

WFP PAKISTAN FOOD SECURITY BRIEF



Impact of 2010 Monsoon Floods on Market functioning in Khyber Pakhtunkhwa

BRIEF N 1

SEPTEMBER 2010

Summary and Recommendations

The violent flash floods that occurred in August 2010 had a strong impact on transport infrastructure and on markets in Khyber Pakhtunkhwa Province (KPK).

Main findings

- ◆ Disruption of market activities in KPK reduced the extent to which people can sell any produce or livestock (even if they are net consumers overall) as well as the extent to which they can purchase food or other essential items with income derived from their own sales (from both price and income effects).
- ◆ The greatest direct economic impact was on districts such as **Charsadda, Chitral, Swat, Nowshera, Upper Dir, Kohistan** and **Shangla** that combined a high level of pre-flood commodity sales through markets, and a sharp reduction in current market function.
- ◆ Districts with a relatively high previous level of economic activity such as **Peshawar, Nowshera** and **Charsadda** are expected to recover much faster than others.
- ◆ Populations in the rural, food deficit districts of **Shangla, Kohistan, Chitral, Dir** and **Swat** have suffered the greatest impact on livelihoods at the household level.

Recommendations

- ◆ Infrastructure repair through, for example, Food-for-Work for trunk or farm-to-market roads in **Shangla, Kohistan, Chitral, Dir** and **Swat** districts would contribute to livelihoods in both the short and much longer term.
- ◆ Cash transfers in KPK Province, given the fact that markets are largely disrupted, should be considered at a later stage.

METHODOLOGY

The analysis of the impact of market disruption in KPK Province was conducted in two stages;

1. the first one was an assessment, by interviews with key informants, of the degree to which basic market function can be carried out now and in the short-term.
2. The second stage consisted of a relative ranking of estimated losses/capita due to the reduced capacity to market commodities for which the Province is well known as a regional or national provider: fish, sugarcane, tobacco, fruit, vegetables, potatoes and livestock.

Key informant interviews took place in Peshawar on 16 and 17 September; these included members of main traders' associations, who were also given a questionnaire to distribute to some of their branches (see table below)

Information was also obtained on markets and marketable commodities from members of the KPK Bureau of Statistics in charge of collecting price and other information from traders, under a MoU with WFP. Some of these informants had visited traders in Shangla District on 31 July when the flash floods struck.

| | |
|--------------------------|--|
| Haji Muhamad Halim Jan | President Markazi Tanzeem, President Anjumen Tajaran Rabita |
| Main Muhammad Akhtar | Committee Peshawar Cant. |
| Mujeeb ur Rehman | President Anjuman Shafi Market |
| Mohammad Ahtashan Haleem | President Nishtirabad Peshawar Communication Secretary (Markazi Tanzeem Tajaran KPK) |



Main findings

The information on the degree to which *markets are functioning*, is summarized below; when several Tehsils of a same district had a different degree of market functioning (see Table 3), the average was weighted by their relative population sizes (see Table 1 and Map on last page).

Table 1. Extent (in %) of Remaining Market Functions, by District

| DISTRICT | % MARKET FUNCTION |
|--------------|-------------------|
| Abbotabad | 100 |
| Bannu | 100 |
| Buner | 100 |
| Hangu | 100 |
| Haripur | 100 |
| Karak | 100 |
| Malakand | 100 |
| Lakki Marwat | 100 |
| Malakand | 100 |
| Mardan | 100 |
| Swabi | 100 |
| Peshawar | 90 |
| Tank | 85 |
| D.I.Khan | 80 |
| Kohat | 75 |
| Manshera | 75 |
| Battagram | 68 |
| Swat | 64 |
| Charsadda | 30 |
| Nowshera | 30 |
| LowerDir | 30 |
| UpperDir | 20 |
| Chitral | 10 |
| Kohistan | 10 |
| Shangla | 7 |

Market disruption in the Province has affected people in all districts, even where markets function well, due to the increase in commodity prices. Consumers have to pay much more for vegetables, fruit, potatoes, livestock and meat products. In Peshawar, tomatoes, onions and vegetable prices have risen by five to seven-fold in the six weeks following the flood. Beef and lamb, as well as live animal prices have risen by 40-70% in the same period. Where markets are functioning at less than 100%, consumers also pay much higher prices, but producers face a considerable additional loss to their livelihoods because of reduced marketing opportunities. Perishable produce is therefore lost, or sold for virtually nothing.

The estimated *economic incidence* on producers of reduced market functions depends on the extent to which rural populations in affected districts are 'export' oriented (see Table 2). Main products considered here include sugarcane, tobacco, fish, vegetables, fruit, potatoes and livestock. The economic incidence of the loss was estimated by taking the per capita value of production, by district, for these commodities, and the relative ranking of the impact of market

disruption on rural households. Tobacco for instance, is mostly produced in **Swabi**, where markets were not significantly disrupted by the floods. Sugarcane, fish and livestock products are also important marketed products, so they are taken into account for the district where market function was lost.

Table 2 below shows the relative ranking of economic incidence of market loss, estimated by multiplying the annual per capita value of relevant commodities, with the percentage of lost market function.

Table 2 – Net Economic Incidence of Lost Market Function, by District

| | % Market Function | Net Economic Incidence |
|-----------|-------------------|------------------------|
| Charsadda | 30 | 2,572 |
| Chitral | 10 | 2,425 |
| Swat | 64 | 1,761 |
| Nowshera | 30 | 1,178 |
| Upper Dir | 20 | 1,046 |
| Kohistan | 10 | 912 |
| Shangla | 7 | 794 |
| DI Khan | 80 | 621 |
| Lower Dir | 30 | 606 |
| Kohat | 75 | 390 |
| Battagram | 68 | 218 |
| Tank | 85 | 159 |
| Manshera | 75 | 153 |
| Peshawar | 90 | 63 |

Charsadda, Chitral and **Swat** districts, followed by **Nowshera, Upper Dir** and **Kohistan**, suffered the highest economic impact because of the value of economic losses that followed the market disruption.

In terms of general household welfare, however, the priority should be on the Districts where market disruption has been most severe: **Shangla, Kohistan, Chitral**, and **Dir** (Upper).

Key informants were asked to assign priorities to areas where the allocation of labor (for e.g. under a Food-for-Work activity) could relatively quickly have a positive impact on the degree of market functions. They concluded that priorities for main and farm-to-market roads, in decreasing order of importance, should be:

- ◆ **Kohistan** (esp. Pattan, Duber tehsils)
- ◆ **Swat**
- ◆ **Lower Dir**
- ◆ **Shangla**

Table 3 – Extent of Market Function, and Main Marketable Commodities, by Tehsil

| DISTRICT | TEHSIL | MARKET STATUS | COMMODITIES | DISTRICT | TEHSIL | MARKET STATUS | COMMODITIES |
|-----------------|-----------------|----------------|--|-----------------|----------------|----------------|---|
| | | % of functions | Products local people normally market | | | % of functions | Products local people normally market |
| ABBOTTABAD | ABBOTTABAD | 100 | | LAKKI MARWAT | LAKKI MARWAT | 100 | |
| BANNU | BANNU | 100 | | LOWER DIR | JANDOOL | 30 | Onions, livestock, maize, rice, fruit, vegetables, walnuts |
| BATAGRAM | ALLAI | 50 | | | TEMERGARA | | |
| | BATAGRAM | 80 | | Total Lower Dir | | 30 | |
| Total Battagram | | 68 | | MALAKAND | SAM RANI ZAI | 100 | |
| BUNER | DAGGAR | 100 | | | SWAT RANI ZAI | | |
| | | | Total loss of fish market, poultry. Sugarcane production | Total District | | 100 | |
| CHARSADDA | CHARSADDA | 30 | | MANSEHRA | BALA KOT | 75 | Fruit, vegetables |
| | TANGI | 30 | | | F.R KALA DHAKA | | |
| Total Charsadda | | 30 | | | MANSEHRA | | |
| CHITRAL | CHITRAL | 10 | Onions, potatoes, maize, livestock, fruit, walnuts | | OGHI | | |
| | MASTUJ | 10 | | Total Manshera | | 75 | |
| Total Chitral | | 10 | | MARDAN | MARDAN | 100 | |
| D. I. KHAN | D. I. KHAN | 80 | | | TAKHT BHAI | | |
| | KULACHI | 80 | | Total District | | | |
| | PAHARPUR | 80 | | | | | Wheat, maize, sugar cane, fish farms, tobacco, livestock, industrial products (medicines, ghee) |
| Total D.I. Khan | | 80 | | NOWSHERA | NOWSHERA | 30 | |
| HANGU | HANGU | 75 | | PESHAWAR | PESHAWAR | 90 | |
| HARIPUR | GHAZI | 100 | | SHANGLA | ALPURI | 10 | Potatoes, vegetables, fruit |
| | HARIPUR | | | | BESHAM | | |
| Total District | | 100 | | | CHAKISAR | 5 | |
| KARAK | BANDA DAUD SHAH | | | | MARTOONG | | |
| | KARAK | | | | PURAN | | |
| | TAKHAT NASRATI | | | Total Shangla | | 7 | |
| Total District | | 100 | | SWABI | LAHOR | 100 | |
| KOHAT | KOHAT | 75 | | | SWABI | | Tobacco, etc. |
| | | | Livestock, vegetables, timber, fruit, walnuts, seasonal potato | Total District | | | |
| KOHISTAN | DASSU | 10 | | | | | Onion tomato and fruits are produced in this area Kalam-all hilly area |
| | PALAS | | | SWAT | MATTA | 10 | |
| | PATTAN | | | | SWAT | 80 | Vegetables |
| | PALAS | 10 | | Total Swat | | 64 | |
| | PATTAN | 10 | | TANK | TANK | 85 | Vegetables |
| Total Kohistan | | 10 | | Total Tank | | 85 | |
| | | | | | | | Fruit, vegetables, onion, maize, livestock, walnuts |
| | | | | UPPER DIR | DIR | 20 | |
| | | | | | WARI | 20 | |
| | | | | Total Upper Dir | | 20 | |



Bisham, Shangla district early August 2010 photo Tariq Mehmood

% of Remaining Market Functions, by District in KPK

