



Department
for International
Development



CARE Syria Resilience Programme
Market System Analysis

Northeast Hub

Mapping of **Wheat and Small Ruminants** **Market Systems** in Al-Hasakeh Governorate

Fact Sheet
September 2018

Market Environment

- Al-Hasakeh governorate is the staple crop reservoir of Syria, and the 2017 wheat harvest of the Al-Hasakeh represents 40% of total country wheat yield
- Al-Hasakeh governorate shows the least negative impact on the agriculture sector as well as the lowest cost of food basket observed in Syria in June 2018
- The state system in the governorate for managing and supporting the wheat and small ruminant value chains has almost collapsed
- The self-administration or the Democratic Autonomous Administration (DAA) has functional bodies to support the agriculture sector Al-Hasakeh
- The private sector in Al-Hasakeh evolved to fill the service provision gap, which resulted from the collapsed governmental system
- The Syrian currency reached a historically low level against foreign currencies after the crisis. The exchange rate of May 2018 against USD was 439 SYP in Al-Hasakeh governorate
- Many grain and livestock traders practice cross-border trade between Al-Hasakeh governorate and Iraq
- The wheat and livestock value chains in Al-Hasakeh governorate are intersecting with each other and with other local value chains
- Around 70% of the farming land area in Al-Hasakeh governorate is rain-fed according to interviewed local senior agronomists
- For both crop and pastureland, winter rainfalls on Al-Hasakeh governorate recorded throughout 2017 were up to 40 % less than averagely recorded rainfalls
- Cross-border trade with Iraq created opportunities for the two value chains
- No significant changes that might impact the humanitarian access and operations in the area are expected in the next few months. However, it is highly advisable that the humanitarian sector avoids investing in parallel systems that might be compromised by expected substantial political changes.

Market Infrastructure

- The fuel availability allowed farmers to use agricultural machinery. However, the fuel quality deteriorated due to limited refining capacity.
- Prolonged and frequent electricity power cuts are challenging production and processing activities of the two value chains
- Land and asset ownership are common among farmers and herdowners in Al-Hasakeh
- Most of the wheat grain silos are out of service due to ill-maintenance and conflict-related damages.
- Wells are a common source for irrigation in Al-Hasakeh, where fuel-operated pumps used to water the wheat farms and livestock by well water.
- Pasture areas availability and sufficiency are sensitive to the rainfalls and heat waves.
- The wheat and small ruminant value chains in Al-Hasakeh governorate are family owned and managed business.

Derek and Qamishli Districts, Syria | Wheat Value Chain

May 2018

The Market Environment

Institutions, rules, norms & trends



Exchange Rate Volatility



SYP Depreciation



AID Wheat Products



Aromatic Crop Farming



Laws and Regulations



IDPs



Agriculture Plan and Loans



Intersection with other VCs



Climate Events



Quality control



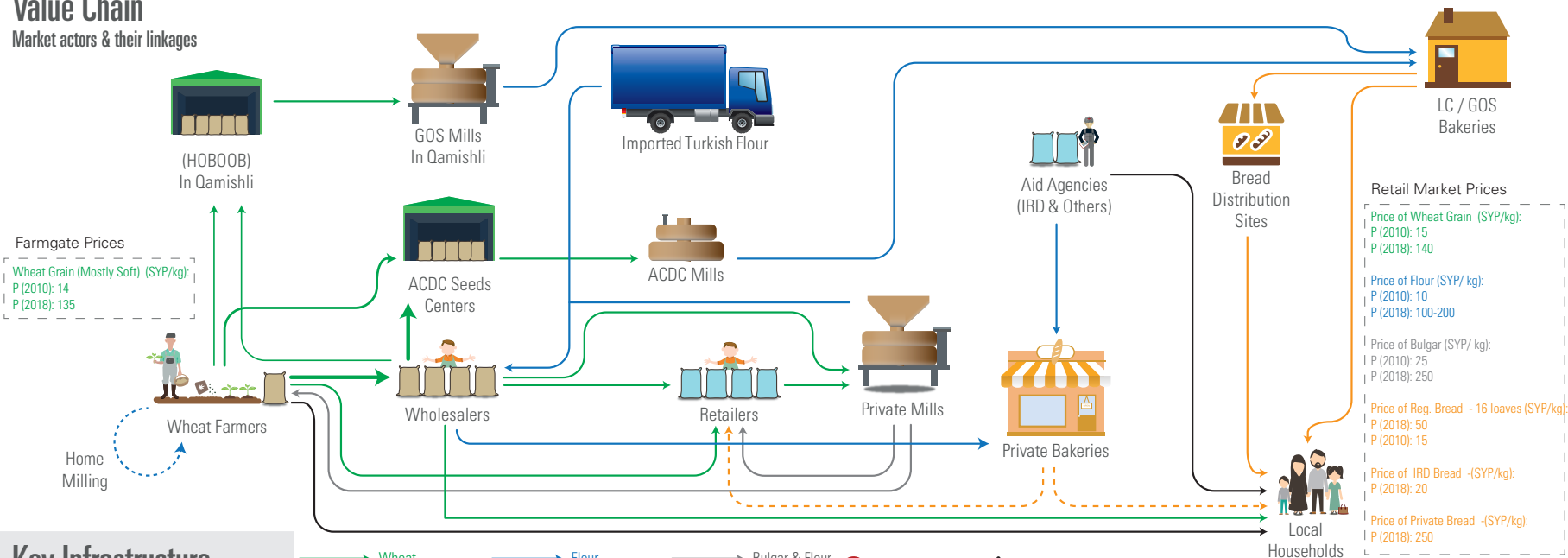
Gov- led production



Business networks

Value Chain

Market actors & their linkages



Key Infrastructure

inputs, market-support services



Water Scarcity



Roads



Banking and Financial Services



Fuel



Silos



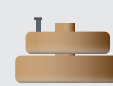
Expensive fertilizers and pesticides.



CROP DISEASES



Machinery Maintenance



MILLING CAPACITY



Credit based trade



Electricity



High Production Seeds

Wheat VC Challenges

Producers

- Absence of supportive and guidance policies
- Absence of farmers networks
- Absence of information sharing mean on production, market performance and climate
- Unavailability of high production seeds
- Absence of risk protection mechanism
- Absence of agricultural loans and official financial system
- Limited unofficial credit-based trade practices
- Volatile security situation
- Limited irrigation water resources
- Drought is a significant risk impacting rainfed wheat farming
- Expensive inputs as pesticides and fertilizers, particularly those imported from Turkey.
- Crop diseases

Traders

- High market entry capital
- Limited warehousing capacity
- Destroyed silos
- Rodents and grain insects
- Absence of information sharing mean on production, market performance and climate
- Expensive transportation due to high fuel prices
- Poor roads conditions.
- Price volatility
- High risk on business continuity (security, unpredictable price volatility.)
- Absence of risk protection mechanism
- Absence of agricultural loans and official financial system
- Limited unofficial credit-based trade practices
- Unstable cross-border trade policies
- Currency fluctuation

Processors

- Power cuts
- Limited mills production
- Expensive fuel
- Expensive transportation

Consumers

- Expensive wheat product (bread, flour and bulger)
- Intermittent availability of wheat product due to production issues
- Low income
- Price volatility

Wheat VC Opportunities

Producers

- Wheat farming support
 - Providing high-quality seeds - Cash and assets for work programmes (ex: seed multiplication)
 - Promoting and supporting green energy solutions for operating water pumps and machinery
 - Promoting and supporting low water production solutions
 - Promoting and supporting bio-fertilizing solutions.
 - Creating information sharing mobile application (share information on production, meteorological bulletins on weather updates & water availability and market prices)
 - Capacity building:
 - Agricultural training,
 - Crop diseases identification and fighting

Traders

- Create information sharing channels (market support mobile app for traders to share information on production and market prices)

Processors

- Millers and Bakeries support
 - Introduce green energy solutions
 - Introduce solar energy solutions for operating mills and bakeries.
 - Introducing biofuel solutions

Derek and Qamishli Districts, Syria Small Ruminants Value Chain

MAY 2018

The Market Environment

Institutions, rules, norms & trends



Syp Depreciation



Exchange Rate Volatility



Family managed business



Intersection with other VCs



Gov. support



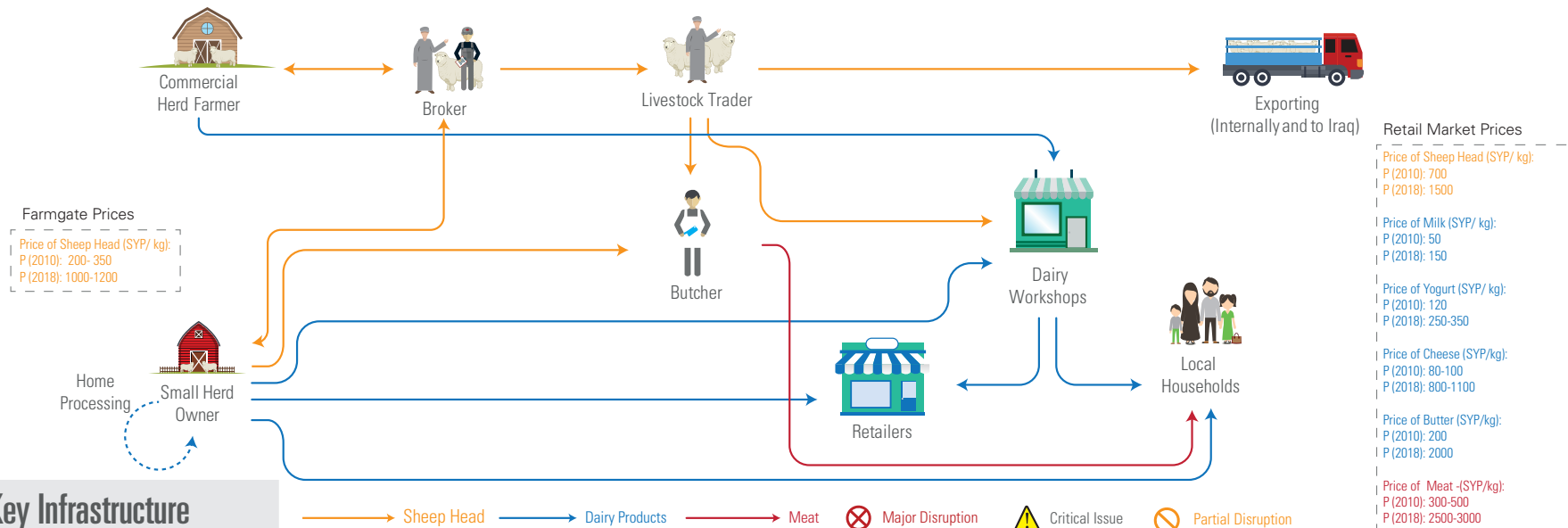
Quality Control



Drought

Value Chain

Market actors & their linkages



Key Infrastructure

inputs, market-support services



Water Scarcity



Poor roads



Banking and Financial Services



Expensive Vaccines and medications.



Electricity



Pasture Availability



Livestock Diseases



Expensive Fodders



Informal Credit based trade

Small Ruminants VC Challenges

Producers

- No governmental support
- High market entry capital
- Unavailability of official banking and financial services
- Drought impacts pasture availability
- Expensive fodders
- Expensive veterinary medications and vaccinations

Traders

- High market entry capital
- Limited warehousing capacity
- Destroyed silos
- Rodents and grain insects
- Absence of information sharing mean on production, market performance and climate
- Expensive transportation due to high fuel prices
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- Price volatility
- High risk on business continuity (security, unpredictable price volatility.)
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Processors

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Consumers

- Expensive wheat product (bread, flour and bulger)
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Wheat VC Opportunities

Producers

- Supporting local production of Fodders
- Promoting and supporting Hydroponic Agri-solutions
- Promoting and supporting chemical treatment of straw
- Veterinary services support
- Conducting Vaccination campaigns
- Launching Veterinary info sharing mean (app for medicines availability, outbreak reporting, etc.)
- Initiation Mobile vet clinics programme
- Subsidized Medicines and vaccines provision (Vouchers)

Processors

- Introduce alternative power solutions
- Introduce solar energy solutions for processing and cold chain
- Introduce biofuel solutions for fuel production
- Introduce mechanized processing solutions

Livelihood and Food Security

- Before the crisis, the agricultural sector was the primary income source for 50 % of the population in Syria ¹.
- The agricultural sector still represents around 26 % of the country's GDP ².
- Around 80 % of the rural population is involved in annual crop farming activities ³.
- Around 30 % of Damascus residents adopting rooftop vegetable farming as a coping strategy to the high market prices ⁴.
- The agricultural sector represents a vital foundation for the resilience of 6.7 million Syrians as reported by FAO ⁵.

1 FAO (2016). Syrian Arab Republic and FAO. Building resilience and sustainable food and nutrition
 2 FAO (2017). Counting the Cost: Agriculture in Syria after six years of crisis.
 3 Ibid
 4 ACU - Assistance Coordination Unit (2017). DYNAMO - Syria Dynamic Monitoring Report
 5 FAO (2017). Counting the Cost: Agriculture in Syria after six years of crisis

Resilience Elements

- Agricultural land ownership was a critical resilience element in NES, where landownership maintained farming as a cross-generations livelihood and food security enabling factor;
- Agricultural knowledge and skills were common in the area due to its historical agricultural nature;
- Diverse water sources; rivers as al-Khabour and Euphrates, rainfalls and underground water made farming possible;
- Responsive and evolving private sector was able to fill the public-sector gaps incentivized by profitable opportunities;
- Internal and external trading opportunities with other governorates, Iraq and Turkey;
- Oil and Electricity: oil availability in Al-Hasakah fuelled local power grid, and the power sources in Al-hasakeh were significantly more available than the rest of Syria during the conflict;
- The homogenous Kurdish community was able to quickly arrange a stable and evolving self-admiration to fill the government collapse induced gap;
- The ties with Iraq Kurdistan secured both ways trading route that eliminates the risk of siege;
- The Kurdish self-admiration had a significant international support;
- The relatively stable security situation enabled the agricultural sector and markets to maintain functionality.

Economic Recovery Opportunities in NES

- Improving and sustaining the agricultural production can generate livelihood opportunities and improve the food security situation of the local population, several thematic interventions are recommended;
 - Restoring the agricultural infrastructure,
 - Agricultural technology transfer,
 - Promoting efficient irrigation solutions,
 - Promoting green power solutions,
 - Promoting sustainable farming,
 - Promoting crop diversification,
 - Introducing new food processing value chains and
 - Supporting the agri-industrial sector governance.

Risks and Sustainability

- Risk assessment is a critical aspect of market-based interventions that target the agricultural sector in Syria to assure no harm and sustainability.
- Studying and continuously monitoring the market supply, demand, and performance indicators
- it is vital to consider the environmental impact of intervening in the small ruminant and wheat value chain.
- Groundwater irrigation in Syria is deeply overexploited, yet sustainable use of water receives less attention than the effects of food and income security.
- Consequently, the humanitarian actors are highly advised to seriously consider these risks when implementing market-based recovery interventions targeting the dairy sector in Syria, to assure sustainability and no harm.



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