

Joint Market Monitoring Initiative Key Findings Brief

February 2023 | Afghanistan

CONTEXT & RATIONALE

Endemic poverty and decades of conflict have converged with COVID-19, natural disasters, as well as the more recent political change and subsequent economic crisis in 2022, generating high levels of needs and vulnerabilities across Afghanistan.

Working through the Cash and Voucher Working Group (CVWG) and its partners, REACH facilitates the implementation of a partner-driven Joint Market Monitoring Initiative (JMMI) in Afghanistan. Starting in March 2020, it is intended to be conducted on a monthly basis¹ to provide longitudinal market and price data. All data is available on the [JMMI dashboard](#).

The JMMI assessment employs a quantitative key informant interview (KII) approach. This includes surveys with purposively sampled traders (both retail and wholesale), acting as key informants (KIs) for their respective markets. Findings rely on the knowledge of KIs regarding their respective markets and are therefore indicative only. Further details on the JMMI methodology are available [here](#).

KEY FINDINGS

Minimum
Expenditure Basket
(MEB)²

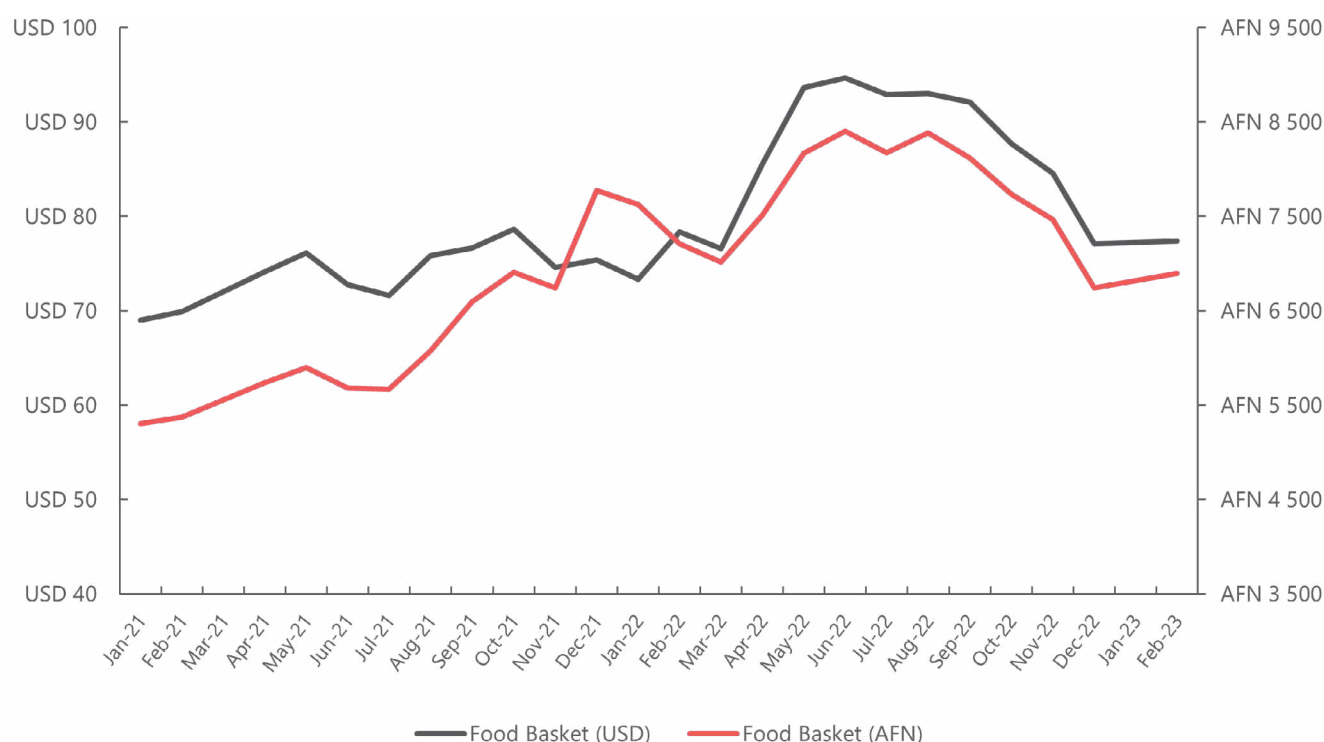
20 606 AFN - 231.24 USD

Food Basket³

6 893 AFN - 77.35 USD

After large fluctuations throughout 2022, the cost of the food basket has stabilized at levels similar to the beginning of 2022 (-5% YoY).

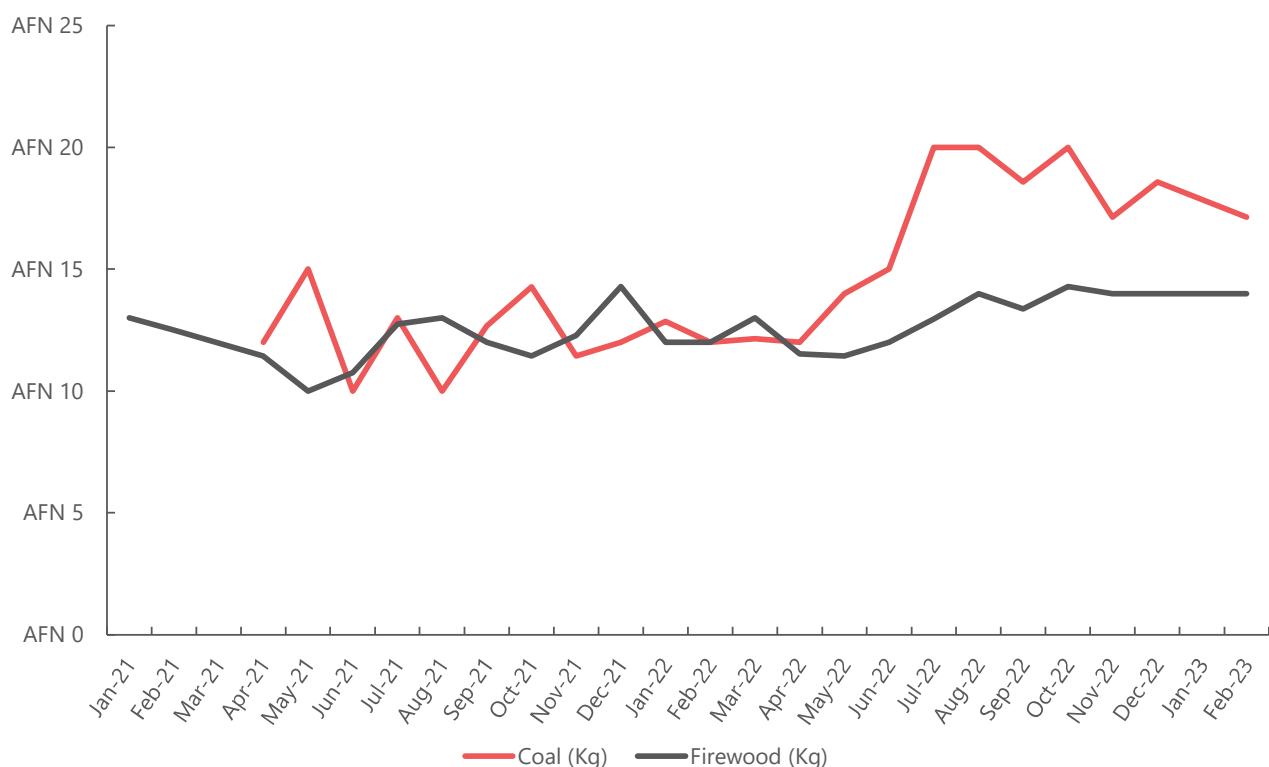
Graph 1: Median cost of the food basket - January 2021 to February 2023



PRICE OF COMMODITIES

- Following a **decrease in the cost of basic food items** observed in the last quarter of 2022 (-13% between October and December) **the food basket has stabilized at these lower levels.** In February 2023 the cost of the food basket was 6 893 AFN and the cost of the MEB was 20 606 AFN, on par with 2022 levels at the same time of the year (see Graph 1).
- After large fluctuations at the beginning of 2022, the AFN is now at similar levels compared to September 2021 (86 AFN/USD). **The stabilization of the AFN recorded since April 2022 was sustained in the beginning of 2023** (87.8 AFN/USD in April vs 89.1 AFN/USD in Feb 2023). **The current status quo remains however fragile as it hinges upon the continuation of regular USD cash shipments by the United Nations.**⁴
- In line with the decreasing food prices trend at the end of 2022, **in February 2023 the price of most food commodities had decreased year on year** with vegetable oil seeing the largest change (-30% YoY). Following the beginning of the rice harvest season,⁵ the price of rice had decreased by 19% between September and December 2022 but then increased by 7% in February 2023. **The price of staple food items may rise in the coming months as the peak of lean season approaches.**⁶
- The price of winterization Non Food Items (NFI) did not increase substantially since the beginning of winter,** however **most winterization items experienced an increase in cost year on year.** Coal is the winterization commodity that experienced the highest increase since February 2022 (+43% YoY). In the midst of a surge in coal exports to Pakistan and the increase in the price of coal by de-facto authorities following Pakistan's decision to buy Afghan coal in local currency,⁷ domestic coal prices increased rapidly up to 20 AFN per kg in October 2022 (+67% between April and October 2022) before progressively decreasing while remaining higher than in the past year (see Graph 2).
- Underpinning these overall decreasing and stabilizing trends from the end of 2022, **decreased transportation costs, lower prices charged by suppliers, and the distribution of in-kind supplies,** continued to be the most reported reasons for observed price decreases. **Following a considerable spike in fuel prices up to mid-2022, fuel prices gradually decreased;** the cost of diesel and petrol decreased by 25% and 20% respectively between July 2022 and February 2023.
- Although the majority of KIs continue to report that **monitored food and non-food items are widely available in the markets,** there has been a slight increase in the proportion of KIs reporting that food items are available in limited quantity, or not available in the market in the past two months prior to data collection. Retailers' ability to restock on time has however remained constant over the same period. **It will be important to monitor closely the availability of key food items in the remaining months of the lean season to identify any areas that may be at risk of deteriorating food security.**

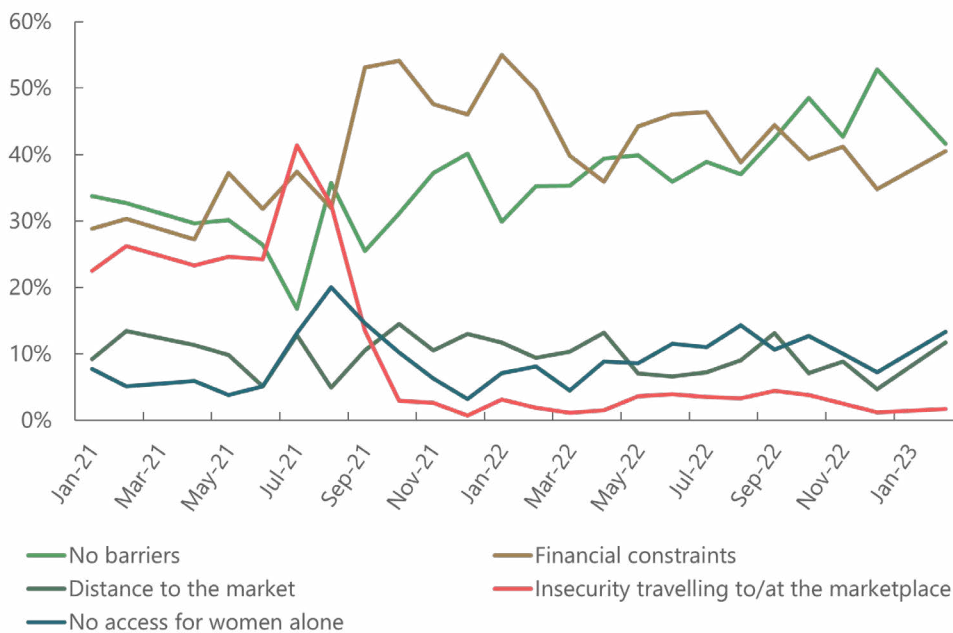
Graph 2: Median price of coal and firewood - January 2021 to February 2023



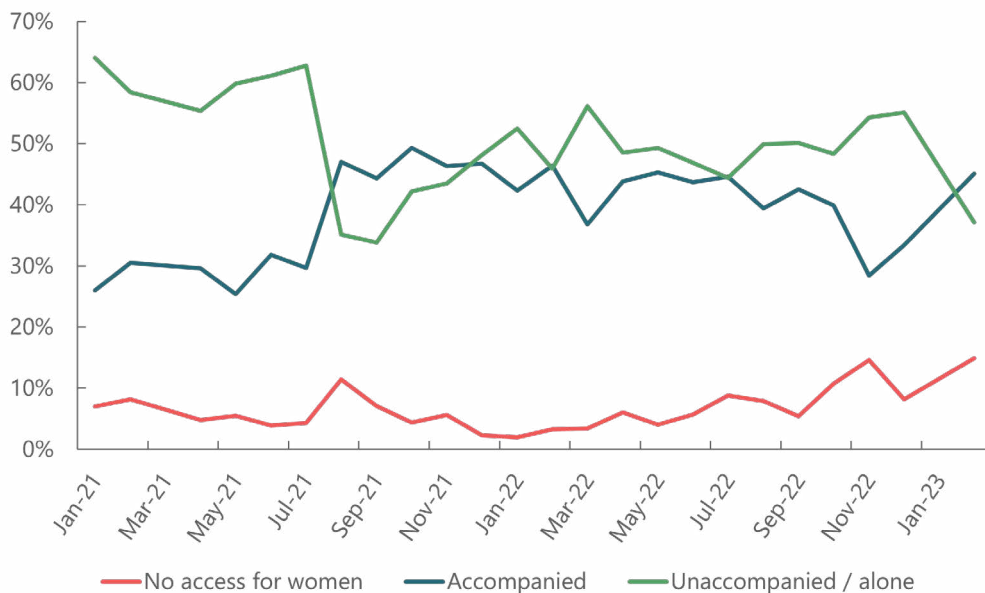
AVAILABILITY & BARRIERS

- Whilst markets continue to appear generally functional and resilient, **financial constraints continue to be the main reported barrier for traders to meet demand and procure goods** (among those traders reporting difficulties to do so). Additionally, there has been an **increase in the number of KIs reporting issues in road-based transportation** (+18% between December 2022 and February 2023) due to **seasonality and natural disasters which may also impact traders' ability to access supplies**.
- These barriers are also reflected on consumers' ability to access markets: despite a reduction in insecurity, overall access has decreased (-21% of KIs reporting no barriers between December 2022 and February 2023) which is driven by **financial constraints and distance to the market** (see Graph 3).
- Despite the current liquidity crisis, **the majority of traders (77% of KIs in February 2023) reported being able to access cash** - and at a level on par with the beginning of 2022 (+0% YoY), showing that **the situation has stabilised but not improved**. Although the introduction of newly printed banknotes in circulation is expected to provide some relief by addressing the issue of physically deteriorated bank notes reducing the amount of cash in the economy, it will not solve the underlying liquidity and banking crisis that is linked to the freezing of the Central Bank's assets and international sanctions.⁸
- In terms of women's access, the percentage of KIs reporting that women cannot access markets at all or alone has continued to deteriorate (in February 2023, 15% of KIs reported that women cannot access markets at all and 37% of KIs reported that women can access markets accompanied) – **women accessing market accompanied is now the most reported modality of access to markets** (45% of KIs) (see Graph 4).

Graph 3: % KIs reporting on barriers to accessing markets for consumers



Graph 4: % KIs reporting on women's access to markets



METHODOLOGY OVERVIEW

The JMMI assessment employs a quantitative key informant interview (KII) approach. The methodology includes surveys with purposively sampled traders (both retail and wholesale), acting as key informants (KIs) for their respective markets. Participants are selected through partner KI networks in their respective market areas. Each KI is asked to report on general market functionality indicators as well as prices for all relevant items that they trade. Depending on access and availability, partners conduct 4 KIIs per item with retail traders, and 2 KIIs per item for wholesale traders (for food and NFIs). Unless specified otherwise, KIs are asked for information encompassing the 30 days prior to data collection. Findings rely on the knowledge

of KIs regarding their respective markets. The findings are, therefore, indicative and may not always fully reflect market activity in the assessed area. The key findings brief represents data collected by JMMI partners until February 2023.

Limitations

Although the geographical coverage of the JMMI tends to be the same from one round to another, there may be changes in the coverage due to operational challenges or availability of partners to collect data. **Some of the indicators, and their variation observed across time may therefore be, in-part, the result of changes in coverage.** Additionally, there was no data collection in March 2021 and January 2023.

ENDNOTES

1. No data was collected in March 2021 and January 2023.
2. The Minimum Expenditure Basket (MEB) represents the minimum contextually adjusted group of items required to support a seven-person Afghan household for one month. The contents of the MEB are revised on a regular basis to ensure relevancy. The latest MEB revision took place in September 2022, the resulting guidance is available [here](#), and its component and quantity are presented in the table below.

MEB Component	Quantity	MEB Component	Quantity
Food Basket		Water Sanitation and Hygiene	
Wheat Flour	89 Kg	Soap for handwashing and bathing	14 Bars
Domestic rice	21 Kg	Soft cotton cloth (2m ² piece)	2 Pieces
Vegetable Oil	7 Kg	Water	105 Liters
Pulses	9 Kg	Sanitary pad (box of 10/12)	2 Boxes
Salt	1 Kg	Underwear for women	6 Pieces
Health care	fixed at 49.39 USD	Toothpaste	2 Pieces
Shelter	rent fixed at 33.9 USD	Education (stationary and snack)	fixed at 11 USD
Transportation	fixed at 8.53 USD	Unmet needs	10% of sum of above
Communication	fixed at 3.51 USD		
Internet, electricity/fuel, and waste bills	fixed at 11.1 USD		

3. The food commodities recommended in the basic food basket meet 100% of the daily kilocalorie requirements (2,100Kcal/person/day) for a family of seven. Like the MEB contents, the specific items and quantities in the food basket may be revised therefore impacting the comparability of the cost of the food basket across time. The exact composition of the current MEB guidance can be found [here](#).
4. [The World Bank, Afghanistan Development Update, October 2022.](#)
5. In Afghanistan the rice harvest season starts around the beginning of September and ends during November.
6. [FEWS NET, Key Message Update, January 2023.](#)
7. [UNDP, One Year in review, October 2022.](#)
8. [ACAPS, A forward-looking snapshot of the Afghan economy, January 2023.](#)

ABOUT REACH

REACH Initiative facilitates the development of information tools and products that enhance the capacity of aid actors to make evidence-based decisions in emergency, recovery and development contexts. The methodologies used by REACH include primary data collection and in-depth analysis, and all activities are conducted through inter-agency aid coordination mechanisms. REACH is a joint initiative of IMPACT Initiatives, ACTED and the United Nations Institute for Training and Research - Operational Satellite Applications Programme (UNITAR-UNOSAT).