



# INTER-AGENCY JOINT CASH STUDY: MARKET FUNCTIONALITY AND COMMUNITY PERCEPTION OF CASH BASED ASSISTANCE

**YEMEN**

**REPORT**

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## Cash and Market Working Group Partners

The following organisations contributed to the production of this report, as members of the Cash and Market Working Group for Yemen (CMWG)



NORWEGIAN CAPACITY  
OPERATED BY NRC



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REFUGEE COUNCIL



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## SUMMARY

Since 2015, conflict in Yemen has left 3 million people displaced and over half of the population food insecure, and has destroyed much of the country's infrastructure<sup>1</sup>. As of July 2017, much of the population had lost their primary source of income, 46% lacked access to a free improved water source<sup>2</sup>, and an outbreak of cholera had become the largest in modern history.<sup>3</sup>

The Cash and Market Working Group (CMWG) estimated that in 2016, cash transfer programmes were conducted in 22 governorates across Yemen; however, it found little evidence to determine which method of financial assistance is the most suitable in the context of Yemen. In order to build an understanding of the current market systems and the perceptions of the Yemeni population towards cash transfer programmes, the CMWG initiated this study with the objective of identifying the most appropriate method of cash based interventions to be used by humanitarian actors. A Technical Assessment Working Group (TAWG) was established to coordinate the design, implementation and analysis phases, and was chaired by REACH and the United Nations Office for the Coordination of Humanitarian Affairs (OCHA). The members of TAWG contributed resources and actively participated in data collection for the study, while REACH provided remote support and technical expertise, primarily by: providing advice for the development of tools and methodology of the study; providing technical and coordination support for data collection; leading technical data management and data cleaning; developing data analysis framework and leading data analysis process; designing, drafting and disseminating the final output; and producing maps and other data visualisation products.

This study consisted of two components, the first of which aimed to build an understanding of market functionality across 13 governorates of Yemen to which partner organisations were able to gain access, through Key Informant interviews conducted with 1399 vendors of selected essential commodities. The second component of the study was based on 114 Focus Group Discussions (FGDs) with different population groups (internally displaced persons, returnees, host community members and members of the historically marginalised Muhamasheen community) across 11 governorates, and aimed to explore the perceptions of communities towards cash based assistance mechanisms and address how household access to markets and financial services has changed since the onset of the conflict in 2015. The primary data for this study was collected between August and September 2017, and so is representative of the market at that point in time.

### Key Findings

#### 1. Market Functionality

- The study found that in the west of Yemen, two market systems are operating semi-independently of one another. Divided by the line of conflict, the north-west and central west of the country is supplied primarily by the port Al Hudaydah, while the south west of the country is supplied by the port of Aden. The two supply networks have varying availability of goods, and different distribution mechanisms, with Al Hudaydah supplying vendors through a wholesale distribution network for most products, whereas distributors in Aden tend to directly supply vendors in neighbouring governorates. The port of Al Mukalla and the cooking gas producers of Marib are the exceptions to this trend, supplying vendors across the west of Yemen.
- At the time of data collection, a shortage of fuel was reported across Aden and the south west of the country, which subsequently resulted in transportation issues, longer restocking times and dysfunctional market price mechanisms between vendors in neighbouring governorates for essential products. Diesel supplies appeared to be a particular issue, with many diesel vendors in the south west of the country having to source their products from Al Mukalla. The findings of this study indicate that Al Hudaydah is the primary supplier of fuel and essential resources for the majority of western Yemen, and that if a situation

<sup>1</sup> WFP Yemen Market Watch Report, September 2017.

<sup>2</sup> REACH Yemen Situation Overview: Access to Improved Water Sources, July 2017.

<sup>3</sup> OXFAM Yemen Cholera Worst on Record & Numbers Still Rising, July 2017.

arose whereby only the port of Aden was available for food and fuel imports, then this would have severe repercussions across the centre west and north west of the country.

- In order to evaluate the suitability of a cash transfer programme for different product types, each commodity group was assessed against a set of criteria including availability, consistency of pricing at a governorate level, and consistency of restocking times between governorates. Based on these criteria, and the data collected through the community FGDs, this study found that multi-purpose cash grants targeting food, cooking gas, hygiene items and water trucking would be the most suitable mechanism of cash based assistance.

## 2. Community Access to Market, Acceptance, Safety and Risk

- Price inflation, liquidity issues and falling purchasing power have presented major constraints to vendors and consumers across the country, while rapidly increasing fuel costs have impacted upon all sectors of the market, with many communities now financially and physically unable to access their local markets.
- FGD participants highlighted the scarcity of banks as the main barrier to accessing assistance through financial services providers. With the cost of transportation to their nearest bank reaching prohibitively high levels, many FGD participants reported that they were unable to travel on a regular basis. Furthermore, FGD participants indicated that banks were known to be struggling with liquidity shortages in many areas, and that the level of overcrowding meant that banks were no longer easily accessible to women and the elderly. It was also reported that the risk of theft was higher in proximity to banks.
- The major finding of the community component of this study was that any cash based intervention must prioritise flexibility and convenience to recipients. FGD participants emphasized the importance of a mechanism which allowed flexibility for them to meet their specific needs, and which could be distributed and utilised without incurring transportation costs. They also indicated that exchange offices, which have traditionally been used to transfer funds through the Hawala system, were the financial service provider to which communities had the greatest access, and which they felt most familiar with.

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## List of Acronyms

ACF	Action Against Hunger
CMWG	Cash and Market Working Group
FAO	Food and Agriculture Organization of the United Nations
IDP	Internally Displaced Persons
MEB	Minimum Expenditure Basket
NFDHR	National Federation for Development and Human Response
NRC	Norwegian Refugee Council
OCHA	United Nations Office for the Coordination of Humanitarian Affairs
TAWG	Technical Assessment Working Group
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
WFP	World Food Programme
YER	Yemeni Riyal
YRC	Yemen Red Cross Society

## Definitions

**Minimum Expenditure Basket** : An indicator of the cost of the minimum, culturally-appropriate items that a Yemeni household of 7 individuals needs for one month, while meeting basic standards for nutritious food, water use and hygiene.

**Permanent Market**: Is defined as a market with the following characteristics:

- Housed in a permanent structure, not a temporary structure where traders bring their stalls for one day.
- There should be different types of food and non-food commodities available in this market such as bread, fresh food, canned food, hygiene articles, fuel, gas, etc.
- The market's size should be medium or large: there should be at least 1 wholesaler within the market.
- Populations from smaller villages should be coming to this market to purchase supplies.

**Community** - Refers to villages in rural areas and neighbourhoods in urban areas.

**Financial Service Provider (FSP)**: An entity that provides financial services, which may include e-transfer services. Financial service providers includes e-voucher companies, financial institutions (such as banks and microfinance institutions) and mobile network operators (MNOs). FSPs includes many entities (such as investment funds, insurance companies, accountancy firms) beyond those that offer humanitarian cash transfers or voucher services, hence for the purpose of this study FSPs refers to those providing transfer services for humanitarian actors.

**Cash Transfer Programming (CTP)**: A programme where cash (or vouchers for goods or services) is directly provided to beneficiaries. In the context of humanitarian assistance the term is used to refer to the provision of cash or vouchers given to individuals, household or community recipients; not to governments or other state actors. CTP covers all modalities of cash-based assistance, including vouchers. This excludes remittances and microfinance in humanitarian interventions (although microfinance and money transfer institutions may be used for the actual delivery of cash). The term can be used interchangeably with Cash Based Interventions and Cash Based Transfers.

## Geographical Classifications

<b>Governorate</b>	Highest form of governance below the national level in Yemen
<b>Districts</b>	Administrative areas that comprise governorates
<b>Mantika</b>	Smallest administrative entity within cities
<b>Uzla</b>	Smallest administrative entity in rural areas

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## INTRODUCTION

Since 2015, conflict in Yemen has left 3 million people displaced and over half of the population food insecure, and has destroyed much of the country's infrastructure<sup>5</sup>. As of July 2017, much of the population had lost their primary source of income, 46% lacked access to a free improved water source<sup>6</sup>, and an outbreak of cholera had become the largest in modern history.<sup>7</sup>

The Cash and Market Working Group (CMWG) estimate that in 2016, financial assistance in the form of cash or vouchers was distributed across a total of 80 districts in 13 of Yemen's 22 governorates. This includes 29 districts in which cash interventions from multiple sectors were being conducted simultaneously. Cash or voucher based assistance programmes were most common in the Food Security and Agriculture cluster, followed by Shelter, Protection, Health and Early Recovery.

As humanitarian actors sought to provide a flexible response to the dynamic context of the Yemen conflict, small scale Multi-Purpose Cash Grants emerged as a favourable option, enabling beneficiaries to adapt to the changing circumstances and to tailor their purchases to meet their specific needs.

In January 2017, the CMWG conducted a desk review of existing reports exploring the economic situation within Yemen, in order to inform and support humanitarian organisations in the design of response programmes. Key studies reviewed included the World Food Programme's (WFP) 2010 Yemen Market Study which provided an overview of the market structure before the start of the current conflict, including indications of the supply lines and availability patterns of essential goods and commodities. In November 2016, the Yemen Ministry of Planning and International Cooperation published a socio-economic update which detailed the contraction of the nation's GDP as a result of the conflict, the rising public budget deficit, and the liquidity crisis emerging as workers around the country were not paid. The study also highlighted the rising rates of inflation within the import-dependent country, as the exchange rate weakened and the Yemeni Riyal lost value against foreign currencies. These concerns have continued throughout 2017, with publications such as the Food and Agriculture Organization of the United Nations' (FAO) Monthly Monitoring Bulletin and WFP's Market Watch Report recording the volatility of prices of essential commodities within Yemen.

A feasibility assessment to identify appropriate modalities for cash or voucher based programmes, conducted by the National Federation for Development and Human Response (NFDHR), Action Against Hunger (ACF), Oxfam, and the Norwegian Refugee Council (NRC), recommended the use of vouchers for food and water, sanitation and health (WASH) orientated programmes, however this study was conducted within a limited geographical area in Al Bayda governorate and so it is difficult to say if this finding applies to the country as a whole. Meanwhile, the United Nations High Commissioner for Refugees (UNHCR) and INTERSOS' Rapid Survey on Cash Assistance and Rental Subsidies observed that when provided with unconditional cash grants, beneficiaries would prioritise spending on medicines and food.

Having considered the publications available, the CMWG felt that there was insufficient evidence to determine if a cash and market based intervention was appropriate for the current Yemen context. As such, the CMWG decided to conduct a primary data collection study to address existing information gaps, and to provide guidance to humanitarian actors. Following an initial coordination meeting of the CMWG members interested in conducting the study, the following objectives were defined:

1. To provide a baseline of price and stock information of relevant basic commodities in assessed markets to organisations operating cash-based response programmes in Yemen.

<sup>5</sup> WFP Yemen Market Watch Report, September 2017.

<sup>6</sup> REACH Yemen Situation Overview: Access to Improved Water Sources July 2017.

<sup>7</sup> OXFAM Yemen Cholera Worst on Record & Numbers Still Rising, July 2017.

2. To identify the constraints and capacity of vendors in supplying and pricing basic commodities in assessed markets.
3. To gather feedback from affected communities on access to markets and their familiarity, acceptance and preferences for cash-based modalities and mechanisms.
4. To identify the potential constraints and risks of cash-based response in Yemen.

In order to conduct the study, the Technical Assessment Working Group (TAWG) was established to coordinate the design, implementation and analysis phases. The members of TAWG were agencies interested in contributing resources and actively participating in the study, while REACH and the United Nations Office for the Coordination of Humanitarian Affairs (OCHA) co-chaired the group. Throughout the course of the study, REACH provided remote support and technical expertise, primarily by: providing advice for the development of tools and methodology of the study; providing technical and coordination support for data collection; leading technical data management and data cleaning; developing data analysis framework and leading data analysis process; designing, drafting and disseminating the final output; and producing maps and other data visualisation products. The inter-agency assessment group was guided by the Joint Cash Based Transfers Feasibility Analysis framework developed by four UN agencies – UNICEF, WFP, UNHCR and OCHA – at the global level.

The study consists of two components. The first is the Market Functionality component, which will explore the pricing, availability and supply network of essential commodities, as well as evaluating the constraints faced by vendors. The second, Community Access to Market, Acceptance, Safety and Risks, will explore the perceptions of communities towards different assistance and delivery mechanisms, as well as discuss how individuals' access to markets has varied since the outbreak of the current conflict.

The following section will describe the methodology of the study, followed by a discussion of the findings for the individual components of the study.

## METHODOLOGY

A separate methodology was utilised for each of the components of the study, and while the research design for two thematic areas was made jointly within TAWG, data collection and analysis for each thematic area was independently implemented. The primary data gathered for this study was collected between August and September 2017, and so is representative of the situation during that period of time.

### Market Functionality Methodology

The objective of the Market Functionality component of this study was to gain an understanding of the experiences of vendors at a district level, and to build a picture of the products which are currently available, from where they are sourced, and how price levels vary between districts and governorates. In addition, this component of the study aimed at exploring the constraints vendors face in conducting their business, and the extent to which they are able to access any financial services. The research questions for this component of the study are listed below:

#### Research Questions: Market Functionality

1. Are commodities and services which are considered as basic and essential by humanitarian actors available in the local markets?
2. From where do vendors source their products, and how long are current restocking times?
3. What are the median prices of basic commodities and services?
4. What are the constraints faced by vendors in transporting, buying and selling basic commodities and services?
5. Do vendors have access to financial or credit services?

#### Data Collection Process

Primary data for this section of the study was collected through Key Informant (KI) interviews with vendors of basic goods and services, in order to complement the information gained during the desk review of existing publications. Vendors for multiple commodity groups, across both food and non-food items, were interviewed, including: food, fuel, cooking gas, hygiene items, water trucking, houseware, building materials, wheelchair and crutches, and mobile phone credit vendors. Of the 22 governorates and 333 districts within Yemen, a total of 1399 vendors were assessed from 103 districts across 13 governorates, as shown below. The location and number of the vendors assessed was determined by the districts to which TAWG partners could gain access.

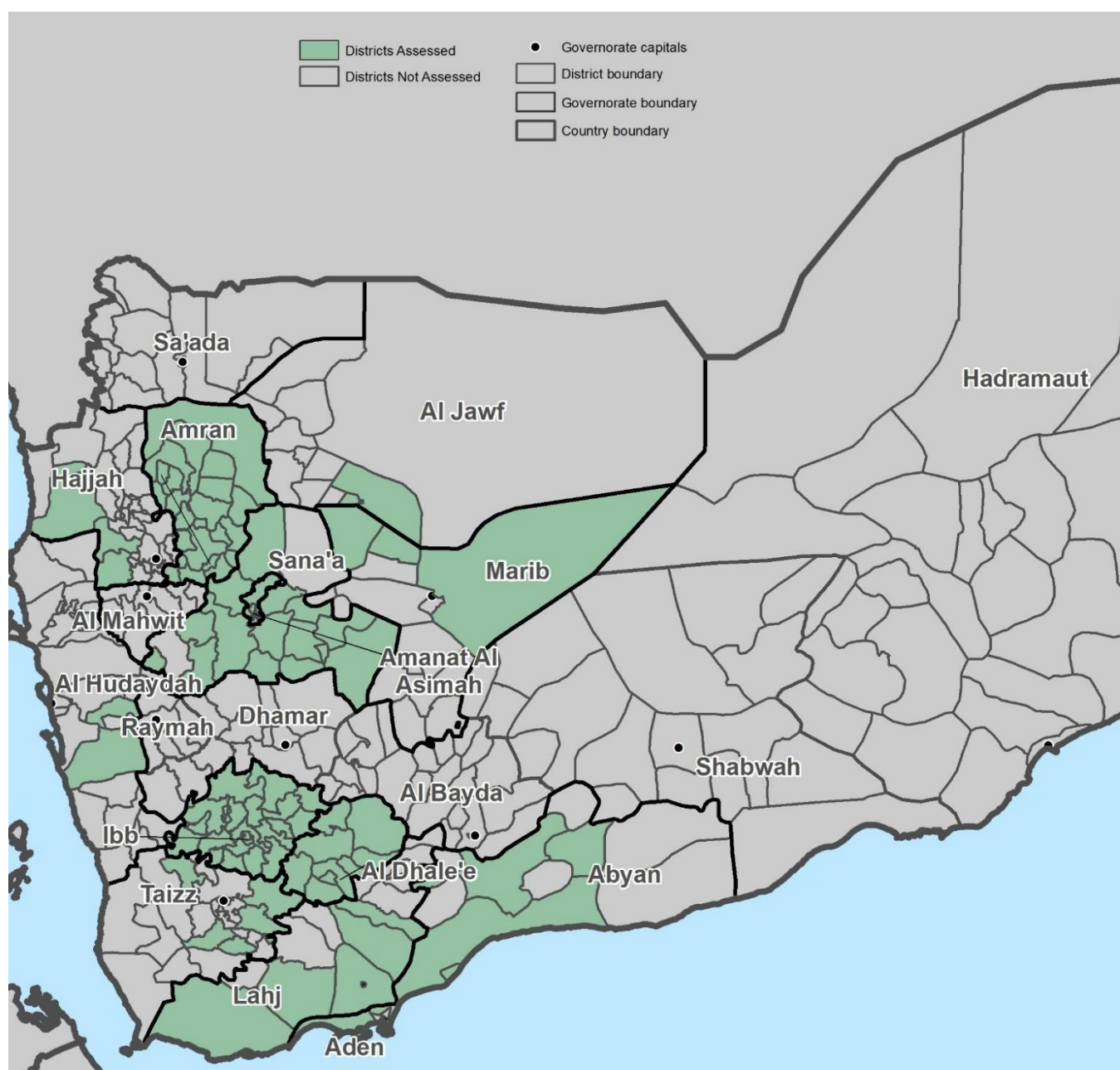
A review of products in the cluster-specific Minimum Expenditure Basket (MEB) was conducted in order to define a list of items to be included in this component of the study, which was then discussed and endorsed by TAWG. As mentioned, the list of districts included in this study was determined based upon the assessment capacity and accessibility to districts provided by TAWG member organisations. It should be noted that the number of interviews conducted varied between geographical areas. In the governorates of Al Jawf and Marib, due to accessibility constraints, only six interviews were conducted per governorate, meaning that while the responses of vendors there have been considered, the data collected is inevitably characterised by a lower degree of confidence. In addition, while vendors were interviewed in four districts of Aden, enumerators were unable to access the most populated areas where the largest markets are likely to be found, which presents a limitation when drawing conclusions of the market situation for the governorate of Aden.

Table 1: Number of districts assessed and vendors interviewed per governorate

Governorate	Number of districts assessed	Number of vendors interviewed per governorate
Abyan	5	113
Aden	4	46
Al Dhale'e	9	121
Al Hudaydah	2	63
Al Jawf	2	6
Amanat Al Asimah	10	29
Amran	20	293
Hajjah	4	65
Ibb	20	364
Lahj	5	108
Marib	3	6
Sana'a	14	69
Taizz	5	116

In each assessed district, at least one permanent market was assessed. For small or rural districts where there are no markets satisfying the definition of “permanent market”, the central market of the largest settlement in the district was selected for data collection. Each of the monitored items had pre-defined specifications which had been explained to enumerator team leaders during the training process. Enumerators were instructed that in each of the selected markets vendors should be located, if possible, for each of the commodity groups. For each of the commodity groups, KI interviews focused on four factors. Firstly, availability was defined on a binary yes or no basis. Vendors were asked if each of the given commodity groups were available in the given market. Secondly, a targeted minimum number of three price quotations per item per market were collected. In each store one quotation was taken for the cheapest price of each of item, if available. At a minimum, this would entail at least three KI interviews per market. In the event that there were fewer than three quotations found for an item in a market, the shortcoming was noted in the number of vendors interviewed, and reflected in the availability maps which can be found in the Findings section of this study. Thirdly, for restocking times and supply lines, vendors were asked how many days would be required to restock a given product upon request, and in which governorate their distributor is located. Finally, vendors were asked to indicate the three major constraints which they currently faced. The response options to this were semi structured, and included the options of: price inflation, liquidity shortage, transportation, insecurity, supply shortage, government restrictions on the sale of goods, no challenges faced and other. The “other” option allowed respondents to give a qualitative answer and to detail constraints which were specific to their context.

Map 1: Districts Assessed for Market Functionality Study



In order to evaluate the suitability of each commodity group for a cash based assistance programme, three criteria were used: 1) Availability (a binary measure at the district level); 2) Price Consistency (within governorates); and 3) Restocking Time Consistency (between governorates). These criteria were applied to assess food items, cooking gas, hygiene items, water trucking, houseware items, building materials, and wheelchairs and crutches.<sup>9</sup> Each commodity group was given a grade of “Good” “Medium” or “Poor” for each criterion, based on the following classifications:

- Availability was measured as the proportion of districts in which vendors were located for a given commodity group. Commodity groups were classified as having “Good” availability if vendors were found in at least 90% of assessed districts. Commodities were graded as having “Medium” availability if vendors

<sup>9</sup> Fuel products and mobile phone credit were not considered as these commodity types are not generally viewed as suitable targets of a cash transfer programme.



were located in 50-89% of districts, while an availability ranking of “Poor” was given to commodity groups where vendors could be found in fewer than 50% of districts assessed.

- Price consistency was graded based upon the variation of prices within governorates. Variation in this case was calculated as the difference between the maximum and minimum price quotation, as a proportion of the maximum price, per governorate.

$$\text{Variation} = \frac{(\text{Maximum Price} - \text{Minimum Price})}{\text{Maximum Price}} * 100$$

Commodity groups were classified as having “Good” price consistency if price variation was lower than 50% in at least 80% of the governorates where vendors were interviewed. A classification of “Medium” was given to commodity groups where at least 80% of governorates had a price variation of less than 70% but could not be classified as “Good”, while a classification of “Poor” was given to commodities where these classifications were not met.

- The third criterion, the consistency of restocking times, assessed the average time needed to restock a given commodity group upon request per governorate in which the product was available. Commodity groups were given the classification of “Good” consistency of restocking times if the average vendor could restock within seven days in 80% of governorates. A classification of “Medium” was given to commodity groups where average vendors in 50% to 80% of governorates assessed could restock within seven days. Commodity groups were given a classification of “Poor” restocking time consistency if average vendors in fewer than 50% of governorates could restock in less than one week upon request.

Based upon the grades given, a determination was made of the suitability of a given commodity group for a cash-based assistance programme. In order for a commodity group to be identified as a suitable candidate for a cash transfer programme, it had to be ranked as “Good” in two of three of the criteria assessed.

## Community Access to Market, Acceptance, Safety and Risks Methodology

This section of the study was designed to gather an insight into communities’ perceptions of different cash based assistance mechanisms, as well as gaining a deeper understanding of how individuals’ experiences of accessing the market have altered as a result of the ongoing conflict. The research questions for this component are listed below:

### Research Questions: Community Access to Market, Acceptance, Safety, and Risks

1. What are the factors influencing community access to local markets?
2. What are the barriers for the community to access assistance through financial service providers?
3. What is the community familiarity, acceptability, and preferences for cash-based modalities and delivery mechanisms?

Primary data collection for this component of the study consisted of focus group discussions (FGDs). Between August and September 2017, 114 Focus Group Discussions were conducted across 11 governorates. Multiple categories of respondent groups participated in the data collection process; these included: Host Community Males; Host Community Females; Internally Displaced Persons (IDP) Males; IDP Females; Returnee Males; and Returnee Females. A total of 20% of the focus groups held included members of Muhamasheen communities, a marginalised group within Yemen. In each district up to eight FGDs were conducted, based upon the availability of different population groups. All groups incorporated individuals of different ages, with elderly participants being included. The FGDs were conducted in a semi-structured manner in order to answer the research questions listed above.

In order to account for different market access situations across governorates, the travel time required for communities to reach their nearest market was taken into account as an approximate indicator of access. Based on these approximations, districts were categorised as either “high access” or “low access”. On this basis, at least one “high access” district was selected per governorate. These districts were defined as those where most community members did not have to travel more than 45 minutes on foot to the nearest market. Using the same



criteria, at least one “low access” district was also included per governorate. These districts were defined as those where most community members had to travel more than 1 hour by foot to reach their nearest market.

Table 2: Number of FGDs conducted per governorate and population group

	Abyan	Aden	Al Dhale'e	Al Jawf	Amanat Al Acimah	Amran	Hajjah	Ibb	Lahj	Sana'a	Taizz	Total per Population Group
Female Host Community	2	2	3	1	2	2	2	2	3		2	21
Female IDP	1	1	2	1	2	2	2	2	2		4	19
Female IDP Muhamasheen									1			1
Female Host Community Muhamasheen	1				2	1	2		1	1	2	10
Female Returnee							1				2	3
Male Host Community	1	1	3	1	2	2	4	2	2		3	21
Male IDP	2	1	2		2	2	4	2	2		3	20
Male IDP Muhamasheen							2		1	1		4
Male Host Community Muhamasheen	1				2	1	2		2		2	10
Male Returnee							3				2	5
Total per Governorate	8	5	10	3	12	10	22	8	14	2	20	114

## Challenges and Limitations

Accessibility issues presented a challenge and a subsequent limitation to this study. Enumerators from members of the TAWG were able to access 13 of the 33 governorates of Yemen, however in areas such as Al Jawf, Al Hudaydah and Aden, access was limited to specific districts. In the cases of Al Jawf and Marib, this led to only a small number of interviews with vendors being conducted, while in Aden enumerators were unable to access some of the most populated districts. As such, the data collected and the subsequent conclusions made are reflective of the market context and community perceptions in the areas assessed. A second limitation is that this study is based on a single round of data collection conducted in August and September 2017, and as such provides a snapshot of the market functions in that particular period of time. This should be considered when utilising the findings of this study, given the volatile nature of the Yemen context.

## FINDINGS

### Market System Functions Component

According to the Observatory of Economic Complexity, in 2015, Yemen's exports were valued at \$2.05 billion, compared to \$8.5 billion of imports, resulting in a trade deficit of \$6.44 billion, which has contributed to a substantial depreciation of the Yemeni Riyal (YER) against foreign currencies in recent years. The last year in which Yemen had a positive trade balance was 2006. At that point in time the exchange rate was approximately 198 YER to the dollar, however at the time of data collection for this study in September 2017, the unofficial exchange rate stood at 373 YER to the dollar, according to the WFP's Yemen Market Watch Report.

As of September 2017, the WFP<sup>10</sup> estimated that the per capita cost of the minimum food basket was 29% higher than pre-conflict levels<sup>11</sup>. Average fuel costs have risen even more dramatically, with cooking gas prices rising by 89%, petrol by 69% and diesel by 51%, compared to pre-conflict levels. The impact of these inflation levels has been exacerbated by a lack of employment opportunities or lack of payment to public sector workers and pensioners, with 40% of households indicating in 2016 that they had lost their primary source of income.

The WFP's Yemen Market Study, published in 2010 before the outbreak of the current conflict, noted that the country was already combatting food insecurity. It was estimated that the country imported 90% of food products, with a small number of importers dominating the market. Despite crude petroleum accounting for 35% of Yemen's export basket in 2015, the country remains dependent on imported refined fuels<sup>12</sup>. This leaves the economy vulnerable to fluctuations in supply and pricing of fuel, as we will see throughout the coming section. This section of the study will pay particular attention to the ports of Aden and Al Hudaydah, the primary ports through which imports enter the country, as well as the port of Al Mukalla in Hadramaut.

Across all of the commodity groups assessed, price inflation repeatedly emerged as the major constraint facing vendors of all product types, followed by liquidity shortage and transportation. The consistency in responses of vendors on this topic suggests that the findings are reflective of the nationwide economic situation as a whole, and so will not be discussed individually per commodity group. More notable variations were, however, found in the constraints faced per governorate which will be discussed later in this chapter as the findings provide an indication of the unique circumstances in each governorate.

As mentioned in the methodology section, the suitability of potential commodity groups to be the focus of a cash based assistance programme was evaluated based upon their availability, pricing consistency between governorates, and restocking times. Petrol, diesel, and mobile phone credit were not considered as potential targets of a cash based programme, however all other product categories were.

### Market Functionality Findings per Commodity Group

#### Fuel Commodities: Petrol

The availability of petrol vendors varied across the areas of the country assessed, as did the supply networks. Of the 103 districts assessed, no petrol vendors could be located in ten districts, meanwhile a minimum of three vendors could be found in only 40 districts. In the remaining districts, which were often located some distance from the nearest urban centre or major road, only one or two vendors could be found.

The median price of petrol per litre across all districts assessed was 275 Yemeni Riyal (YER). At the time of data collection, prices were quite consistent between governorates. Lahj and Abyan had the highest prices and the

<sup>10</sup> WFP Yemen Market Watch Report, September 2017

<sup>11</sup> Minimum Food Basket consists of 75kg flour, 10 kg dried beans, 8L vegetable oil, 2.5 kg salt and 1kg sugar for a household of 7 individuals

<sup>12</sup> Observatory of Economic Complexity

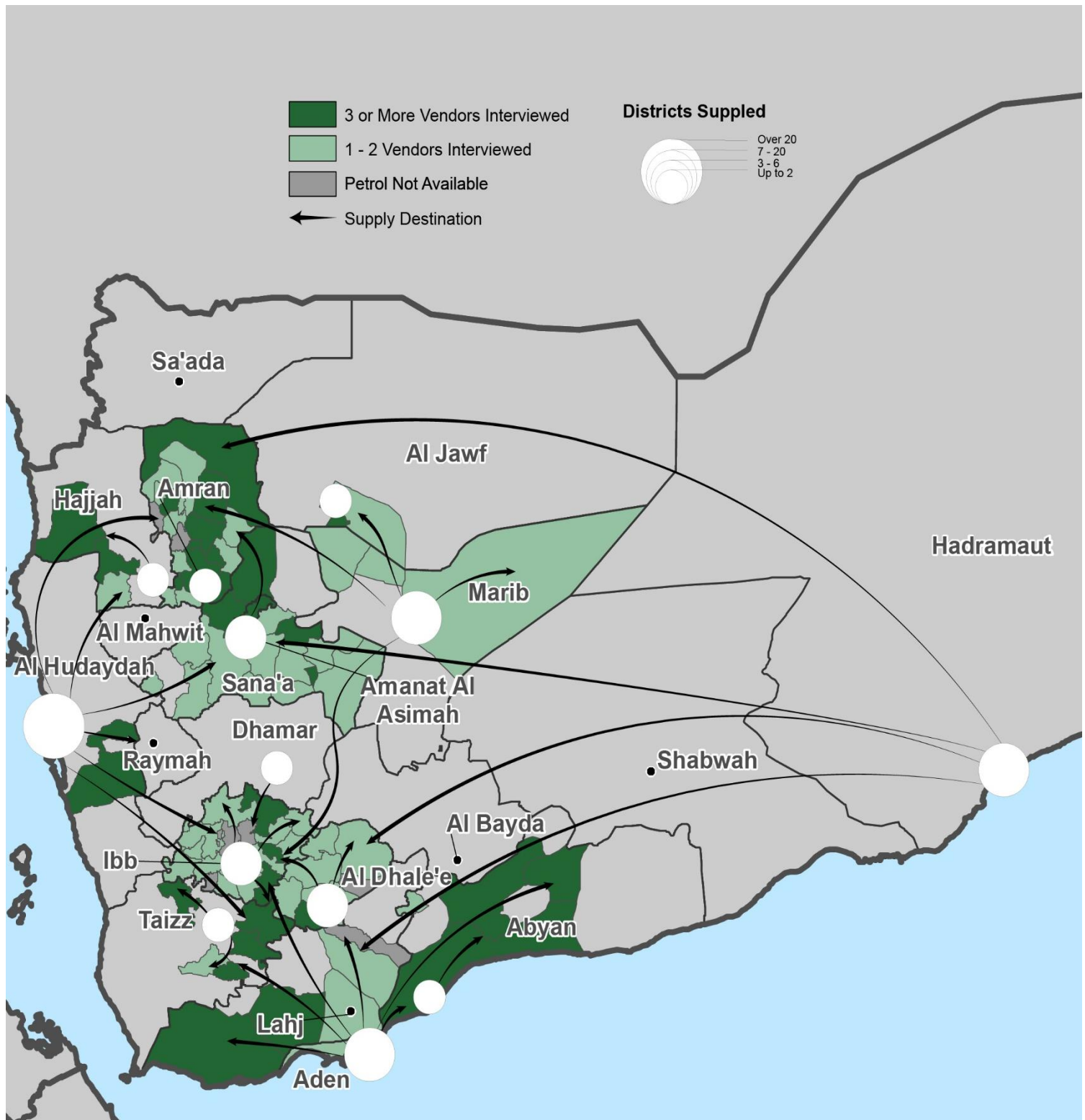
largest variation in the prices between local vendors, implying an uncompetitive market. In contrast, the lowest prices were observed in Al Jawf, which also had the lowest variation in pricing between vendors, followed by Amanat Al Asimah and Sana'a. Due to accessibility issues for enumerators in the data collection process, very few fuel vendors were observed in Aden.

On average, vendors nationwide indicated that they would be able to restock petrol within five days. The lowest restocking times were found close to major ports on the west coast, in the governorates of Al Hudaydah, Hajjah and Taizz. The longest restocking times were found in the south western governorates of Lahj and Abyan, both of which are supplied by distributors in Aden, as well as Al Jawf, where vendors indicated it could take eight or nine days to restock.

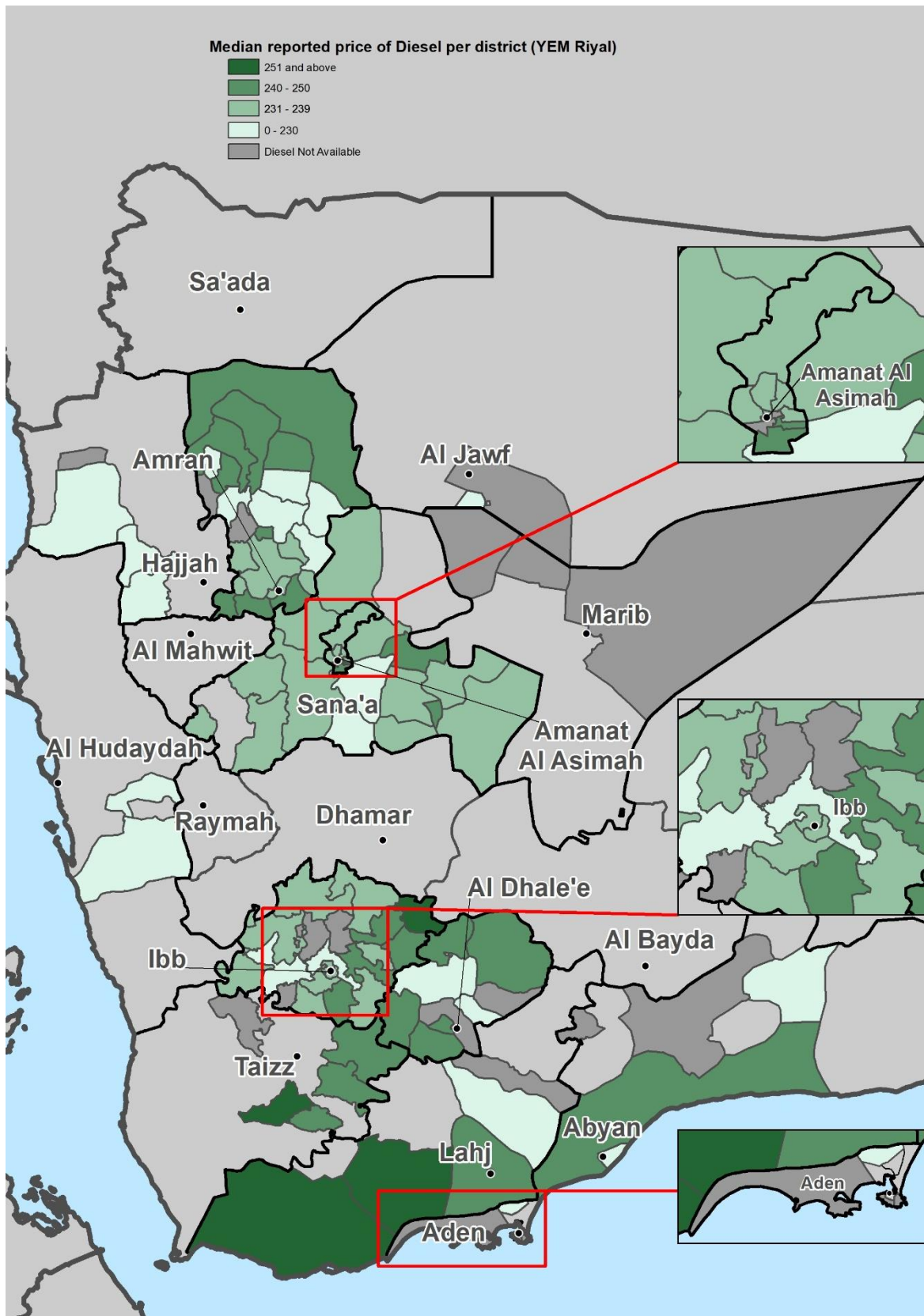
Of all commodity groups assessed, fuel vendors had the lowest access to credit from suppliers, with just 12.4% of vendors indicating that they were currently receiving credit from their suppliers. One potential reason for this could be that increases in fuel prices have been the most dramatic of any product type since the onset of the conflict, which creates uncertainty of future pricing. A second reason, which is illustrated in Map 2, is the nature of the supply network. While other commodity groups assessed in this study, such as food or hygiene items, operate primarily on a wholesaler system at the governorate level, petrol vendors are largely supplied directly from distributors located in port cities, and so the familiarity or trust between distributors and vendors could be lower than for other product types.

The map below illustrates the fuel availability and origin of supply at a district level. The four major supply points are Aden, Al Hudaydah, Marib, and Al Mukalla, of which Al Hudaydah supplies the largest number of the districts assessed. The figure illustrates that the port of Aden is the primary supplier of vendors in Lahj, Abyan, Al Dhal'e and the governorate of Aden. Al Hudaydah is the main origin of supply for vendors across Ibb, Sana'a, Hajjah, and Amanat Al Asimah. Distributors in Marib mostly supplied vendors in Al Jawf, Amran, while petrol supplies from Al Mukalla were noted by vendors in Amran, Amanat Al Asimah, Al Dhale'e and Lahj.

Map 2: Petrol Availability and Supply Origin



Map 3: Diesel Prices per District



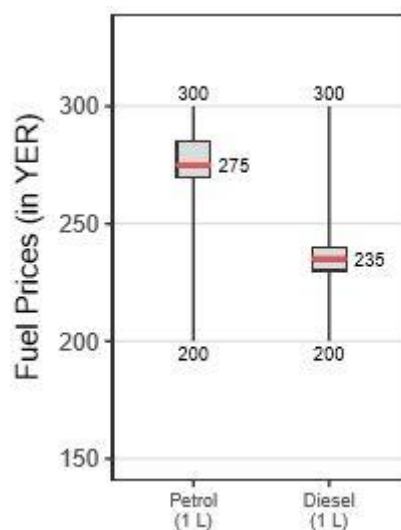


### Fuel Commodities: Diesel

Diesel was less readily available than petrol across the districts assessed, particularly in Abyan, Al Dhale'e and Ibb. No diesel vendors could be located in 21 districts, while a minimum of three vendors were located in only 30 districts. Al Hudaydah remained the most prominent supply nationwide, and in the north west, a minimum of three vendors could be located in the majority of districts assessed across Amran, Hajjah, Al Hudaydah and Amanat Al Asimah. The number of vendors found in these governorates was generally higher close to urban centres and along major transport routes. In Amran in particular, there was a notable variation in the number of vendors located close to major transport routes linking Sana'a to Sa'ada, in comparison to districts in the west of the governorate. A notable variation in the south west was that districts supplied by Aden for petrol primarily receive their diesel supplies from Al Mukalla. Diesel vendors in Al Dhale'e, Abyan, and Lahj stated that they received their supplies from distributors in Al Mukalla, with this dependency upon the port indicating a shortage of diesel supplies from Aden.

Although there was again limited variation in price levels for diesel between governorates, with a nationwide median price of 235 YER per litre. Prices were slightly higher in the south west of the country, with vendors in Lahj providing the highest variation in price quotations. The lowest variations in prices within governorates were observed in Hajjah, Sana'a and Amanat Al Asimah, with vendors in Hajjah providing some of the lowest price quotations. As with petrol supplies, diesel vendors indicated that they would need an average of five days to restock upon request, however in Lahj and Abyan, vendors indicated that it would take around two weeks to restock.

Figure 1: Price variations per fuel product





## Cooking Gas

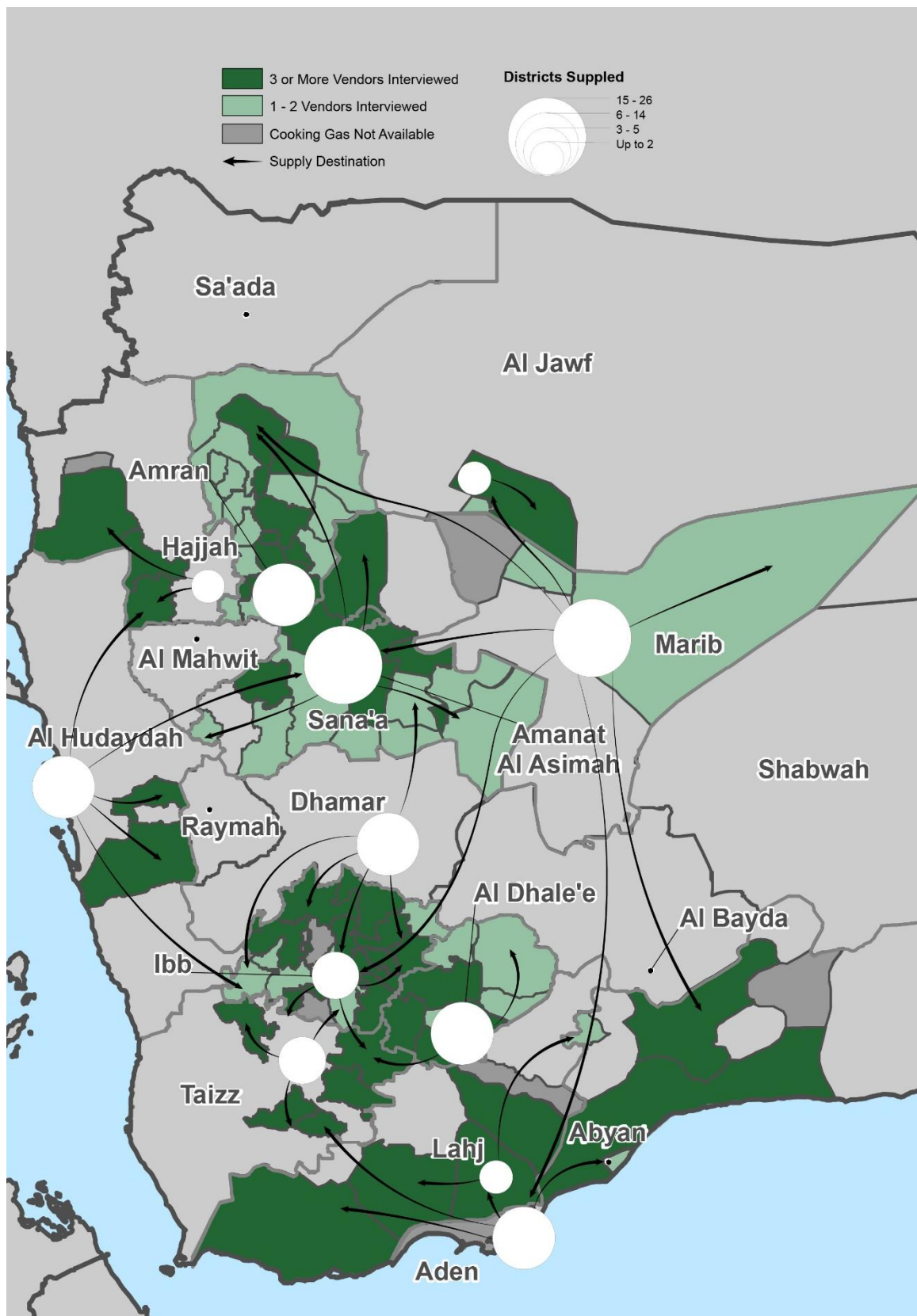
Cooking Gas was available in all but nine of the 103 districts assessed, while a minimum of three vendors were located in 56 districts. The supply network for cooking gas differs from that of petrol and diesel, and operates primarily on a wholesaler basis. While vendors in some districts are supplied directly from the ports of Al Hudaydah and Aden, and producers in Marib or Dhamar, many vendors are supplied by distributors at the governorate level in areas such as Taizz and Amanat Al Asimah. Interestingly, in Lahj, cooking gas is the only product which operates on a wholesale distribution mechanism, and subsequently cooking gas vendors have shorter restocking times than fuel, food, or hygiene vendors in the governorate.

While cooking gas is imported, domestic manufacturers are still in operation, providing the majority of the supply to vendors assessed. Producers in Marib are the primary suppliers of cooking gas, providing a rare example of a supplier reaching vendors across the north west, central west, and south west of the country. The nationwide median price for one litre of cooking gas was 200 YER. The highest median price per governorate was in Amanat Al Asimah at 240 YER per litre, and the lowest in Al Jawf at just 90 YER per litre.

Across all districts assessed, vendors indicated that it would take an average of four days to restock cooking gas. The longest restocking times were again observed along the south west coast where vendors in Abyan, Lahj and Aden each indicated that they would need more than a week to restock. Vendors in Aden indicated that it would take 15 days on average to restock cooking gas upon request. The shortest restocking times were observed in Sana'a, Amanat Al Asimah, and Al Dhale'e, where vendors needed just two days to restock on average.

Using the criteria outlined in the methodology section, the market for cooking gas was evaluated as a potential focus of a cash transfer programme. With vendors located and interviewed in 91% of districts assessed, cooking gas was given an availability grade of "Good". Eleven of the thirteen governorates recorded price variations of less than 50%, and so price consistency was also classified as "Good". Finally, as vendors in three of the thirteen governorates stated that they would require more than one week to restock cooking gas, the commodity was given a grade of "Medium" for restocking time consistency. Based upon the grades awarded for each of the three criteria, the findings indicate that the market for cooking gas is functioning sufficiently, as is a suitable target for a cash transfer programme.

Map 4: Cooking Gas Availability and Supply Origin



## Food Commodities

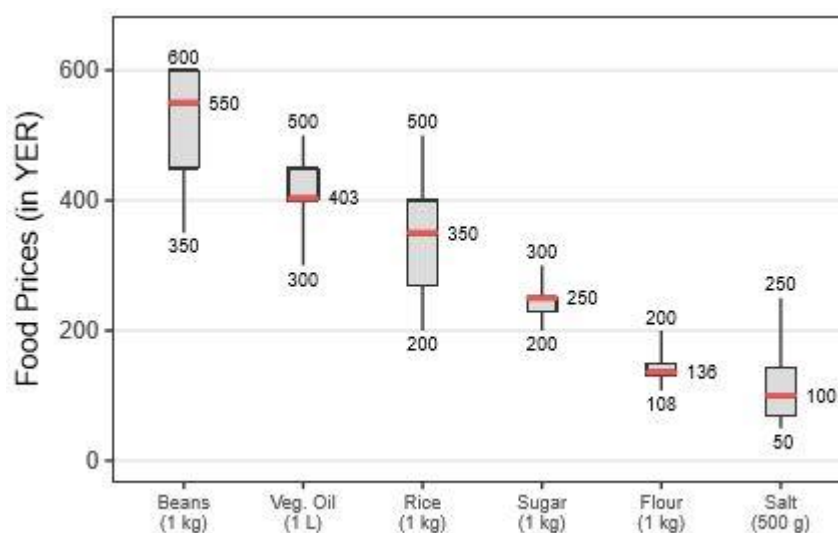
As of July 2017, it was estimated that 60% of the Yemeni population was food insecure<sup>13</sup>, with the price of staple food products rising as household incomes fall. The data collection process for this study looked at the availability of staple food items, including flour, rice, vegetable oil, salt and sugar. Of the 103 districts assessed, at least some of these essential food products were available in all but two districts. A minimum of three vendors were located in 84 districts, while districts where 1-2 vendors were observed lay in close proximity to urban centres, or in districts to which enumerators encountered accessibility issues.

As shown below in map below, the food supply network operates primarily on a wholesaler system at the governorate level. In the north and central west of the country, district level vendors are supplied by wholesalers within their own, or neighbouring, governorates. Governorate level wholesalers can be found in Amran, Hajjah, Amanat Al Asimah, Ibb, Taizz, Al Dhale'e. The majority of these distributors are in turn supplied by Al Hudaydah, either directly or indirectly via Amanat Al Asimah. In contrast, vendors in Lahj and Abyan are supplied directly from Aden, and do not appear to operate on a wholesaler network.

In order to measure variations in food costs across the country, a modified version of the minimum food expenditure basket was calculated. This basket included 75kg of flour, 8kg of vegetable oil, 2,5kg of salt and 1kg of sugar, and is designed to support a household of seven individuals for a one month period. While beans are generally included in food baskets, they were omitted from the price calculations due to limited availability in many areas.

The median cost recorded across all districts assessed for the modified food baskets was 14,386 YER, with median prices per district ranging from a minimum of 11,875 YER to a maximum of 20,975 YER. The pricing box plot illustrates the price variations recorded for each of the products included in the food basket, as well as the pricing of beans and rice, two other staple food commodities which both recorded notably larger price variation than flour, sugar, salt and vegetable oil.

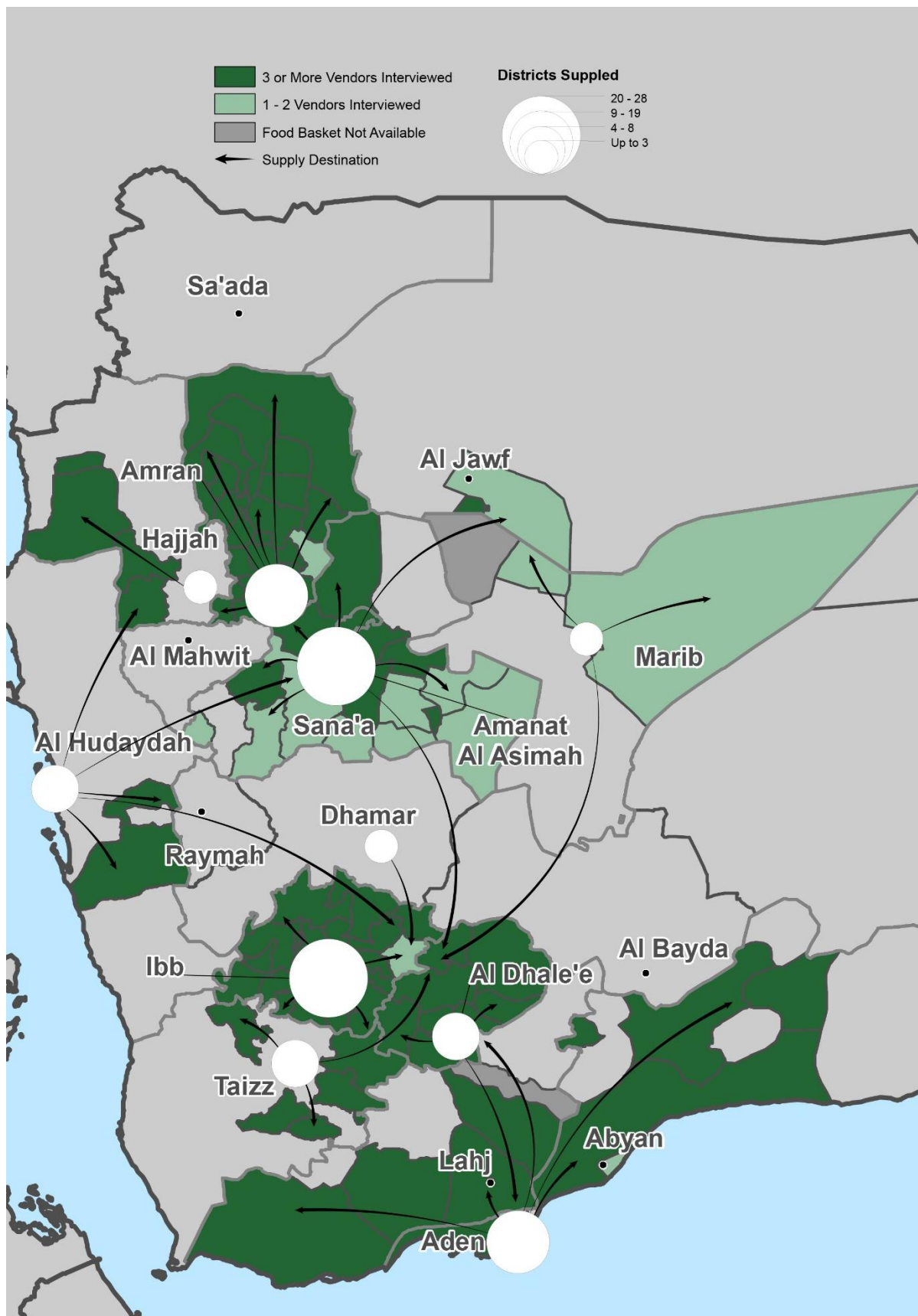
Figure 2: Price variations per food commodity



Within governorates prices varied between neighbouring districts. Amran, Al Hudaydah and Abyan consistently recorded some of the highest median prices, with the latter two governorates also recording the highest variations in price levels. It should be noted that in Al Hudaydah, only two districts in the south of the governorate could be accessed, so this finding is not necessarily reflective of the situation across the governorate. Across all areas assessed, vendors indicated that they would need, on average, less than three days to restock staple food products.

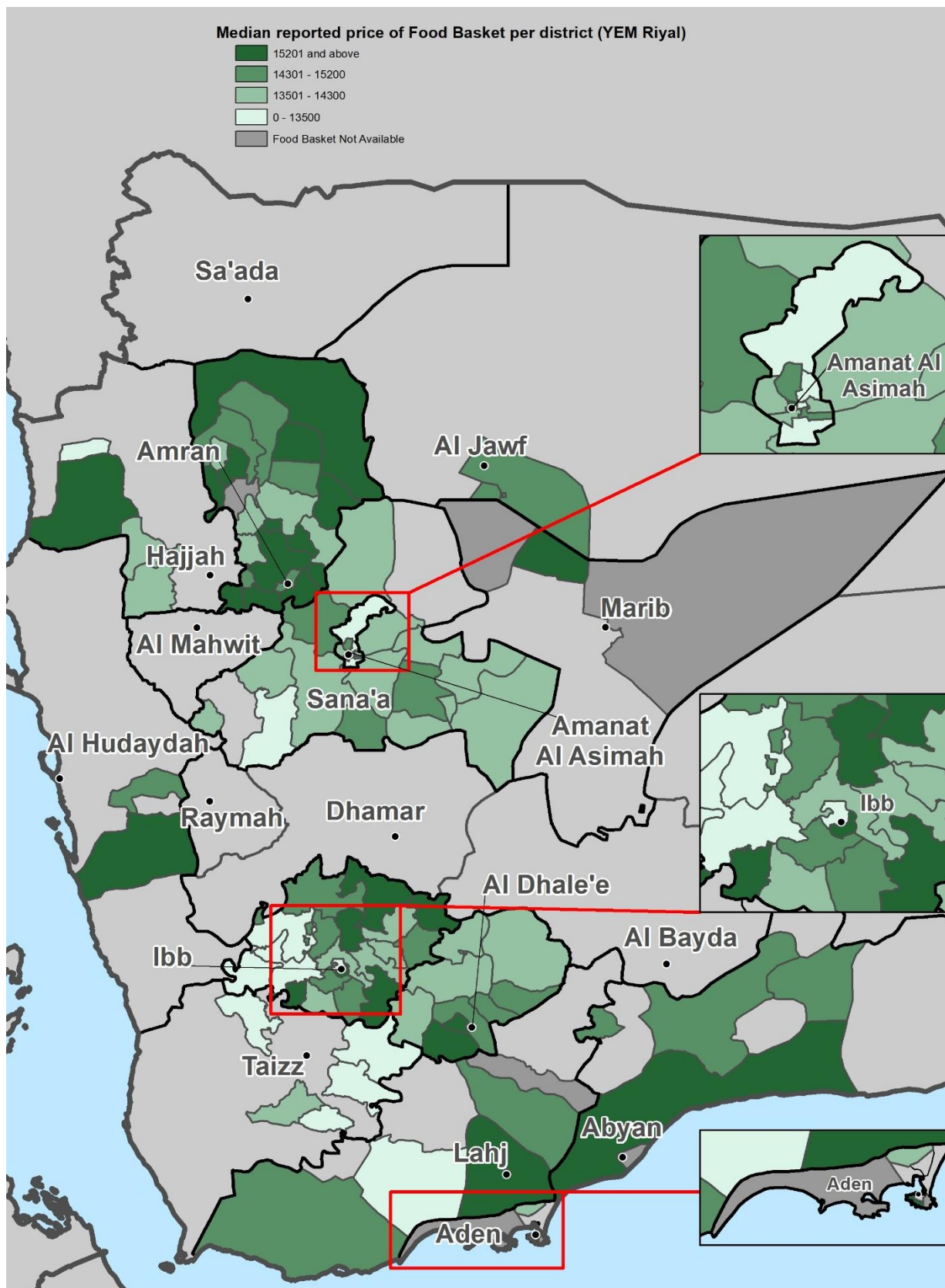
<sup>13</sup> Yemen: IPC Analysis - Summary of Findings, Acute Food Insecurity Current Situation Overview | March - July 2017.

Map 5: Food Availability and Supply Origin





Map 6: Food Basket Prices per District



As with other products, Lahj had the longest average restocking times, with vendors stating that they would need an average of 12 days to restock food products. In contrast to fuel vendors, food vendors had the highest access

to credit from suppliers of any vendor group. Half of interviewed food vendors stated that they were currently receiving credit from suppliers, and in turn 67.5% of vendors had offered credit to their customers in the last 30 days. The governorate-level wholesale nature of the food supply chain may have a role to play here as vendors are more likely to be located close to their distributors, and subsequently may have a greater degree of trust between them.

In accordance with the criteria outlined in the methodology section, food commodities were rated as having “Good” availability, with vendors available in all but two of the 103 districts assessed. Pricing consistency was also rated as “Good”, with price variations of less than 50% being recorded for modified food baskets in all governorates assessed. Finally, restocking time consistency was also rated as “Good”, with average vendors stating that they were able to restock in under a week in all governorates except Lahj, where vendors indicated that they would need up to 12 days to restock.

The findings of this study indicate that while price inflation has left much of the population food insecure, the market mechanisms for the supply of food are still functioning sufficiently to facilitate a cash transfer programme targeting food commodities.

### Hygiene Commodities

Hygiene items, which in this study included soap, washing powder, towels, and sanitary napkins, were available in the majority of districts assessed. A minimum of three vendors were located in 79 of the 103 districts assessed, and while no vendors were found in 9 districts, this was largely in areas where enumerators had restricted access.

The supply network for hygiene products operates on a similar basis to food supply networks, with governorates in the north west and central west of the country operating on a wholesaler basis, while governorates in the south west are supplied directly from Aden. Historically, hygiene products have been produced domestically, and this is reflected in the north west and central west, with Al Hudaydah supplying a much smaller proportion of districts than for other product groups. Distributors, as indicated in the map below, can be found in Amran, Amanat Al Asimah, Ibb, Al Dahele'e and Taizz, supplying vendors in their surrounding districts. In contrast, mirroring the supply system for food and cooking gas, Aden directly supplies vendors in neighbouring governorates without operating on a wholesaler system. Lahj and Abyan were again supplied by Aden, as were one district in Taizz, one district in Ibb, and two districts in south eastern Sana'a.

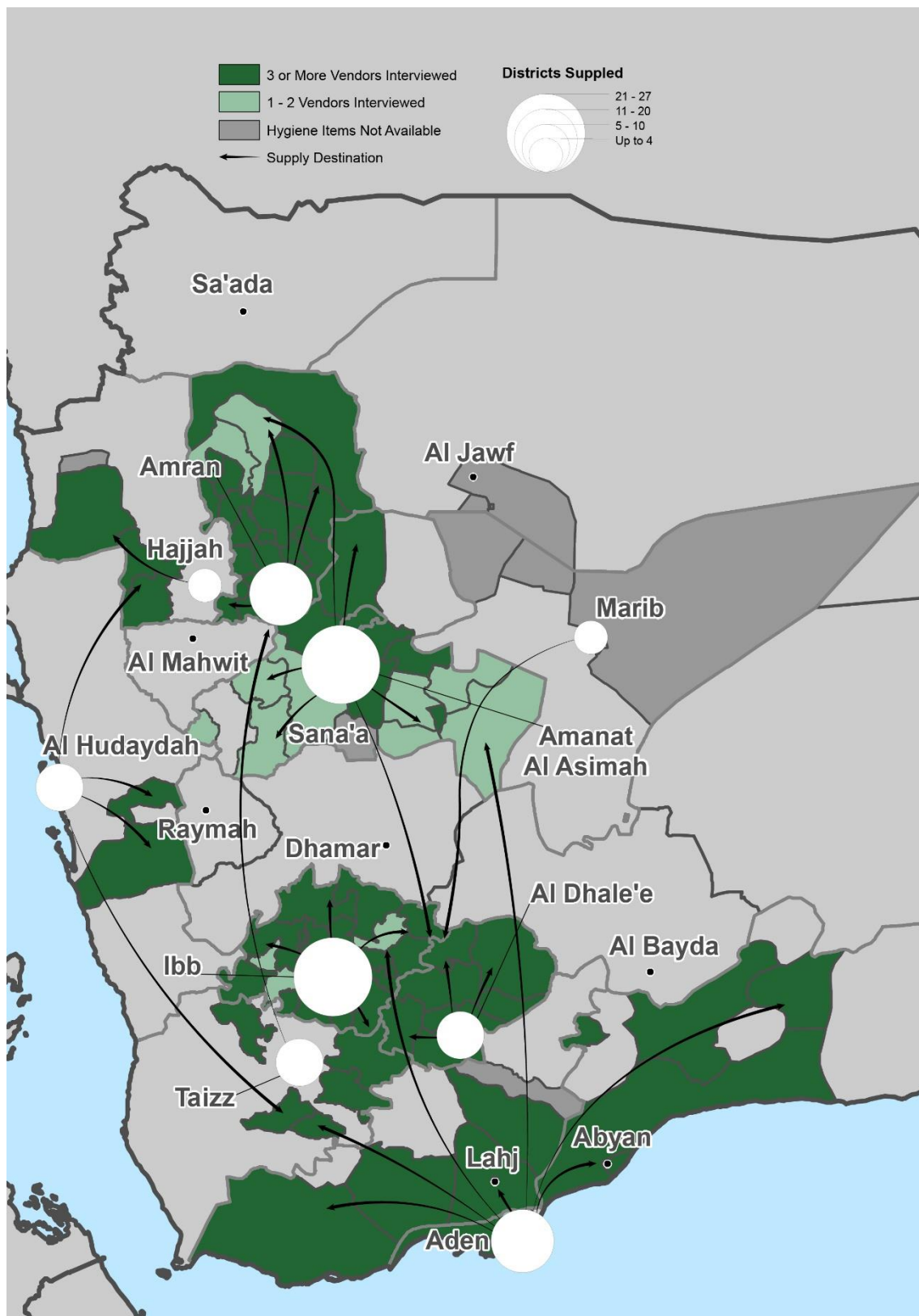
Nationwide, the median price of a 100g bar of soap was 80 YER, while 100g of washing powder cost 50 YER, and a single sanitary napkin cost an average of 30 YER. In order to compare prices between districts, a hygiene basket was calculated including 1040g of soap, 1400g of washing powder and 10 sanitary napkins. Towels were excluded due to variations in the size and subsequent cost of products available. The nationwide median price was 1,875 YER, varying from a minimum governorate average of 1,628 YER in Abyan, to a maximum of 2320 YER, observed in Hajjah. Abyan consistently recorded the lowest price quotations, although prices across the country were generally lower in proximity to urban centres. Vendors in Western Amran and Hajjah consistently provided some of the highest price quotations.

Hygiene vendors indicated that they would need four days to restock upon request. As with other products, Lahj had the longest restocking times of 12 days, however Aden vendors had the shortest restocking time of just 1.5 days. Given the proximity of the two governorates, this variation is striking, and suggests difficulties in the supply chain. It is also possible that the nature of the supply network plays a role here, given that Lahj is one of the only governorates which does not operate on a wholesaler system.

In relation to the evaluation criteria, hygiene products were graded as having “Good” availability, with vendors interviewed in 91% of districts assessed. The commodity group was classified as having “Medium” pricing consistency, with all governorates recording price variations of less than 70% for hygiene baskets, but few recording variations of less than 50%. Restocking time consistency was graded as “Good”, with the average vendor being able to restock in less than a week in nine of the eleven governorates where hygiene vendors were interviewed. As two of the three criteria were graded as “Good”, this report therefore finds that the market for hygiene commodities is functioning sufficiently to be a suitable target for a cash transfer programme.



Map 7: Hygiene Product Availability and Supply



## Water Trucking

Water trucking distributors were interviewed in 98% of the districts assessed, indicating that the service is still widely in operation. However, since the onset of the conflict, the price of water trucking has increased significantly as a result of a high dependency upon the cost of fuel, for both the extraction and transportation processes. Despite the rising costs, water trucking services are still in demand due to the lack of affordable alternatives, and so vendors were observed in the majority of districts assessed. Reflecting the availability of fuel observed earlier in this section, prices per 1000 Litres were higher in the south west of the country, in districts supplied by Aden. While the highest prices were observed in Al Jawf, water prices in Aden, Abyan, Lahj, Taizz and Al Dhale'e were all above the median nationwide price level of 850 YER per 1000 litres.

As a point of reference, the median nationwide cost for 0.75 litres of bottled water was 60 YER. Based upon this, the cost of 1000 litres of bottled water would be 8,000 YER, ten times the cost for the equivalent cost of water trucking. The cheapest price quotations for water were found in Taizz, at 45 YER per 0.75L, while the most expensive median prices were found in Abyan, Aden, Al Hudaydah, Lahj and Marib, where bottled water cost 100 YER per 0.75L on average.

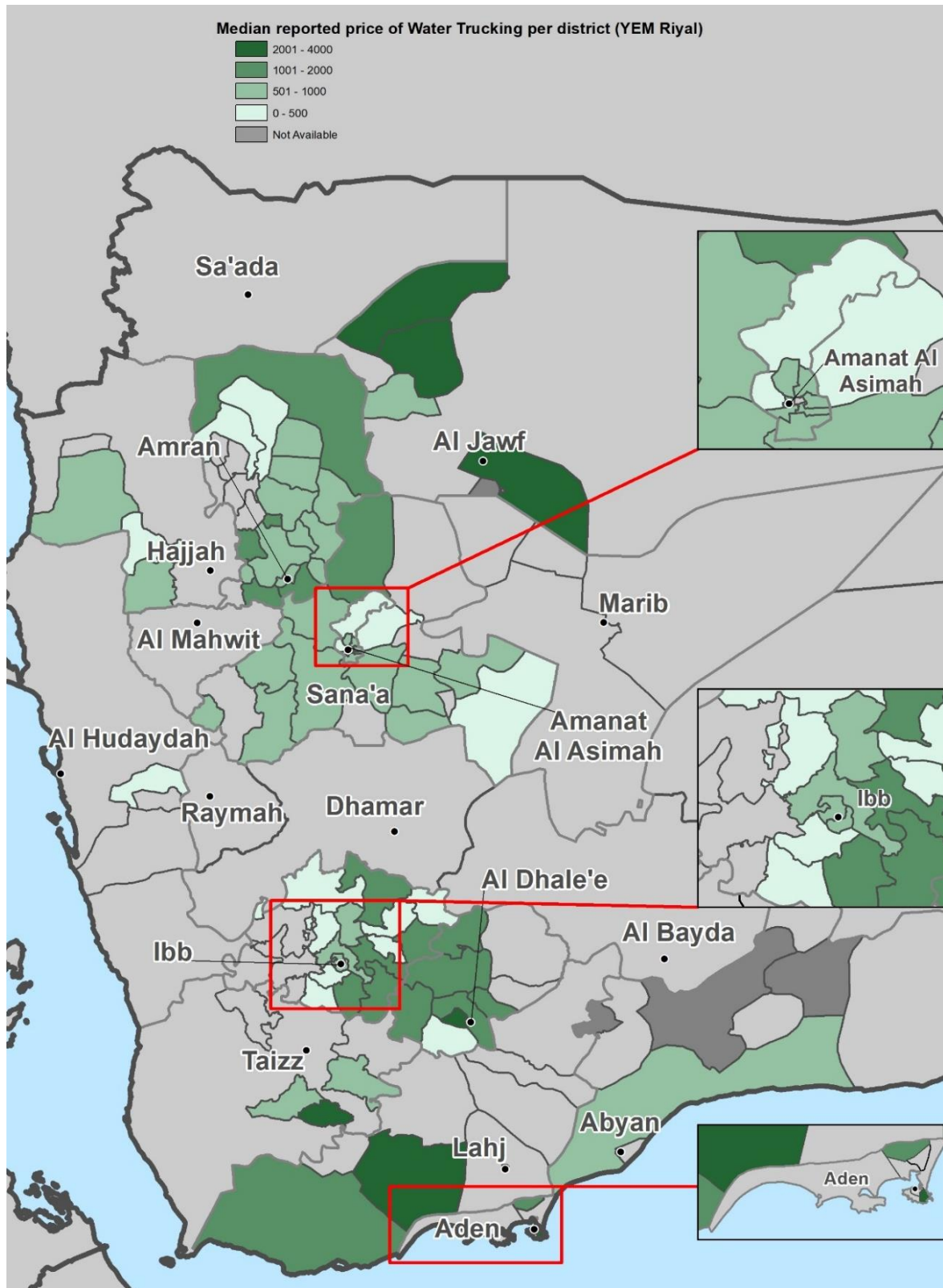
Significant price variations were observed between governorates. In Amanat Al Asimah, the median cost of 1000L of water was 590 YER, however in Aden and Al Jawf, the median costs were 2,375YER and 2,800YER respectively. This reflects a 300% variation in prices between different parts of the country. Such variation of pricing would make a cash based assistance programme targeting water very complex, given the variations in prices both between and within governorates, with Aden and Al Jawf also recording the highest standard deviation in pricing between vendors.

Due to the nature of the water trucking market, restocking times were not measured in the same way as other commodity groups. Water trucking providers are generally able to deliver as required. One variance between governorates, however, was the minimum quantity of water which needed to be purchased, in order for distributors to deliver water to customers. Vendors in Aden stated the lowest minimum quantity for delivery at 2000 litres, while vendors in Amanat Al Asimah and Hajjah stated the largest minimum order for delivery, at 5000 litres.

Of the water trucking vendors interviewed, 96% stated that their water was extracted from motorized boreholes, and less than 2% stated their supply was acquired from a water treatment station. Only 28% of vendors stated that water was chlorinated before sale, with chlorinated water being cheaper than non-chlorinated in the majority of districts, excluding Aden and Al Jawf.

In terms of the evaluative criteria for a cash transfer programme, water trucking was categorised as having "Good" availability, with vendors interviewed in 98% of districts assessed. Price consistency within governorates was rated as "Poor" with six of the thirteen governorates assessed recording price variations of more than 70%. Thirdly, the consistency of restocking times was rated as "Good" due to the ready availability of vendors to deliver upon request. With two of the three criteria being graded as "Good", this study finds that the market for water trucking is suitable for a cash transfer programme, however special attention must be paid to the price levels in different areas, particularly as price levels are volatile due to the dependency on fuel for the extraction and transportation process.

Map 8: Water Trucking Prices per District



## Houseware Commodities

The availability and pricing of houseware commodities varied more significantly between districts than the commodity groups discussed so far. The data collection process included a total of 13 houseware products, with enumerators instructed to find price quotations for particular specifications of each product. These items included: one 10L jerry can, one plastic jug, one polyester blanket (1.5m\*2.0m), one sponge mattress (1.7m\*0.9m), one 7L cooking pot (with lid), one 5L pot (with lid), one stainless steel plate, one tablespoon, one cup, one knife, one serving spoon, one 15L water bucket (with lid and handles), and one sleeping matt (1.8m\*0.9m).

A minimum of three vendors were located in only 54 of the 103 districts assessed. Vendors were located in almost all districts across the south west and central west of the country, however in the north west of the country, no vendors were located in several districts. These districts included parts of Sana'a and much of Amran. The number of vendors interviewed per district was generally higher in districts located close to urban centres or major transport routes, while vendors were interviewed in a total of 83 districts.

A houseware basket was calculated, including one of each of the products listed above, with the exception of tablespoons, sleeping mats and blankets due to limited observations. The nationwide median combined cost of these products was 7640 YER, however availability and pricing of these products varied significantly between districts. A complete household basket could only be found in vendors in seven of the thirteen governorates. As such an alternative indicator of price variation was needed. Jerry cans were selected as the primary price indicator for houseware, as this was the most frequently available product, and as the nature of their design lowered the propensity of price quotations being gathered for incorrect specifications. The median price for a single 10 litre jerry can was 500 YER across all districts assessed, however there were significant variations within governorates, and prices as a whole were lower close to urban centres.

Houseware vendors indicated that they would need just under 4 days on average, to restock upon request. Restocking times were lowest in Amanat Al Asimah, Amran and Hajjah, where vendors needed two days to restock in districts where products were available. Houseware vendors in Aden, who were mainly observed in the west of the governorate, had the longest restocking times, stating that they would need six days to restock upon request.

Houseware commodities were classified as having "Medium" availability, with vendors being interviewed in a total of 81% of districts assessed. Price consistency within governorates was rated as "Poor", with four of the governorates where houseware products were available recording price variations of more than 70% for single jerry cans. Restocking time consistency for houseware commodities was graded as "Good", with vendors in every governorate needing less than a week to restock upon request. Based upon the requirement that two of the three criteria need to be graded as "Good" in order to be recommended for a cash transfer programme, the findings of this study indicate that the market for houseware commodities is not quite functioning sufficiently for a cash transfer programme at this point in time. This is not to say that such a programme should be automatically ruled out, however close attention should be paid to the type of products, and subsequent price variations, in targeted governorates.

## Building Materials

Three products were assessed in the building materials section of this study. In order to provide an understanding of the availability of essential materials required to construct temporary shelters, these products included plastic sheeting (per kilogram), wooden poles (4 cm diameter \* 4m in length), and wooden plates (2.5cm x 10cm x 3m length). These materials were scarcely available in the districts assessed, with a minimum of three vendors being located in only 33 of the 103 districts assessed, while no vendors were located in a further 33 districts. As with houseware products, building material vendors were more readily available in the south west and coastal areas. In Amran, very few vendors were located, with the exception of a small number of districts close to urban centres or along major transport routes. In Ibb, Taizz and Al Dhale'e, one or two vendors could be located in the majority of districts, as shown in Figure 11.

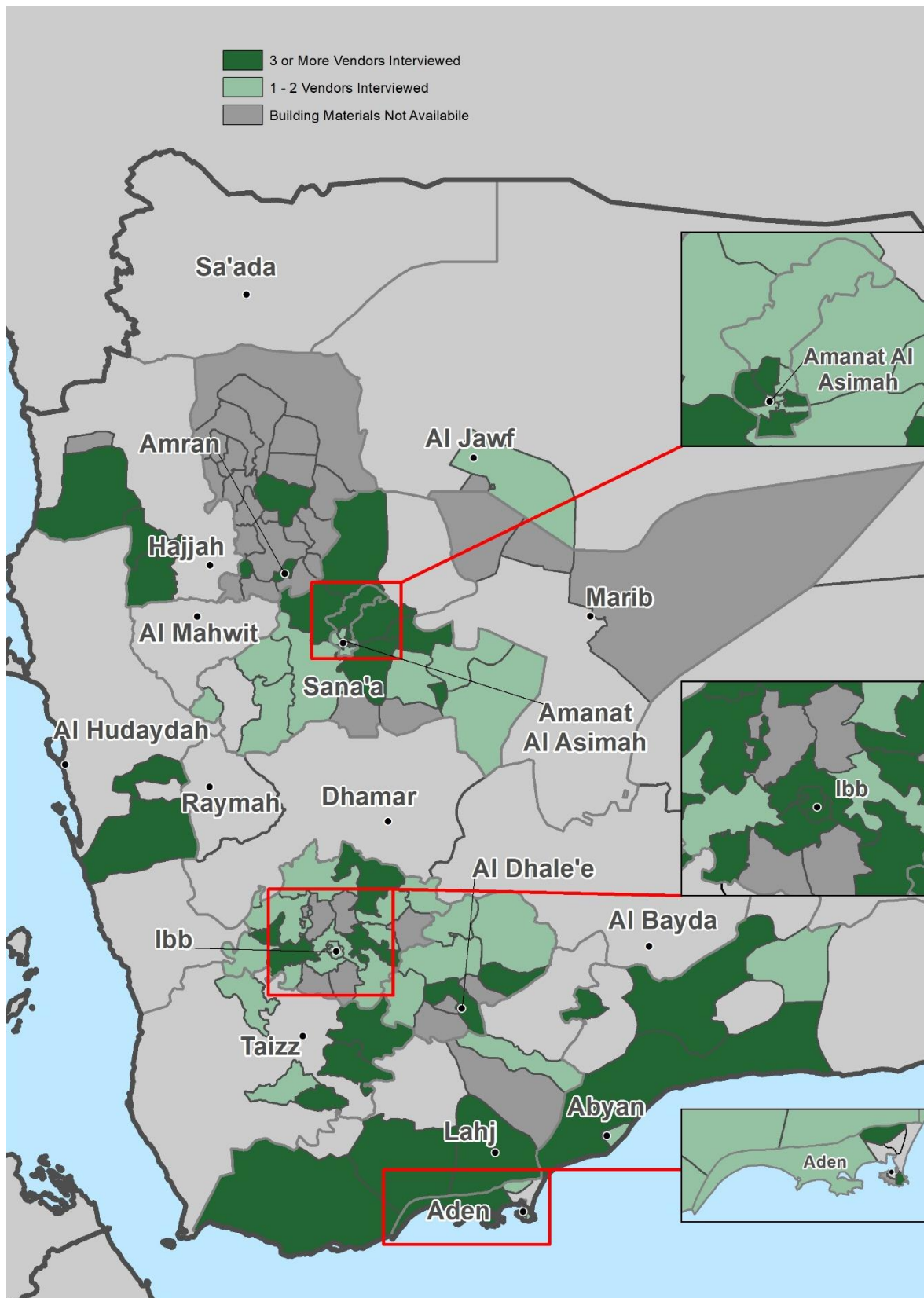
The median price for a kilogram of plastic sheeting was 900 YER, while a single wooden pole cost a median price of 2500 YER, and wooden plates cost 1000 YER for a single piece. These prices varied significantly, within governorates however, and for each of the building materials assessed, the majority of governorates recorded price variations of more than 70%.

In the districts where products were available, restocking times were consistent with other products, with vendors indicating that they would need four days to restock on average. Restocking times were lowest in Al Hudaydah at less than two days, and highest in Amanat Al Asimah where vendors would need more than five days to restock. Plastic sheeting was the most consistently available of the products assessed. Prices were lower in the south west of the country, which continues the trend of other NFI items, while prices in Amanat Al Asimah were consistently among the highest observed.

Building material commodities were classified as having "Medium" availability, as vendors could be found in only 68% of districts assessed, meanwhile price consistency was ranked as "Poor" as only a minority of governorates recorded price variations of less than 70%. Restocking time consistency was classified as "Good", as only Sana'a had average restocking times of more than one week. With two of the criteria being classified as "Medium" and "Poor", these findings indicate that the market functionality for building materials is not currently sufficient to support a cash transfer programme.



Map 9: Building Material Availability





## Wheelchairs and Crutches

The availability of vendors for wheelchairs and crutches is extremely limited, with vendors found in only 39 of the 103 districts assessed. Vendor availability was again slightly higher in the south west of the country, whereas in governorates such as Ibb, Amran and Amanat Al Asimah, a minimum of three vendors could only be located in urban centres.

Across all districts assessed, the median price of a single crutch was 2,000 YER, while an individual wheelchair cost a median price of 25,000 YER. Crutches were more readily available than wheelchairs, however price levels notably varied between districts. The highest price levels were observed in Abyan and Aden at 3500 YER and 3300 YER respectively, while Aden also had the largest variation in pricing between local vendors. Vendors in Ibb provided the lowest price quotations, with an average of 1800 for a single crutch. Restocking times were generally consistent at less than one week, however vendors in Aden stated that they would need ten days to restock, and vendors in Sana'a indicated that they would need over two weeks to restock.

The commodity group of wheelchairs and crutches was classified as having "Poor" availability, due to vendors being interviewed in only 38% of districts, meanwhile price consistency was also graded as "Poor", with 40% of governorates having price variations of 70% or higher. Restocking time consistency was graded as "Good", with only Aden and Sana'a recording average stocking times of more than one week. Therefore, this study finds that the market for wheelchairs and crutches is not functioning sufficiently to be the target of a cash transfer programme.

## Phone Credit and Networks

Phone credit vendors were located in 98 of the 103 districts assessed, with more vendors being located close to urban centres. Credit for each of the three prominent network providers, Sabafon, MTN and Yemen Mobile, was available in the majority of districts assessed, however the popularity levels varied. In the north west, Yemen Mobile was listed as the most popular brand in much of Amanat Al Asimah and southern Sana'a, while Sabafon maintained a strong presence, particularly in areas of Amran and Hajjah which were some distance from the nearest urban centre. In the central west of the country, Yemen Mobile was the major network across the southern districts of Ibb and Al Dhale'e, while MTN and Sabafon were the primary vendors in the northern districts of these governorates. Data was unavailable for Aden, and much of the south, although vendors in western Lahj indicated that Sabafon and Yemen Mobile were equally popular.

Vendors in all districts indicated that they were able to restock within a maximum of two days upon request. Despite the ready availability of phone credit for a fixed price, vendors highlighted that weak phone signals and power cuts made communication by phone unreliable. Electricity shortages were particularly mentioned by vendors in Lahj, and it's possible that the number of blackouts experienced may relate to the limited supply of fuel noted earlier in this component of the study.

## Market Functionality Findings per Governorate

### South West Governorates

At the time of data collection, the port of Aden acted as the supply point for Aden governorate, as well as the neighbouring areas of Abyan, Lahj and some districts of Al Dhale'e and Taizz. Data collection within Aden was somewhat limited as enumerators were unable to gain access to some of the most populated districts. The data collected suggests that most products were readily available within the governorate, with the exception of fuel. Few vendors were found for either petrol or diesel, while diesel vendors in neighbouring areas generally source their supply from Al Mukalla. Vendors within Aden indicated severe transportation constraints, meanwhile the apparent shortage of fuel impacted heavily upon the cost of other products, with water trucking prices per litre quadruple the prices observed in Amanat Al Asimah and Ibb at the time of data collection.

In Abyan, product availability was relatively high for food and NFI items. Prices for NFI items such as houseware and building materials were low, but vendors in Abyan recorded some of the highest prices for other product groups such as the food basket. The variation in prices between food and fuel vendors within the governorate was among

the highest in the country, implying a dysfunctional market, however the proportion of vendors either receiving credit from suppliers or granting credit to customers was the highest of any governorate assessed.

Diesel supplies appeared to be particularly problematic within Abyan, with vendors sourcing their products from Al Mukalla rather than Aden. Unlike governorates in the north west and centre west of the country, the distribution of food, cooking gas and NFI WASH items did not operate on a wholesaler system, with vendors being supplied directly from Aden. Subsequently, restocking times in Abyan were above the national average, and among the highest for fuel and cooking gas. Vendors indicated they faced a range of challenges including transportation issues, liquidity shortages and supply shortages.

In Lahj, vendors consistently had the longest restocking times of any governorate assessed, indicating difficulties in the supply chain. Fuel shortages appeared to be a particular concern in the centre of the governorate, and vendors referred to frequent blackouts and electricity shortages, which also caused limitations with mobile phone connections. The standard deviation in fuel prices between vendors was the highest of any governorate assessed, implying an uncompetitive market system. Like Abyan, vendors in Lahj were supplied directly from Aden for the majority of products, and, with the exception of cooking gas, did not operate a wholesaler system. As with other areas supplied by Aden, the availability of NFI items was above the national items, while prices for essential food products were average. Furthermore, the proportion of vendors with ongoing access to financial services or whom are currently granting credit to customers was among the highest of all governorates assessed.

### Central West Governorates

Al Dhale'e was supplied primarily by Aden, with the exception of some vendors in the northern districts of the governorate who were supplied by Al Hudaydah and Amanat Al Asimah. Despite its geographical location and distance from the port of Aden, Al Dhale'e has shorter restocking times across all commodity groups than Abyan, Lahj and Aden. It is also the only governorate supplied by Aden that operates on a wholesaler distribution network for all commodity groups, including petrol and diesel, which seemingly contributes to a competitive market structure, also producing lower variation in pricing between local vendors than the south western governorates. Transportation and insecurity pose significant constraints to vendors here, however a supply of all product groups has been maintained across much of the governorate.

Ibb had varying levels of supply, availability and pricing between districts. Products were generally more available in the more populated east and close to major transport routes, but this trend varied depending upon the product type. The market for most products operates on a wholesaler system, with goods primarily being supplied from Al Hudaydah and then distributed by wholesalers to vendors from different districts. Liquidity shortage and insecurity were both noted as constraints by vendors, and restocking times were often higher than average.

In Taizz, insecurity and transportation posed major constraints to vendors. Due to the conflict, different districts within the governorate were supplied by either Al Hudaydah or Aden, and so operate within two different supply networks. While product availability is quite high and prices are often low, restocking times were slightly higher than average, however the proportion of vendors offering credit to their customers was among the highest of any governorate.

At the time of data collection, Al Hudaydah was the largest supply point for goods across the country. Fuel vendors from the governorate directly supplied much of the central west and north-west of the country, whereas distributors of food products and other imported items supplied major cities such as Amanat Al Asimah, which in turn supply their surrounding areas. In terms of the situation within the governorate, enumerators were only able to gain access to two districts for this study, which reflects the impact of the conflict, particularly in the southern part of the governorate. The vendors assessed indicated issues with liquidity shortage and supply shortage, and only 5% of vendors had access to formal financial institutions. Fuel prices and restocking times were below average, however food basket prices were among the highest observed.

## North Western Governorates

Amanat Al Asimah, supplied primarily by Al Hudaydah, is the main distribution point for the north-west of the country and subsequently has high product availability. The governorate, and those it supplies, operated on a wholesale basis for food, cooking gas and NFI Wash items. Prices were generally above average within the governorate, although restocking times were among the shortest of the assessed governorates. Liquidity shortages followed price inflation as the greatest constraint faced by vendors within the governorate.

Amran presents a complex, and often slightly contrasting market picture. The availability of food, fuel, cooking gas and hygiene products was high in much of the governorate, with a minimum of three vendors observed in several districts. However, both pricing and availability vary greatly. Perhaps due to the governorate's location on a major transportation link between Sana'a and Sada'a, availability of goods was high in districts along the major roads and close to the governorate capital. Product availability was much lower, and prices higher, in the more isolated west of the district. Transportation and insecurity issues pose major constraints to vendors, meanwhile none of the 253 vendors interviewed stated that they currently had access to formal financial institutions, implying that there were no banks currently operating in the governorate.

Sana'a vendors primarily acquire products from distributors in Amanat Al Asimah. Only one or two vendors were available for per commodity group in much of the district, perhaps due to the geography of the area, however most products were available, and prices often lower than neighbouring Amanat Al Asimah. Liquidity shortages were noted as a major constraint to vendors.

In Hajjah, four districts were accessed for the purposes of this study. The availability of goods was high, and prices and restocking times generally low, particularly in close proximity to the governorate capital. Transportation and insecurity present major constraints to vendors, however the proportion of vendors with access to formal financial institutions was the highest of any district observed, while the proportion of vendors offering credit services to customers was the second highest in the country.

## Eastern Governorates

Al Jawf is supplied both by Marib and Amanat Al Asimah. Due to limited accessibility for data collectors, only six vendors were interviewed and so conclusions are limited. Vendors indicated that major constraints they faced included transportation issues and poor quality roads. Furthermore, fuel vendors noted that there was often a lack of information about deliveries before their arrival, and so it was difficult to plan ahead without knowing the quantity of fuel which would be delivered on a given occasion.

Like Al Jawf, in Marib only six vendors were interviewed due to limited accessibility for enumerators. Marib acts as a distribution point for goods travelling from the port of Al Mukalla, primarily supplying governorates in the centre and north of the country. Marib is a major producer of cooking gas, and so supplies large areas of the country for this product.

## Community Access to Market, Acceptance, Safety and Risks

The objective of this component of the study was to gain an understanding of how communities' access to markets and financial services has altered since the outbreak of the conflict, and to provide an insight into how individuals perceive different cash based assistance mechanisms, and the potential impact which they could have upon their respective communities. Secondary data sources have widely suggested that the purchasing power of Yemeni communities has severely diminished due to price inflation and falling household incomes, however this study aimed to explore how this was impacting market access, and subsequently the concerns which humanitarian actors should consider when implementing a cash based assistance programme.

In order to provide an insight into the experiences of all sectors of the community, FGDs were held with members of the following population groups: Host Community Males; Host Community Females; IDP Males; IDP Females; Returnee Males; and Returnee Females. Unless otherwise stated, the findings of perceptions and preferences were consistent between these groups across the four areas discussed in this component of the study.

### Access to Local Markets

As anticipated, a significant finding was that communities felt that their purchasing power had fallen and that physically accessing markets had become a greater challenge since the beginning of the conflict. The majority of communities did not live in close proximity to the nearest market, and stated the rising cost of transportation has resulted in individuals visiting the market on a less frequent basis. The increases in fuel prices, combined with fewer transport options as a result of the conflict, have led to a sharp increase in the cost of public transportation to the extent that many individuals cannot afford to travel on a regular basis. As a result of the inaccessibility of public transportation, many participants stated they were forced to travel by foot. However, travelling by foot is in turn associated with greater personal risks on the road. Communities indicated that the risk of armed clashes, robbery and theft had increased since the outbreak of the conflict, which again hinders access to markets, and individual mobility in general.

Price inflation was highlighted as a serious barrier for communities' access to markets. As noted earlier in this report, prices for essential commodities have risen significantly since the outbreak of the conflict. Supply shortages and increased transportation costs have led to an increase in the cost of foods and other essential items, and so participants stated that their purchasing power had decreased. As highlighted in the Market Systems component of this study, the availability of essential products varies between districts, however the rise in prices is a consistent issue across the country. Participants highlighted that they were no longer able to access their local market due to the increased costs, both of products and transportation.

The fall in purchasing power of many communities has been exacerbated by the nationwide liquidity shortage, which emerged as the conflict disrupted public services, leaving many workers without an income. The Yemen Ministry of Planning and International Cooperation<sup>14</sup> estimated that in 2015 the country's GDP fell by 32.9%, and that the subsequent fall in public revenues and the depletion of the Central Bank's liquidity stock had led to the lack of payments made to the 32% of Yemeni households which were reliant on public salaries. By September 2017, the WFP estimated that 40% of Yemeni households had lost their primary source of income since the outbreak of the conflict<sup>15</sup>, and this statistic was echoed by participants in the FGDs, many of whom concluded that they were no longer in a financial position to access local markets on a regular basis.

### Access to Financial Service Providers and Assistance Mechanisms

Historically speaking, Yemen has traditionally been a cash-based economy. Rather than using formal banking institutions, Yemen's population have traditionally opted to transfer money through Hawala exchanges, and it was only after unification of the country in 1990 that the modern Yemeni banking system was introduced. To do this day, it is estimated that only 40% of Yemen's GDP is processed through formal banking institutions, and that as little as 5% of population owns a bank account. This financial culture was reflected within the focus group discussions, with many participants viewing banks as a problematic or unfamiliar option.

<sup>14</sup> Yemen Socio Economic Update, Issue 20, November 2016.

<sup>15</sup> WFP Yemen Market Watch Report, September 2017

In some cases, participants stated that they did not own a bank account and did not understand how the banking system worked. However, a separate issue which was highlighted by participants was the scarcity of banks. Many communities stated they would incur transportation fees in order to reach their nearest bank, and as discussed in the previous section, the cost of transportation has now reached the extent that many individuals feel that they are unable to travel on a regular basis. Furthermore, participants discussed that banks were known to be struggling with liquidity shortages in many areas, and that the level of overcrowding meant that banks were no longer easily accessible to women and the elderly. It was also felt that the risk of theft was higher in proximity to banks. Participants indicated that post offices were more readily available than banks, particularly in Hajjah, but that they too often lacked liquidity.

Exchange offices clearly emerged as the financial service provider with which respondents are most familiar. The traditional prevalence of the Hawala system, and the continued use of these exchange offices to collect remittances means that the general population is very familiar with financial service providers such as Al Kuraimi. The high presence of these providers across the country means that the majority of communities live in close proximity to an exchange office, and so can access the service without incurring transportation fees. The proximity to individuals' homes reduces fears regarding theft or person safety, while liquidity shortages do not appear to be as prevalent as within the banking sector. Exchange office agents typically notify recipients that there is money available for them by sending an SMS message, however FGD participants indicated that due to the current unreliability of mobile phone communication, agents would often visit individuals in their homes to invite them to collect the payment. Al Kuraimi exchange offices are the most prevalent provider, however multiple other exchange offices such as Al Azzi, Ash Shaikh, and Al Jazeera were also mentioned.

In terms of delivery mechanisms by financial service providers, cash was by far the preferred option for study participants. Delivery of cash to an individual's home or village was often viewed as the ideal option as this would alleviate transport costs and the risk of theft during travel, however some participants raised concerns that in exchange offices which did not ask for proof of identity, it was possible for individuals to pick up someone else's cash assistance. It was noted that Al Kuraimi exchange offices require individuals to present identity cards in order to receive cash payments. Although female respondents highlighted the importance of having ID requirements to collect cash payments, some noted that women often did not have the necessary documents which would require male members of the family to collect funds.

Other delivery mechanisms discussed included mobile money and prepaid smart cards, both of which were unfamiliar to participants. With mobile money, the majority of respondents expressed concerns that due to unreliable phone signals and old phones which they generally possessed, SMS messages informing them of a payment may not be received successfully. These are the same issues which have caused some exchange offices to send agents to individuals' homes to inform them of the receipt of cash. Furthermore, participants noted that if phones were broken, lost or stolen, then they would have difficulties to change their number, or to notify the agency or organization providing the assistance.

Prepaid smart cards were rarely mentioned within the FGDs and appeared to be an alien concept to most participants. The perception was that if these cards could only be used in certain vendors then this would create issues with accessing vendors. A limitation to both mobile money and prepaid smart cards is that if recipients had to travel to specific locations to collect or utilise funds, then would again create the issues associated with transportation, both in terms of cost and personal safety.

### **Community Understanding and Preference of Cash Based Assistance**

Cash based assistance mechanisms were discussed frequently within the FGDs, so as to gauge community perceptions of cash assistance, food vouchers and food packages, which are the most familiar forms of assistance among communities.

Cash assistance is by far the preferred option of the communities assessed. The ease of use and the freedom which it provides to households to meet their specific needs means that it is by far the most flexible option. Unlike other mechanisms such as food vouchers or packages, unconditional cash grants allow families to spend on other



products such as medicine, clothing, rent, and a wider range of food products. The potential for cash to be distributed to homes means that families don't need to incur transportation fees in order to receive assistance, and if a trusted distributor or intermediary from an exchange office or other financial service provider can deliver funds then this relieves the risk to individuals in collecting assistance. Some participants also referred to the benefits of the multiplier effect which could be created within communities, with cash handouts providing a liquidity injection, benefiting not just the initial recipients, but also local vendors and landlords.

A concern raised by FGD participants, particularly women, was that if the funds are given to certain members of the household then men in particular might spend the funds on non-essential goods such as qat. However, despite the potential risk of spending on non-essential items, in the eyes of participants, cash assistance was still the only mechanism which allowed households to meet their needs.

Food vouchers were the second preferred option by FGD participants. The primary perceived benefit was that the vouchers can only be spent on essential food items and so alleviating the issue of non-essential spending. Secondly, vouchers enable households to have a degree of flexibility in the food items they purchase, an option which is not provided by food packages, even if choices are limited and fruit and vegetables cannot always be purchased with vouchers. Finally, there is no need for intermediaries to be involved in distributing the vouchers, which was perceived as a benefit by some participants.

A major limitation of food vouchers is that they can often only be used in designated retailers. This raises multiple issues. Firstly, recipients may have to incur transportation costs in order to spend their voucher, or take the risk of travelling long distances by foot. Secondly, vendors accepting food vouchers are not necessarily the cheapest or most convenient, and in some cases there have been reports that some vendors take advantage of the limited number of suppliers available to voucher recipients, and subsequently raise their prices or provide food which is past its sell by date or of low quality. The final, and perhaps most significant limitation of vouchers mentioned, is that they are generally restricted to one commodity group. As noted, this limitation on expenditure is seen as a benefit by some who fear non-essential expenditure by family members, however this is also the major failing of vouchers as families cannot tailor expenditure to meet their needs, and in some cases people may be forced to sell their vouchers in order to gain cash to spend elsewhere.

Food packages were the third preference of FGD participants. Some participants were unfamiliar with the delivery mechanism of food packages, while others indicated that this kind of assistance was acceptable only because of the extreme circumstances caused by the conflict. Food packages have the benefits of being delivered to the community, providing a good quantity of food, and ensuring that recipients do not fall foul of traders' manipulation of prices and product quality. There are, however, numerous disadvantages of a financial assistance programme focused solely on food packages. Firstly, it grants no flexibility to recipients in terms of meeting their specific needs, particularly for non-food items. Secondly, there is the chance that packages may be damaged, or products removed before delivery to the recipient family.

### **Potential Negative Impacts and Mitigation Measures of Cash Based Assistance for Households and Community**

As the previous section illustrates, no method of cash based assistance is perfect, and each option will be associated with risks which need to be pre-empted and subsequently mitigated. The first risk associated with cash handouts relates to safety and the fear of being robbed at the point of distribution, be it an exchange office, post office, or bank, or when travelling home. In the eyes of FGD participants, these risks could be mitigated by having handouts operating at a local level through exchange offices within communities, or trusted intermediaries who could deliver funds to the recipients. While delivery to the household is perhaps not a realistic option, a repeated trend throughout this component of the report is that participants are averse to travelling long distance to access either financial service providers or markets, deterred both by the cost of transport or the risk of theft on the road, particularly towards women. Therefore a solution needs to be found which localises the handout of cash as much as possible.

A second issue highlighted by participants is the possibility of tension arising within households or communities as a result of assistance being perceived as unevenly distributed between groups. An example given was that if, in a

given location, cash assistance was provided only to IDPs, this could strain relationships with the host community, despite some FGD participants pointing out that the host community would stand to benefit if IDPs spent the cash within the local community. Such disputes could reportedly potentially result in tension or theft between the two groups. FGD participants suggested that the best method would be to determine the distribution of cash assistance based on economic status, which would in turn make it easier to justify the decisions to the rest of the community.

On a similar note, FGD participants suggested that there might be disagreements within households, or between husbands and wives as to how cash assistance could be managed. Women in particular noted a concern that male members of the household were likely to spend cash assistance on non-essential items, or to sell food vouchers or packages in return for cash. Another concern mentioned particularly by women was that those without formal identification documents may struggle to access cash assistance, and so might require other members of the community to vouch for their identity.

### **Conclusions of the Community Access to Market, Acceptance, Safety and Risks Component**

The objective of this component of the study was to assess changes in community access to markets and financial service providers since the outbreak of the current conflict, and to build an understanding of perceptions, preferences and concerns regarding cash assistance mechanisms. From conducting FGDs with multiple population groups across 11 governorates, this study has found that community access to markets has severely diminished. Rising costs and reduced incomes and liquidity have rapidly eroded the purchasing power of much of the population, while dramatic increases in the cost of public transportation have limited the mobility of communities who feel that they can no longer afford to travel on a regular basis. Access to financial service providers has also diminished. The already limited banking sector is now facing a severe liquidity shortage, and the branches which have remained open are now facing overcrowding. Post offices remain open in some areas but they too struggle with a shortage of liquidity. For reasons of both personal safety concerns on the road and transportation costs, communities are apprehensive to travel long distances to access financial services. Exchange office chains such as Al Kuraimi are by far the preferred financial service provider by the majority of FGD participants in this study due to the familiarity and ease of access, with exchange offices being located in most communities despite the ongoing conflict.

Cash handouts are the preferred method of financial assistance, with respondents emphasizing the flexibility it gives households in relation to food vouchers and packages. Community needs extend to more than food, and households need to be able to cater for their specific needs, be with the opportunity to acquire medicine, clothing, or shelter. FGD participants raised concerns that distributing financial support to individuals based upon their demographic status could cause tension between groups such as IDPs and host communities, and so suggested that a cash based assistance programme which selected participants based upon their economic status might be more acceptable.

On the whole, two trends which emerge are that convenience and flexibility of use are two factors which communities prioritise in evaluating any potential cash based assistance programme. The rising cost of fuel since the beginning of the conflict has had wide reaching impacts on access to markets and access to financial service providers. Regular travel is no longer an affordable option for the majority of communities interviewed and so any intervention should attempt to localize distribution as much as possible, and enable recipients to tailor their purchases to meet their specific needs, ideally within close proximity to their homes. Since the onset of the conflict in 2015, the context in Yemen has proven to be very volatile, and it is likely that the market will continue to be unpredictable for the near future. With the context of the market and the opinions of the communities assessed in mind, it appears that a multi-purpose cash grant offers the most suitable cash assistance mechanism in the current context.

## CONCLUSION

The objective of this study was to determine the suitability of a cash based intervention into the Yemen context, in response to reports of widespread liquidity shortages, price inflation, and falling purchasing power. This study consisted of two components. The first was a market functionality study, which was conducted with the aim of assessing the current market situation and suitability of different commodity groups for a cash based intervention programme. The second component of the study sought to build understanding of how communities' access to markets and financial services had altered since the onset of the conflict in 2015, and to gauge the community perceptions and preferences of different cash assistance mechanisms.

### Market Functionality Conclusions

The primary conclusion of this study was that, based upon availability, pricing, and restocking times, food commodities, cooking gas, hygiene items and water trucking are suitable candidates for a cash based intervention. The availability and pricing of the other commodity groups assessed (houseware, building materials, and wheelchairs and crutches) indicated that these commodity groups would be unsuitable candidates for cash based interventions at this point in time. It is important to note that fuel costs significantly influence all areas of the market, and that the price of goods is heavily influenced by the cost of transportation. Furthermore, price inflation was by far the mostly frequently mentioned constraint faced by vendors, followed by liquidity shortages.

A second conclusion was that within the west of the Yemen, two separate market systems are operating, both with separate supply chains and distribution systems. Al Hudaydah is the largest supplier of all districts assessed, and supplies vendors across the north west and central west of Yemen. The distribution of goods operates on a wholesaler basis for food, cooking gas and hygiene items, while fuel is supplied directly to vendors from distributors within Al Hudaydah governorate.

The port of Aden is the primary supply point for the governorates of Aden, Abyan, Lahj, Al Dhale'e, and southern Taizz. Fuel shortages in the governorates supplied by Aden coincide with transportation issues, long restocking times and high variations in prices between vendors. Unlike the market system supplied by Al Hudaydah, distributors in Aden directly supply vendors in the governorates of Lahj and Abyan for the most products, although Al Dhale'e functions on a wholesaler system for all products. Across all districts assessed, the areas in which wholesaler systems are operating appear to have shorter restocking times.

Few supply routes pass through the centre of the conflict, and with the exception of goods supplied from Marib and Al Mukalla in the east of the country, the two supply networks appear to function semi-independently of one another. If a situation arose where the ports of either Al Hudaydah or Aden were not in operation, this would cause significant negative repercussions for much of the country, cutting off the supply of food, fuel and other products to communities either side of the line of conflict.

### Community Access to Market, Acceptance, Safety, and Risks

The major finding of the community component of this study was that any cash based intervention must prioritise flexibility and convenience to recipients. FGD participants indicated that their access to markets and financial services had decreased significantly due to falling purchasing power and rapidly increasing costs of public transportation. Households can now no longer afford to travel to markets on a regular basis, and those that can travel by foot report increased risks of robbery on the road.

Participants in the study of all population groups expressed a preference for multi-purpose cash grants, which would enable them to acquire products such as clothing and medicine in addition to food products. Exchange offices, and Al Kuraimi agents in particular, were listed as the most familiar and available financial service provider through which to receive funds, due to both individuals' familiarity with the exchange office system and branches operating close to the majority of communities assessed, which minimizes transportation costs. FGD participants noted that

in order to prevent tension between recipients and the rest of the community, distribution of funds should be determined on an economic status, rather than on the basis of demographic categories, and whether or not an individual is displaced, for instance.

### CLOSING COMMENTS

To conclude, based on the findings of the data available, the primary recommendation of this report is that the most suitable cash based intervention in the current context of Yemen would be a multi-purpose cash grant programme distributed at the local level, targeting food, cooking gas, hygiene items and water trucking. Such an intervention must consider that fuel prices have an extremely high influence over the market, and that two supply networks are currently in operation, with Al Hudaydah acting as the largest supply point for essential commodities in the west of Yemen as of September 2017.

## ANNEXES

### Annex 1: List of Secondary Data Sources Used

Cash and Market Working Group, Yemen (February, 2017). Desk Review of Cash and Market Studies in Yemen. <https://reliefweb.int/report/yemen/desk-review-cash-and-market-studies-yemen-february-2017-0>

Integrated Food Security Phase Classification, Government of Yemen (March- July, 2017) Summary of Findings, Acute Food Insecurity Current Situation Overview. <https://reliefweb.int/report/yemen/yemen-ipc-analysis-summary-findings-acute-food-insecurity-current-situation-overview-0>

Observatory of Economic Complexity (2017), Yemen <https://atlas.media.mit.edu/en/profile/country/yem/>

OXFAM (July, 2017) Yemen Cholera Worst On Record & Numbers Still Rising <https://www.oxfam.ca/news/yemen-cholera-worst-on-record-numbers-still-rising>

REACH Yemen Situation Overview (July 2017) Access to Improved Water Sources [http://www.reachresourcecentre.info/system/files/resource-documents/reach\\_yem\\_situation\\_overview\\_access\\_to\\_improved\\_water\\_sources\\_july\\_2017\\_final\\_0.pdf](http://www.reachresourcecentre.info/system/files/resource-documents/reach_yem_situation_overview_access_to_improved_water_sources_july_2017_final_0.pdf)

World Food Programme (September, 2017) Yemen Monthly Market Watch <https://www.wfp.org/content/yemen-monthly-market-watch-2017>

World Food Programme (December, 2010) Yemen Market Study, <https://www.wfp.org/content/yemen-market-study-december-2010>

Yemen Ministry of Planning and International Cooperation (November, 2016) Yemen Socio Economic Update, No.20 <https://reliefweb.int/report/yemen/yemen-socio-economic-update-no-20-nov-2016>

### Annex 2: Research Tools for Market Functionality Study Component

Below is the paper version of the survey used to conduct Key Informant Interviews with Food Vendors. Please note that surveys for other commodity groups followed the same structure.

<b>YEMEN MARKET SURVEY - FOOD</b>			
<b>SECTION A: Basic Information</b>			
<b>Enumerator Name:</b>		<b>Date:</b>	
<b>Partner Organisation Name:</b>		<b>Market Name:</b>	
<b>Governorate:</b>		<b>Number of wholesalers in this market:</b>	



District:		Shop Name:	
Location:		Trader Name:	
<b>SECTION B: Prices and Restocking Information</b>			
Are food items sold in this market? (Wheat Flour, Rice, Oil, Sugar, Beans, Salt, Bottled Water)	<input type="checkbox"/> Yes <input type="checkbox"/> No		
<b>B1: Wheat Flour</b>			
Is Wheat Flour currently sold in this market?	<input type="checkbox"/> Yes <input type="checkbox"/> No		
Does your shop currently sell Wheat Flour?	<input type="checkbox"/> Yes <input type="checkbox"/> No	If No, please leave the rest of B1 blank and move straight to B2	
What is the cheapest brand for Wheat Flour?			
Is it sold in this shop by 1 kg?	<input type="checkbox"/> Yes <input type="checkbox"/> No	If No, write the quantity that it is sold by (in Kg):	
Write the current price for the quantity indicated (YER):			
Have you restocked Wheat Flour in the last 30 days?	<input type="checkbox"/> Yes <input type="checkbox"/> No	If yes, write how many days ago it was restocked:	
If you sell out all your stock now, how many days does it take to restock when you request it?			
<b>B2: Rice (white, medium grain)</b>			
Is Rice (white, medium grain) currently sold in this market?	<input type="checkbox"/> Yes <input type="checkbox"/> No		
Does your shop currently sell Rice (white, medium grain)?	<input type="checkbox"/> Yes <input type="checkbox"/> No	If No, please leave the rest of B2 blank and move straight to B3	
What is the cheapest brand for Rice (white, medium grain)?			
Is it sold in this shop by 1 kg?	<input type="checkbox"/> Yes <input type="checkbox"/> No	If No, write the quantity that it is sold by (in Kg):	

Write the current price for the quantity indicated (YER):						
Have you restocked Rice (white, medium grain) in the last 30 days?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	If yes, write how many days ago it was restocked:			
If you sell out all your stock now, how many days does it take to restock when you request it?						
<b>B3: Oil (vegetable)</b>						
Is Oil (vegetable) currently sold in this market?	<input type="checkbox"/> Yes	<input type="checkbox"/> No				
Does your shop currently sell Oil (vegetable)?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	If No, please leave the rest of B3 blank and move straight to B4			
What is the cheapest brand for Oil (vegetable)?						
Is it sold in this shop by 1 litre?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	If No, write the quantity that it is sold by (in litre):			
Write the current price for the quantity indicated (YER):						
Have you restocked Oil (vegetable) in the last 30 days?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	If yes, write how many days ago it was restocked:			
If you sell out all your stock now, how many days does it take to restock when you request it?						
<b>B4: Sugar</b>						
Is sugar currently sold in this market?	<input type="checkbox"/> Yes	<input type="checkbox"/> No				
Does your shop currently sell sugar?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	If No, please leave the rest of B4 blank and move straight to B5			
What is the cheapest brand for sugar?						
Is it sold in this shop by 1 Kg?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	If No, write the quantity that it is sold by (in Kg):			
Write the current price for the quantity indicated (YER):						

Have you restocked sugar in the last 30 days?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	If yes, write how many days ago it was restocked:			
If you sell out all your stock now, how many days does it take to restock when you request it?						
<b>B5: Kidney Beans (dried)</b>						
Is Kidney Beans (dried) currently sold in this market?	<input type="checkbox"/> Yes	<input type="checkbox"/> No				
Does your shop currently sell Kidney Beans (dried)?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	If No, please leave the rest of B5 blank and move straight to B6			
What is the cheapest brand for Kidney Beans (dried)?						
Is it sold in this shop by 1 Kg?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	If No, write the quantity that it is sold by (in Kg):			
Write the current price for the quantity indicated (YER):						
Have you restocked Kidney Beans (dried) in the last 30 days?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	If yes, write how many days ago it was restocked:			
If you sell out all your stock now, how many days does it take to restock when you request it?						
<b>B6:: Salt, iodised</b>						
Is Salt, iodised currently sold in this market?	<input type="checkbox"/> Yes	<input type="checkbox"/> No				
Does your shop currently sell Salt, iodised	<input type="checkbox"/> Yes	<input type="checkbox"/> No	If No, please leave the rest of B6 blank and move straight to B7			
What is the cheapest brand for Salt, iodised ?						
Is it sold in this shop by 1 Kg?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	If No, write the quantity that it is sold by (in Kg):			
Write the current price for the quantity indicated (YER):						
Have you restocked Salt, iodised in the last 30 days?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	If yes, write how many days ago it was restocked:			

If you sell out all your stock now, how many days does it take to restock when you request it?						
<b>B7: Bottled Water</b>						
Is Bottled Water currently sold in this market?	<input type="checkbox"/> Yes <input type="checkbox"/> No					
Does your shop currently sell Bottled Water?	<input type="checkbox"/> Yes <input type="checkbox"/> No		If No, please leave the rest of B7 blank and move straight to B8			
What is the cheapest brand for Bottled Water?						
Is it sold in this shop by 0.75 litre bottle?	<input type="checkbox"/> Yes <input type="checkbox"/> No		If No, write the quantity that it is sold by (in Liters):			
Write the current price for the quantity indicated (YER):						
Have you restocked Bottled Water in the last 30 days?	<input type="checkbox"/> Yes <input type="checkbox"/> No		If yes, write how many days ago it was restocked:			
If you sell out all your stock now, how many days does it take to restock when you request it?						
<b>B8: Issues faced when replenishing Food Items</b>						
Please select all issues faced when replenishing Food Items in the last 3 months.	<input type="checkbox"/> Transportation <input type="checkbox"/> <input type="checkbox"/> Liquidity shortage <input type="checkbox"/> <input type="checkbox"/> Price inflation <input type="checkbox"/> <input type="checkbox"/> Insecurity <input type="checkbox"/> <input type="checkbox"/> Supply shortage <input type="checkbox"/> <input type="checkbox"/> Government restrictions on sale of goods <input type="checkbox"/> Other		Please specify other			
From which governorate do you purchase most of food items in the 3 last months?			From which district do you purchase most of your Food Items in the last 3 months?			

Which currencies do you use in buying supplies? (List all, including local currency)		Which currency do you use most often in buying supplies? (List one, choosing from currencies listed in previous question)		
Can you get credit from any of your suppliers if you need it?	<input type="checkbox"/> Yes <input type="checkbox"/> No	Are you able to access other financing or credit services for your business if you need it?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Have you provided any of your customers with credit in the last 30 days?	<input type="checkbox"/> Yes <input type="checkbox"/> No	If yes, write down the <u>minimum</u> (YER) credit you have offered to a customer in the last 30 days:		
		If Yes, write down the <u>maximum</u> (YER) credit you have offered to a customer in the last 30 days:		
How many traders are selling food items in the same market as you now?				
<b>SECTION C: General Comments</b>				
If you have any further comments on this shop/market, please write them in the space below:				

### Annex 3: Research Tools for Community Access to Markets, Acceptability, Safety and Risk

#### Focus Group Discussion Tool – Facilitator Guidelines

##### Introductory Notes (2 minutes)

Hello, my name is **XXXX**. First, I would like to welcome and thank you for volunteering to take part in this focus group discussion where we will ask you about access to markets, your familiarity and preferences for cash-based assistance, and your view on its potential risks and impacts. The information that you will provide us will be used to inform humanitarian response strategy and planning.



Please note that this meeting does not have any impact on whether you or your community receives assistance. These discussions are only meant to better understand how you, your household, and the community perceive and could be affected by cash-based assistance.

**Anonymity:** I would like to assure you that the discussion will be anonymous. I and the other focus group participants would appreciate it if you refrain from discussing the comments of other group members outside the focus group. If there are any questions or discussions that you do not wish to answer or participate in, you do not have to do so; however please try to answer and be as involved as possible.

This session will take no more than 1.5 hour.

#### Ground Rules (2 minutes)

1. The most important rule is that only **ONE person speaks at a time**. There may be a temptation to jump in when someone is talking but please wait until they have finished.
2. There are **no right or wrong answers**.
3. You do not have to speak in any particular order.
4. When you do have something to say, please do so. There are many of you in the group and it is important that I obtain the views of each of you.
5. You do not have to agree with the views of other people in the group.
6. Any questions?
7. Ok, let's start.

#### Instructions to Facilitators

1. **Questions to participants:** these are the questions that should be read and communicated to the participants. If there are some specific vocabulary which may be unclear, do not hesitate to provide a definition for the purpose of the exercise.
2. **Probes and follow-up questions:** Probes and follow-up questions are an important part of interviewing and have two main purposes: **1)** to help clarify what a participant has said and **2)** to help get more detailed information on topics of interest. Probes allow the participants to provide more than just a one-sentence answer to the questions to the questions you ask. **Do not read the probes and follow-up questions to participants.** Use or adapt them based on the discussion and any missing information on topics of interest. Some of the probes can be repeated for each specified option or alternative in the discussion.

**Introduction (5 minutes)**

Questions to Participants:

1. Can everyone introduce themselves, telling me their *names*, *ages* and *occupations* (main sources of livelihood)?

**Access to local markets (20 minutes)**

2. Tell me about the local market you usually go to and how you travel there. (*Try to involve every participant in the discussion*)

**Probe / Follow-up question:**

- Which local market do you usually go to?
- Is it a village market / district market / governorate capital market?
- What type of market it is? What are the main items sold in the market?
- Do you go to another market to buy other basic items (such as hygiene or houseware items)?
- How far is it (in kilometre)?
- How long does it take to travel there (in minutes)?
- By which mode of transport?

3. Since the conflict started, what changes have you experienced in your ability to travel to the local market and buy basic items?

**Probe / Follow-up question:**

- Were there any specific issues before?
- Are there any specific issues now that had not existed before?
- Do you go to the local market as often as you used to go before the conflict? If no, why?
- Did any of you change your mode of transport (e.g. walking instead of taking the bus) since the conflict? If yes, why?
- Did you have to rely on others to buy basic items for you? If yes, why?
- Did any of you go to different or other markets since the conflict? If yes, why?
- Are basic items that you normally find in the local market still regularly available since the conflict? Please give me some examples of items that are no longer available as regularly as they are used to and the substitute items that you have used instead.
- Have prices in basic items changed a lot since the conflict? If yes, in what way?
- Can you still find items of the same type / quality like before in the local market?
- If you still find items of the same type / quality like before in the local market, are you still buying them? Or do you buy items of a different type / quality because of higher prices?
- Can you give some examples of items where you have had to change item type or quality because of lack of availability or higher prices?

**Preference for cash-based modalities and delivery mechanisms | Risks on safety and security (20 minutes)**

4. What are the available cash providers or places to access cash that you can think of?

**Probe / Follow-up question:**

- Banks?
- Post offices?

- Local shops providing credit?
  - (Formal) Money transfer offices?
  - Informal money transfer agencies?
  - Microfinance offices (e.g. Al-Kuraimi)?
  - Mobile phone companies (providing mobile money)?
  - Others?
5. What are the types of documents required to access cash through these cash providers?  
(Go through each of the cash delivery mechanism that have been mentioned)

**Probe / Follow-up question:**

- National identity card?
  - Family book?
  - Birth certificate?
  - Marriage certificate?
  - Passport?
  - Election card / Voter identity card?
  - Driver's license?
  - Do you have at least one form of documentation? If no, please explain why.
6. Let's discuss the advantages and disadvantages of each of the cash provider that you have mentioned.  
(Go through each of the cash delivery mechanism that have been mentioned)

**Probe / Follow-up question:**

- Familiar and easy-to-use?
- More confidential?
- What do you think about the safety of the site for accessing cash?
- Are you concerned about someone intimidating or physically hurting you because you have received money?
- Are there risks of leaving home and traveling to and from the cash provider?
- Travel time or transportation cost?
- Fees?
- Need for documentation?
- Cash provider office or site is hard to access (for persons with disabilities)?
- Sufficient information or assistance from cash providers?
- Has access to any of these cash providers changed since the start of the conflict? If yes, how and why?

**Familiarity and acceptance for cash-based assistance | Risks on safety and security (30 minutes)**

7. Since the start of the conflict, what changes have there been in the ways that families can get support when they are in a sudden difficult financial situation, e.g. flood, loss of job, hospitalization of a family member?

**Probe / Follow-up question:**

- What were the sources and types of support families were receiving before?
- Family remittance? Other types of financial support from family members?
- Community support? If yes, please give us some examples, e.g. providing cash or food support?
- Store credit?

- Other forms of formal or informal ways of getting credit or a loan?
- Is it still possible to receive all the types of support identified since the conflict started? If no, why?

8. Let's talk about humanitarian or charitable cash-based assistance. What is the first thing that comes to mind?

**Probe / Follow-up question:**

- The Social Welfare Fund?
- (Food) Vouchers?
- Physical cash?
- Mobile money?
- Livelihood assistance?
- Assistance for education-based activities?
- Anything else that comes to mind?

9. Since the conflict started, food prices have increased significantly. Poor families receive food vouchers from a humanitarian agency. The vouchers can be used to buy food in selected shops. Is this form of assistance acceptable to you and most people in your community? If yes, why is that the case? If not, why is that the case?

**Probe / Follow-up question:**

- Have you heard of this or a similar form of assistance? If yes, please tell us more.
- How is this different from receiving food items? Do you prefer food vouchers to food packages of the same monetary value? Can you explain your preference?
- Until you spend it, is it difficult to keep it safely?
- What are the main risks of receiving cash assistance on the safety and security of each family?
- Until you spend it, is it difficult to keep it safely?
- Are you concerned about not enough shops accepting these vouchers?

10. Another humanitarian agency has started giving each poor family cash to buy food. Is this form of assistance acceptable to you and most people in your community? If yes, why is that the case? If not, why is that the case?

**Probe / Follow-up question:**

- Do you know of this or a similar form of assistance? If yes, please tell us more.
- Do you prefer cash to food items of the same monetary value? Can you explain your preference?
- Do you prefer cash to food vouchers of the same monetary value? Please help me understand your preference.
- Would most people in your community prefer the same option? If no, can you explain why?
- Is there a difference between cash given to a family directly by humanitarian agencies and physical cash given indirectly by an intermediary (e.g. post office or money transfer office)? If yes, what do you think are the differences?
- Until you spend it, is it difficult to keep it safely?
- What are the main risks of receiving cash assistance on the safety and security of each family?
- Are you concerned about someone intimidating or physically hurting you because you have received money?

*(After the discussion, please explain what is cash-based assistance using the definition below)*

Cash-based assistance is the form of humanitarian assistance where families are provided with money instead of the items or food itself and are able to choose what the money is spent on. Cash assistance can be delivered as physical cash or through other means like vouchers, bank transfer, mobile money etc.

Let's imagine that there are five families given 10,000 YER worth of cash assistance in these different ways:

- Family 1: Physical cash only
- Family 2: Mobile money only
- Family 3: Deposit in bank account only
- Family 4: Prepaid / smart card only
- Family 5: Voucher only

11. What would be the advantages or disadvantages for each family? *(Go through each family scenarios)*

**Probe / Follow-up question:**

- Easy and safe to receive?
- Who will have to collect it and will this interfere with their other responsibilities (e.g. childcare, work)?
- Easy and safe to keep before you spend it?
- Are there risks of leaving home and traveling to and from the cash provider? Is there a need for companion?
- Travel time or transportation cost?
- Fees?
- Need for documentation?
- Number of service provider outlets?
- Number of retail outlets (to cash out or buy items)?

**Impacts of cash-based assistance (15 minutes)**

12. Let's think about the five families we have discussed earlier, they have all received 10,000 YER in cash assistance from a humanitarian agency. What could be the impact of cash assistance on the family and its relationship with the rest of the community?

**Probe / Follow-up question:**

- Who is likely to decide how the cash assistance will be spent?
- Would the cash assistance affect relationship between the head of family and the spouse? If yes, in what ways?
- What about relationship with other family members? (e.g. children, parents) If yes, please give an example of how cash assistance can affect the relationship.
- What about relationship with friends? Neighbours?
- With other people in your community?
- With people from other community (e.g. IDP and host community)?
- Among all these relationships, how likely is cash assistance going to affect one relationship compared to the others? (e.g. is the impact on relationships within the family more likely than impact on relationships with community members?)
- Among all these relationships, what is the relative size of the impact of cash assistance (e.g. is the impact on relationship with family members larger than the impact on relationship with community members?)



### Conclusion (2 minutes)

1. Thank you for participating. This has been a very successful discussion.
  2. Your opinions will be a valuable asset to the study.
  3. We hope you have found the discussion interesting.
  4. If there is anything you are unhappy with or wish to complain about, please contact me later.
  5. I would like to remind you that any comments featuring in this report will be anonymous.
- Before you leave, please make sure that you have filled in the debriefing form.