



# DCA, NILE HOPE & LWF JOINTRAPID ASSESSMENT FOR MARKETS

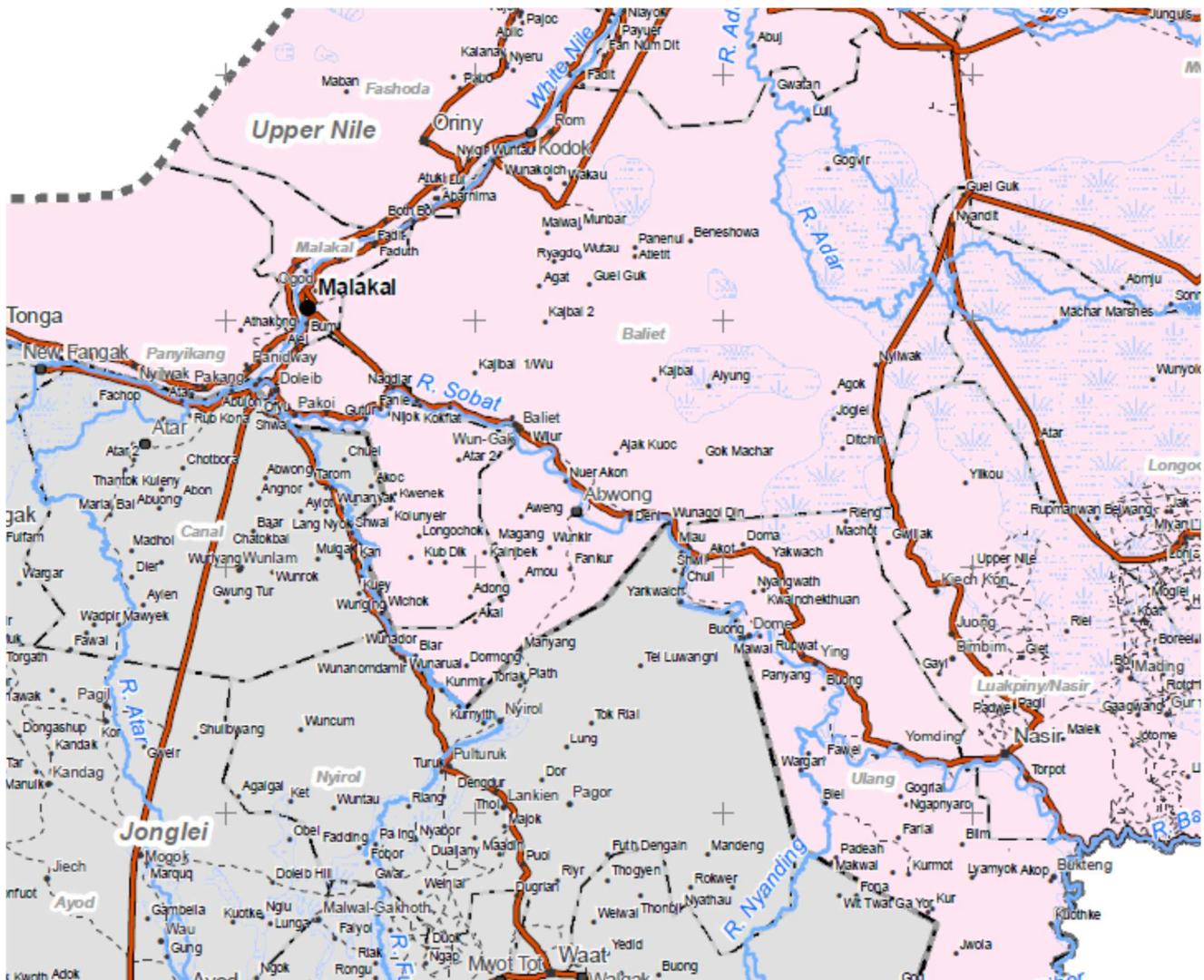


**Panyikang and Nasir  
Counties, Upper Nile  
State, South Sudan**

April 2016

## Summary

A joint market assessment in Panyikang and Nasir County of Upper Nile found that there are small markets that are able to accommodate market-based interventions to address crisis and emergency levels of food insecurity in the two counties<sup>1</sup>. These markets are caught in a vicious cycle of local communities having weak purchasing power, and traders being forced to increase prices due to high transportation and currency costs.



<sup>1</sup> IPC, January 2016

## **Food Insecurity in Upper Nile State**

The market assessment was undertaken after the Integrated Food Security Phase Classification (IPC) projected that Panyikang County and Nasir County would reach emergency and crisis food security levels in January 2016. Insecurity has restricted freedom of movement, access to markets and resulted in communities reverting to negative coping strategies for their survival (HNO 2015:3). The alarming food insecurity in South Sudan has further been impacted by a poor production in the 2015-harvest period<sup>2</sup>.

Malakal PoC and Maban camp continues to have large numbers of IDPs and refugees, and more than 795,000 people, most of outside the camps, are facing crisis (phase 3) and emergency (phase 4) food insecurity levels. In Nasir, the number of IDPs has increased with most people displaced from Malakal and other parts of Upper Nile state moving to Mandeng, which is considered a safe location held by the SPLA-IO.

Households are significantly affected by market disruptions because 40-45% of the food consumed in the households in Upper Nile is sourced from markets (FSNMS R17). Markets in the border towns with Ethiopia continue to be depressed because of border closures, resulting in informal trade being characterized by limited stocks and high prices. The market in Tonga in Panyikang County was not assessed during the IPC data collection, and it was therefore included in this assessment.

Based on historical data and the several SMART surveys conducted in May-August 2015 in Longochuk, Ulang, Nasir, Renk and Fangak counties, the nutrition situation in Upper Nile generally remains critical and above the 15% emergency threshold, except in Maban, Maiwut and Panyikang that are classified as serious (GAM rate of 10-14.9%).

## **Market Findings**

Cereals, pulses and fish are the most common types of commodities sold in the markets in Tonga (Panyikang), Jikmir (Nasir) and Mandeng (Nasir). Sorghum and maize are the main commodities eaten locally, with pulses being a scarce commodity. In the three markets visited, 22 traders were selling sorghum, and 15 retailers were selling pulses (lentils and beans). Both

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<sup>2</sup> WFP Food Security and Nutrition Monitoring System (FSNMS) South Sudan – January 2016, Round 17.

retailers and the few identified wholesalers were selling and buying fish, which were readily available in all the markets. Milk in Mandeng and Jikmir were available but in small quantities because the assessment took place during dry season, when cattle are grazed in pastures further away. Meat was completely absent from the market, which was explained by cattle raiding during the last two years.

The traders in the market comes from different locations. One cohort comes from Sudan, mainly South Kordofan. These traders are both wholesalers and retailers and use trucks and boda bodas to carry goods from Sudan into South Sudan to sell in the Tonga market. Items included sorghum, sugar, tea, coffee and some spices, clothing and other household items. In turn, these traders were purchasing fish sold by traders of Shilluk and Nuer communities who were selling fish in the market. In Jikmir and Mandeng foreign traders came mainly from Ethiopia – often from across the border in Gambella.

83,3% of the 30 traders interviewed reported that people were buying less of the key commodities, mainly buying less sorghum and maize. Most people are buying less because of too little cash, and markets are generally suffering from people being displaced away from the markets. This resulted in traders moving away, thereby making the markets smaller and more vulnerable to shock.

### Markets

Tonga market is a district market which serves people in Panyikang County in Upper Nile State as well as Fangak County in Jonglei State. In some periods this markets even serves communities from Sudan, particularly during the dry season, when pastoralists migrate with their animals and traders bring goods across the border from Sudan.

Jikmir and Mandeng markets are local markets, which serve people of Jikmir and Mandeng payams and occassionally also people from other payams, especially during dry season when people are able to move on foot to buy key commodities. The two markets are located near the Sobat river, which makes it easy for the traders in this market to get goods from Ethiopia by river transport.

Tonga market serves communities as far as 8 hours walk away in Pakwau Payams; 6 hours away in Nyilwak Payams; and all communties within a 4 hour radius from Tonga payam. Prior

to the crisis, goods and services in Tonga market came by barges from Juba, Bor and Malakal and Renk along the river Nile to the port in Tonga. Because of conflict, these trade barges are no longer operational. The displacement of thousands of households has led to a decrease in potential customers in the area, and therefore also less traders. Increased numbers of returnees have given reason for optimism amongst traders and several new traders have opened up shops in the assessed markets.



*Traders from South Kordofan purchasing fish for transport and sale from Tonga Market to Liri where there are refugees from Panyikang and Fangak*

### Commodities

Most of the retailers interviewed reported to have about the half the stock or less of Sorghum available now compared to before the December 2013 Crisis. The main reasons reported for the low stock were limited money to resupply markets and the high exchange rate, lack of road access, insecurity and low purchasing power among the population. Traders reported that it will take somewhere between two weeks and a month to resupply the market with sorghum. The three main factors reported to affect the delivery time are formal and informal taxation, high exchange rates and poor roads.

The sorghum was mainly being brought from Liri, South Kordofan or from Ethiopia. Sorghum is usually brought in by wholesalers in 50 kg sacks and sold to the retailers, who then sell smaller amounts in the markets. In Nasir, the Ethiopian traders, usually bringing goods from Addis Ababa, have stopped coming all the way with their goods to South Sudan, but now stop at Mattar

trading centre. Instead, South Sudanese traders from Jikmir and Mandeng buy their commodities from Mattar and facilitate the transportation to the local markets. Sacks of sorghum and other sacks with WFP logos were observed in the stores of the traders and the traders confirmed that full WFP bags or recycled bags are brought from Ethiopia.

The few pulses observed in the Tonga market are from Liri in South Kordofan and brought in in sacks by wholesalers and sold to the retailers. Some traders from Jonglei also supplied the Tonga market with beans, which looked like WFP food distribution beans. In Nasir, the pulses came from Ethiopia through Gamballa to Mattar where many traders from Jikmir and Mandeng go to buy goods for their shops.

Fish is caught locally by households along the Nile, Lol and Sobat rivers. The most common species sold at the market are tilapia and Nile perch and some mud fish from the Sobat river. The fish traders from Nasir transport dried fish to Mattar on the Ethiopian side. Dried and fresh fish are sold to households or restaurants operating in the markets. For many communities surrounding Panyikang, fishing has become a key livelihood as they have limited farming capacities and many of their livestock including cows, goat, sheep and chickens were raided.

#### Capacity of markets to respond to a market-based intervention

Old and new traders have returned to Tonga market in Panyakang and they have confidence that the market will bounce back with the increased number of returnees to the area. This confidence was also echoed by the trade union, who highlighted that the market infrastructures has survived conflict.

The Nasir market used to have many traders, but now only have two wholesalers and approximately 30 retailers all operating with smaller quantities of supply than before. Many traders have closed down business because operating them became too costly. However, key commodities are available in the market, although in too small quantities and at higher prices.

The main challenge to a market-based intervention is the capacity of the markets to respond in a timely manner to a growing demand. Wholesalers and retailers have low capacities to independently increase supply in case of growing demand, and would therefore need some support in case of larger stimulation of purchasing power. Alternatively, projects should not aim for more than a few thousand beneficiaries. Particularly traders along the Ethiopian border has

reduced capacity to supply key commodities from Ethiopia due to the current economic crisis and the poor exchange rates. During the assessment, the teams registered that some traders had stopped bringing in food items due to informal taxes at the border as well as the increase in price of goods. Traders are generally very willing to engage in discussions on market-based humanitarian interventions.

### Inflation

All traders interviewed described the negative impact of inflation of the South Sudanese Pound to the USD. A key recommendation from market actors in Jikmir and Mandeng is to support traders in hard currency so that they can increase their supply of key commodities. The traders from South Kordofan also noted the negative impact of the devaluation of the South Sudanese Pound against the Sudanese Pound, which had also limited their purchasing power from the wholesale market in Sudan. The inflation was also negatively affecting the purchasing power of households in and around Tonga as market prices had increased.

### Security

Insecurity is one of the main barriers to well-functioning markets, and people's access to these markets. Traders from Panyikang have raised concern about security of those that bring items across the border from Sudan into South Sudan. Market-based interventions have the potential to promote peaceful co-existence if based on a proper reading of the local conflict dynamics and potentials for peace, and if such interventions are targeting markets frequented by several different communities. This is clearly shown in the Tonga market, where many communities are coming together peacefully.

### Legal and policy frameworks

Trade unions exist and local bylaws have been passed to all market actors, which currently guide their operations. There is also a directorate of the chamber of commerce on taxation and customs, which guides traders and offers some basic protection to traders on informal taxes and road customs on the South Sudan side. There are two registration processes, according to the

traders interviewed. The first one is with the County Executive Director, and thereafter with the local traders union. All traders are registered and pay registration fees as well as taxes, which depend on the size of the goods a trader has in his or her shop. Traders in Jikmir and Mandeng complained of too many informal payments on the road from Ethiopia to Mattar, the nearest trading centre to Jikmir.

### Seasons

Traders are reliant on being able to move trucks, cars, motorcycles and animals across safe and open roads, and it is therefore mostly in the dry season that goods are moved from Sudan or Ethiopia. Before the crisis, goods were also brought by traders by barge from Renk, Malakal, Bor and Juba serving the markets all year round, however now these services are unavailable because of insecurity. The only route operating into Jikmir and Mandeng is the trade route from Ethiopia.

### **Options for market-based humanitarian response**

There are opportunities to do a quick small-scale market-based response aimed at immediate life-saving assistance to the most vulnerable. Larger scale responses will require stimulation of both purchasing power and the capacity of vendors to respond to a growing demand.

Traders and communities surrounding the markets surveyed are optimistic that a market-based response is possible, and that such interventions are very important to a) address the high levels of food insecurity and b) ensure markets can continue to act as a place where different communities can meet and interact in a peaceful manner.

## Assessment teams

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Panyikang:

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6. LWF Emergency Manager, Mr. Taban George
7. LWF Food Security and Livelihood Officer, Mr. Rikaju Yakobo

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