



### 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. On 10 November 2016, REACH conducted a supply chain analysis of markets in the Nyal Town area to understand the supply chain, operational challenges faced by market stakeholders, and the likely short to medium-term future of trade in Southern Unity State. The following market profile reports the findings of key informant interviews (KII) with 15 traders in both of Nyal's markets in Panyijiar County.

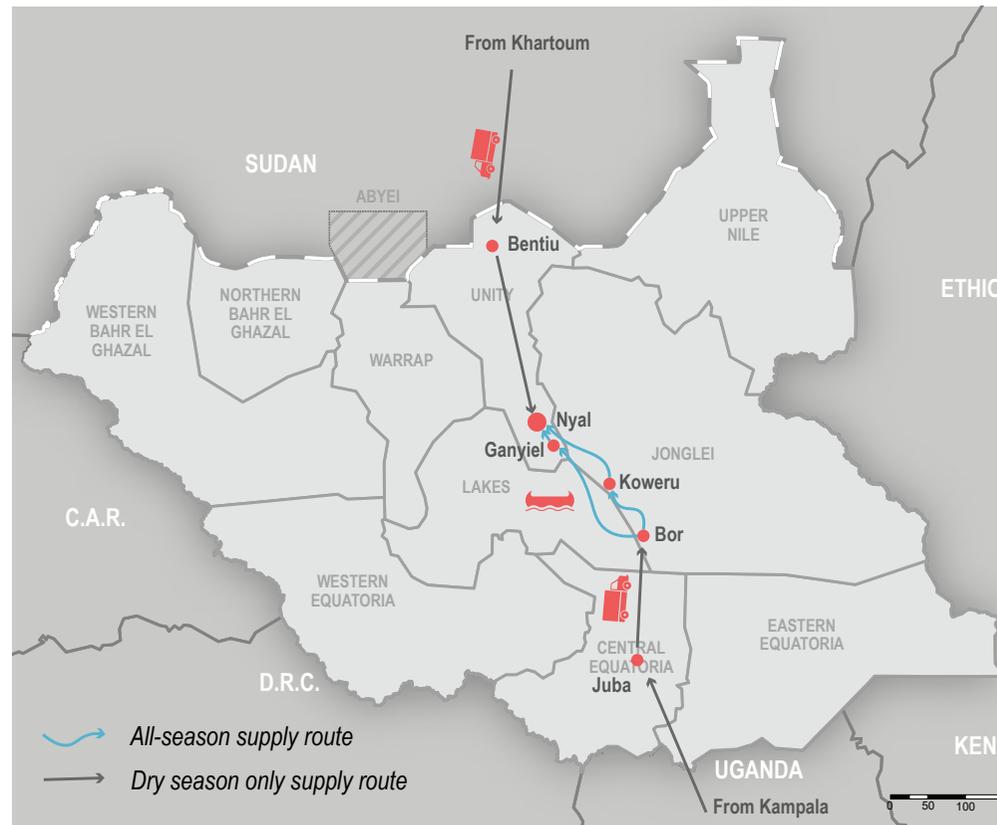
### Key findings

- The IDP influx, which has continued since May 2015, lack of agricultural inputs and limited trade routes have left the majority of Nyal's population dependent on food aid.
- Nyal markets are very remote and lack large supply routes, leaving them isolated from external markets and sensitive to small changes in supply or demand. Any intervention to alleviate market stressors will have significant effects on prices. The fishing sector is likely more resilient due to a large native supply of fish in the nearby swamp.
- Since December 2013, the primary supply route from Sudan into Nyal has been blocked due to insecurity, increasing pressure on the remaining routes to supply the market. Water routes are limited in scale because goods are transported by dug-out canoe.
- The national depreciation of the South Sudanese Pound (SSP) and insecurity along supply routes have restricted suppliers' ability to restock market goods.

### Supply routes

Nyal is located in one of the most remote parts of the country, with difficult physical and communication access for both people and goods. Prior to the resurgence of conflict in December 2013, food goods entered Nyal markets through one of three routes: by road via Khartoum - Bentiu - Nyal, and by canoe from Juba - Bor - Koweru, Duk County, Jonglei - Nyal, or Juba - Bor - Taiyar, Panyijiar County, Unity State - Nyal. Since December 2013, the northern route from Sudan has been closed, severely restricting supply routes. Traders continue to use river routes despite insecurity, high port taxes and informal checkpoints, although traders have considered alternative routes. Notably, several traders chartered a flight from Juba in October to transport Ugandan goods, but this was not profitable. Since January 2016, WFP has provided a series of General Food Distributions (GFDs) to both host communities and IDPs to ease food insecurity. Most people living in Nyal benefit directly or indirectly from these GFDs because the continuous influx of unregistered IDPs has forced most beneficiaries to share with the unregistered population.

### Supply routes to Nyal markets



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





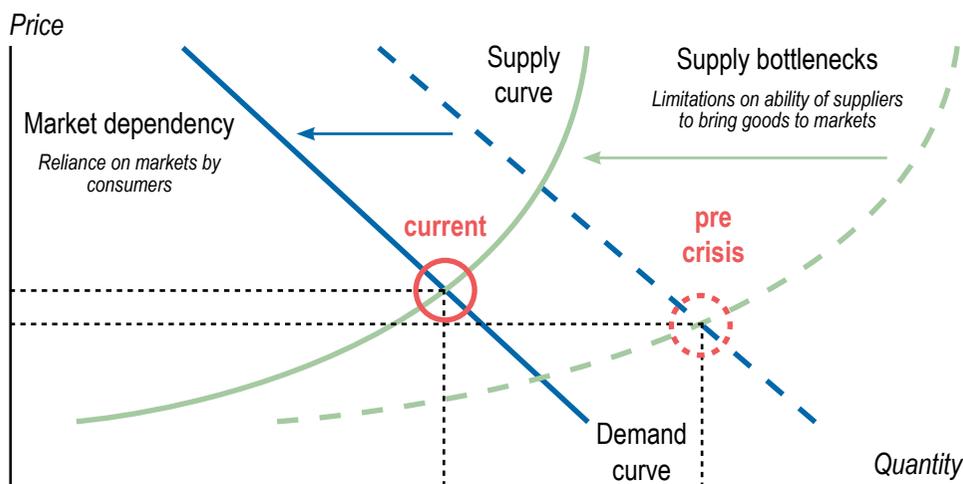
## Most common available market goods (November 2016)

The primary source of food in Nyal is local fishing, which is abundant in the Sudd swamp bordering Nyal. The most common goods in Nyal markets are staple cereals, general food goods, and NFIs. Notably, a portion of market sorghum originates from WFP GFDs which recipients sell to traders for resale.

	<b>Unavailable goods</b>		<b>Limited goods<sup>2</sup></b>		<b>Available goods</b>
	<ul style="list-style-type: none"> <li>▪ Simsim</li> <li>▪ Cassava</li> <li>▪ Maize</li> </ul>		<ul style="list-style-type: none"> <li>▪ Rice</li> <li>▪ Beans</li> <li>▪ Wheat flour</li> </ul>		<ul style="list-style-type: none"> <li>▪ Sorghum</li> <li>▪ Cooking oil</li> <li>▪ Sugar</li> <li>▪ Legumes</li> <li>▪ Fresh produce</li> </ul>

## Market supply and demand (November 2016)

An abundance of swamp fish and GFDs has depressed demand since January 2016 (pre-crisis). The IDP influx has increased consumers, but most lost their disposable income during displacement, which along with hyper-inflation has lowered demand. The closure of major supply routes, general insecurity and high informal taxation have led to major supply bottlenecks, leading to a decline in the quantity and increase in the price of goods (current).



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

## SUPPLY: Bottlenecks

Recent changes in South Sudan's economic and security environment have created several challenges for suppliers to bring goods to markets in Nyal. The following factors have led to supply bottlenecks:

- **Insecurity** on primary roads and along waterways has made it difficult to safely transport goods to Nyal.
- **The closure of the roadway** between Sudan and Nyal has increased the amount of goods traveling by canoe, but canoes transport much small volumes of goods.
- **High formal and informal taxation** by government entities have raised prices (e.g. a trader traveling from Juba to Nyal pays a tax in Juba, in Bor, in Koweru, and Nyal).
- **Hyperinflation** has devalued South Sudanese currency, raising the price of imports.

## DEMAND: Market dependency

Consumers receive their major food staples (sorghum, cooking oil) through GFDs, therefore demand for markets is artificially depressed and consumers purchase non-staple goods in Nyal markets. The following factors affect market dependency:

- **Hyper-inflation** has reduced the purchasing power of buyers in the market, reducing the frequency and quantity of foods purchased.
- **Access to non-market sources of food:** Population in the surrounding areas predominantly rely on fishing as their main source of food. Ongoing food distributions reduce dependency on markets for food.
- **The IDP influx** has slightly increased demand for market goods.

## Conclusion

This profile has provided an overview of supply chain dynamics for Nyal markets during the 2016 wet season. Markets are insular and prices are highly sensitive to changes in supply and demand. A strength of Nyal markets is the availability of food from non-market sources (i.e. fish). The greatest challenge facing Nyal's markets are the restriction of supplies due to insecurity along key supply routes, which makes supply chains highly sensitive to the fluid security situation in Unity State. It is recommended that further analysis be conducted during the coming dry season in order to monitor how changes in road access and insecurity affect access to goods in Nyal Town.