



# Market Monitoring Profile: Malakal PoC Site and Town Markets

March 2017

Malakal County, Upper Nile State

## Introduction

According to the most recent IPC report, 4.9 million people in South Sudan are food insecure.<sup>1</sup> Following the sudden onset of conflict in July 2016 and resulting restrictions on the supply of goods entering the country, it is imperative to understand how markets in areas at risk of food insecurity are affected by fluctuations in the humanitarian situation throughout the country. Between 10-31 March 2017, REACH conducted a supply chain analysis of markets in Malakal PoC site and Malakal Town to understand the supply chain, operational challenges faced by market stakeholders, and the likely short- to medium-term future of trade in the PoC site. The following market profile reports the findings of 15 key informant interviews (KIs) with traders in both markets.

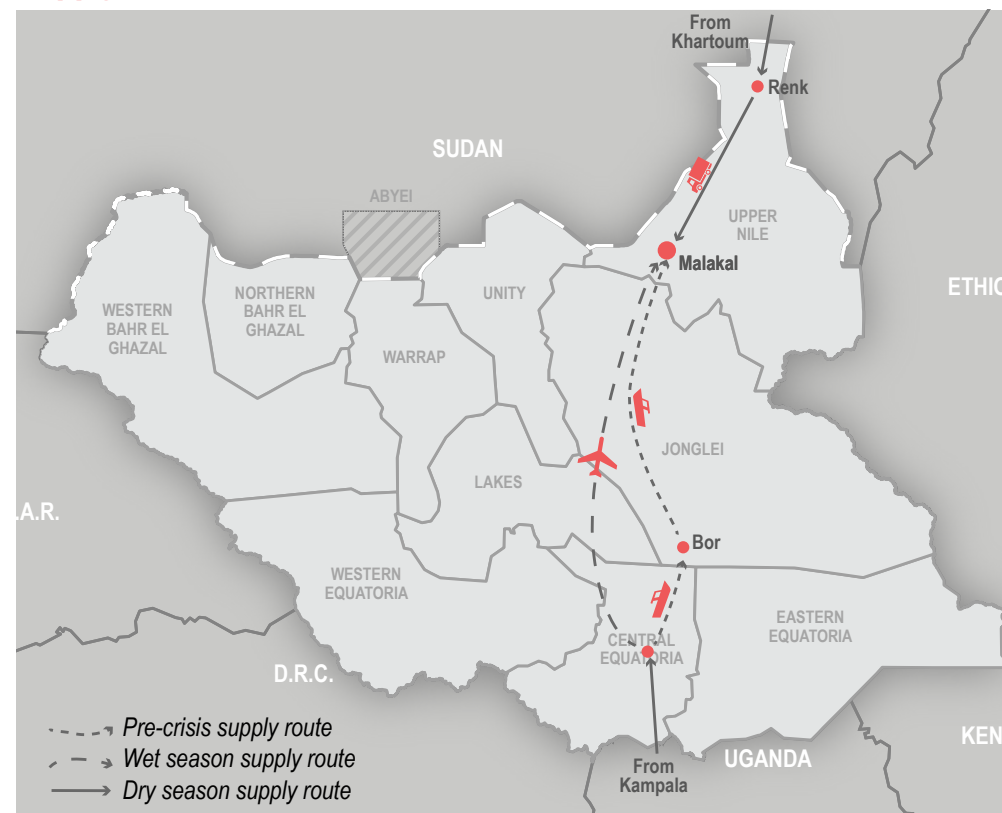
## Key findings

- Recent conflict on the western bank of the Nile has destroyed the market in Wau Shilluk, a key source of food for both Malakal PoC site and Town. Additionally, the conflict has cut off road supply chains from Sudan, and reduced the opportunity for cultivation.
- As a result of the above, traders in the PoC site are now almost wholly reliant on goods supplied from Malakal Town, resulting in significant price increases within the PoC site, as traders buy goods at cost price from the town and must then raise costs to make a profit.
- Supply routes are highly seasonal. During the wet season, the road to Malakal becomes inaccessible and goods must be transported by air, resulting in limited volumes and higher transport costs. In addition, some traders are forced to close their businesses due to supply route challenges during the wet season.
- Hyper-inflation has compounded the above issues.

## Supply routes

Traditionally, goods have been moved into the area along both banks of the Nile from Sudan during the dry season, by air from Juba during the wet season, and by barge from both locations during both seasons. Since 2013, conflict has shut down riverine transportation almost completely. Additionally, fighting in February 2017 resulted in the disruption of the supply route along the western bank, meaning that Malakal is now heavily reliant on the remaining supply route along the eastern bank. The conflict has also resulted in the abandonment of farmland and the closure of the market in Wau Shilluk, which has further reduced the supply of goods to both town and PoC site. During the wet season small amounts of fresh produce are grown in Baliel, Fashoda and Panyikang. However, ongoing instability in many parts of Upper Nile has greatly reduced cultivation capacity, resulting in declining supplies of fresh produce during the rainy season. Space constraints in the PoC site limit the extent to which IDPs are able to cultivate themselves. As the wet season progresses the road from Renk becomes unpassable and supply of goods to Malakal Town and PoC site is greatly reduced, with traders relying on sporadic transportation by tractor. Although in previous years goods have been flown from Juba during the rains, the plummeting value of the South Sudanese Pound (SSP) against the dollar means this option is too expensive for most traders. Supply routes have therefore become more restrictive, supplying a smaller quantity of goods less frequently.

## Supply routes to Malakal PoC site and Town Markets



1. IPC. Global Alert: South Sudan Crisis, February 2017





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## Most commonly available market goods (March 2017)

Residents in Malakal PoC site and Malakal Town obtain food staples (e.g. sorghum, cooking oil) through general food distributions (GFDs). However, limited cultivation opportunities and reduced GFD rations mean that people are still reliant on markets to supplement their diets. The destruction of Wau Shilluk market has reduced the variety of available goods and resulted in traders having to rely more heavily on the market in town, causing price increases in the PoC site.



### Unavailable goods

- Dairy



### Limited goods<sup>2</sup>

- Meat/fish
- Fresh produce



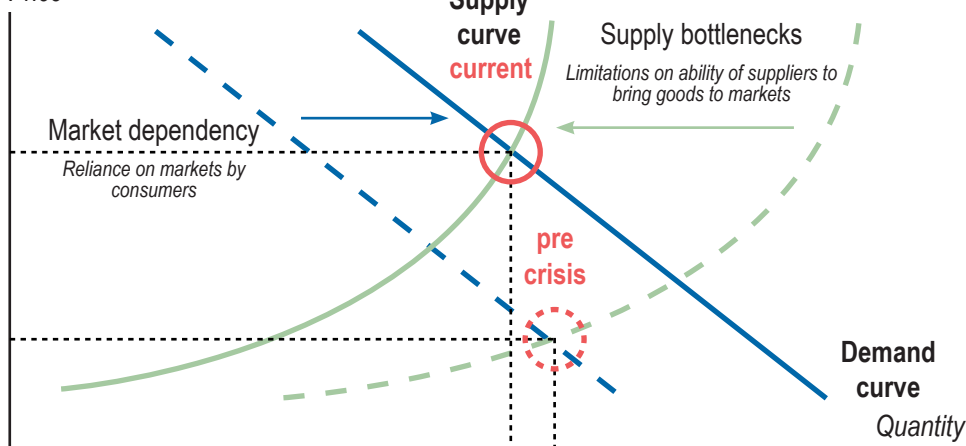
### Available goods

- Sorghum
- Maize
- Beans
- Sugar
- Tea
- Cooking Oil

## Market supply and demand (March 2017)

Food distributions have increased the supply of staple goods, suppressing market demand (pre-crisis). Although recent hyper-inflation has reduced purchasing power, limited cultivation in the PoC site and outside Malakal Town and rising insecurity have increased people's dependency on markets, raising overall demand. Insecurity and the economic crisis have created supply bottlenecks, restricting market supply for most goods, creating an overall price increase and quantity decrease (current).

Price



## SUPPLY: Bottlenecks

Following the destruction of Wau Shilluk and the closure of western bank supply routes, all goods entering the PoC site come from Malakal Town, which in turn relies on goods from Renk and Sudan.

- **Insecurity** affects traders when transporting their goods from Malakal Town to the PoC site. Women, who carry the goods, reported verbal, physical and sexual harassment.
- **Transportation:** The main supply route to Malakal Town becomes impassable during the rainy season, and traders are increasingly unable to afford to transport goods by air due to the declining value of the SSP, thereby creating supply bottlenecks.
- **Closure of supply routes** on the western bank due to the conflict has limited the amount of goods that can reach Malakal Town and the PoC site. The PoC site market is wholly reliant on goods from Malakal Town, which has resulted in price hikes since January 2017.

## DEMAND: Market dependency

Though the presence of GFDs and hyper-inflation depresses market demand for staple goods, limited cultivation opportunities mean that people are still reliant on markets to supplement their diets.

- **Hyper-inflation** has reduced the purchasing power of buyers in the market, leading to decreases in both the frequency and quantity of goods purchased.
- **WFP food distributions** reduce dependency on the markets for food, including staples such as sorghum and cooking oil.
- **Limited cultivation opportunities** have increased dependency on markets.

## Conclusion

This profile has provided an overview of supply chain dynamics for the inter-dependent markets in Malakal PoC site and Malakal Town. Demand for staple goods is depressed due to routine food distributions, though lack of opportunities for cultivation has led to increased dependency on markets to meet basic needs. The closure of Wau Shilluk market has led to constricted quantities of goods, which in turn has led to higher prices in both town and PoC site markets. Furthermore, traders in the PoC site are now heavily reliant on goods from Malakal Town, which they buy at cost price. Prices in the PoC site market are therefore even higher than those in town. During the dry season, local markets are dependent upon goods imported from Renk and Sudan. Most wet season goods are flown from Juba, severely restricting supply. Further analysis should be conducted during the coming rainy season in order to monitor how the markets are impacted.

2. Goods are either sporadically available, or only available in very small amounts.



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