, the sum of the median price of one litre of each type of fuel was compared across all eight months covered by the present report.

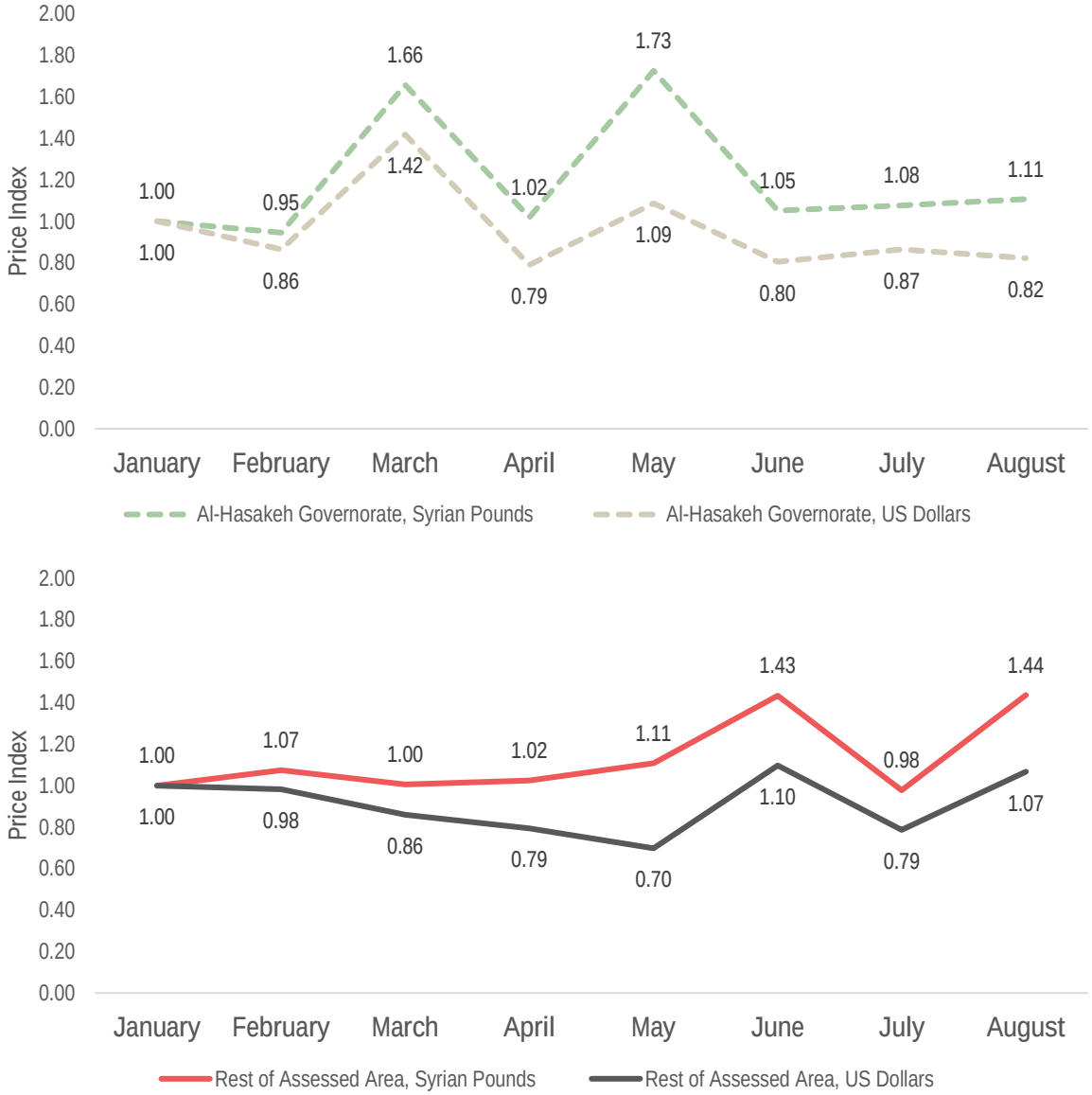
One of the phenomena that most affects fuel prices in northern Syria is the fact that in al-Hasakeh governorate, the prices of most types of fuel are fixed or heavily subsidised by local councils, which drives market prices far lower than in other regions of the country. This results in a strongly bimodal dataset (i.e. one that contains very few values in the middle of the range), which makes it difficult to calculate meaningful country-wide averages or medians. It is more productive to extract the fuel prices from al-Hasakeh governorate and contrast them with fuel prices in the rest of northern Syria. Doing so reveals that combined fuel prices in al-Hasakeh governorate are, on average, just 26% of combined fuel prices in other areas of northern Syria, with significant variations driven by localised price spikes.

Figure 7: Median price of a fuel basket by month in al-Hasakeh governorate and elsewhere in northern Syria



While all regions of the country struggle with these periodic fuel price spikes, examination of the fuel price indices reveals that they tend to happen at different times in al-Hasakeh. Prices there reached their highest levels in March and May, whereas those in other parts of Syria jumped in June and August. This may reflect the fact that al-Hasakeh relies largely on fuel from the refineries at Rmelan, and is thus less vulnerable to whole-of-Syria trends than to fluctuations in production at that single location, whereas the rest of northern Syria makes use of more diverse fuel sources and faces more frequent breaks in supply due to the fighting.

Figure 8: Combined price indices for monitored types of fuel in al-Hasakeh governorate and elsewhere in northern Syria, January-August 2016



Between January and August, the average prices of government-produced petrol and diesel both rose by roughly 60% in SYP and 25-30% in USD, while that of manually refined petrol rose by 22% in SYP. The average prices of other manually refined fuels, as well as of 20-litre cylinders of natural gas, fell slightly in Syrian pounds and sharply in US dollar terms. As the deteriorating security situation makes it more difficult for commercial vehicles to move across frontlines, the supply of government-produced fuels has grown tighter across most areas of northern Syria, driving up prices as these fuels become more difficult to find in markets.

Table 4: Net changes in the average prices of monitored fuel types, January-August 2016

	January average price (SYP)	January average price (USD)	August average price (SYP)	August average price (USD)	Percent change in SYP	Percent change in USD
Manually Refined Kaz (1 L)	180	0.45	158	0.32	-12.5%	-29.7%
GoS Petrol (1 L)	272	0.68	428	0.86	57.5%	26.6%
Manually Refined Petrol (1 L)	187	0.47	228	0.46	21.7%	-2.1%
GoS Diesel (1 L)	102	0.26	164	0.33	60.9%	29.3%
Manually Refined Diesel (1 L)	126	0.32	121	0.24	-4.1%	-22.9%
Natural Gas (20 L)	263	0.66	261	0.53	-1.1%	-20.5%

Private water trucking services

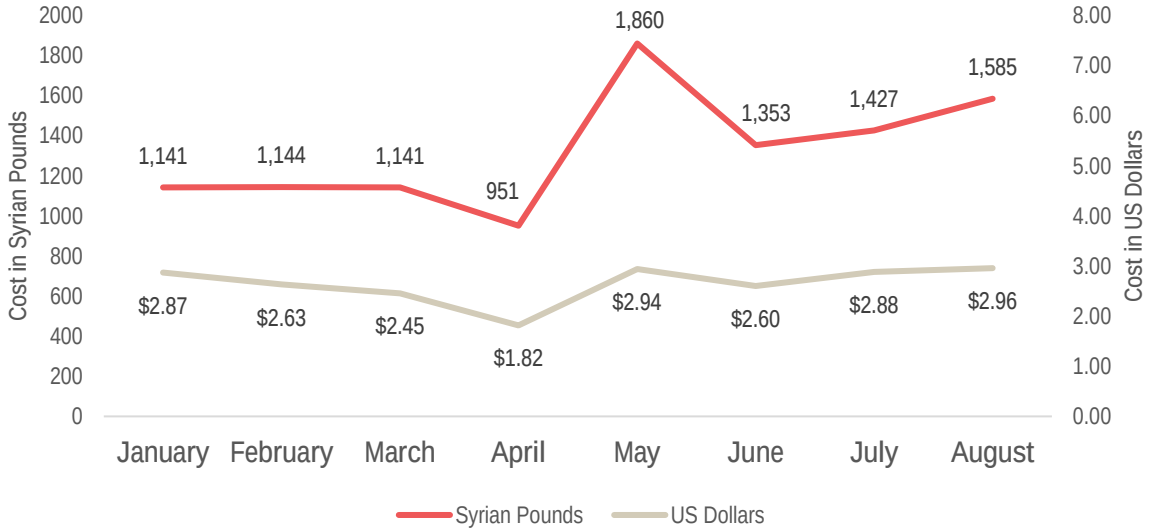
On behalf of the WASH Cluster, REACH and the CBR–TWG monitor the prices of privately run water trucking services throughout northern Syria. By collecting data on the capacities of individual water trucks operating in monitored markets, as well as on the price of delivering a truck of water over various distances, REACH is able to derive the cost per litre of accessing water in this manner.[8] 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 operate in Idleb and Aleppo governorates. Private trucking is rarer in other assessed governorates, particularly al-Hasakeh 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.[9] Where functioning water networks are present, the water is generally either fully subsidised or available for a negligible flat or per-cubic-metre fee.[10]

The SMEB includes 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. In general, the monthly median price of delivery in Syrian pounds has either remained static or risen slightly month-on-month. The major exception to this trend was the month of May, when armed group advances and rapidly shifting frontlines throughout the assessed area, accompanied by the destruction of infrastructure and the proliferation of checkpoints between towns, made it significantly more dangerous for water truck drivers to complete their deliveries. These events, along with a leap in the SYP/USD exchange rate, caused the price of water delivery to nearly double between April and May before receding in June to levels slightly higher than before. The price of water delivery in US dollars, meanwhile, declined consistently between January and April but has remained mostly stagnant since May.

[8] 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.
[9] REACH, Hasakeh Governorate Multi-Sector Needs Assessment 2016.
[10] REACH, Humanitarian Situation Overview for Syria (HSOS), September 2016.

Figure 9: Median price for the delivery of 2,790 L of water by a private water trucking service by month



Month after month, among assessed markets, median prices for water delivery have been higher in Deir-ez-Zor than in nearly any other assessed subdistrict, hovering around 1.00 SYP/L and rising as high as 1.25 SYP/L in April and May. A handful of subdistricts in Idleb governorate, notably Idleb and Darkosh, have reached or exceeded this level in times of large-scale insecurity. The median water delivery price in Darkosh, for instance, reached 1.33 SYP/L in August, the highest monthly median found in any subdistrict over the eight months covered by this report. Qourqeena subdistrict, with an eight-month median of 0.75 SYP/L, also stands out for its high water prices. The lowest unsubsidised eight-month median prices for water delivery, on the other hand, were found in northeastern Aleppo governorate (Ain al-Arab, Lower Shyookh and Sarin subdistricts, 0.34 SYP/L) and in Daret Azza and Harim subdistricts (both 0.38 SYP/L).

Availability

With the sustained intensification of conflict in 2016, it has become gradually more difficult to find basic commodities in markets across northern Syria. Though the situation does not appear to have worsened much over the past eight months, shortages have become more constant and more intractable with time. Certain items that disappeared from markets only sporadically in 2015, or only in response to local upsurges in fighting, have been wholly unavailable in some subdistricts in 2016, indicating that it has become more challenging to maintain functional supply chains for these items. That said, the shortages that exist are generally quite localised, with each commodity rarely absent from more than three subdistricts in a given month.

The situation with regards to fuel, especially that produced by the government of Syria, has been particularly challenging. In line with patterns observed throughout 2015, government diesel was absent from an average of 14 assessed markets each month, making it by far the monitored commodity most frequently absent from markets. There were additional shortages of government petrol in an average of 6 subdistricts each month between January and August 2016, and of manually refined petrol, manually refined kerosene (kaz) and natural gas in 4 subdistricts per month.

Shortages of food items and hygiene NFIs were somewhat more erratic, with a month of localised shortages and dwindling stocks often followed by a month of widespread, easy availability. Chicken was the most commonly unavailable food item, due in part to periodic regional shortages in al-Hasakeh governorate. Eggs, sugar and bread also went through short periods of unavailability, with sugar absent from 9 surveyed markets in May. It is worth noting that at no point did bread shortages approach the levels seen in 2015, when bakeries in northwestern Syria were regularly targeted as a method of waging war.[11] The only seasonal shortages observed were for fresh vegetables (potatoes, tomatoes, cucumbers and onions), which were each absent from as many as nine monitored markets between January and March, but became widely available in the summer months.

[11] Washington Post, Russian airstrikes force a halt to aid in Syria, triggering a new crisis, 14 December 2015.

Case studies

Prices in northern Syria are strongly influenced by 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 to the differing economic policies of local authorities as well as to the ease or difficulty of commercial access to each area. The four cities below, representing four major areas of control within northern Syria, illustrate the distinctive dynamics that result.

Table 5: Four case studies: Median price changes in Syrian pounds in selected subdistricts, January-August 2016

A'zaz

	JAN	AUG	CHANGE
Bread	135	100	-25.9%
Bulgur	93	150	61.3%
Tomatoes	275	500	81.8%
Laundry soap	370	225	-39.2%
Kerosene	233	200	-14.2%

Qamishli

	JAN	AUG	CHANGE
Bread	55	70	27.3%
Bulgur	140	275	96.4%
Tomatoes	325	275	-15.4%
Laundry soap	400	300	-25.0%
Kerosene	70	75	7.1%

Lattakia

	JAN	AUG	CHANGE
Bread	100	150	50.0%
Bulgur	175	340	94.3%
Tomatoes	250	200	-20.0%
Laundry soap	850	768	-9.6%
Kerosene	Rarely sold in this subdistrict		

Deir-ez-Zor

	JAN	AUG	CHANGE
Bread	120	238	98.3%
Bulgur	305	450	47.5%
Tomatoes	310	125	-59.7%
Laundry soap	463	1300	180.8%
Kerosene	125	125	0.0%

A'zaz: An opposition stronghold near the Turkish border, A'zaz has absorbed unprecedented numbers of IDPs in 2016, a consequence of major shifts in the frontlines north of Aleppo that began with a government offensive in February and have continued throughout the year. The presence of these IDPs, which form an estimated 78% of the subdistrict's 213,000 people,[12] has placed enormous strain on local markets. However, due to its proximity to the Bab al-Salame border crossing, which remains open to humanitarian vehicles, A'zaz is also an important centre for humanitarian programming north of Aleppo, a fact that has helped to mitigate the effects of shortages and price increases. In particular, humanitarian actors' strong focus on bakery support helped to hold down the price of bread. Spikes in the price of bulgur, which were more severe in other assessed subdistricts, were similarly blunted due to the distribution of Turkish bulgur brought across the border. Tomatoes, however, are perishable items not often included in humanitarian distributions; as such, the prices of tomatoes and other fresh vegetables rose sharply between January and August, as local producers proved unable to match the increased demand.

Lattakia: 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. However, it too has absorbed large numbers of IDPs from areas near the frontlines, which has resulted in rises in the prices of staple items such as bread and bulgur. The price of tomatoes, meanwhile, fell between January and August due to the greater availability of fresh vegetables at harvest time. Most commodity prices in Lattakia tend to be higher than those those in other monitored subdistricts, as the Syrian government continues to levy taxes in the regions under its control. The stability derived from government control means that nearly all monitored commodities remain consistently available in Lattakia, with the exception of manually refined fuels, which are rarely produced or sold due to the easy availability of their government-produced equivalents.

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

Qamishli: Although government troops hold some southern neighbourhoods, the largely Kurdish city of Qamishli is only occasionally affected by fighting or large influxes of IDPs. This relative stability enables local councils to control the prices of essential commodities via heavy subsidies. The price of bread in Kurdish areas, for instance, remains lower than in any other assessed part of northern Syria. All monitored fuels are also distributed by 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 price of fresh vegetables, however, tends to be high due in part to erratic supplies from across the border in Iraq; in particular, the temporary closure of the Simalka border crossing in January caused widespread price increases and shortages of fresh vegetables throughout al-Hasakeh governorate. It should be noted that due to access restrictions, CBR–TWG partners only assess markets in the Kurdish-controlled areas of Qamishli city.

Deir-ez-Zor: Deir-ez-Zor is a divided city that has been a focus of major clashes between the government of Syria and an armed group known as the Islamic State of Iraq and the Levant (ISIL), which have included frequent ground attacks and airstrikes throughout 2016. Due to the constant disruption to markets and supply chains, prices in Deir-ez-Zor for many commodities are routinely among the highest recorded anywhere in Syria; by extension, the Deir-ez-Zor SMEB is nearly always the most expensive in any assessed market. Fuel is an exception to this rule, as its distribution is both controlled and partly subsidised by armed groups. The price of tomatoes also fell markedly in recent months due in part to the greater availability of fresh vegetables in ISIL-controlled territories during the summer. In contrast, hygiene NFIs became far more difficult to obtain. It is worth noting that CBR–TWG partners only assess ISIL-held neighbourhoods of Deir-ez-Zor City for the Market Monitoring Exercise. Other REACH assessments show widespread shortages of staple commodities in the government-held western part of the city, which is recognised as besieged by OCHA. In this besieged area, available food and non-food items tend to be between two and ten times as high as in neighbouring non-besieged areas.[13]

[13] REACH, Syria Community Profiles Updates, September 2016.

CONCLUSION

Markets in northern Syria have shown remarkable resilience in the face of protracted conflict. 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 localised clashes. In many cases, these markets continue to operate even after having been targeted by ground attacks or airstrikes. This suggests that 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.

However, the cumulative effects of five and a half years of war are evident. Food prices have exhibited a near-constant upward trend throughout 2015 and 2016, driving the inflation rate upwards; supplies and stocks continue to dwindle, making it more difficult for ordinary households to purchase the food they need on the market. The same trend has caused shortages of certain commodities to become more long-term, with commodities such chicken and most types of fuel absent from multiple markets month after month. Humanitarian actors distributing commodity vouchers or restricted value vouchers should therefore verify in advance that their target items will be consistently available on markets.

Meanwhile, the Syrian pound continues to depreciate, with informal USD and TRY exchange rates reaching their wartime peak in May 2016 and continuing to rise. This depreciation exerts pressure on individual households, making households without access to hard currency or steady incomes more vulnerable. Households without access to foreign currency through remittances are likely to be more vulnerable to rising prices, and may face additional challenges meeting their basic needs. Continued efforts to monitor these effects will be crucial in providing cash-based support to these households.

At the same time, 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 many areas of northern Syria. As always, though, market conditions should be monitored regularly, and interventions should aim to target the most vulnerable households, which are least likely to already have access to cash.

As the Market Monitoring Exercise continues into 2017, efforts to expand coverage, both in northern Syria and in other regions of the country, will provide valuable information on market functionality in new areas. At the same time, continued coverage of the same subdistricts will make it possible to infer long-term trends on the relationship between conflict and markets. Analysis of these trends over time will enable humanitarian actors to link local on-the-ground realities with larger macroeconomic trends.

ANNEX: MARKET MONITORING DATA COLLECTION TOOLS & GUIDELINES

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

- Northern Syria Market Monitoring Exercise: Compiled Questionnaires (English)
- Northern Syria Market Monitoring Exercise: Compiled Questionnaires (Arabic)

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

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