



NORWEGIAN
REFUGEE COUNCIL

MARKET ASSESSMENT REPORT

“Under OCHA, YEFM1804 Market Assessment Conducted at Qufl Shamer District Marketplaces.”

Gov.: Hajjah

District: Qufl Shamer

Period: January 2019

Reported by: M&E Team – Hodiedah & Hajjah

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Acronyms

BNFs	Beneficiaries
FEWSNET	Famine Early Warning Systems Network
FGD	Focus Group Discussion
FSAC	Food Security and Agriculture Cluster
HC	Host Community
HHs	Households
IDPs	Internally displaced people
IDs	Person's identity card
IPC	Integrated Phase Classification
KII	Key informant interviews
KOBO	Online system for collecting and analyzing data
M&E	Monitoring and Evaluation
NFIs	None-food Items
NRC	Norwegian Refugee Council
REACH	joint initiative of two international non-governmental organizations
UCT	Unconditional Cash Transfer
YER	Yemeni Real

EXECUTIVE SUMMARY:

The type of marketplaces as informed by all respondents is local market, no obstructions the team faced while traveling. The interviews have been conducted with several community members, having different positions. All the interacted respondents confirmed that there is available market which called Al Ahad within the district, operating on daily and weekly basis, with average distance between 1 to 1.5 km. The results of this assessment shown that the increase of prices is a significant effect on market operation, moreover, 70% of traders are not able to handle their business as usual and that was due to the ongoing conflict, debt or security matters. Most of customers come from the nearest villages before the conflict and for the meantime, however, the number of customers decreased by 51%.

At least 50% of food commodities were coming from Hodiedah gov. and 50% from Sharar before the shock, however, for the meantime all food commodities come from Shafar, also some NFIs were brought from Sana'a before, all Hygiene and sanitation supplies were coming from Hodeidah before the shock, whilst all come from Shafar now. The demand reduced within the marketplace as overall observation. Traders confirmed that they have valid trading licenses, the main commodities they are supplying are flour, rice, oil and sugar. 70% of them don't have a large retailer shop or other outlet. For those who have shown their willing to participate in vouchers program they could provide multiple choices / options of items to the value of a voucher.

Respectively, all interacted traders confirmed that they trade the same commodities as before the conflict, same for the meantime. While only 1 respondent reported that the market supplying less than half of pre-shock supply. The main key commodities that recently have at their stocks are (wheat flour, rice, oil and sugar). The interacted traders confirmed that they could use their existing suppliers to get any additional supplies of key commodities, they could use other suppliers as well. The main factor that may make it difficult for them to increase their supply is the shortage of capital. By asking them if they sell commodities to their customers on credit, almost all confirmed, and customers must repay the credit between week to month.

Overall, respondents confirmed that they were access their needs before the conflict from the market, while for the meantime they access their needs either from the market or from the available assistance. The main four important food commodities needed as revealed were (wheat flour, rice, oil and sugar), they were buying the mentioned items before the conflict from Shamer market, with average time to reach there between 30 minutes to 2 hours' maximum, based on the type of transportation. While the main mean of transportation is the motor-cycle with average cost for transportation by motor is 470 YER.

Usually men go to the markets for buying food supplies, children sometimes and women rarely, while buying hygiene items mostly by men and by children sometimes, NFIs always buy by men. The control of household budget as revealed by the respondents is 80% by men and 20% by women. Respondents confirmed that the prices increased mostly due to the collapse of currency and all reported that most of supplies/items (food, hygiene and non-food) always supplied by the traders, also traders are able to supply sufficient quantities of the key commodities if the demand increased. From other hand, the most preferred type of assistance is cash, while vouchers come as a second preferred option as revealed.

Most of people within the district are getting cash by daily work, while others from transfer agent or as a benefit from their livestock. At least 29% of the households have access to daily work as main service to get cash. The average percentage of households can access at least one of the above (or other) financial services is 18%. In addition, almost all people identify themselves to access financial services by using their IDs, while some by insurance card. In general, none of the security, ethnic, gender, or social issues affect access to any institutions.

Table 1: Market place supply chain statements

	Key Commodities
<p>With reference to Qufl Shamer market place, the supply chain is not integrated or competitive. It will respond to voucher program if demand for key commodities increased during the intervention period. Traders can increase supply and additional traders interested in supplying core goods to this reference market place. Trader support is needed to support supply chain response to increase in demand. Support in warehousing and access to credit will be needed. Unlikely increase in prices for longer than 3 months if demand increases.</p> <p>Market environment does affect the ability of the supply chain to be more function. Security is changeable and could affect market access and consumer demand. Market infrastructure does affect the ability of the supply chain to function due to lack of adequate warehousing and transportation cost. The significant risks include; lack of trader capital to increase stock if demand increases rapidly, Potential changes to the security levels in the area could affect targeted from accessing markets and growing social tension between the targeted beneficiaries and the HC.</p> <p>Unconditional Cash Transfer only possible under certain conditions; if security situation remains calm and does not affect market access, sensitizing targeted beneficiaries and HC on program objectives and methodology, sensitizing traders on the program plans to enable pre-positioning of items and gradually increase the targeted beneficiaries numbers to enable supply chain/ trader capacity to respond.</p>	<p>Food NFIS Hygiene and sanitation</p>

INTRODUCTION:

Through this project, the targeted beneficiaries will be supported to access food and improve their food security status. They will be provided with unconditional cash transfers for a period of six months, enabling them to purchase food items from the local markets. On the other hand, farming targeted households will be supported with cash grants to procure seeds and agricultural tools that will enable them improve their agricultural production.

NRC team conducted this market assessment for the targeted district to determine the most appropriate modality of delivering assistance. Based on the findings of the assessment, NRC will make informed decisions on the approach to using either cash or vouchers or a combination. Market assessment determined to be the first activity that will be conducted so that the modality is defined at the onset if implementation.

NRC proposed response is in line with FSAC Cluster Objective; to increase access to food for highly vulnerable families. The objective is meant to reduce severe hunger among highly vulnerable families by provision of cash & voucher services which will enable vulnerable food insecure households to access food through the markets and also receive food production kits that will enable households to produce food for themselves.

Objectives

- ▶ To assess whether a market can supply the key commodities effectively
- ▶ To determine the most appropriate modality of delivering assistance
- ▶ To enable NRC to identify opportunities to implement UCT on the basis of market analysis
- ▶ To collect information on market demand and trade flow within the district

BACKGROUND

After more than three years of war and a longer period of escalating conflict, Yemen represents the world's worst humanitarian crisis and a complex political environment in which to deliver principled humanitarian aid and protection. Yemen's 2018 Humanitarian Needs Overview details overwhelming humanitarian needs, derived from the intersection between ongoing conflict, displacement, economic decline and the collapse of public institutions. Of a population of 29.3 million, 22.2 million Yemenis – three quarters of the population - now need aid or protection. An overwhelming 17.8 million people are now food insecure, 8.4 million of them at extremely high risk of famine. An air and naval blockade on Yemen's main ports has prevented or slowed the flow of essential imports of food, fuel and medical supplies from entering Yemen, having a crippling effect on the flow of basic goods, while a deteriorating economy drives widespread inflation on essential commodities. People in Yemen are caught in between, with reduced availability of food, inflated prices and fewer resources with which to purchase it.

Food insecurity is arguably the most critical concern within Yemen's humanitarian crisis, underpinning many of the broader risks relating to famine, disease and protection. In their June 2018, Joint Market Monitoring Initiative, REACH reported that 92% of vendors in Yemen reported challenges with price inflation, 54% with transport and 52% with commodity shortages, speaking to the equivalent strain on resources for consumers. The Famine Early Warning System Network (FEWSNET) reports that large parts of Yemen are expected to remain in food crisis (IPC Phase 3) until October 2018, while some areas face Emergency (IPC Phase 4) and more imminent risk of moving into Catastrophe (IPC Phase 5) should there be any additional disruptions to food supplies or economic factors. FEWSNET's June-October 2018 outlook projects a deterioration Hajjah from crisis levels to emergency food insecurity.

Methodology

The assessment took place from 7th to 9th of Dec 2018, all assessment tools have been designed and approved by the M&E team in consultation with the technical specialists. The surveys conducted face to face with traders, community FGDs and KII, using 5 market surveys tools for a total of 15 individuals and 4 FGDs conducted as shown in table 2. The survey has been conducted to assess and monitor market and trade flow within the targeted district as well as to assess the possibility to use either cash or food vouchers distribution for the YEFM1804 project. The data collected on hardcopies initially and uploaded to KOBO afterward. KOBO analyzer downloaded and used to utilize the quantitative analysis in this report.

To ensure consistency and quality of findings, enumerators have been trained in data collection techniques and are provided with guidelines regarding the types of commodities and shops to assess. Food retailers, for example, must be located in permanent structures, be small to medium sized, and stock multiple items included in the survey. Additional criteria have been developed for shops selling food, Hygiene and sanitation supplies and NFIs.

Table 2: Tools for Market Assessments

Survey	Interviewee	Sample size
01. Market Semi Structured Interview	Key Informants	4
02. Trader Semi Structured Interview	Retailers/Wholesalers	3
03. Focus Group Discussion	Community Representatives	4
04. Financial Services	Key Informant Interview	4
05. Market Prices (Retail/ Wholesale)	Retailers	4

FINDINGS OF THE SURVEY:

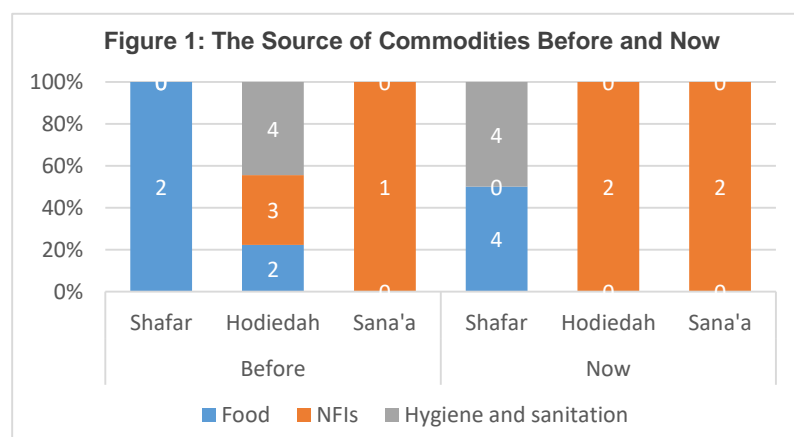
01. Market Semi Structured Interview

The type of marketplaces as informed by all respondents is local market with approx. time needed to reach between 10 to 30 minutes, no obstructions the team faced whilst traveling but the trade flows shown increased as observed by the team. The interviews have been conducted with several community members, having different positions such as driver, trader, teacher and principal. All the interacted respondents confirmed that there is available market which called Al Ahad within Al Meglaf district, operating on daily and weekly basis, with average distance between 1 to 1.5 km. The main means of transportation is motor-cycle, and somehow by car, animals or by foot. The time to reach this market between 10 to 40 minutes, based on the mean of transportation, while the average transportation fees is 500 YER.

The results of this assessment shown that the increase of prices is a significant effect on market operation, moreover, 75% of traders are not able to handle their business as usual and that was due to the ongoing conflict, debt or security matters. Most of customers come from the nearest villages before the conflict and for the meantime, however, the number of customers decreased by 51%. In addition, the number of retailers supplying the key commodities in the marketplace changed since the conflict commenced, as well as the market has shown less amount of supplying for key commodities compared to the supplying amount before conflict, moreover, there is a shortage of the main commodities for more than a month by 50%, such as milk and flour, for the reason that traders couldn't afford the increased in price.

Table 3: Related to Market Structure

If the /	Yes	No
Traders are able to continue their business as usual	25%	75%
Market is supplying the same amount as before conflict	25%	75%
Number of retailers supplying changed since this conflict	100%	0%
Shortage of commodities more than a month	50%	50%



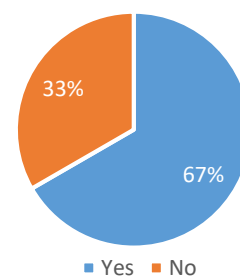
At least 50% of food commodities were coming from Hodiedah gov. and 50% from Sharar before the shock, however, for the meantime all food commodities come from Shafar, also some NFIs were brought from Sana'a before as shown in figure 1, also all Hygiene and sanitation supplies were coming from Hodeidah before the shock whilst, all come from Shafar for the meantime. The demand reduced within the marketplace as

overall observation of traders as a result of conflict, while its hardly to supply the key commodities for households by 30% even if the households given money, particularly for NFIs, due to the increase in cost of transportation as a main factor which made it difficult for traders to continue their business as normal, however, the key commodities could be supported to improve the current situation for two months as an average. All respondents confirmed that there are key commodities that experienced particularly large price changes all their reasons were due to the current conflict or currency collapse.

02. Trader Semi Structured Interview (wholesalers-retailers)

The interacted traders confirmed that they have valid trading licenses, the main commodities they supply are flour, rice, oil and sugar. 70% of them don't have a large retailer shop or other outlet. By asking them if they are willing to take part in a voucher program, at least one has denied for the reason that he cannot afford the cost of importing more commodities and he has no stores, while for those who have shown their willing to participate in the program they could provide multiple choices / options of items to the value of a voucher, in addition, they are willing to take part in market fair in relatively remoted villages. Besides that, only one confirmed that he has an active bank account, others are willing to open bank accounts if the voucher program takes place.

Figure 2: Willing for Vouchers

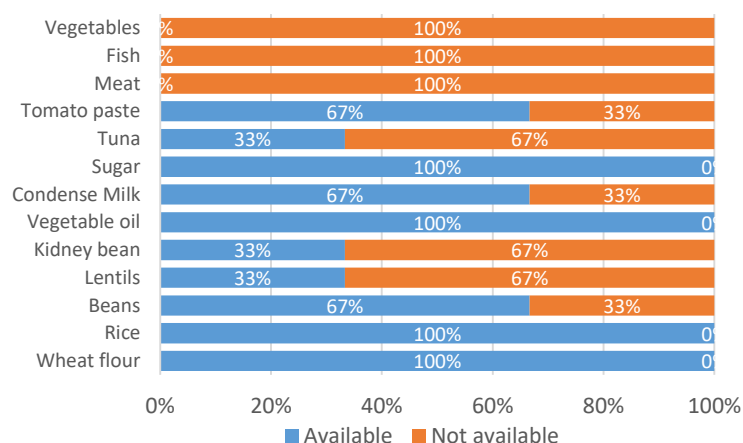


Respectively, all interacted traders confirmed that they trade the same commodities as before the conflict, same for the meantime. In addition, 2 out of 3 respondents informed that the market supplying the same amount as pre-conflict supply, while only 1 reported that the market supplying less than half of pre-shock supply. Traders normally buy the key commodities from Hodiedah city or from Shafar, in case they face any issues with supplying, they either suspend importing or import from Sana'a. All have reported that due to the conflict the price increased, where some revealed that the result affected in supplies flow and in some security issues, as well as transportation fees have been increased.

Table 4: Related to Trader Profile

Are you /	Trader 1	Trader 2	Trader 3
Having a valid trading licenses	Yes	Yes	Yes
Having other outlets	Yes	No	No
Willing to take part in a voucher program	Yes	Yes	No
Willing to take part in market fair in remote villages	Yes	Yes	No
Having an active bank account	No	Yes	No

Figure 3: Key Commodities in stock and available all the times



The main key commodities that recently have at their stocks are (wheat flour, rice, oil and sugar), while some still storing beans, milk and tomato paste, with restocking frequency by weekly or monthly. From other hand, more than half confirmed that there are other reliable suppliers they can buy the commodities from if the main source is not available/accessible, and they would typically store their stock in small and personal stores. All interacted traders confirmed that they could supply the HHs with

the key commodities if they were given money. Whereas, it would take them to get additional stocks to meet the demand from week to 10 days if demand increase by 50%, while if demand for the key commodities were to increase by 100%, it would take them 2 weeks to month to get additional stocks.

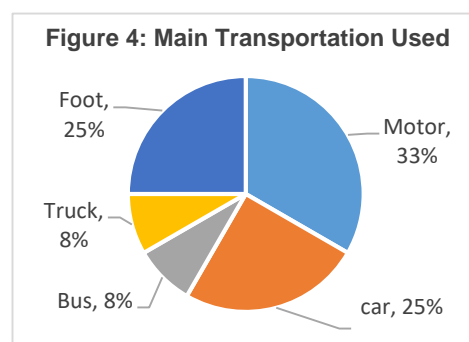
All the interacted traders confirmed that they could use their existing suppliers to get any additional supplies of key commodities, they could use other suppliers as well. The main factor that may make it

difficult for them to increase their supply is the shortage of capital, also some mentioned that the reduce of demand and the increased in prices were some factors for the same matter. However, the supply of key commodities could be supported to improve the current situation if the capital is available for them.

By asking them if they sell commodities to their customers on credit, almost all confirmed, and customers must repay the credit between week to month. Nowadays their suppliers could also give them some supplies on credit, and they must repay their credit not more than a month.

03. Focus Group Discussion (FGD) With Community Representatives

Overall, respondents confirmed that they were access their needs before the conflict from the market, while for the meantime they access their needs either from the market or from the available assistance. The main four important food commodities needed as revealed were (wheat flour, rice, oil and sugar), and the four most important Hygiene items needed by the affected population as reported were (bar soap, washing powder, plastic basin and plastic jug), with a typical household needs of washing powder as 20 small bags per month, while the four most important Non-food & Shelter items needed as reported are (kitchen sets, blankets, mattresses and clothes).



All respondents confirmed that they were buying the mentioned items before the conflict from Shamer market, with average time to reach there between 30 minutes to 2 hours' maximum, based on the type of transportation; while the main mean of transportation is the motor-cycle, where some also use cars, trucks or on foot. The average cost for transportation by motor is 470 YER, 870 YER for trucks and 750 YER is the average cost for car, however, some people are using their animals. The average time to reach the nearest markets by foot is an hour as reported, the same by using animals, while it may take them 26 minutes as an average by motorbike, or 37 minutes by car/mini bus/truck.

Table 5: Time on average take to reach the nearest markets

Means of transportation	Average
By foot	60 minutes
By animal (donkey, horse etc.)	60 minutes
Motorbike	26 minutes
By car/mini bus/truck	37 minutes

Usually men go to the markets for buying food supplies, children sometimes and women rarely, while buying hygiene items mostly by men and by children sometimes, NFIs always buy by men. As reported, no one faced risks while going to market within the community, there is no problem for women and marginalized people to access market, also, there is no security, ethnic, gender or other social issue that can affect access to marketplaces. From other hand, the control of household budget as revealed by the respondents is 80% by men and 20% by women.

By asking the respondents if they did notice any changes in the prices of the above mentioned items in the past six months, all confirmed that the prices increased, mostly due to the collapse of currency. All respondents reported that most of supplies/items (food, hygiene and non-food) always supplied by the traders, also traders are able to supply sufficient quantities of the key commodities if the demand increased, as well as if capital is available for them. From other hand, the most preferred type of assistance is cash, while vouchers come as a second preferred option as revealed.

04. Financial Services (Key Informant Interview)

As reported by the majority, most of people within the district are getting cash by daily work, while others are getting money from transfer agent or as a benefit from their livestock. At least 29% of the households have access to daily work as main service to get cash, respectively the percentage of households benefitting from their livestock and from transfer agents is 15% both. The average percentage of households can access at least one of the above (or other) financial services is 18%. In addition, almost all people identify themselves to access financial services by using their IDs, while some by insurance card. In general, none of the security, ethnic, gender, or social issues affect access to any institutions.

05. Retail/Wholesale Prices – Food Commodities

Table 6: The Average Price of the Main Commodities at Retail Shop in YER by Unit

Retail shop	Unit	YER Price
Wheat flour	50 kg	9500
Rice	40 kg	20000
Beans	24 can	3500
Lentils	50 kg	5000
Kidney bean	50 kg	5000
Vegetable oil	20 lit	12000
Condense Milk	500 gm	600
Sugar	5 kg	1500
Tuna	700 gm	300
Tomato past	70 can	2100

Table 7: The Average Price of the Main Commodities for the wholesales in YER b Unit

Wholesales	Unit	YER Price
Goat	1 kg	4000
Chicken	1 kg	2000
Fish	1 piece	200
Potato	1 kg	500
Tomato	1 kg	500