



SYRIA

CASH AND MARKETS ASSESSMENT

Northeast Syria

Report

October 2018



REACH would like to extend a special thanks to People in Need, whose data collection support enabled the assessment to include Aleppo governorate.

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About REACH

REACH facilitates the development of information tools and products that enhance the capacity of aid actors to make evidence-based decisions in emergency, recovery and development contexts. The methodologies used by REACH include primary data collection and in-depth analysis, and all activities are conducted through inter-agency aid coordination mechanisms. REACH is a joint initiative of IMPACT Initiatives, ACTED and the United Nations Institute for Training and Research - Operational Satellite Applications Programme (UNITAR-UNOSAT). For more information please visit our website: www.reach-initiative.org. You can contact us directly at: geneva@reach-initiative.org and follow us on Twitter @REACH_info.

SUMMARY

Context

The conflict in Syria has had dire effects on the country's economy, posing complex challenges to local economies and changing the market dynamics across the whole of Syria. Challenges to market functionality have had severe repercussions on the lives of Syrians, including the food security and livelihoods of local populations across the country. The agricultural sector is of particular importance to market functionality in communities of northeast Syria (NES), as local livelihoods traditionally consist of agricultural activities and livestock breeding. Consequently, one of the sectors examined in depth in this assessment is the agricultural sector.

It is estimated that Syria's GDP decreased by nearly 63% between 2011 and 2017.ⁱ Despite the sharp decline in food productionⁱⁱ, the declines in productivity in other key sectors of the national economy, such as mining, manufacturing, and construction resulted in agriculture "assum[ing] a bigger role in national output in relative terms."ⁱⁱⁱ Yet, conflict and droughts continue to have severe repercussions on the agricultural sector, especially the drought of 2017/2018, which was the worst recorded in Syria in 30 years.^{iv} Given the continued importance of agriculture in the regional economy of northeast Syria, in particular, an understanding of the challenges that exist in the supply chain and market systems of food, as well as non-food items, is necessary to informing future assistance efforts in the region.

Across NES, humanitarian actors are increasingly interested in cash-based programming, both exploring options to implement new cash-based programmes, as well as expanding the scope of cash-based programmes currently in effect in the region. In particular, the humanitarian community has been working to scale-up cash assistance targeting basic goods and needs as a priority to address food security and livelihoods issues. The Cash Working Group (CWG) for NES observed that, throughout 2017 and early 2018, the expansion of direct humanitarian access and the reduction of conflict in parts of NES led to an increased implementation of approaches that utilise market systems, including cash-based programming. Although a number of market assessments have been conducted, these have typically focused on specific interventions within a single governorate. To date, there have been no comprehensive analyses of market system functionality across NES nor comprehensive studies on the feasibility of increased cash programming addressing food security and livelihoods issues of local populations in the region. Thus, this assessment aims to fill this gap by providing relevant information to help inform cash-based programming.

Assessment

This study aims to assist partners in understanding cash-based programming and the potential consequences of scaling up cash-based programmes, both across the entire region and in each of the four governorates of NES (Al-Hasakeh, Deir-ez-Zor, Ar-Raqqa, and Aleppo^v governorates) by: 1) mapping existing market systems and estimating its capacities to meet increases in demand of potatoes, wheat flour and bread, heating fuel, and sheep and goat meat; 2) determining different population groups' capacities and needs for accessing markets and financial services; and 3) determining different population groups' preferences for different cash-based programming.

The CWG for NES, the Cash and Markets Advisor (CashCap) for Whole of Syria (WoS), the WoS Food Security Cluster, and the NES Food Security Sector initiated this study with the aim of contributing to a greater understanding of market dynamics in NES, identifying population needs and preferences, and equipping humanitarian actors operating in NES with market information needed to inform effective humanitarian assistance. The CWG for NES and the NES Food Security Sector coordinated inputs from partner organisations to select four core goods (potatoes, wheat flour and bread, heating fuel, and sheep and goat meat) for analysis in this study, with the goal of addressing fundamental inter-sectoral information needs in the region.

ⁱ World Bank. [The Toll of War: Economic and Social Consequences of the Conflict in Syria](#), July 2017

ⁱⁱ Ibid.

ⁱⁱⁱ Chatham House, [Syria's Economy: Picking up the Pieces](#), 23 June 2015

^{iv} UN. [Humanitarian Needs Overview](#), 2019.

^v Only areas of Kobane and Menbij districts, under the Self-Administrative Authority, were assessed in Aleppo governorate.

Trends in availability, consumption, supply, and demand for each of these four core goods will be discussed on the regional level, as well as on the governorate level for the four assessed governorates in NES. Additionally, this assessment seeks to reduce information gaps on subjects such as access to markets, access to financial service providers (FSPs), preferences for humanitarian assistance, and potential societal implications of cash-based assistance in assessed communities across NES.

To this end, REACH, in partnership with People in Need (PiN), collected data in October 2018 through Key Informant (KI) interviews in 73 communities in Al-Hasakeh, Ar-Raqqa, Deir ez-Zor, and Aleppo governorates. REACH and PiN conducted a total of 1,582 interviews with 993 actors along the supply chains for each of the four assessed core goods in order to analyse market system functionality within assessed communities, as well as the wider market system relevant to markets and consumers in assessed communities. More specifically, 447 representatives of assessed population groups (original residents,^{vi} internally displaced persons (IDPs), and spontaneous returnees) and 58 local council representatives were interviewed to analyse the availability and consumption patterns of the four core goods in the assessed communities, as well as experiences with, preferences for, and perceptions of humanitarian aid and cash-based programming within assessed communities.

Additionally, 14 Focus Group Discussions (FGDs) were also held in three communities of Al-Hasakeh governorate. These discussions sought to examine capacities, needs, and preferences for humanitarian aid and cash-based programming among community members.

Key Findings^{vii}

Cash assistance was most commonly reported as the preferred form of humanitarian assistance by interviewed community members, since it would reportedly enable more members to gain increased purchasing power of the analysed core goods. However, cash-based programming must account for a diverse range of economic, political, and social dynamics that exist within the assessed communities of each of the four governorates of NES. In particular, cash-based programming must consider the possibility of changes in political and military control of the Menbij corridor—the major corridor for funnelling both imported goods and domestic goods produced outside the area into NES—and the potential consequences for market systems in the northeast.

Market Functionality

- Market systems for the four assessed core goods were not fully functional in all four governorates due to a number of logistical, infrastructural, environmental, financial, and political factors.^{viii} These factors may inhibit the abilities of beneficiaries to actually increase consumption of the core goods if given cash assistance.
- Changes in the current political situation within Menbij may have significant repercussions across NES. Menbij, in Aleppo governorate, serves as the major corridor that funnels both imported goods, as well as domestic goods produced in the south, central or the northwest into NES. Imported Turkish potatoes and wheat flour enter western Aleppo governorate through border crossings such as Jarablus and Bab al-Salameh, or through the Bab al-Hawa border crossing in Idleb governorate. Products such as potatoes that are domestically produced within either the centre or the northwest of Syria must also cross through the Menbij corridor before entering NES. Imported potatoes and wheat flour passing through Menbij into NES must go through multiple customs and inspection processes that delay importation and increase costs upon actors operating within these supply chains, including consumers.
- Major findings for each governorate include:
 - Al-Hasakeh governorate: More restrictive price and supply controls imposed by local authorities on core good market systems were reported within assessed communities compared to other governorates, impacting private sellers.

^{vi} Residents were defined as the pre-conflict population who had not left their place of habitual residence since the start of the conflict. Thus, this sub-population is distinct from spontaneous returnees.

^{vii} Due to the non-representative (purposive) sampling methods used in this assessment, findings are not representative of the whole population, supply chains, and markets in NES, but are rather indicative only of the assessed communities and populations as of the time of data collection.

^{viii} Changes in supply and demand, storage capacity, restocking capabilities, availability, and price trends were utilized to assess the functionality of each core good market system and the suitability of increased cash-based programming within assessed communities of each governorate.

- Deir-ez-Zor governorate: Variations in levels of supply and demand within assessed market systems were attributed to displacement patterns (departures and arrivals of IDPs and spontaneous returnees) and to conflict in the governorate.
- Ar-Raqqa governorate: Damaged infrastructure and security risks contributed to worse levels of access to core goods within some districts of Ar-Raqqa compared to others in the same governorate, causing disruptions in the supply chains.
- Aleppo governorate: Significant differences in supply and demand dynamics of the core good market systems of the two assessed communities of Kobane and Menbij were often dependent on price and supply controls imposed by the local authorities, as well as on the quality of infrastructure and the importation of goods through the Menbij corridor.

Access to Markets and Financial Service Providers

- Though the majority of interviewed community members (KIs representing residents,^{ix} IDPs, and spontaneous returnees) across all four governorates in the northeast were able to access markets—either in their community of residence and/or in nearby communities—barriers to accessing these markets remain. Conscription was a commonly cited impediment to accessing markets. As reported, male youth were forcefully conscripted into militias, leaving them unable to access markets for fear of conscription if they walked outside of their habitual places of residence. Similarly, while many community members across all assessed locations were willing and able to travel to other markets outside of their community of residence in order to obtain better quality goods, male youth were reportedly unable to do so in many assessed communities. This could potentially restrict a household's ability to access sufficient quantity and quality of goods from local markets. Additionally, interviewed community members in 26 assessed communities across NES reported challenges of movement and harassment that prevented women, elderly, and people with disabilities from physically accessing markets in their communities.
- Nearly all (96%) interviewed community members in assessed communities reported the existence of *hawala* offices in their community of residence or in a nearby community.^x By contrast, only 4% of the interviewed community members reported the availability of formal banks or access to store credit.

Experiences and Preferences for Cash-Based Programming

- The majority of interviewed community members in assessed communities of all four governorates in the northeast reported that members of their population group (original residents, IDPs, or spontaneous returnees) in their community preferred cash assistance to other modalities of humanitarian assistance, in order to improve access to basic goods as well as to develop livelihood opportunities.
- Most interviewed community members across all four governorates preferred direct physical cash and cash-for-work programmes as modalities of cash assistance. Commonly cited reasons for a cash preference included to purchase what is needed, to pay debts, and to increase employment opportunities.
- A few exceptions to the cash preference trend were found in Ar-Raqqa and Al-Hasakeh governorates, where spontaneous returnees expressed preference for voucher assistance targeting food items and in-kind distributions of agricultural inputs, respectively.

Perceptions and Implications of Increased Cash-Based Programming

- Consumers' lack of cash was a major challenge reported by supply chain actors and interviewed community members across assessed communities of NES. Cash assistance may enable beneficiaries in the assessed communities to purchase more goods and consequently increase demand for the analysed core goods in all four governorates of the northeast.
- Very few KIs reported that members of their population group received cash assistance in the six months prior to data collection. Conclusions on the potential implications of cash-based programming on community dynamics can therefore not be drawn from the findings of this assessment. However, according to many of these interviewed community members, benefits seen from the few communities assessed for this report who have had access to cash-based programming included a sense of dignity and agency, the ability to afford basic necessities, and debt repayment. Yet, the distribution of cash assistance in

^x The *hawala* system, which enables money transfers between individuals and organizations in different locations, relies on trust between brokers and tracking of debts and does not necessitate physical movement of cash, written contracts, or promissory notes.

communities reportedly also caused jealousy and tensions between beneficiaries and non-beneficiaries, and negatively impacted inter-community relations. While not unique to cash programming, it is recommended that humanitarian organisations implementing cash-based programming develop comprehensive communication plans to correspond with community members (beneficiaries and non-beneficiaries). Furthermore, it is recommended to develop clear Accountability to Affected Populations (AAP) practices in order to avoid the creation of social tensions or unmet expectations with regards to the extent and scope of cash-based programming in communities.

How to Use this Report

This study is composed of four main components:

- Following the Introduction and Methodology, the [first section](#) provides analysis of the collected data at a regional level, highlighting the level of functionality of the four core goods' supply chains and market systems, access to markets, access to financial service providers, and preferences for humanitarian assistance.
- The [second section](#) of this report breaks down findings per governorate and provides a more in-depth analysis of the four research questions.
- Finally, the [Annexes](#) map supply chains for each governorate.

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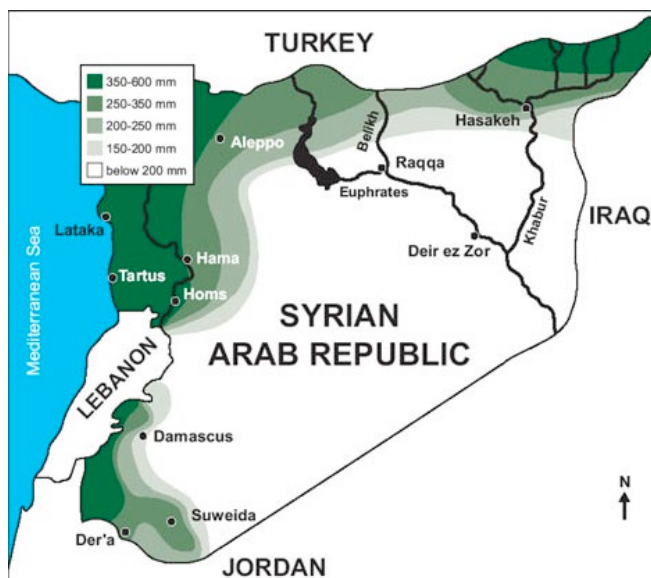
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1. INTRODUCTION

The conflict in Syria has had dire effects on the country's economy, posing complex challenges to local economies and changing the market dynamics across the whole of Syria, including the northeast region. Massive internal displacement, emigration, and mortality, along with challenges such as damaged infrastructure, lack of agricultural production, and lack of employment, have all had severe repercussions on the lives of Syrians and hampered economic growth.^{xi} Towards the beginning of the conflict, large-scale businesses were able to adapt by moving operations to the coast or outside of the country and farmers with mobile assets, such as livestock, moved to safer areas with their flocks. However, crop farmers largely remained on the same plots of land. Between 2011 and 2016, losses in GDP were at an estimated \$226 billion.^{xii}

Figure 1. Syria agricultural stability zones, according to the average annual rainfall (in millimeters)^{xiii}



Syria has historically been a strong agrarian-based economy, with a significant proportion of the country's agricultural cropland in the northeast, north, and centre. Syria is divided into five agricultural stability zones (see Figure 1), according to average annual rainfall.^{xiv} Prior to the crisis, the agricultural sector was a source of livelihoods for the majority (80%) of the country's rural population (46% of all Syrians) and accounted for 18% of the country's GDP in 2010.^{xv} The agricultural sector is of particular importance to market functionality in communities of the northeast due to the fact that local livelihoods traditionally consist of agricultural activities and livestock breeding. Up to 45% of Syria's wheat—the country's main crop—is cultivated in Al-Hasakeh governorate in the northeast.^{xvi}

Although a relatively improved security situation in some areas of Syria since 2017 led to spontaneous returns of many IDPs to their communities of origin and a subsequent increase in local market activity, challenges to market functionality continue to exist and impact the population of Syria, including challenges concerning access to food and livelihood opportunities. Agriculture, in particular, faced severe challenges in recent years with conflict and droughts. For example, the 2018 drought was described by farmers in NES as “the worst in living memory, or at least as bad as the drought of 1972/73.”^{xvii}

According to the 2019 Humanitarian Needs Overview, the drought of 2017/18 in Syria was the worst recorded in 30 years, devastating the wheat and barley production, in particular, across five governorates (see Figure 2).^{xviii} Despite the sharp decline in food production, the declines in productivity in other sectors of the national economy resulted in agriculture “assum[ing] a bigger role in national output in relative terms.”^{xix} By 2017, the agricultural sector accounted for an estimated 60% of the country's GDP due to greater decline in productivity in other sectors.^{xx} Today, the majority of non-IDP households living in rural areas in Syria still depend on the agricultural sector as their main source of livelihoods, with 80% involved in annual crop production.^{xxi} Due to the continued importance

^{xi} World Bank, [The Toll of War: Economic and Social Consequences of the Conflict in Syria](#), July 2017

^{xii} World Bank, [The Toll of War: Economic and Social Consequences of the Conflict in Syria](#), July 2017

^{xiii} FAO, [Agro-ecological zones and farming systems](#)

^{xiv} Ibid. These zones are defined by aptness for rain fed crop production and the probability of rainfall.

^{xv} FAO/WFP, [CROP AND FOOD SECURITY ASSESSMENT MISSION TO THE SYRIAN ARAB REPUBLIC](#), 9 October 2018.

^{xvi} Ibid.

^{xvii} Ibid.

^{xviii} UN, [Humanitarian Needs Overview](#), 2019.

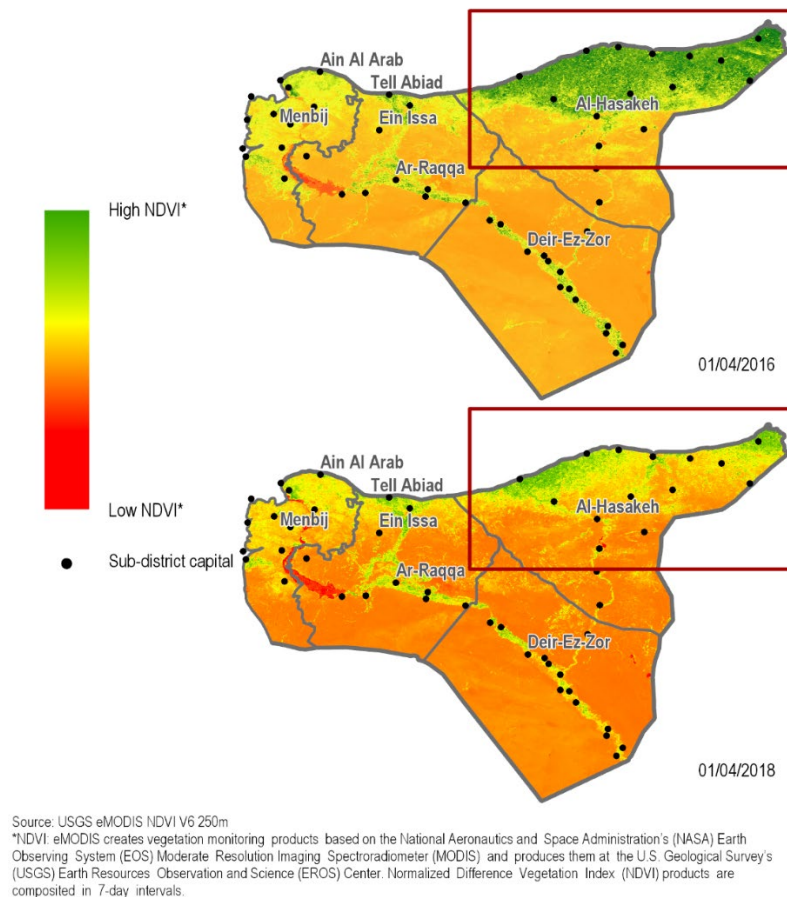
^{xix} Chatham House, [Syria's Economy: Picking up the Pieces](#), 23 June 2015

^{xx} Ibid.

^{xxi} FAO, [Counting the cost: Agriculture in Syria after six years of crisis](#), 2017.

of agriculture in the regional economy of NES, in particular, an understanding of the challenges that exist in the supply chain and market systems of food, as well as non-food items, is necessary to inform future assistance efforts in the region. Consequently, supply chains for four agricultural goods are examined in depth in this assessment.

Figure 2. Normalized Difference Vegetation Index (NDVI), April 2016 (top) and April 2018 (bottom)



Cash-based programming is, at its core, a market-based intervention that uses local markets and services to meet the needs of persons affected by crisis, and can be stand-alone or combined with other modalities of humanitarian assistance, such as in-kind assistance.^{xxii} In the NES context, cash-based assistance can directly target the needs of beneficiaries while also supporting the stability and growth of local markets of recipient communities. The humanitarian community has been working to scale-up cash assistance in NES targeting basic core goods and needs as a priority to address food security and livelihoods issues. The Cash Working Group (CWG) for NES observed that, throughout 2017 and early 2018, the expansion of direct humanitarian access and reduction of conflict in parts of NES led to increased implementation of approaches that utilise market systems, including cash-based programming.

A market analysis aims to limit the risk of cash-based interventions that cause a negative effect to local markets, increase the effectiveness and efficiency of such responses, and strengthen interventions by identifying new ways to support existing market systems and structures.^{xxiii} Although a number of market assessments have been conducted in Syria, these have typically been focused on specific interventions within a single governorate. No comprehensive studies of the market system functionality across NES or on the feasibility of increased cash programming addressing food security have been conducted (at the time of writing).

This assessment, therefore, aims to fill the information gap on cash and markets in the NES context. The CWG for NES, the Cash and Markets Advisor (CashCap) for Whole of Syria, the Whole of Syria Food Security Cluster, and the NES Food Security Cluster initiated this study with the aim of contributing to a greater understanding of market

^{xxii} UNHCR. [Operational Guidance for Cash-based Interventions in Displacement Settings](#). October 2011.

^{xxiii} The Cash Learning Partnership (CaLP). [Minimum Standard for Market Analysis \(MISMA\)](#).

dynamics in NES, identifying community needs and preferences, and equipping humanitarian actors operating in NES with relevant information on preferences for humanitarian assistance and the potential societal implications of increased cash assistance within communities in the region. Findings are to be integrated with information collected on community needs, preferences, food security, and livelihoods when making operational programme decisions.^{xxiv}

This study also aims to inform future implementation of cash-based programming, as well as to analyse the consequences of increased cash-based programming in accessible areas of NES (Al-Hasakeh, Deir-ez-Zor, Ar-Raqqa, and eastern Aleppo governorates) by: 1) mapping existing market systems and estimating its capacities to meet increases in demand; 2) determining different population groups' capacities and needs for accessing markets and financial services; and 3) determining different population groups' preference for different cash-based programming. Four assessed core goods—potatoes, wheat flour and bread, sheep and goat meat, and heating fuel (diesel)—were selected as subjects for in-depth supply chain analysis and market system mapping. Partner organisations operating in NES coordinated inputs in the selection of these four goods with the goal of addressing fundamental inter-sectoral needs in the region.

In order to obtain the information and analysis necessary to meet these objectives, the assessment focused on answering four key questions:

1. What are the key actors, linkages, capacities, and limitations of the four core goods' (potatoes, wheat flour and bread, sheep and goat meat, and heating fuel (diesel)) supply chains and market systems?
2. What are the needs, capacities, and preferences of populations in accessing markets and financial systems?
3. What are the needs, capacities, and preferences of populations relating to cash-based interventions?
4. What are the potential positive and negative implications of implementing or continuing and expanding cash-based programming?

^{xxiv} The Cash Learning Partnership (CaLP) [Minimum Standard for Market Analysis \(MISMA\)](#).

1.1 List of Acronyms

CBR-TWG	Cash-Based Responses Technical Working Group
CWG	Cash Working Group
FGD	Focus Group Discussion
FSP	Financial Service Provider
GDP	Gross Domestic Product
HSOS	Humanitarian Situation Overview in Syria
IDP	Internally Displaced Persons
ISIL	Islamic State of Iraq and the Levant
KI	Key Informant
NES	Northeast Syria
PiN	People in Need
RCC	Raqqa Civil Council
SAA	Self-Administration Authority
SDF	Syrian Democratic Forces
SMEB	Survival Minimum Expenditure Basket
SNFI	Shelter, Non-Food Items (Cluster)
SR	Spontaneous Returnee
SYP	Syrian Pound
USD	US Dollar

1.2 Geographical Classifications

Governorate	Highest form of governance below the national level (admin level 1)
District	Sub-division of a governorate in which government institutions operate (admin level 2)
Sub-district	Sub-division of a district composed of communities (admin level 3)
Community	Bounded clustering of population in the form of a city, town or village (admin level 4)
Neighbourhood	Lowest administrative unit within a city (admin level 5 or 6)
Northeast Syria	Includes Al-Hasakeh, Ar-Raqqa, Aleppo (Eastern), and Deir-Ez-Zor governorates

1.3 Key Concepts

Cash Transfer Programming: All programmes 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 and covers all modalities of cash-based assistance, including vouchers. This excludes remittances and microfinance in humanitarian interventions.^{xxv}

Hawala: ‘transfer’ in Arabic, denoting an informal system that facilitates domestic and international monetary transfers.^{xxvi} The *hawala* system, which enables money transfers between individuals and organizations in different locations, relies on trust between brokers and tracking of debts and does not necessitate physical movement of cash, written contracts, or promissory notes.^{xxvii}

Internally displaced persons (IDPs): Persons or groups who have been forced or obliged to flee or leave their homes or places of habitual residence, in particular as a result of or in order to avoid the effects of armed conflict, situations of generalised violence, violations of human rights or natural or human-made disasters, and who have not crossed an internationally recognised state border. For the purposes of this assessment, IDPs are those that are currently living in a community that was not their place of habitual residence prior to the beginning of the conflict.

Local Councils: Governing bodies formed by residents of a community which fill the gap in social and governmental support. Local councils have various degrees of independence and may provide public services such as water, electricity, transportation, police and security, among others.^{xxviii}

Survival Minimum Expenditure Basket (SMEB): A tool to help humanitarian actors set the value of cash or voucher transfers. It is designed as an indicator of the cost of the minimum, culturally-appropriate items that a family of 6 needs to survive for one month, while meeting basic standards for nutritious food, water use and hygiene.^{xxix}

^{xxv} The Cash Learning Partnership (CaLP). [Minimum Standard for Market Analysis \(MISMA\)](#).

^{xxvi} Beechwood International. [Technical assessment: Humanitarian use of Hawala in Syria](#). 31 July 2015.

^{xxvii} Global Communities. [Syria Cash Feasibility Assessment](#). May 2016.

^{xxviii} Institute for War and Peace Reporting. [Local Governance inside Syria](#). March 2014.

^{xxix} CBR-TWG. Survival Minimum Expenditure Basket, Northern Syria Guidance Document. February 2017

Original residents: For the purposes of this assessment, “original residents” refers to non-displaced household members who have been living in their place of habitual residence prior to the start of the conflict.

Retailers: Persons or businesses that sell goods to the public in relatively small quantities for use or consumption rather than for resale.

Self-Administration Authority: Autonomous administration formed by Kurdish-led Syrian Democratic Council in and for NES.

Spontaneous returnees: For the purposes of this assessment, spontaneous returnees (labelled as “returnees” or “SR” in figures) are those who had been displaced from their habitual residence after the start of the conflict (e.g., former IDPs or refugees) that have since returned to their communities, though not necessarily the same former place of residence.

Vendors: Suppliers of goods and services.

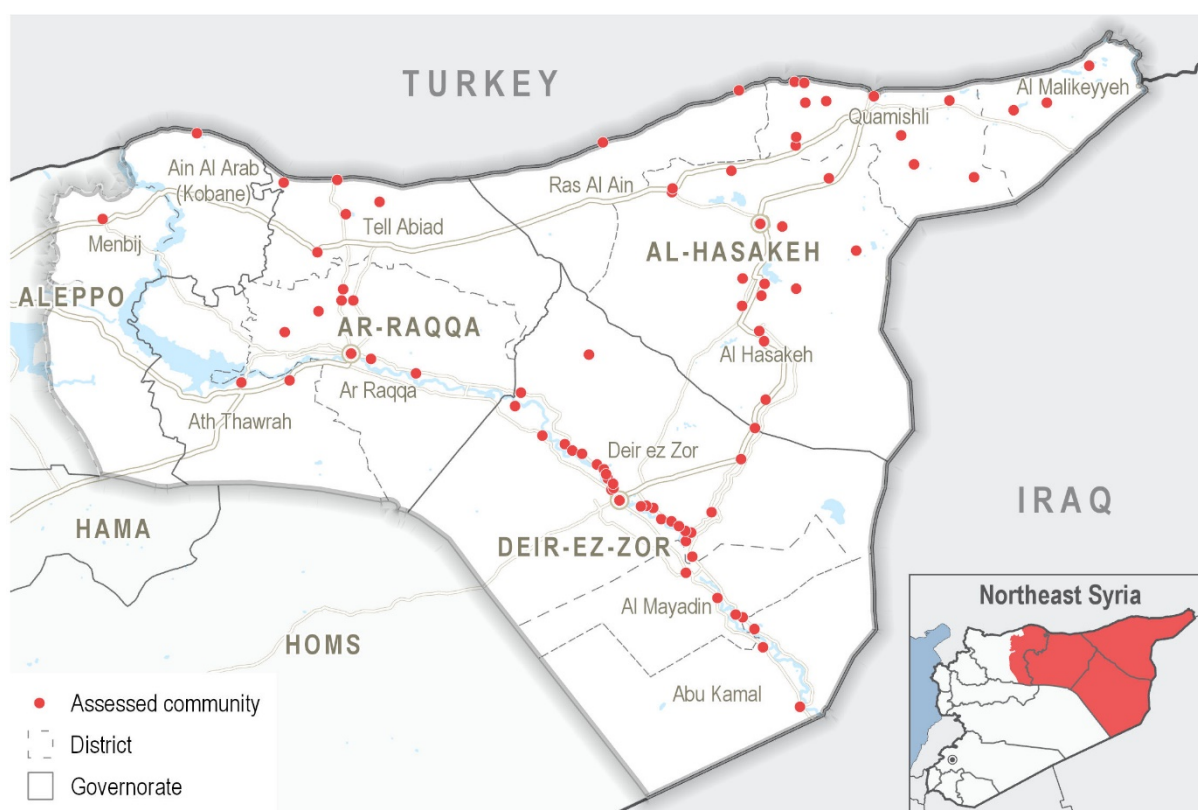
Wholesalers: Persons that buy large quantities of goods from various producers, warehouse them, and resell to retailers.

2. METHODOLOGY

2.1 Overview

This assessment relies on quantitative and qualitative information collected in October 2018 through Key Informant (KI) interviews and Focus Group Discussions (FGDs). Information regarding the four assessed core goods (potatoes, wheat flour and bread, sheep and goat meat, and heating fuel (diesel)) was collected through KI interviews with supply chain actors, community members, and local council members in assessed communities. Preferences for humanitarian assistance were assessed through KI interviews and FGDs with community representatives and members of three different population groups (original residents, IDPs, and spontaneous returnees) and local councils. Findings were aggregated to community, sub-district, district, and governorate levels to understand trends—except in Aleppo governorate, where only the Menbij and Kobane communities were assessed. Governorate level sections aggregated community level data and were further supported by qualitative information (specific to assessed communities) in order to draw conclusions on market dynamics and the potential to scale-up cash-based programming. Due to the non-representative (purposive) sampling methods used in this assessment, findings are not representative of the whole population, supply chains, and markets in NES, but are rather indicative only of the assessed communities and populations as of the time of data collection.

Map 1. Overview of assessed communities in NES for this assessment



Population of interest

The population of interest is composed of three groups: 1) supply chain actors operating in the market systems of the four assessed core goods who were located in and around assessed communities; 2) community members, including original residents, IDPs, and spontaneous returnees; and 3) local council members residing in assessed communities. Supply chain actors operating along the supply chains for the four core goods were identified through existing KI networks and snowballing methods.^{xxx} These included actors at all stages of the supply chains, such as producers, importers, traders, wholesalers, and retailers.

^{xxx} Nonprobability sampling technique in which participants recruit future participants.

All assessed communities were located in accessible areas of the four governorates Al-Hasakeh, Deir-ez-Zor, Ar-Raqqa, and eastern Aleppo governorates. The assessed communities were chosen based on accessibility and priority. Priority was determined through consultation with external partners based on three criteria: first, ensuring coverage in the assessment includes communities with current or previous cash-based interventions, as well as those without any previous interventions; second, ensuring that the major commercial hubs in each assessed governorate were included; and third, ensuring that assessed communities included both urban and rural communities.

Potatoes, wheat flour and bread, sheep and goat meat, and heating fuel (diesel) were selected as subjects for in-depth supply chain analysis and market system mapping. Partner organisations operating in the NES context coordinated inputs in the selection of these four goods with the goal of addressing fundamental inter-sectoral needs in the region. Potatoes are a staple vegetable that is produced in Syria (albeit mostly in southern Syria) and were chosen for that reason. Wheat flour and bread are staples of the Syrian diet, and were therefore chosen for their unique importance to food security in the northeast. Shelter and Non-Food Item (SNFI) partners selected heating fuel (diesel) because data collection was conducted slightly before the onset of winter, and because heating fuel also has importance elsewhere (in NES, heating fuel is also used as transportation fuel, fuel for agricultural machines, etc.). Sheep and goat meat were chosen for their nutritional value as an important source of protein, as well as their significant role as a source of livelihoods (the livestock industry is a traditional part of local economies in NES and was severely impacted by the conflict).

Secondary data review

Secondary sources were used to further contextualise and triangulate collected primary data. First, a literature review was conducted using existing reports, assessments, and academic publications on market systems, market functionality, and population preferences regarding cash-based interventions in Syria. Second, existing data was used to inform research design so as not to duplicate data collection efforts with other existing assessments and in order to inform the implementation of primary data collection. Third, existing data was referenced during analysis for contextualisation and triangulation, including data provided from stakeholders, existing reports and assessments, and data published by REACH, notably Market Monitoring Situation Overviews.^{xxxi}

Primary data collection

Primary data collection was conducted through KI interviews and FGDs. KI interviews were conducted to collect information from supply chain actors in the four assessed core good market systems and from representatives of assessed population groups (original residents, IDPs, and spontaneous returnees) in all assessed communities of Al-Hasakeh, Deir-ez-Zor, Ar-Raqqa, and eastern Aleppo governorates. Community member KIs were selected based on their knowledge of their community, including their population group's experiences in accessing markets and financial service providers, their preferences for different aid modalities, and experiences with cash-based programming. Data was collected directly in assessed communities, except for assessed communities in Deir-ez-Zor governorate, where data collection was conducted remotely due to security and accessibility issues. FGDs were conducted separately, disaggregated by gender and residency status, in Markada, Shadadah, and Areesh community in Al-Hasakeh governorate.

Data was collected through KI interviews with supply chain actors in the four assessed market systems. KIs' relevance for each supply chain was identified by field teams and enumerators at the beginning of the data collection period through the enumerator's contact network and a snowballing method. Each supply chain was mapped and analysed to understand the amounts and prices of core goods being handled in the respective supply chains, changes in supply and demand observed by the supply chain actors in the year prior to data collection, forecasted changes in the six months following data collection, and the primary challenges that each supply chain actor faced in procuring and selling the core goods. Supply chain actors interviewed for each assessed market system included producers, processors, importers, transporters, traders (middle-men), wholesalers, retailers, and local council and community members, as well. While supply chain analysis for each assessed core good aimed to be as comprehensive as possible in its coverage of key supply chain actors and geographic areas, findings were only indicative of the analysed market system and the assessed communities. The supply chain and market systems involving each core good were analysed using a set of criteria designed to measure market functionality. These criteria included changes in supply and demand, storage capacity, restocking capabilities, availability, and

^{xxxi} REACH. [Syria Market Monitoring Monthly Situation Overviews](#).

price trends, among others. Subsequently, findings were assessed on the functionality of each core good market system and the suitability of increased cash-based programming.

In assessed communities, enumerators also conducted KI interviews with representatives from the three analysed population groups (original residents, IDPs, and spontaneous returnees). These interviewed community members were asked questions regarding general access to markets and financial service providers, access to the four assessed core goods, and preferences regarding humanitarian assistance and cash-based programming. The target number of KIs for each population group in each community was determined using a scale based on population numbers published through the June 2018 update to the OCHA Population in Need dataset. The communities in the bottom tenth percentile of the total population group size had one target KI interview each, the top tenth percentile had five interviews, and all else had three interviews. KIs were contacted through existing enumerator networks. In addition, KI interviews were conducted with local council representatives regarding their roles in the supply chains of the four mapped consumer goods, community-level experiences and preferences towards cash-based interventions.

FGDs were conducted to complement KI interviews in order to gain additional qualitative details regarding the population's access to markets and financial services, as well as preferences and experiences with humanitarian assistance (including cash-based interventions). When selecting communities to conduct FGDs, priority was given to communities that were safely accessible to enumerator teams, and to communities with a large market. Accordingly, Markada, Shadadah, and Areesheh in Al-Hasakeh governorate were chosen. The FGDs were conducted after KI interviews in order to incorporate or pivot the lines of questioning based on the initial findings from the first week of KI data collection.

2.2 Limitations

Several limitations to this study should be considered when considering findings and analyses:

- Not all supply chain actors for all of the four core goods were available in all assessed communities at the time of data collection. For example, no producers (farmers) of potatoes were identified in assessed communities of NES, as domestic potato cultivation occurs in other regions of Syria. Inabilities to identify certain supply chain actors served to inform the analysis and findings of this assessment by uncovering the blockages and disrupted linkages in core good supply chains of assessed communities.
- Due to specific sensitivities around heating fuel, wheat flour and bread, as well as price and supply restrictions, several supply chain actors for these two core good market systems were unwilling to answer certain questions. Regarding heating fuel, data collection was thus restricted to KI interviews with retailers only.
- There were significant differences between the reports of local councils and community members of assessed communities on subjects such as the type of humanitarian assistance received by community members. Occasionally, contradictory answers were given by local council members and community members from the same community. For example, several interviewed local council members reported that the community had not received cash assistance in the specified time period, while interviewed community members in the same community reported that they had. In these cases, the responses given by community members were considered to be more reliable and were factored into the analysis.
- No refugees (Iraqis) were able to be interviewed during data collection for this assessment. Therefore, only original residents, IDPs, and spontaneous returnees are represented among the community member KIs interviewed for this assessment.
- Informal sites and formal camps were not assessed as part of this report.
- The FGDs conducted in the communities of Markada, Shadadah, and Areesheh in Al-Hasakeh governorate did not provide much information that could supplement the findings of this assessment. Only some information from FGDs was used to inform the analysis of this assessment.
- Poor phone and network connection in Deir-ez-Zor governorate increased the difficulty of conducting KI interviews in the governorate, which had to be held remotely due to security constraints. Nevertheless, data quality was maintained by enumerators and field teams.
- In all governorates, enumerators were not able to locate and interview many KIs who had received cash assistance in the specified time period; therefore, no community-level conclusions can be drawn on experiences of cash-based programming.

- KIs were purposively selected to provide information on three population groups (original residents, IDPs, and spontaneous returnees). As other demographic categories such as age, gender, and disability were not considered during the KI selection process, KI data cannot be disaggregated by age, gender, disability, or other demographic categories. While some questions in the questionnaire focused on access to markets and FSPs for elderly, youth, people with disabilities, and women, additional assessments are needed to conduct a more in-depth analysis regarding the relationship of demographic factors with local market dynamics and the design and implementation of humanitarian interventions.
- This assessment did not examine the capacity of financial service providers (FSPs) to scale-up operations and facilitate cash-based assistance for more beneficiaries in assessed communities. Further analysis of the capacity of FSPs to provide such scale-up is highly recommended prior to the implementation of cash-based programming in assessed communities.

3. NES REGIONAL ANALYSIS

This section^{xxxii} presents key findings of the assessment and is comprised of:

- a brief summary of regional trends, commonalities, and differences that can be drawn for NES regarding the four research questions;
- a regional summary of the NES supply chain and market system analyses regarding the four core goods, along with a geographic representation and brief description of each core good's contexts, linkages, and challenges within the market systems on a regional scale;
- regional trends and patterns regarding access to markets, access to FSPs, and reception of humanitarian assistance in assessed communities across all four governorates of the northeast. Social implications of cash-based programming are also explored.

Cash-based programming would potentially enable consumers in assessed communities to purchase increased amounts of the four assessed core goods.

- Across all governorates, **consumers' lack of cash was the most commonly reported obstacle to the purchase of the basic goods** from markets in assessed communities among interviewed supply chain actors and community members.
- **Communities pay for market goods with cash.** Seventy-nine per cent (79%) of all interviewed KIs across assessed communities in the four governorates reported that their population group paid for most of their basic goods at the market with cash.

Markets were generally available either in assessed communities or in nearby communities.

- **Regionally, lack of cash was the most commonly reported challenge to accessing markets.**
 - On the governorate level, consumers' lack of cash was the most commonly reported challenge for community members in Ar-Raqqa and Deir-ez-Zor governorates in accessing available markets, followed by expensiveness of goods. In Aleppo and Al-Hasakeh, "no barriers" was the most common response, followed by lack of cash and expensiveness of goods.
- **Displacement patterns affected market functionality** across assessed communities in all four governorates of the northeast; however, a higher proportion of supply chain actors in assessed communities of Deir-ez-Zor governorate reported recent flows in IDP and spontaneous returnee movements that have either increased or decreased demand for core goods sold by vendors in local markets, reflecting the contextual situation at the time of data collection. Additionally, former conflict zones previously controlled by the group known as Islamic State of Iraq and the Levant (ISIL) underwent significant market transformations once the armed group left the area, which must be taken into consideration in the design and implementation of cash-based programming.
- However, **difficulty of movement for the elderly and for people with disabilities, and fear of forced conscription for male youth also impeded the financial and physical access of community members to these markets.**
- In Aleppo governorate, most interviewed community members reported that they did not face any financial or physical barriers preventing them from accessing available markets.

Yet, supply chains and market systems for the four core goods were typically not fully functional in all four governorates.

- **Multiple logistical, infrastructural, environmental, financial, and political factors** across all governorates may inhibit the abilities of core good market systems to accommodate a sustained increase in demand.

^{xxxii} In the following section, findings are largely taken from KI interviews held with community members of assessed communities. 447 members of assessed communities were interviewed and were asked to respond to questions as a representative of their population group (original resident, IDP, spontaneous returnee). Of the community members interviewed in assessed communities of northeast Syria, 53% were original residents, 31% were IDPs, and 16% were spontaneous returnees. No refugees were able to be interviewed in the assessed communities. To view these findings at a governorate-specific level, see [the second part of this report](#).

- **Changes in the current political situation within Menbij district may have significant repercussions across NES**, as Menbij in Aleppo governorate serves as the major corridor that funnels both imported goods, as well as domestic goods produced mainly in the south, central, or northwest into NES.
- Though price and supply controls existed across many assessed communities in all four governorates, there were proportionally **higher levels of price restrictions** placed upon core good market systems within assessed communities **of Al-Hasakeh governorate by authorities**. These controls must be taken into special consideration when implementing cash-based programming in assessed communities.
- **Fractures in market integration between different districts in Ar-Raqqa governorate** created very distinct market realities in different areas of the governorate. For example, sheep and goat meat supply chain actors reported that Tabqa district was economically isolated from much of the rest of the governorate, citing dangerous roads as the reason for such isolation.
- Notably, market functionality differed significantly between the two assessed communities in Aleppo governorate (Menbij and Kobane), and unique dynamics within the core good market systems of each community must be considered to ensure that cash-based programming can increase consumption of these goods in a predictable and sustainable manner.

Informal financial service providers, such as *hawala* offices, were the most widely available financial service provider.

- Barriers to physical and financial access to *hawala* offices were reported by some interviewed community members in assessed communities, but were not common.
- Store credit was reportedly available, with the caveat that typically **only customers who had gained the trust of sellers were able to access store credit**; this type of financial service was reported as a challenge for IDPs, in particular
- **Formal banks for loans were generally unavailable**. Notably, however, within Menbij district of Aleppo governorate, half of interviewed community members—all of whom were IDPs—reported that formal banks were available in the community. The other half—all of whom were original residents in Menbij—stated that formal banks were not available for loans in the community. The reason for this discrepancy was unclear.

Cash is most commonly reported as a preferred method of payment for basic goods and needs, and KIs **most commonly reported a preference for cash assistance** than for other modalities of humanitarian assistance among community members.

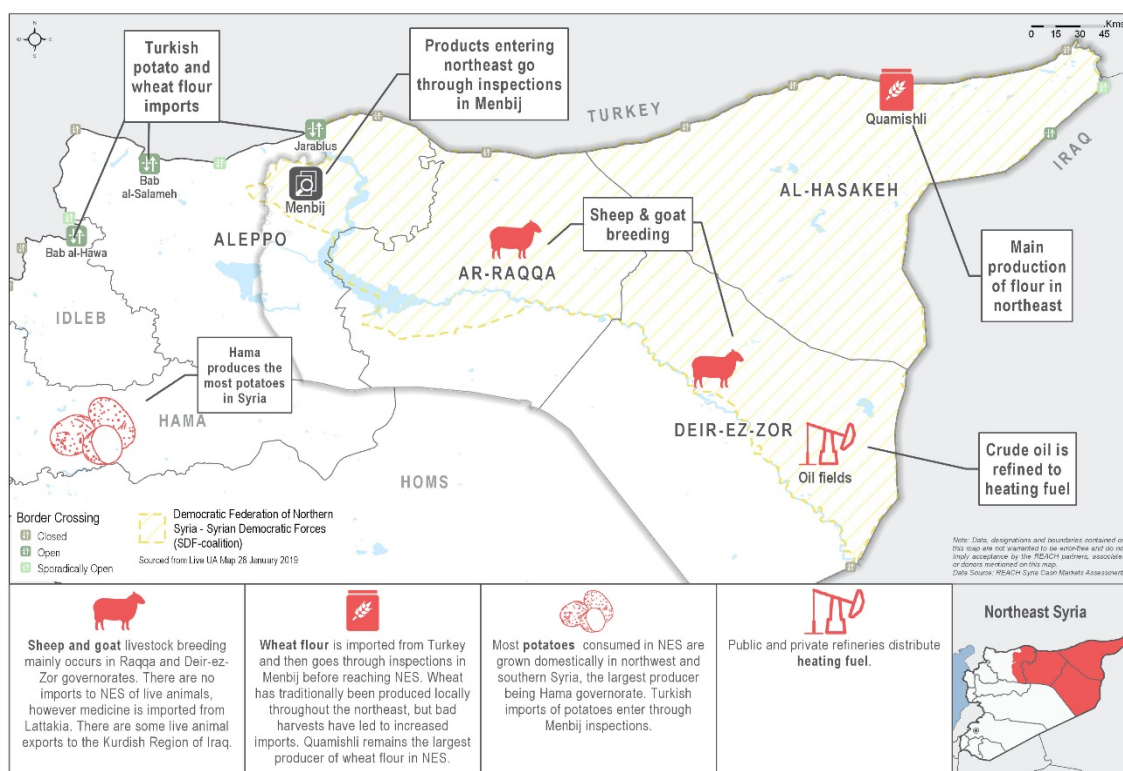
- However, while there were many reported positive societal implications for the implementation of cash-based programming in assessed communities, there is also **a need for a more mindful approach in design and implementation** of programming so as to avoid harming community dynamics and relations.

3.1 Regional Supply Chain and Market System Analyses

A market analysis aims to provide essential information for humanitarian actors involved in or considering a cash-based response. For those currently implementing cash-based programming in NES, a market analysis provides a better understanding of market functionality by mapping the constituent supply chain and identifying the key actors, linkages, capacities, and limitations of the supply chain operating within the assessed area. Furthermore, prior to scaling-up cash-based programming, an in-depth market analysis is necessary in order to better understand whether goods are generally available and whether markets can support an increase in demand for commodities. If markets are not functional or if markets are not properly assessed beforehand, cash-based programming may cause negative effects upon local markets such as supply shortages and inflation of prices.

The actors and linkages within the market systems of each of the four core goods remained relatively similar across all four governorates of the northeast; thus, market system mapping for each of the four core goods was conducted on a regional level. However, the bulk of the supply chain analyses of the four core good market systems in NES can be found in the [governorate-specific section](#) of this report, which presents relevant, local trends that would otherwise remain unaddressed and unexplored in analyses conducted on a regional level.

Map 2. Market System Analyses of the Four Assessed Goods



Changes in supply and demand, storage capacity, restocking capabilities, availability (within the year prior to and estimated for the 6 months after data collection), and price trends were used as criteria to assess the functionality of each core good market system and the suitability of increased cash-based programming within assessed communities of each governorate. **According to these criteria, market systems for the four core goods were typically not fully functional in all four governorates due to multiple logistical, infrastructural, environmental, financial, and political factors.** Therefore, supply chains for the four core goods must be considered and monitored during the implementation of cash-based programming to ensure that market systems can sustain potential increases in demand.

Every governorate of NES faces its own unique challenges to market functionality. For example, there are higher instances of price and supply controls imposed by the authorities on core good market systems within assessed communities of Al-Hasakeh governorate, while there are changes in demand for goods due to IDP and spontaneous returnee movements that reflect the contextual situation (at time of data collection) in Deir-ez-Zor governorate. Significant dissimilarities in market dynamics between Kobane and Menbij, the two assessed communities of

Aleppo governorate, exist due to geographic and political differences. Notable commonalities across supply chain and market systems of NES are highlighted below.

One of the main factors reported by nearly all interviewed supply chain actors across the entire northeast was the importance of the Menbij corridor to supply chain and market functionality. Menbij, in Aleppo governorate, serves as the major corridor that funnels imported goods, including potatoes and wheat flour, into NES. Imported Turkish potatoes and wheat flour enter western Aleppo governorate through border crossings, such as Jarablus and Bab al-Salameh, or through the Bab al-Hawa border crossing in Idlib governorate. Products such as potatoes that are domestically produced within either the south or the northwest of Syria must also cross through the Menbij corridor before entering NES. Imported potatoes and wheat flour passing through Menbij into the northeast must go through multiple customs and inspection processes that delay importation and increase costs upon actors operating within these supply chains. **It is the conclusion of this assessment that changes in the current political situation within Menbij may have significant repercussions across NES.**

Drought and subsequent poor harvests are region-wide challenges that have severely affected potato and wheat cultivation.^{xxxiii} As a result, there was an increased need for Turkish imports of potatoes and wheat flour in assessed communities of NES, further boosting the importance of Menbij as an economic lifeline for the region. The poor harvests subsequently also had an effect upon the sheep and goat meat supply chain, as the shortage of domestic wheat and barley production led to a decrease in the amount of available livestock fodder, and a successive increase in the price of fodder across the region. As a result, many farmers have been forced to sell their livestock earlier than they would have normally, leading to a surplus of sub-par quality livestock on the market in many assessed communities.

Assessed communities across the entire northeast suffered from a chronic lack of reliable electricity. The lack of electricity prevented the storage of sheep and goat meat in the majority of assessed communities in the region, and also affected supply chain actors and vendors in the market systems of the remaining assessed core goods, due to their inability to reliably run machinery or equipment needed to conduct business.

There was also a notable influx of heating fuel (diesel) into many assessed communities, coming from oil fields recently retaken by SDF forces in Ar-Raqqa and Deir-ez-Zor governorates, though restrictions upon the private heating fuel trade in most governorates of NES reportedly affected private heating fuel retailers' businesses.

Finally, general challenges such as infrastructural issues, safety and security issues, lack of storage capacity, vendors' lack of profits and capital, and consumers' lack of cash impacted supply chains and market systems, and were relatively universal occurrences in the core good market systems across most assessed communities of all four governorates of NES.

3.1.2 Potatoes

Most potatoes in Syria are harvested in the summer, and a lower yield "fall-crop" of potatoes are planted later in the season and harvested in November.^{xxxiv} Potato production in the country has decreased to two-thirds of its pre-conflict levels due to the effects of the drought, displacement, as well as high costs of seeds and required inputs.^{xxxv} Though the northeast is historically a centre of agricultural production in Syria, traditional production revolves around crops such as cotton, wheat, and barley instead of potatoes. The potatoes grown locally in the northeast are described as small and of poor quality by local populations. Additionally, the recent drought has negatively affected crop cultivation in the northeast.

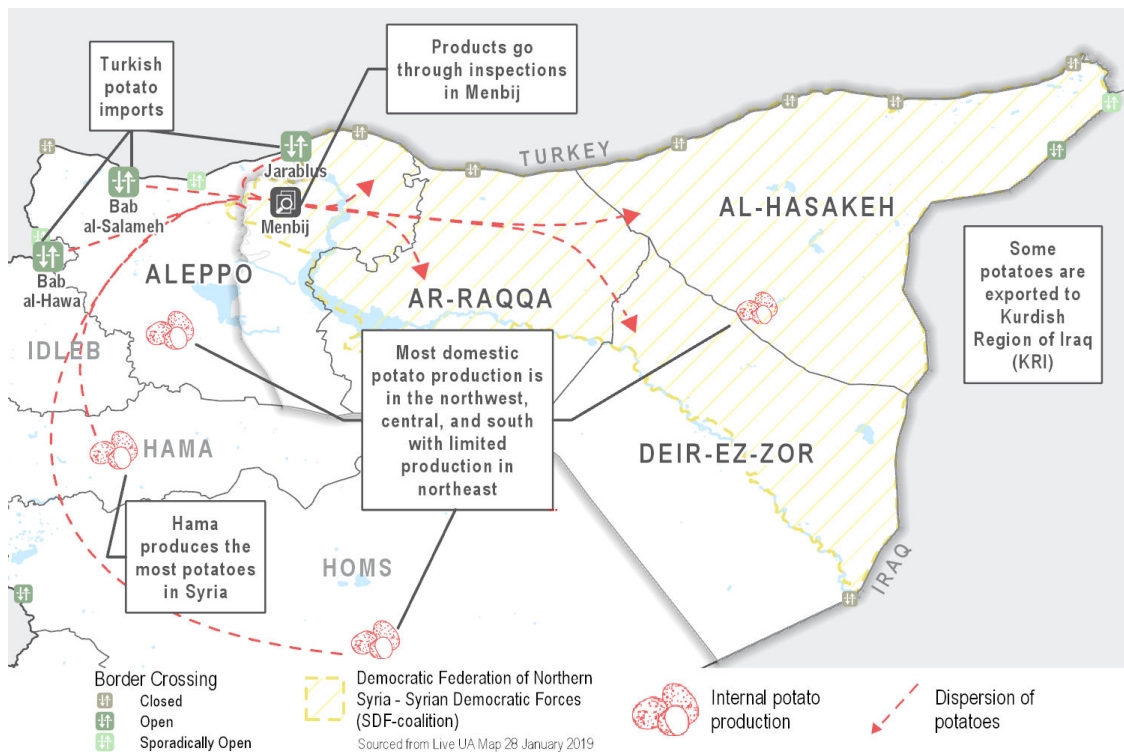
Accordingly, the potato supply chain in NES begins with farmers based mostly in the south and northwest of Syria (particularly in Hama governorate) and with importers of Turkish potatoes (see Map 3: Geographic Flows of Potato Supply Chain Across Northeast Syria). Both domestically-produced potatoes and imported potatoes travel through the Menbij (Aleppo governorate) corridor, pass through customs and inspection processes before entering Self-Administration Authority (SAA)-held areas, including the northeast to supply the entire region. (See also [Annex 1: Potato Supply Chain](#)).

^{xxxiii} OCHA. [Syria Crisis: Northeast Syria Situation Report No. 29](#), 1 - 31 October 2018.

^{xxxiv} FAO/WFP. [CROP AND FOOD SECURITY ASSESSMENT MISSION TO THE SYRIAN ARAB REPUBLIC](#), 9 October 2018.

^{xxxv} Ibid.

Map 3. Geographic Flows of Potato Supply Chain Across Northeast Syria



3.1.3 Wheat Flour and Bread

The NES has historically been the national centre of wheat cultivation. Al-Hasakeh governorate is responsible for an estimated 45% of the wheat production in Syria, followed closely by other important wheat cultivation regions in the northeast, namely Ar-Raqqa, Deir-ez-Zor, and Aleppo governorates.^{xxxvi} The heart of wheat cultivation and milling within Al-Hasakeh governorate is the district of Quamishli. As the centre of agriculture in the northeast, Quamishli district hosts the region's largest concentration of locally produced wheat, with many mills, both public and private, for the processing of wheat into flour (see Map 4: Geographic Flows of the Wheat Flour Supply Chain Across Northeast Syria).

However, with the drought and poor harvest seasons during the past two years, local wheat cultivation has suffered a setback in NES. Though wheat cultivation in Aleppo governorate improved in the year prior to data collection due to an increase in hectares planted to wheat with irrigation systems, Al-Hasakeh, Deir-ez-Zor, and Ar-Raqqa governorates registered significant reductions in wheat cultivation as a result of limited water availability, due to the drought.^{xxxvii} Rain-fed fields only reported 38% cultivation, while irrigated fields remained under-irrigated due to sporadic water and the inability of farmers to afford the fuel or electricity necessary to operate their pumps for crop irrigation.^{xxxviii} Consequently, the amount and quality of local wheat and local wheat flour has declined drastically. Nearly half of all farmers surveyed by Mercy Corps in November 2018 in Al-Hasakeh governorate reported no yield, 28% reported decreased yield, 21% reported significantly decreased yield, and 1% of farmers reported no decrease in yield. According to the survey, many farmers sold their entire wheat crops to livestock breeders as fodder due to the costs of harvesting and the poor yield.^{xxxix} The decrease in local production of wheat and wheat flour has thus forced wheat flour supply chain actors to source from elsewhere outside of NES in order to meet consumer demand.

The supply chain for wheat flour in NES begins with private farmers of wheat who provide wheat to Self-Administration grain centres and public mills, as well as to traders (or middle-men), who then sell the wheat to

^{xxxvi} FAO/WFP. [CROP AND FOOD SECURITY ASSESSMENT MISSION TO THE SYRIAN ARAB REPUBLIC](#), 9 October 2018.

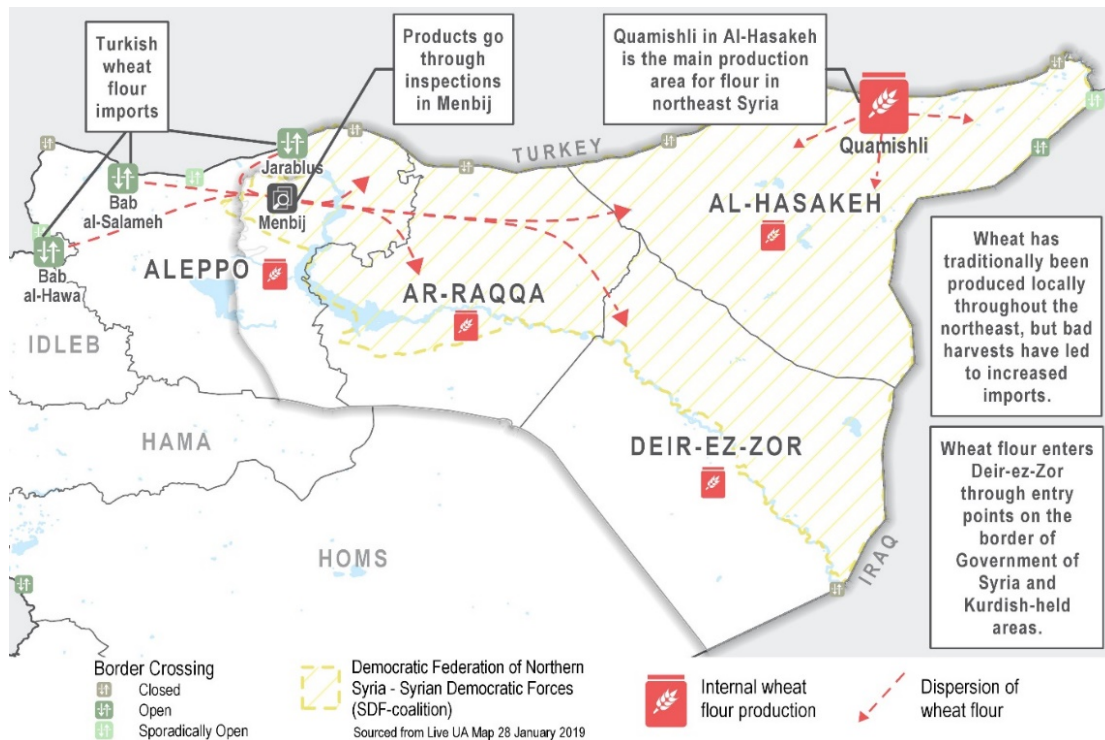
^{xxxvii} Ibid.

^{xxxviii} Ibid.

^{xxxix} Mercy Corps, Post-Harvest Survey: Al Hasakeh Governorate – Northeast Syria, November 2018.

private mills (see [Annex 2: Wheat Flour and Bread Supply Chain](#)). From the public and private mills, wheat flour is transported to Self-Administration flour centres and private wholesalers to be distributed to private retailers, as well as to private and public bakeries. Imported Turkish flour also enters the northeast via the Menbij corridor through three main ports of entry (Bab al-Hawa in Idleb governorate, Bab al-Salameh in Aleppo governorate, and Jarablus in Aleppo governorate) to be later on sold to traders (middle-men) and then to public flour centres, private wholesalers, private retailers, and private and public bakeries. Public bakeries are typically provided with wheat flour by the SAA, and usually sell wheat flour and bread at prices and quantities that are determined by the authorities. Private bakeries, on the other hand, sell more expensive, higher quality bread, coined locally as “tourist bread”, that is not subject to the same price restrictions.

Map 4. Geographic Flows of the Wheat Flour Supply Chain Across Northeast Syria



3.1.4 Sheep and Goat Meat

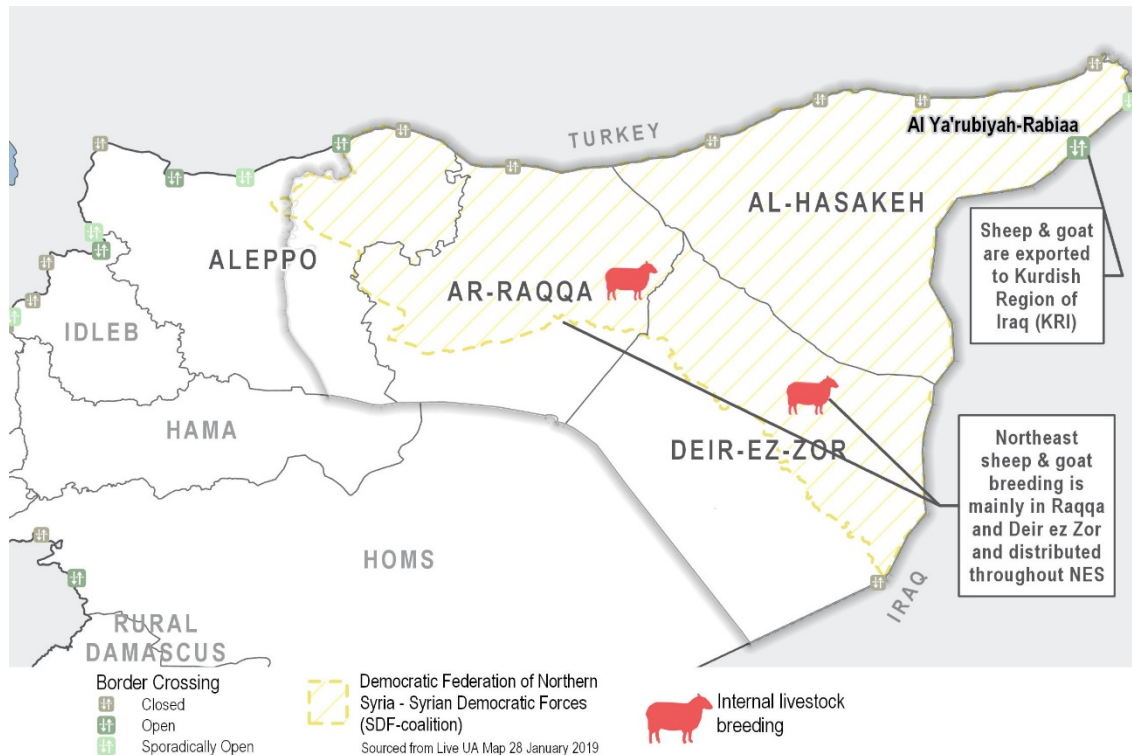
There are three key characteristics of the sheep and goat meat supply chains in NES. First, the livestock industry in Syria is historically a main source of livelihoods for much of the country's rural population. Prior to the conflict, the livestock industry in Syria contributed around 35 to 40% to the country's total agricultural production and provided about 20% of the employment in rural areas.^{xi} Northeast governorates such as Al-Hasakeh, Ar-Raqqa, and Deir-ez-Zor are traditional centres of livestock production in the region and in the country (see Map 5: Geographic Flows of the Sheep and Goat Meat Supply Chain Across Northeast Syria). The conflict has disrupted the traditional supply chains of sheep and goat meat in NES through the loss of land, the movement of breeders, damaged infrastructure and unreliable electricity, resulting in greatly reduced livestock production. However, over the past few years, livestock production stopped its steep decline and has stabilised, though at lower levels. The Food and Agriculture Organization (FAO) and the World Food Programme (WFP) estimate that there were 9.8 million sheep and 1.6 million goats in total in 2017, down from 18 million sheep and 2.3 million goats in 2010. Ar-Raqqa and Aleppo governorates reported increased livestock numbers from 2017 to 2018, while Al-Hasakeh reported reduced numbers of livestock in the same time period.^{xii}

^{xi} FAO/WFP. [CROP AND FOOD SECURITY ASSESSMENT MISSION TO THE SYRIAN ARAB REPUBLIC](#), 9 October 2018.

^{xii} Ibid.

Second, Syria has historically been a large exporter of livestock. In 2010, Syria exported close to 900,000 sheep.^{xlii} Currently, supply chain actors in the livestock industry of NES export sheep and goats to the Kurdish Region of Iraq. However, the level of exports is much reduced from export levels prior to the conflict and are reportedly occasionally suspended by the SAA.^{xliii} Lastly, this assessment found that the poor harvests during the last two years have greatly reduced the amount and quality of livestock fodder, as well as increased its price for farmers and breeders; this has significantly impacted livestock production in the northeast, as producers of livestock are unable to feed their animals.

Map 5. Geographic Flows of the Sheep and Goat Meat Supply Chain Across Northeast Syria



These factors, particularly conflict and drought, have altered supply chain processes and the roles of actors in the sheep and goat meat supply chain. Before 2011, the sheep and goat meat supply chain traditionally flowed from private farmers and breeders who raised and transported live sheep and goats to private, cooperative, and state-run feeders and fatteners. The fattened livestock would then be sent to live animal wholesalers and/or to private and public slaughterhouses. The sheep and goat carcasses would then be sent to carcass wholesalers, to be distributed to butchers and retailers and, finally, to consumers.

During the conflict, these processes were disrupted and transformed, with poor harvests and lack of refrigeration stemming from regular electrical outages impacting the supply chain of sheep and goat meat. While many of the original actors and flows in the supply chain continue to exist, now a single actor (such as a private farmer or breeder) can perform multiple roles in the supply chain. They can raise sheep and goats, feed and fatten them, slaughter them, then sell the meat to butchers and retailers rather than go through multiple different institutions, networks, and actors before the meat is sold to consumers.^{xliv} (see also [Annex 3. Sheep and Goat Meat Supply Chain](#)).

3.1.5 Heating Fuel

The extraction and refinery process of crude oil in NES remains a very sensitive subject, and only retailers of heating fuel were able to be interviewed for this assessment. However, a general supply chain for heating fuel can

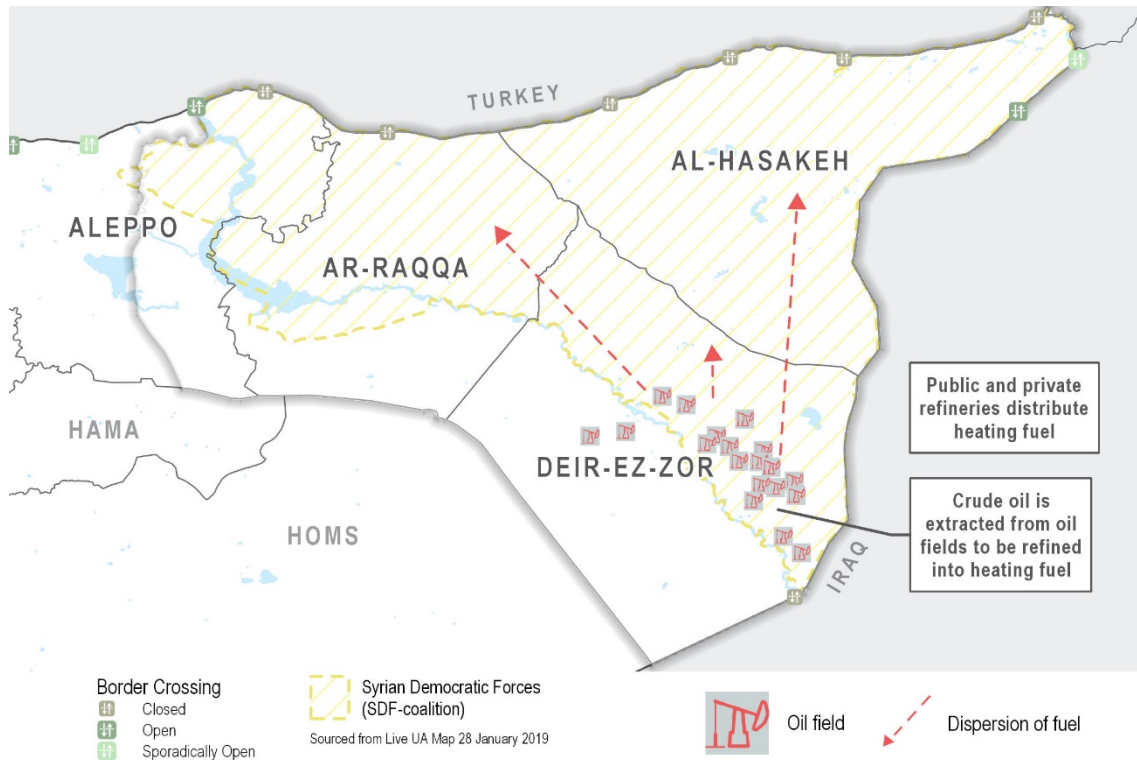
^{xlii} Ibid.

^{xliii} FAO/WFP. ["Syria food production at all-time low."](#)

^{xliv} For the purposes of this assessment, titles and functions of pre-conflict actors are used as the foundation of the analysis with the caveat that occasionally a single actor performs more than one role in the sheep and goat meat supply chain

be drawn, tracing the origin of crude oil extraction in the oil fields of Ar-Raqqa, Deir-ez-Zor—in which the largest oil fields are located—and Al-Hasakeh governorates to private and public refineries that process the crude oil into different types of fuel, including heating fuel (see Map 6: Geographic Flows of the Heating Fuel Supply Chain Across Northeast Syria). From these refineries, heating fuel is transported to SAA fuel centres and to private retailers to be sold to consumers (see also [Annex 4. Heating Fuel Supply Chain](#)).

Map 6. Geographic Flows of the Heating Fuel Supply Chain Across Northeast Syria



Local populations in assessed communities typically use diesel or butane as heating fuels. After the beginning of the conflict in 2011, prices of diesel and butane skyrocketed and consumers found it difficult to purchase heating fuel. The price of one litre of diesel increased by 383% between July 2013 and December 2016. However, this price began to decrease at the end of October 2017, when Ar-Raqqa and Deir-ez-Zor governorates were reclaimed from ISIL by the SAA and SDF, in part because the SAA supports subsidised heating fuel. In the first half of 2018, the national average price of diesel decreased by more than 35%. Similarly, the price of a 25,000 litre butane gas cylinder increased by 307% between July 2013 and November 2017, and after the taking of Ar-Raqqa and Deir-ez-Zor governorates from ISIL in October 2017, the national average price decreased by 53% in the first half of 2018.^{xlv}

A few Government of Syria fuel centres reportedly continue to operate in NES. Smuggling of small quantities of heating fuel does occur from oil fields in Government of Syria-held areas into Ar-Raqqa and Deir-ez-Zor governorates, as it is higher quality fuel. Additionally, unspecified quantities of heating fuel are smuggled from communities close to the Syrian-Iraqi border across the border and into the Kurdish Region of Iraq.

3.1.6 Displacement Patterns

Population displacement is one of the main drivers of food insecurity in Syria.^{xlvi} Displacement plays a very influential role in shaping market dynamics of assessed communities in all four governorates of NES. KIs who occupied different roles within the four assessed supply chains reported that fluctuations in supply and demand corresponded with the movements of IDPs and/or spontaneous returnees into or out of the community. For example, in Ar-Raqqa governorate, the departure of IDPs from their communities of origin, as well as the arrival of

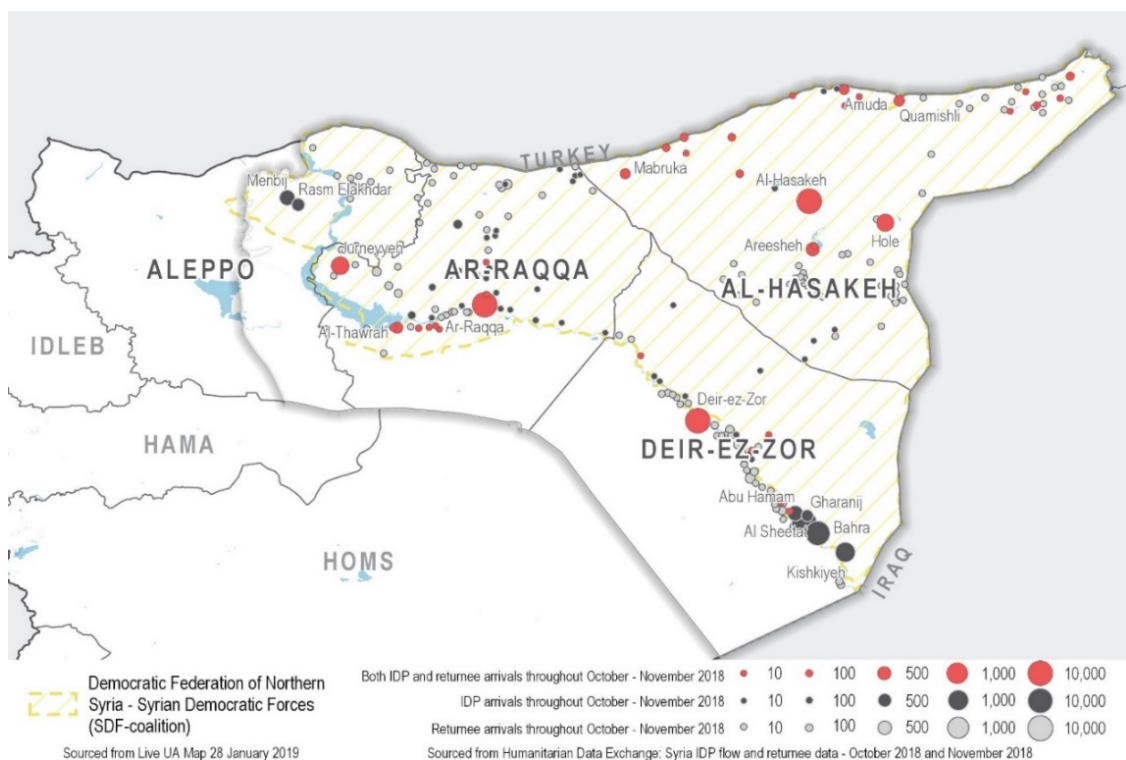
^{xlv} FAO/WFP. [CROP AND FOOD SECURITY ASSESSMENT MISSION TO THE SYRIAN ARAB REPUBLIC](#), 9 October 2018.

^{xlvi} Ibid.

spontaneous returnees, decreased and increased the demand for sheep and goat meat in the governorate, respectively. A few retailers in Tell Abiad in Ar-Raqqa governorate also described IDP departures away from their community of displacement and back to their areas of origin as contributing to a decrease in the demand for wheat flour from their shops.

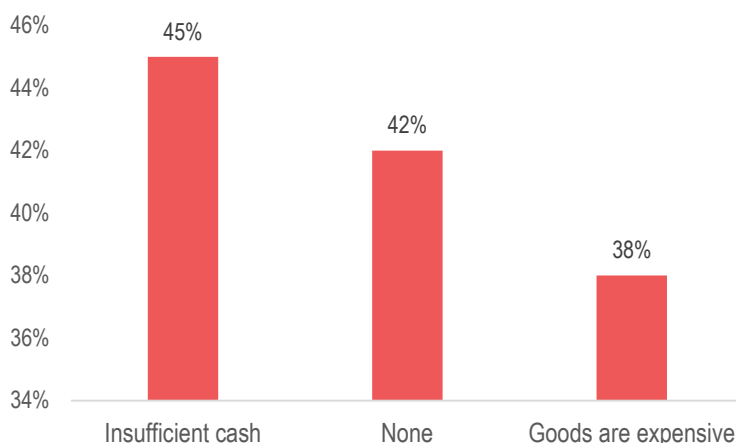
The demand for sheep and goat meat reportedly increased over the past year due to IDP and spontaneous returnee flows into communities within some assessed communities in Deir-ez-Zor governorate, boosting economic transactions in local markets. However, carcass wholesalers and retailers in several other assessed communities of Deir-ez-Zor reported that changes in *de facto* control led to the breakdown of certain artificially-created war economies and a reduced demand for sheep and goat meat. These market system dynamics were unique to the sheep and goat meat supply chain in assessed communities of Deir-ez-Zor governorate.

Map 7. IDP and Spontaneous Returnee Arrivals into NES Communities



3.2 Access to Markets

Figure 3. Three most reported difficulties community members faced accessing habitually used markets, by % of responses (multiple responses allowed)



All interviewed community members in assessed communities across all four governorates reported that markets were accessible either within the same community of residence (94%), in a nearby community (2%), or either in the same community or in a nearby community (4%). The most commonly reported factors influencing decisions to visit a specific market were the convenience of access (51%), the physical distance from the residence to the market (19%), the ability to

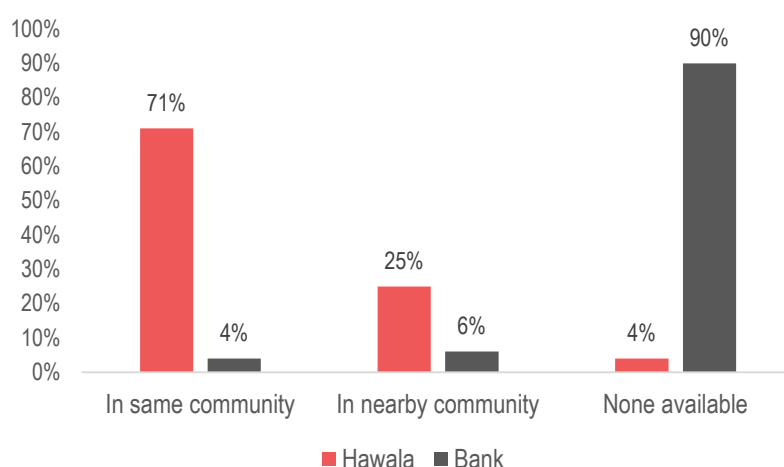
purchase more types of daily necessity goods (16%), and the lack of or lower levels of safety and security concerns (5%).

However, barriers to market access remained in assessed communities across the northeast. Though these barriers may not prevent community members from accessing markets completely, they nonetheless limit access and pose significant constraints in some cases. Interviewed community members reported financial challenges to accessing markets, such as lack of cash (45%), while 38% similarly cited the expensiveness of goods sold in the local markets as hindering the ability to make purchases. Insufficient cash was reported as a challenge in accessing markets by the largest proportion of community members in Ar-Raqqa (56%), followed by Deir-ez-Zor (49%), Al-Hasakeh (36%) and Aleppo (21%). Many interviewed community members reported that the elderly and people with disabilities faced particular challenges accessing markets in assessed communities. Notably, many KIs reported that male youth faced challenges in traveling to markets in or near their communities due to fear of forced conscription. This could potentially restrict a household's ability to access sufficient quantity and quality of goods from local markets.

3.3 Access to Financial Service Providers (FSPs)

FSPs serve as facilitators in the transfer of cash assistance to beneficiaries. Informal FSPs such as *hawala* offices were generally available in assessed communities, while formal FSPs such as banks were generally not available. Store credit was reportedly available, although access was usually limited to customers who had gained the trust of sellers.

Figure 4. Access to *hawalas* and banks (loans), as reported by community KIs, per type of area.

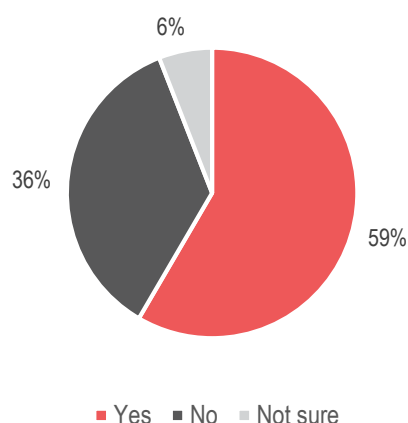


Hawala offices were reportedly available in most assessed communities, as 96% of interviewed community members reported that these were available either in their community of residence or in a nearby community. Although over half (59%) of KIs did not report any issues among households in accessing the available *hawala* offices, reported access challenges included issues of documentation (29%), fees associated with the use of the

hawala offices (15%), travel time (12%), travel costs (11%), and security risks (7%). Similar challenges reported by KIs on market access were also reported to affect community members' access to FSPs; five per cent (5%) of interviewed KIs in assessed communities across NES cited the risk of forced conscription for male youth as inhibiting physical access to available *hawala* offices, as well as challenges to physical access to FSPs by women, the elderly, and people with disabilities.

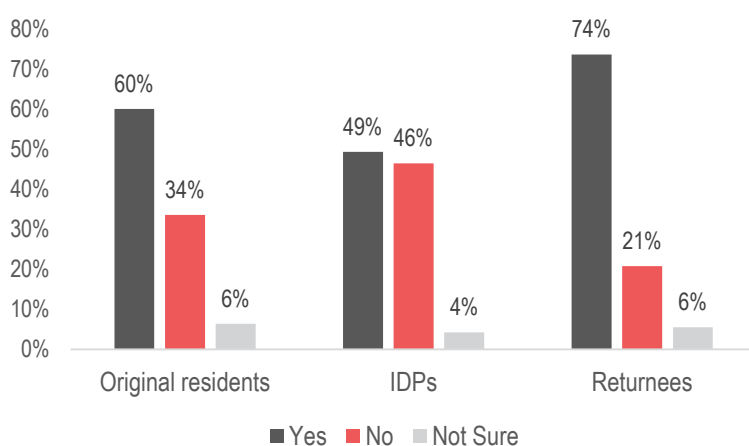
Only 10% of interviewed community members across all governorates reported that formal banks were available for loans (for commercial or agricultural purposes), either in their community of residence or in a nearby community. Of those who reported that banks were available for loans, many reported common challenges to access, including travel times (37%), travel costs (37%), and documentation issues (23%).

Figure 5. Access to store credit to purchase goods, reported by community KIs



The majority (59%) of interviewed community members across all four governorates reported that store credit was accessible. However, many stated that sellers typically only sold on credit to customers they had personal relationships with and trusted to pay back the incurred debt. Discrimination was also cited as a barrier by IDP community members interviewed in some assessed communities, as sellers reportedly refused to sell items on credit to this population group due to suspicion that they will not pay back the debt.

Figure 6. Access to store credit to purchase goods, as reported by different type of community KIs (original residents, IDPs, spontaneous returnees)



As the capacity of FSPs to increase their operations has not been assessed in this study, further analysis is needed to understand whether FSPs will be able to scale up operations and facilitate cash assistance for more beneficiaries. Such an analysis is highly recommended prior to increasing cash-based programming in assessed communities of NES in order to support an informed humanitarian response.

3.4 Preferences for Humanitarian Assistance

Cash is the method of payment most often used by community members across NES to purchase basic goods (including the four core goods analysed in this assessment) at the local markets. However, when asked about challenges to purchasing basic goods in local markets, nearly 80% of all interviewed community KIs reported lack of cash as a challenge, along with sellers at the local markets not selling items on credit (46%) and households incurring too much debt to make purchases of basic goods (26%). Many KIs interviewed across assessed communities reported that community members did not have stable sources of income. Commonly reported sources of income by interviewed community members included daily wage employment (65%), farming (49%), support from friends or family outside of Syria (43%), and high risk activities, such as joining armed groups (21%) (see Figure 7). A more in-depth livelihoods assessment is recommended in order to gain a better understanding of how to ensure access to cash is sustainable for consumers across NES.

Figure 7. Common sources of income, as reported by community KIs (multiple responses allowed)

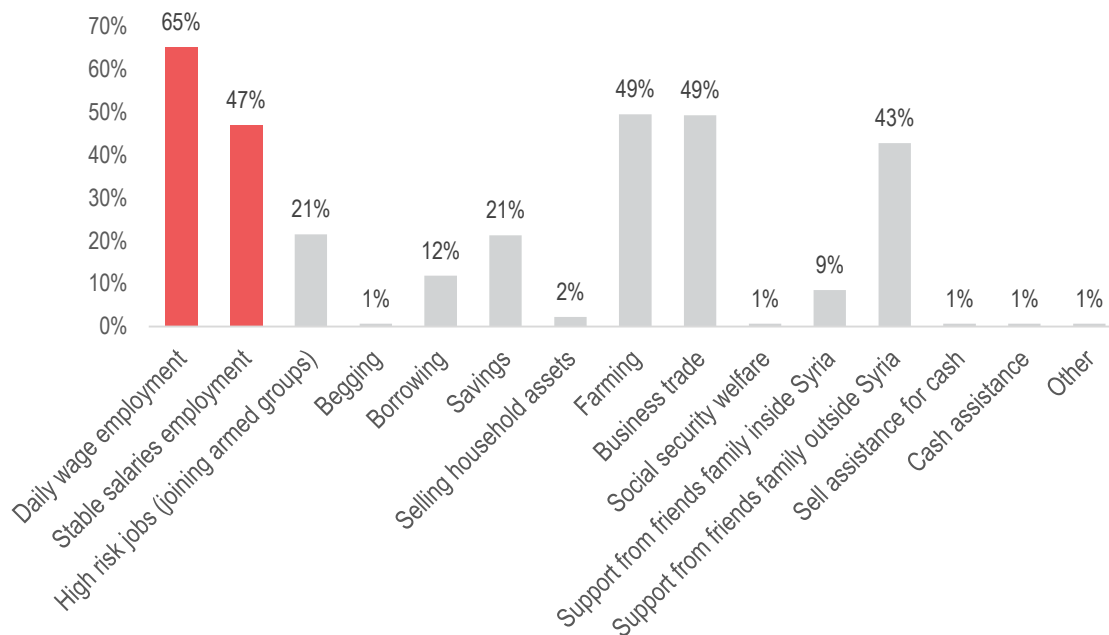
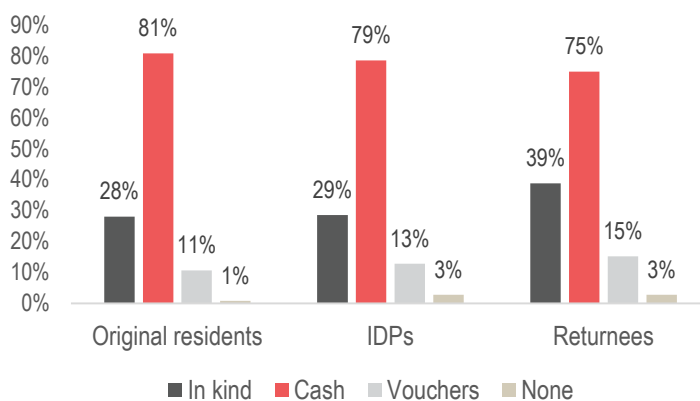


Figure 8. Proportion of preferred type of aid to access basic consumer goods as reported by different type of community KIs (original residents, IDPs, spontaneous returnees) (multiple responses allowed)



Due to the purposive KI sampling method of this assessment, it is not possible to use the data collected for this assessment to make conclusions on the amount of humanitarian assistance, including cash assistance, received in assessed communities or the wider region within the six months prior to data collection. Nonetheless, the majority of KIs reported that cash was one of the most preferred modalities of humanitarian assistance among community members (see Figures 8 and 9).

Figure 9. Proportion of preferred type of aid to develop livelihood opportunities as reported by different type of community KIs (original residents, IDPs, spontaneous returnees) (multiple responses allowed)

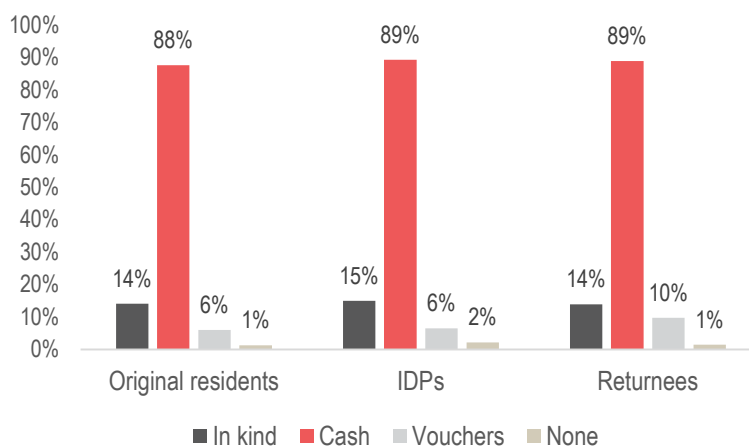
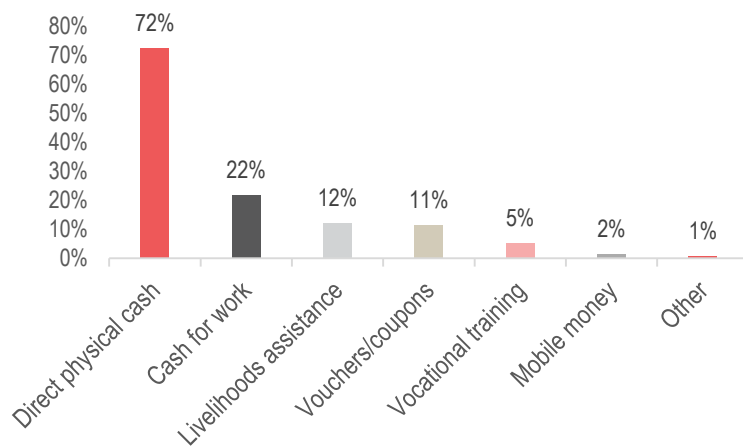


Figure 10. Preferred types of cash programming (multiple responses allowed) as reported by community KIs

Direct physical cash was most commonly reported (72%) by community KIs as one of the preferred modalities of cash programming.

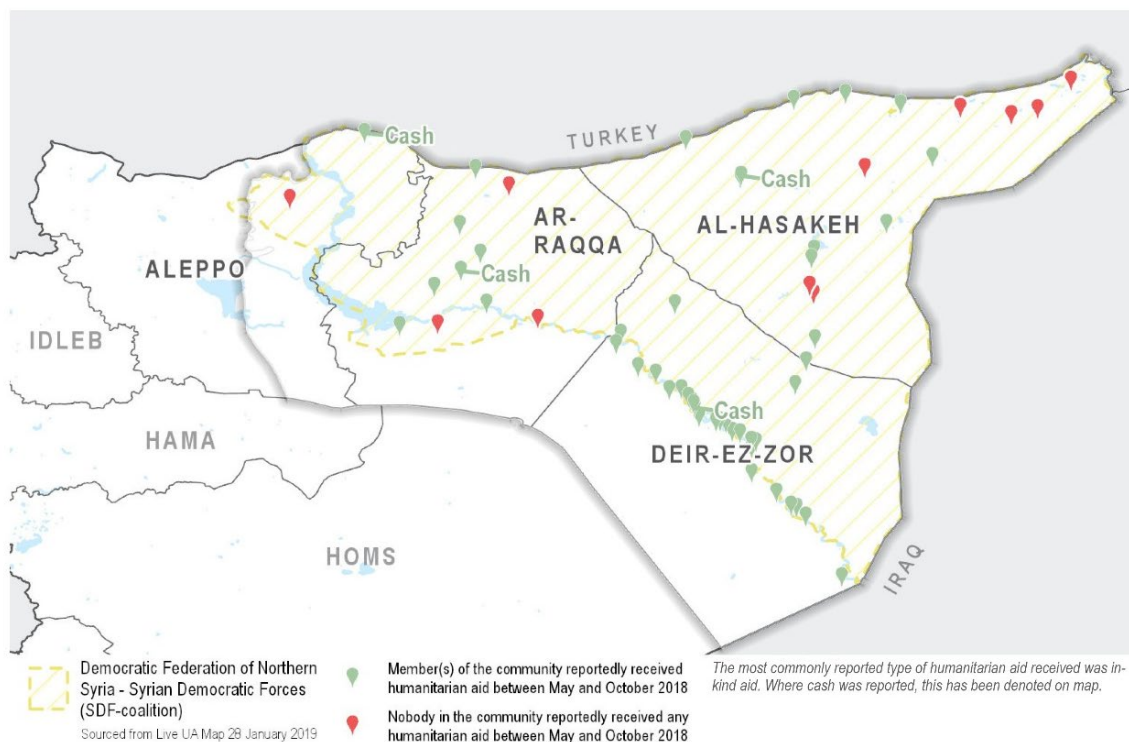
Forty-three per cent (43%) of interviewed community members reported that members of their population group had received humanitarian assistance in the form of in-kind and/or voucher modalities of assistance, rather than cash assistance within the six months prior to data collection. Yet, of this sub-set of community KIs, cash assistance

was still reported to be one of the most preferred modalities of aid for accessing market goods (85%) and developing livelihood opportunities (96%). This modality of assistance is relevant to ensuring the dignity and agency of populations that are reliant on humanitarian aid.



3.5 Social Implications of Cash-Based Assistance

Map 8. Community members' reception of humanitarian assistance within the six months prior to data collection, as reported by community KIs



The assessment interviewed only ten community members who reported that their population group in their respective communities of NES had received cash assistance within the six months prior to data collection. Therefore, it is not possible to draw conclusions at a regional level on the implications of a potential scale-up of cash assistance on social dynamics and perceptions of humanitarian assistance using the findings from this assessment.

Nevertheless, among those interviewed, effects of the distribution of cash assistance on social relations in the assessed communities were mixed. Interviewed recipients of cash assistance reported various positive effects

(improvement in sense of dignity and agency, cash injection into local economy, and sharing of goods bought with cash, ability to purchase goods); however, half reported that cash-based programming caused jealousy between beneficiary and non-beneficiary members of cash assistance distributions in assessed communities, and negatively impacted community societal dynamics.

It is thus recommended that humanitarian organizations implementing cash-based programming develop comprehensive communication plans to more effectively share programme details and selection criteria with community members (both beneficiaries and non-beneficiaries).

4. GOVERNORATE ANALYSES

The following section of this report addresses each of the four research questions raised by this assessment in further detail, within each of the four governorates of NES and is divided into the following sections:

- an overview of supply chain analysis for potatoes, wheat flour/bread, sheep and goat meat, and heating fuel;
- the level of consumer access to markets in assessed communities;
- the level of consumer access to financial service providers (FSPs) in assessed communities; and
- consumer experiences with and preferences for humanitarian aid in assessed communities for each governorate.

Trends and findings unique to assessed communities, sub-districts, and districts within each governorate are discussed and expanded upon in order to assess the ability of markets in each governorate to sustain increases in demand, while also examining governorate-specific findings regarding access to markets, access to FSPs, preferences for humanitarian assistance, and implications of cash-based programming upon social cohesion and community dynamics.

Data from wholesalers and retailers were chosen for the analysis of supply chains, as wholesalers and retailers dealt most closely with consumers. Findings on access to markets, FSPs, and preferences for humanitarian assistance were taken from KI interviews, who answered as representatives of their population group within their community.

Supply chain maps for potatoes, wheat flour/bread, sheep and goat meat, and heating fuel for each governorate can be found in [the Annex section of this report](#).

4.1 Al-Hasakeh Governorate Analysis Section

Figure 11. Community member KIs within Al-Hasakeh governorate



Within Al-Hasakeh governorate, 134 members of 31 assessed communities were interviewed and occasionally asked to respond to questions as a representative of their population group (original resident, IDP or spontaneous returnee). Of the community members interviewed in assessed communities of Al-Hasakeh governorate, 54% were original residents, 36% were IDPs, and 11% were spontaneous returnees.

4.1.1 Supply Chain Analysis

Cash-based programming would potentially enable consumers in assessed communities of Al-Hasakeh governorate to purchase increased amounts of potatoes, wheat flour and bread, sheep and goat meat, and heating fuel. The vast majority of KIs interviewed across the assessed communities of this governorate reported community members used cash to purchase potatoes (86%), wheat flour and bread (95%), sheep and goat meat (86%), and heating fuel (98%).

When asked about the main issues preventing community members from purchasing the four core goods, cash-related issues were often cited by KIs. Community members most commonly listed the lack of sufficient cash to make adequate purchases (63%) and the inability of retailers to accept payments on credit (49%).^{xlvii} Similarly, most wholesalers and retailers interviewed in Al-Hasakeh governorate cited local populations' lack of cash as preventing them from purchasing adequate amounts of these goods. Thus, an increase in cash programming would enable consumers to overcome financial barriers to purchasing increased amounts of core goods.

However, several key challenges in the supply chains may inhibit the ability of market systems in assessed communities to adapt to an increase in cash-based programming to local populations and an associated increase in demand for goods.

Key findings of the supply chain analysis include:

- There was a reported **lack of domestically-grown potatoes** available in local markets due to an absence of cultivation and poor harvests, with the majority of potatoes being imported from Turkey. The poor harvest season has also forced vendors to purchase imported wheat flour from Turkey.
- **Wholesalers and retailers reported increased costs and prices that stemmed from the customs and inspection processes of imported goods passing through the Menbij corridor.**
- The **poor harvest season** has also led to a lack of fodder for livestock. This, in combination with occasional suspensions of livestock and meat exports to northern Iraq, forced farmers to sell livestock early and consequently flooded the market with surplus livestock. This decreased the price of livestock and meat sold by wholesalers and retailers albeit at levels still unattainable for many consumers and harmed the businesses of wholesalers and retailers who were unable to make a reasonable profit.
- **Traders, or middle-men, hold significant control** over sections of the wheat flour supply chain, including prices of wheat flour sold to vendors. Moreover, the SAA reportedly tightly restricts the prices and quantities of wheat flour and bread on the market, and also limits which actors can legally sell to consumers.
- **A lack of reliable electricity** in most assessed communities prevents the use of refrigeration by vendors and consumers to properly store sheep and goat meat.

^{xlvii} Multiple responses allowed

- Several wholesalers and retailers in assessed communities of Al-Hasakeh governorate reported a decrease in demand for certain goods from their shops due to IDP populations leaving their communities for their areas of origin.
- **Controls** upon price and quantity of core goods in local markets of many assessed communities aimed to make these goods more affordable and ensure a higher quality for consumers, yet they also restricted the restocking and storage capacities of supply chain actors.
- Heating fuel was at the time of data collection more readily available at lower prices after the recapture of oil fields located in Deir-ez-Zor and Ar-Raqqa governorates. **Restrictions imposed upon private heating fuel** trading by the local authorities have influenced many consumers to stop purchasing heating fuel from private retailers and purchase that sold by public fuel stations or distributed by local authorities. **Private heating fuel retailers are often banned from selling heating fuel** in the streets, and many must sell it to a list of recipients provided to them by the authorities.

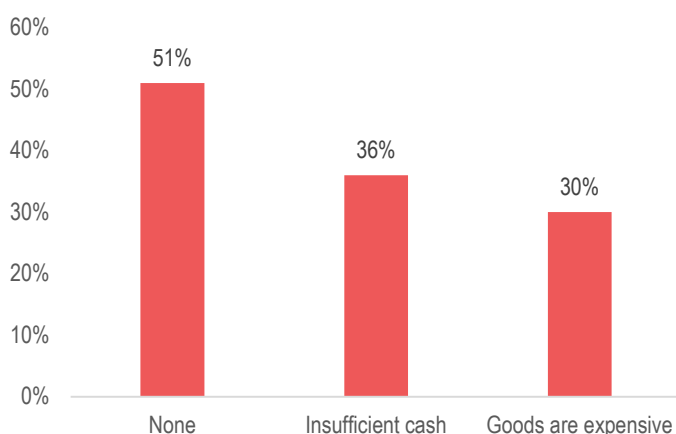
Design and implementation of cash-based programming must take into account these environmental, economic, and contextual challenges in order to ensure market capacity to sustain increases in demand associated with cash-based programming.

4.1.2 Access to Markets

The majority of community members reported that markets were available in assessed communities of Al-Hasakeh governorate. Among KIs, 88% reported that most members of their population group were able to access basic goods in their community of residence, 4.5% stated that most go to other, nearby communities in the same governorate, and 7.5% reported that members of their population group purchased basic goods in either their community or in a nearby community, depending on availability. KIs cited convenience of access (45%), ability to obtain more types of daily necessity goods (16%), and less or no security concerns (16%) as reasons for going to the reported markets.

There was reported widespread availability of goods in markets of assessed communities in Al-Hasakeh governorate. Most (97%) KIs reported that all basic food and non-food items specified in the Survival Minimum Expenditure Basket (SMEB) were available in the local markets.^{xlviii}

Figure 12. Three most reported difficulties community members faced accessing habitually used markets, by % of responses (multiple responses allowed)

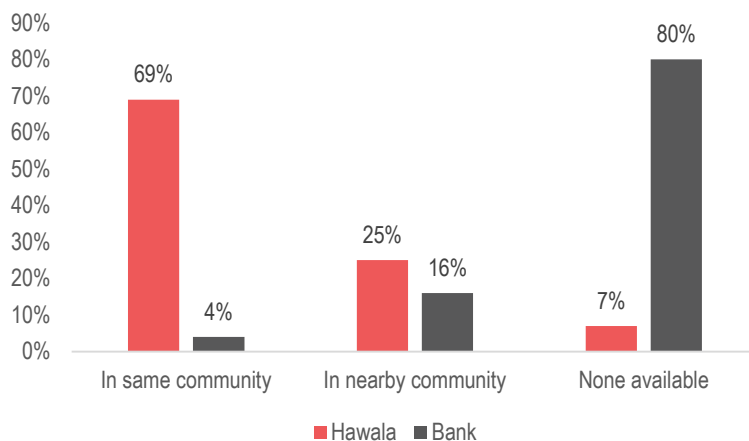


However, lack of cash and expensiveness of goods were reported as key challenges for communities in accessing markets (see Figure 10). Additionally, difficulty of movement and safety issues were reported as barriers to physical access for some households. Sixteen per cent (16%) of interviewed community members stated that elderly and persons with disabilities were at particularly high risk of facing challenges to market access due to their difficulties in movement. A small number (7%) also reported that male youth faced risks of forced conscription if they were to go to local markets.

^{xlviii} REACH NES Market Monitoring Exercise from October 2018, which includes SMEB prices at time of data collection, can be found at <http://bit.ly/2Fj4b7R>

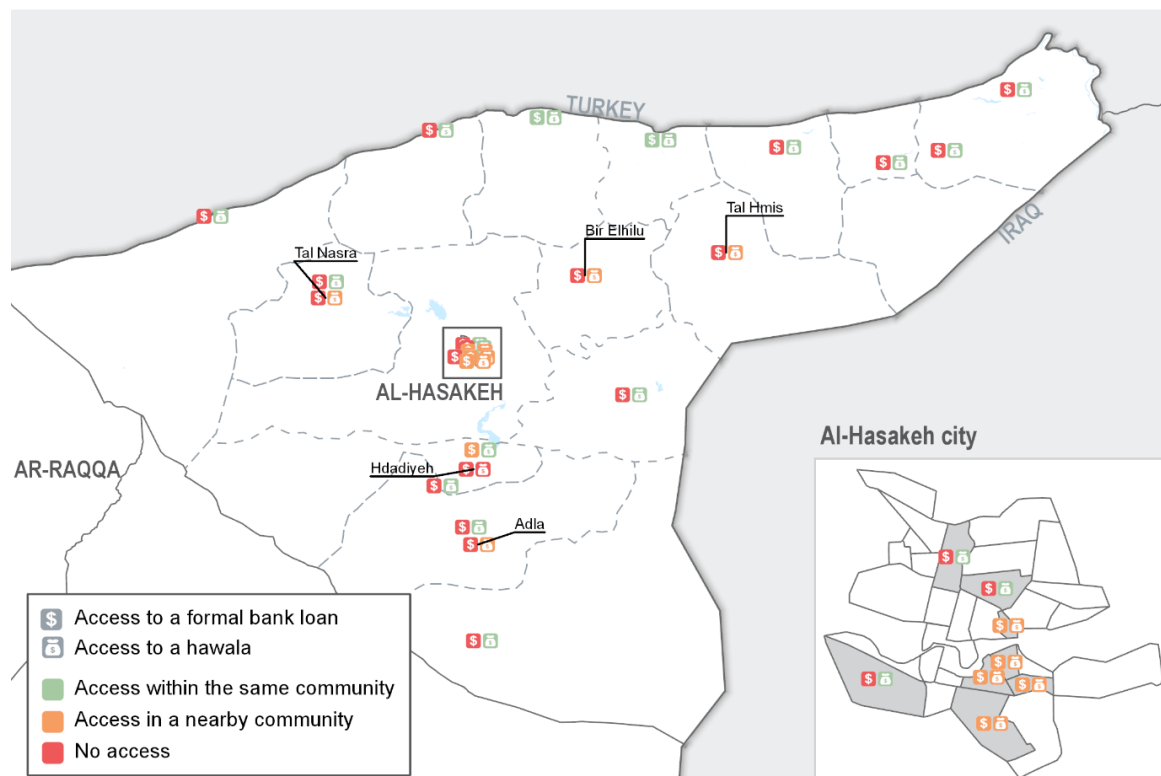
4.1.3 Access to Financial Service Providers (FSPs)

Figure 13. Access to *hawalas* and banks (loans), as reported by community KIs, per type of area



Three types of FSPs were identified as potential facilitators of cash-based programming in assessed communities of Al-Hasakeh governorate: *hawala* offices, formal banks, and store credit from vendors in local markets. Informal FSPs such as *hawala* offices were generally available in assessed communities, while loans from formal FSPs, such as banks, were not. Store credit was reportedly available, with the caveat that typically only customers who had gained the trust of sellers were able to access it.

Map 9. Access to formal banks for loans (agricultural or business) and *hawalas*, as reported by community KIs



Hawala

Hawala offices were available in or close to the majority of assessed communities in Al-Hasakeh governorate. Most (69%) interviewed community members stated that a *hawala* office was available in their community of residence, while 25% stated that they were available in nearby communities. Seven per cent (7%) reported that there was no *hawala* office available within their community or in a nearby community.^{xlix}

Furthermore, of the interviewed community members who reported access to *hawala* offices in assessed communities, most (73%) reported no difficulties to access. However, 15% of interviewed community members reported that travel time and costs associated with travelling to *hawala* offices were major challenges, and 12%

^{xlix} Totals 101% due to rounding.

stated that issues with documentation hindered them from receiving transactions via *hawala* offices. Moreover, 5% of interviewed community members highlighted that, as is the case with access to local markets, male youth in particular are at higher risk of not accessing *hawala* offices due to the risk of forced conscription and compulsory military services that they may face in public spaces.

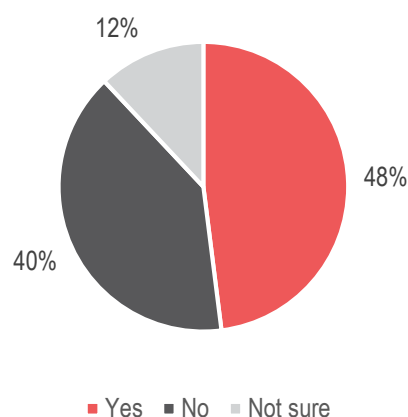
Banks

Roughly 20% of KIs across assessed communities reported that formal banks for loans (for commercial or agricultural purposes) were available in either the community of residence or in a nearby community. Of these, however, 56% reported time and cost challenges associated with accessing the nearest bank, 37% reported that the available banks did not provide loan services and 30% stated that issues of documentation hindered community members from utilising local bank services. Eighty per cent (80%) of interviewed community members reported that there were no formal banks available whatsoever.

Store credit

Just under half (48%) of interviewed KIs across assessed communities of Al-Hasakeh governorate reported that households had access to store credit from vendors to purchase basic goods, and most (70%) who reported access to store credit did not cite any difficulties in accessing this credit. However, many community members specified that most traders refuse to sell on credit to those who they do not know or do not employ due to lack of trust on the part of the trader that the customer will pay back the debt.

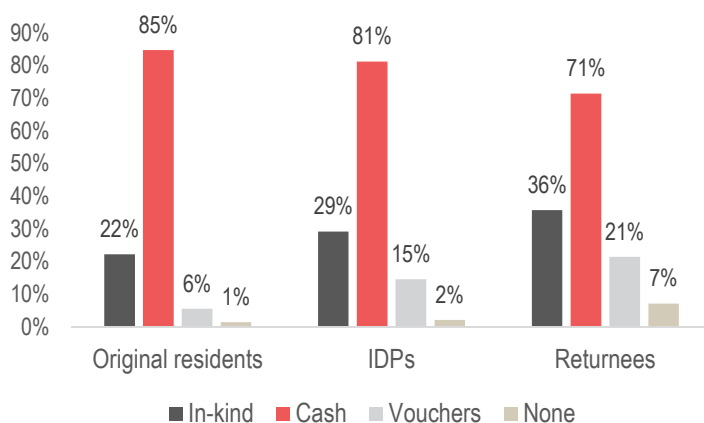
Figure 14. Access to store credit to purchase goods, as reported by community KIs



Though most KIs reported that *hawala* offices and store credit were accessible for community members, this assessment did not interview individual FSPs or analyse their individual capacity to increase their operations to a wider range of people. Therefore, further analysis of the capacity of individual FSPs to scale-up operations and facilitate cash assistance for more beneficiaries is highly recommended prior to a further scale-up of cash-based programming in assessed communities of Al-Hasakeh governorate.

4.1.4 Experiences with and Preferences for Humanitarian Assistance

Figure 15. Proportion of preferred type of aid to access basic consumer goods, as reported by different types of community KIs (original residents, IDPs, spontaneous returnees) (multiple responses allowed)



Most KIs (71%) reported that cash was the method of payment most often used by community members across assessed communities of Al-Hasakeh governorate to purchase basic goods, followed by payment on credit (24%). However, when asked about challenges to purchasing these goods in markets, KIs reported lack of cash (63%), sellers at the local markets not selling items on credit (49%), and households having incurred too much debt to purchase basic goods from the

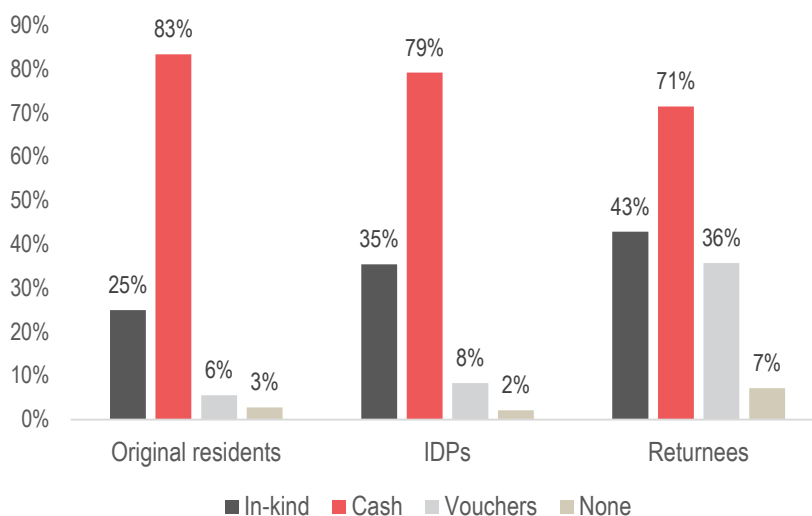
local markets (19%).ⁱ Moreover, many interviewed community members across assessed communities did not have stable sources of income. Commonly reported sources of income by interviewed community members included daily wage employment (66%), farming (48%), support from friends or family outside of Syria (32%), and high-risk activities, such as joining armed groups (19%).ⁱⁱ

Most KIs (82%) in assessed communities of Al-Hasakeh governorate stated cash assistance as one of the most preferred forms of humanitarian assistance for their communities, specifically unconditional cash, followed by cash-for-work programmes. Interviewed community members largely reported cash assistance as a preferred form of aid to both help their respective population groups overcome financial barriers to accessing basic food and non-food items, as well as to develop livelihood opportunities (see Figures 13 and 14). Notably, there was a higher preference for in-kind assistance and vouchers among interviewed spontaneous returnees compared to other population groups, particularly to original residents, despite the fact that cash remained the most preferred type of aid.

“...cash-for-work allows the person to feel their value and dignity and helps him and encourages him to continue to work, and help in cash [is] also useful because there are elderly people and disabled persons [who] can't work.”
- Community KI on why direct cash and cash-for-work are community members' preferred cash programming types, Al-Hasakeh

Only 18% of KIs reported that members of their population group had received humanitarian assistance in the form of in-kind and/or voucher modalities of assistance in the six months prior to data collection. Among this small subset, cash was still reported as one of community members' most preferred modalities of aid to access basic goods in the market (reported by 75%) and to develop livelihood opportunities (reported by 58%).

Figure 16. Proportion of preferred type of aid to develop livelihood opportunities, as reported by different types of community KIs (original residents, IDPs, spontaneous returnees) (multiple responses allowed)

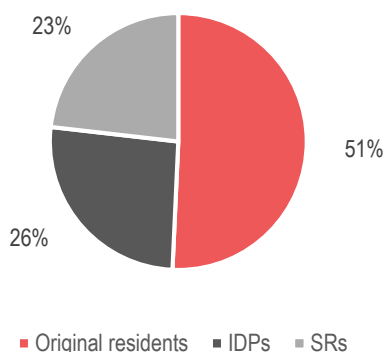


ⁱ Note that reported challenges related to sellers at local markets not selling items on credit (49%) was slightly higher than those who reported no access to store credit (40%)

ⁱⁱ Multiple responses allowed

4.2 Deir-ez-Zor Governorate Analysis Section

Figure 17. Community member KIs within Deir-ez-Zor governorate



Within Deir-ez-Zor governorate, 207 members of 36 assessed communities were interviewed and asked to respond to questions as a representative of their population group (original resident, IDP, or spontaneous returnee). Of the community members interviewed in assessed communities of Deir-ez-Zor governorate, 51% were original residents, 26% were IDPs, and 23% were spontaneous returnees.

4.2.1 Supply Chain Analysis

Cash-based programming in assessed communities of Deir-ez-Zor governorate would potentially increase the capacity of consumers to purchase goods. Nearly all interviewed community members purchased potatoes (90%), wheat flour and bread (100%), sheep and goat meat (94%), and heating fuel (99%) with cash. Insufficient cash was the most commonly reported challenge to buying basic goods at markets (reported by 87% of the respondents), followed by the inability of sellers to accept payments on credit (47%). Supply chain actors also cited consumers' lack of cash as a major impediment to the sale of goods to local populations of assessed communities. However, challenges in the supply chains of assessed communities in Deir-ez-Zor governorate (see key findings below) may also inhibit market functionality.

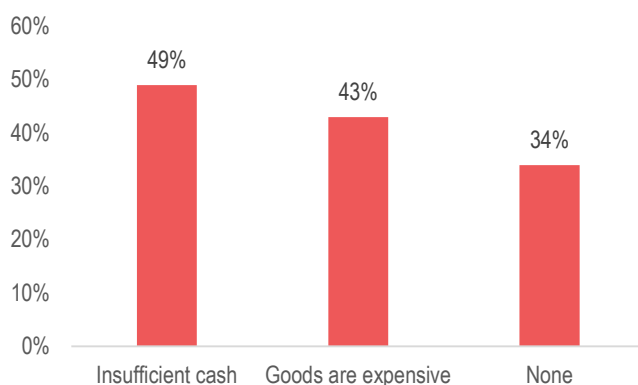
Key findings of the supply chain analysis include:

- Supply chain actors in 11 assessed communities described a **lack of access to suppliers of potatoes**, indicating potential struggles to restock potatoes in cases of increased demand.
- **Drought and poor harvests significantly reduced local production of wheat flour and bread** and forced vendors to import expensive Turkish flour to meet demand.
- **The costs of importing potatoes and wheat flour through the Menbij corridor, in combination with drought and poor harvests, have weakened the restocking capabilities of potato, wheat flour, and sheep and goat meat vendors.**
- Wheat flour and heating fuel reportedly entered several assessed communities from GoS-held areas through entry facilities established between GoS- and SAA-controlled areas in Deir-ez-Zor governorate; the amounts of wheat flour and heating fuel available in these communities subsequently increased, while the prices of the goods decreased.
- Infrastructural issues such as the **lack of reliable electricity** also decreased storage and restocking capabilities for supply chain actors, and especially weakened the sheep and goat meat supply chain that relies on electricity for refrigeration and preservation of meat products.
- **Displacement throughout the governorate also created dips and rises in levels of demand** reported by supply chain actors in assessed communities. In some communities, demand for wheat flour and bread and sheep and goat meat reportedly increased over the past year due to IDP and returnee flows into these communities. Assessed communities that experienced the occupation and recent departure of ISIL also reported severe changes in levels of demand and market activity, especially regarding the sheep and goat meat supply chain.
- Unlike in other governorates of NES, **there is relatively little price and quantity control of heating fuel** in assessed communities in Deir-ez-Zor governorate. Local authorities do not prevent the operations of private retailers of heating fuel and the **vast majority (98%) of consumers purchase heating fuel from private retailers** rather than from public centres or distributions from local authorities. Prices and quantities of heating fuel available in assessed communities differed by sub-district, depending on the presence of entry-points jointly operated by GoS and SAA territories, which facilitated availability. Furthermore, higher quality heating fuel was available in more areas of the governorate at cheaper prices than in other governorates.

Weaknesses in the supply chain may impede the abilities of consumers to increase consumption in a sustainable, predictable manner and must be taken into account when considering the expansion of cash-based programming. The effect of displacement patterns must also be considered in order to avoid increasing demand to unsustainable levels in certain communities that may have experienced recent population changes due to IDP or returnee flows.

4.2.2 Access to Markets

Figure 18. Three most reported difficulties community members faced accessing habitually used markets, by % of responses (multiple responses allowed)



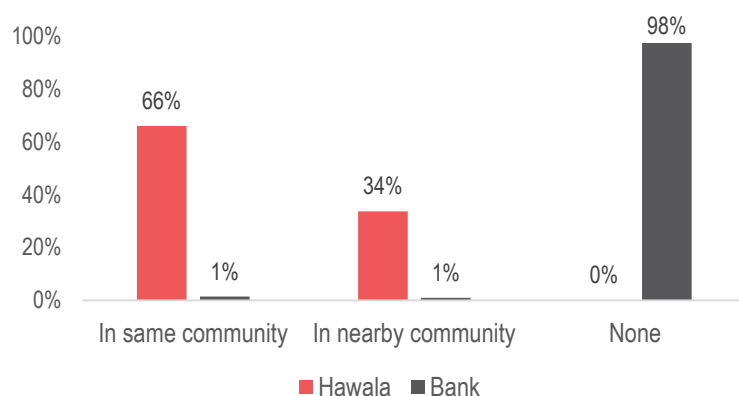
The majority of KIs reported that markets were available in assessed communities in Deir-ez-Zor governorate and 98% reported that most community members purchased basic goods at a market in their community of residence. The most commonly reported reasons why community members chose specific markets were convenience of access (58%), proximity to area of residence (33%), availability of a wider variety of daily necessity goods (5%) and relatively fewer security concerns (5%).

KIs reported widespread availability of goods in markets of assessed communities in Deir-ez-Zor governorate. Roughly 99% of interviewed community members reported that all basic food and non-food items specified in the Survival Minimum Expenditure Basket (SMEB) were available at the local markets. However, it must be noted that one interviewed community member located in the community of Abu Hardoub in Thiban sub-district stated that none of the listed SMEB items were available in the local markets.

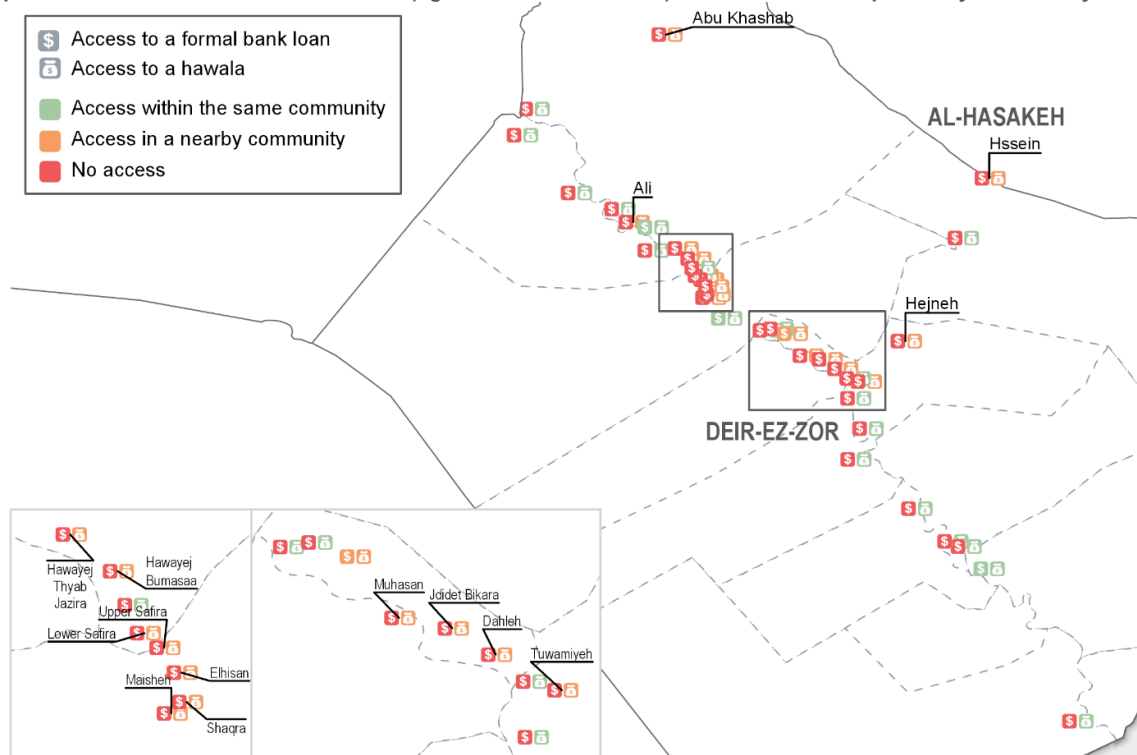
Slightly over one-third (34%) of KIs stated that community members did not face any barriers to accessing local markets. However, financial and physical barriers to access were reported by the remaining respondents. Nearly 50% of interviewed community members reported that lack of cash was the largest financial barrier to accessing markets in assessed communities in Deir-ez-Zor governorate, and 43% stated the expensiveness of goods as a challenge to purchasing these items from the markets. In addition, KIs in Deir-ez-Zor city, Gharanji, and Abu Hamam reported male youth faced risks of forced conscription if they went to local markets.

4.2.3 Access to Financial Service Providers (FSPs)

Figure 19. Access to *hawalas* and banks (loans), as reported by community KIs, per type of area



Informal FSPs, such as *hawala* offices, were generally available in assessed communities, while loans from formal FSPs, such as banks, were not. Store credit was reportedly available, with the caveat that typically only customers who had gained the trust of sellers were able to access it. This was a particular challenge for IDPs, as was reported by interviewed IDP representatives in Upper Safira, who cited discrimination against and mistrust of IDPs in the community as affecting their access to store credit.

Map 10. Access to formal banks for loans (agricultural or business) and *hawalas*, as reported by community KIs

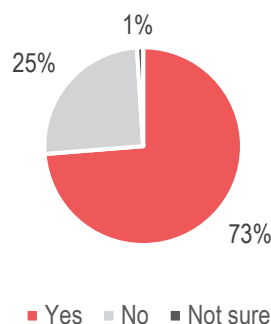
Hawala

Hawala offices were reportedly available in or close to all assessed communities in Deir-ez-Zor governorate (see Figure 16). While almost half (48%) stated there were no difficulties accessing *hawala* offices, reported community challenges in accessing *hawalas* included documentation issues (44%) and fees associated with *hawala* transactions (30%). Additionally, 21% cited travel time or travel costs (13% and 8%, respectively) to the closest *hawala* offices as affecting access, and 14% reported security difficulties when accessing *hawala* offices.

Banks

The vast majority (98%) of KIs reported that formal banks for loans (for commercial or agricultural purposes) were not available in either the community of residence or in a nearby community for households across assessed communities of Deir-ez-Zor governorate. Of those reporting access, two interviewed community members (one original resident and one returnee interviewed in Khasham) cited specific access challenges, including the presence of security issues, discrimination, and documentation issues.

Store credit

Figure 20. Access to store credit to purchase goods, as reported by community KIsⁱⁱⁱ

The majority of KIs (73%) across assessed communities of Deir-ez-Zor governorate reported that households had access to store credit to purchase basic goods. While slightly over half (53%) of interviewed community members who reported access to store credit did not cite any difficulties in accessing this credit, many community members specified that most traders refuse to sell on credit to those who they do not know or do not employ due to lack of trust on the part of the trader that the

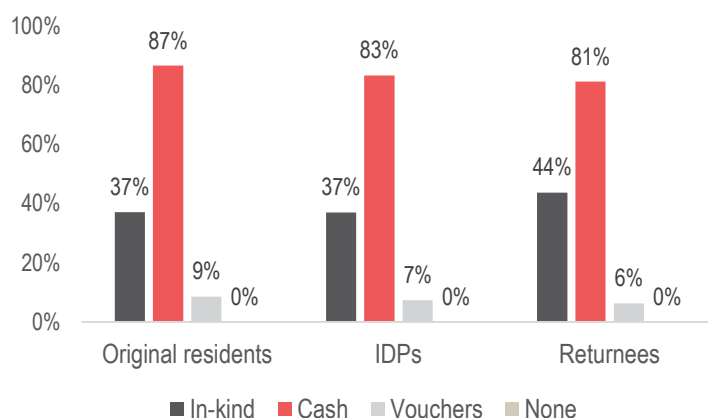
customer will pay back the debt. This was highlighted by IDP KIs interviewed in Upper Safira, who reported that sellers did not trust that IDPs would pay back the debt and, thus, refused to sell items on credit.

ⁱⁱⁱ Total is 99% due to rounding

Though *hawala* offices and store credit were reportedly accessible to a majority of community members in assessed communities, this assessment did not interview individual FSPs or analyse their individual capacity to increase their operations to a wider range of people. Therefore, further analysis of the capacity of FSPs to scale-up operations and facilitate cash assistance for more beneficiaries is highly recommended prior to strengthening implementation of cash-based programming in assessed communities of Deir-ez-Zor governorate.

4.2.4 Experiences with and Preferences for Humanitarian Assistance

Figure 21. Proportion of preferred type of aid to access basic consumer goods, as reported by different types of community KIs (original residents, IDPs, spontaneous returnees) (multiple responses allowed)

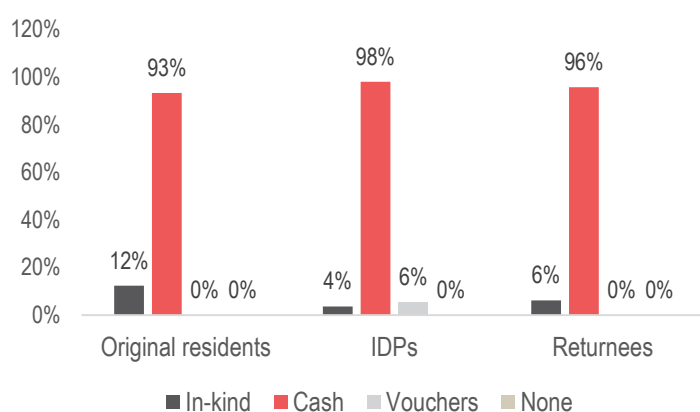


KIs reported cash was the method of payment most often (86%) used by their population groups across assessed communities of Deir-ez-Zor governorate to purchase basic goods at the local markets, followed by credit (12%) and other means (2%).

However, the most commonly reported barriers to purchasing basic goods were a lack of cash (87%), sellers at local markets not selling items on credit (47%), and households having incurred too much debt to make purchases of basic

goods through any payment method (33%). Moreover, many reported that community members did not have stable sources of income. Commonly reported sources of income by interviewed community members included support from friends and family outside of Syria (59%), daily wage employment (59%), farming (58%), and high-risk activities, such as joining armed groups (32%).^{liii}

Figure 22. Proportion of preferred type of aid to develop livelihood opportunities, as reported by different types of community KIs (original residents, IDPs, spontaneous returnees) (multiple responses allowed)



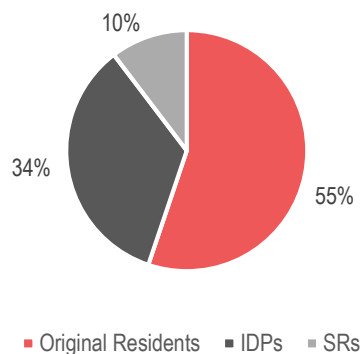
KIs in assessed communities in Deir-ez-Zor governorate reported cash assistance as one of the most preferred forms of humanitarian assistance for households to overcome barriers to accessing markets (85%) and to develop livelihoods (95%). Among these KIs who reported this cash preference, 93% specified direct physical cash (unconditional), followed by cash-for-work programmes (35%), and vouchers (23%) as the most preferred forms of cash assistance.

Furthermore, only 2 KIs (<1%) reported community members had received cash assistance, while 69% of KIs reported that members of their population group had received humanitarian assistance in the form of in-kind aid, both as food and non-food items (NFIs). Of note, of those reporting that their population group had received in-kind aid, KIs reported cash as one of the most preferred forms of assistance in order to help households overcome financial barriers (85%) as well as to develop livelihood opportunities (97%).

^{liii} Multiple responses allowed

4.3 Ar-Raqqa Governorate Analysis Section

Figure 23. Community member KIs within Ar-Raqqa governorate



Within Ar-Raqqa governorate, 87 members of 19 assessed communities were interviewed and asked to respond to questions as a representative of their population group. Of the community members interviewed in assessed communities in Ar-Raqqa governorate, 55% were original residents, 34% were IDPs, and 10% were spontaneous returnees.

4.3.1 Supply Chain Analysis

Cash-based programming would potentially increase the ability of consumers in assessed communities of Ar-Raqqa governorate to purchase each of the core goods. Almost all KIs said their population group used cash to purchase potatoes (97%), wheat flour and bread (100%), sheep and goat meat (100%), and heating fuel (100%). Most KIs stated the lack of cash as inhibiting community members' abilities to afford the purchase of adequate amounts of each of the core goods. In fact, 40% of all KIs (40% of original resident KIs; 47% of IDP KIs; 20% of spontaneous returnee KIs) reported that their population group within their communities was unable to purchase potatoes for a period longer than a week at least once in the six months prior to data collection. Wholesalers and retailers of potatoes interviewed in assessed communities also described the inability of consumers to make adequate purchases of potatoes due to a lack of available cash. They also reported that unemployment resulted in a lack of cash among consumers and a consequent inability to purchase large amounts of wheat flour and bread.

However, challenges existed within the market systems of assessed communities of Ar-Raqqa governorate that may affect the ability of the various supply chains in assessed communities to flexibly adapt to sudden changes in demand stemming from the implementation of cash-based programming. Implementation of cash-based programming on a community-to-community basis must also account for differences in market environments throughout the governorate that affect issues of accessibility, supply, and demand, as well as challenges in storage and restocking capabilities.

Key findings of the supply chain analysis include:

- **Drought and poor harvests** contributed to low production and subsequent low availability of wheat flour and potatoes, as well as long periods of time when community members were reportedly unable to purchase wheat flour from local markets. Consequently, many supply chain actors in Ar-Raqqa governorate **relied on imported supplies purchased at high costs through the Menbij corridor**. The prices of these imported potatoes and wheat flour sold to consumers subsequently increased.
- **The presence of cheap bread sold by public bakeries subsidised by the SAA** and local authorities reportedly lowered demand among private wholesalers and retailers in many assessed communities.
- Sheep and goat carcass wholesalers and retailers cited consumers' lack of cash as a major challenge, stating that consumers prefer to **purchase cheaper chicken meat than more expensive sheep and goat meat**.
- **Departures of IDPs from assessed communities and back to their areas of origin was a major contributing factor to a decrease in demand** for potatoes and wheat flour reported in many assessed communities. Interviewed wholesalers and retailers in communities that experienced IDP departures were reportedly struggling to cope with the subsequent losses in profits. In contrast, a reported influx of spontaneous returnees similarly led to increased demand among some wholesalers and retailers in multiple assessed communities.
- **High sheep and goat meat prices were reportedly a result of the high prices of fodder**. Furthermore, findings on the sheep and goat meat supply chain in assessed communities of Ar-Raqqa governorate were not uniform across assessed communities of the governorate. There were differences in the selling

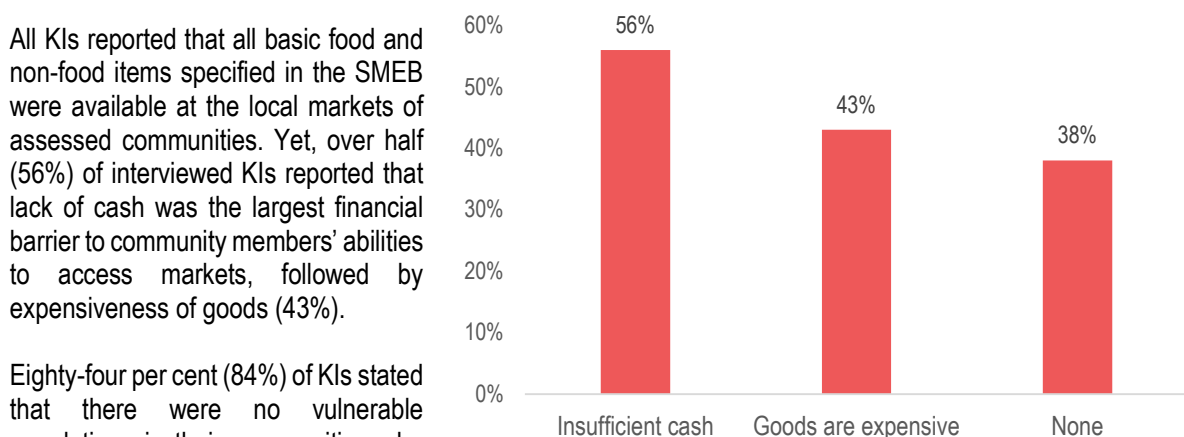
prices of meat reported in assessed communities of different districts; for example, prices in Tell Abiad were higher than in Tabqa and Ar-Raqqa districts.

- **The heating fuel supply chain** in assessed communities of Ar-Raqqa governorate experienced **price and distribution control from local authorities**, and private retailers were given fines and other financial consequences if they did not follow public regulations imposed on/upon private heating fuel businesses. Though not as severely restricted as in assessed communities of Al-Hasakeh governorate, the Ar-Raqqa governorate heating fuel supply chain appeared to face more restrictions from public authorities than that of the assessed communities of Deir-ez-Zor governorate. These restrictions are not necessarily bad for consumers and can protect populations from high prices; **public authorities distribute subsidised heating fuel to consumers** in many assessed communities of Ar-Raqqa governorate. Yet, over half (55%) of KIs reported that communities purchased heating fuel from a private retailer rather than a public fuel centre or local authority distribution, and many reported that heating fuel was refined by private refineries using basic methods.

4.3.2 Access to Markets

The majority of community members reported that markets were available in assessed communities of Ar-Raqqa governorate. KIs reported that households purchased basic goods at a market in their community of residence (94%), in a nearby community in the same governorate (1%), or in both (5%), depending on availability. The most commonly reported reasons why community members chose specific markets were convenience of access (49%) and availability of a wider variety of daily necessity goods (37%).^{liv}

Figure 24. Three most reported difficulties community members faced accessing habitually used markets, by % of responses (multiple responses allowed)



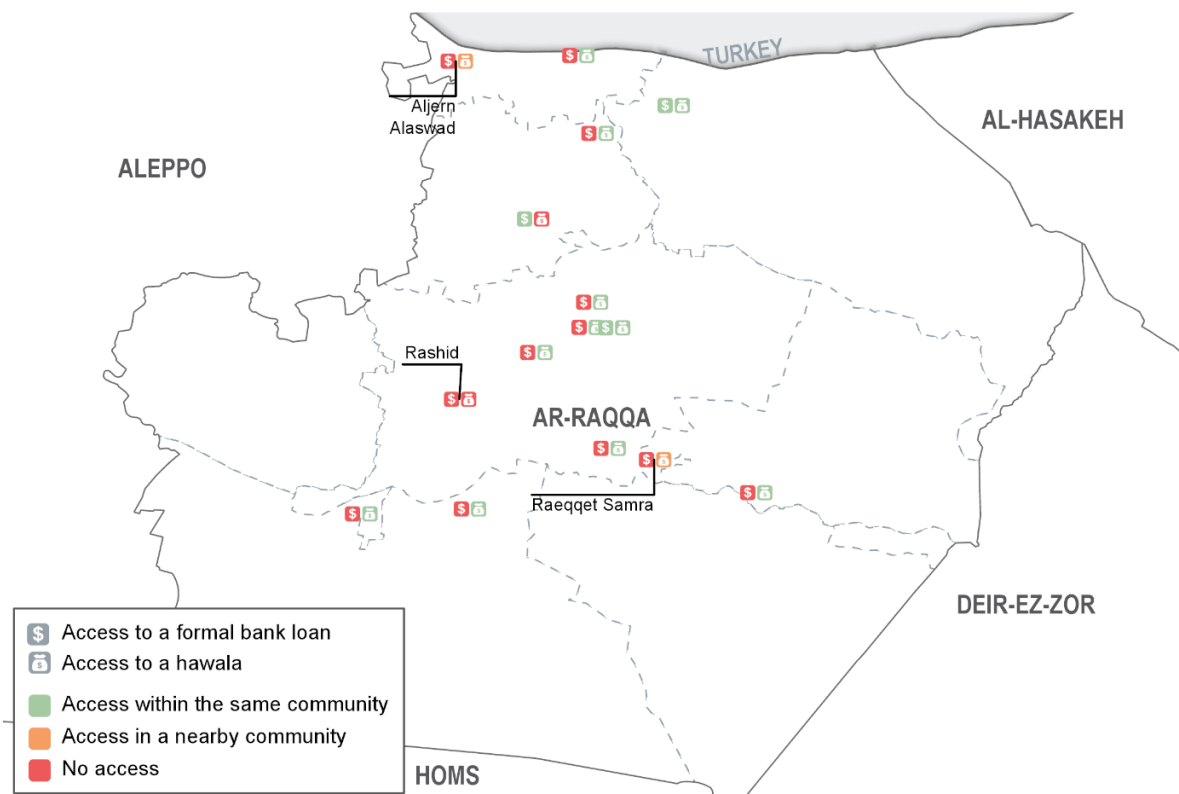
All KIs reported that all basic food and non-food items specified in the SMEB were available at the local markets of assessed communities. Yet, over half (56%) of interviewed KIs reported that lack of cash was the largest financial barrier to community members' abilities to access markets, followed by expensiveness of goods (43%).

Eighty-four per cent (84%) of KIs stated that there were no vulnerable populations in their communities who were particularly at risk of facing challenges to physical access to markets. The remainder of KIs in eight communities reported that youth, women, elderly, and people with disabilities were particularly at risk of facing barriers to market access. This included fear of forced conscription of male youth into militias if they went to local markets, as well as physical challenges for the elderly and people with disabilities.

4.3.3 Access to Financial Service Providers (FSPs)

Informal FSPs such as *hawala* offices were generally available in assessed communities, while loans from formal FSPs, such as banks, were not. Store credit was reportedly available, with the caveat that typically only customers who had gained the trust of sellers were able to access it. This was a particular challenge for IDPs, as was reported by interviewed IDP representatives in assessed communities of Tishrine, Tabqa, Tell Abiad, Rashid, and Ar-Raqqa city. These KIs stated that IDPs were barred from accessing store credit from store owners and that IDPs in these communities must have a resident patron who can vouch for them with the store owner and facilitate their store credit access.

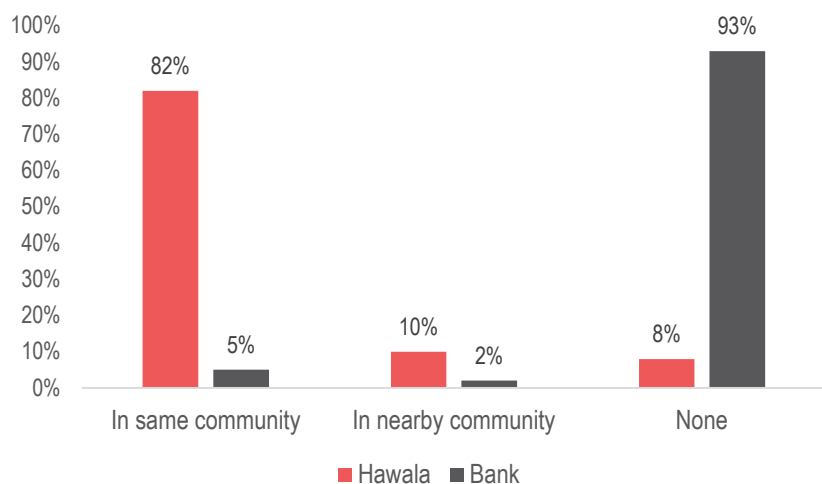
^{liv} Multiple responses allowed

Map 11. Access to formal banks for loans (agricultural or business) and *hawalas*, as reported by community KIs

Hawala

Figure 25. Access to *hawalas* and banks (loans), as reported by community KIs, per type of area

Hawala offices were reportedly available in the majority of assessed communities in Ar-Raqqa governorate (see Figure 21). Among KIs who reported that *hawala* offices were available in or close to assessed communities, 61% reported no difficulties in accessing these *hawala* offices. However, reported access challenges included documentation issues (reported by 25%), travel costs (14%) and travel time to the closest *hawala* offices (7%).



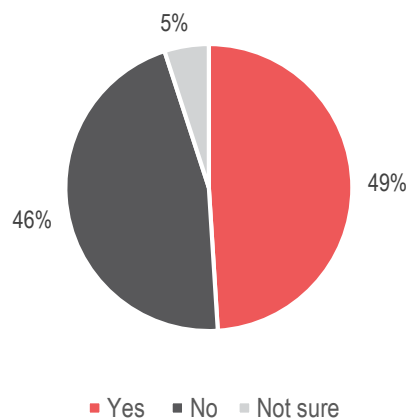
Banks

When asked where community members go to access formal banks for loans (for business or agricultural purposes), only 7% of KIs reported that members access them in the community of residence or in a nearby community. About 93% of interviewed community members reported that formal banks for loans were unavailable in or close to their communities.

Of the two interviewed community members (one returnee and one IDP located in Ein Issa) who specified difficulties faced in accessing available formal banks in their community, both reported issues associated with time, and costs associated with travel to the closest available bank as hindering their physical access to such services.

Store credit

Figure 26. Access to store credit to purchase goods, reported by community KIs



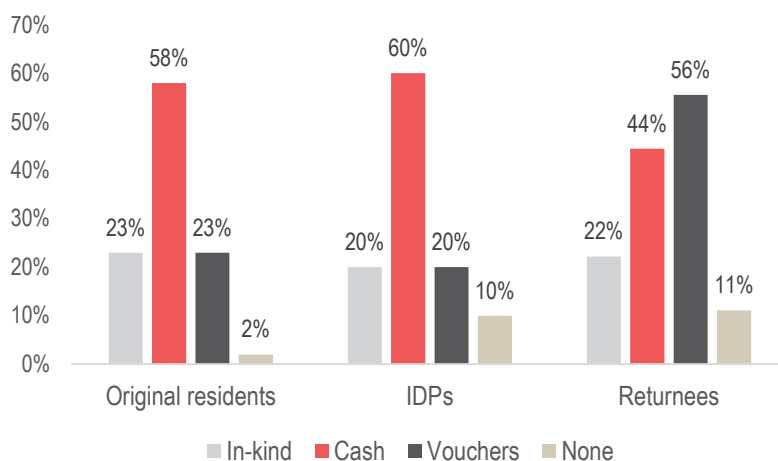
Slightly less than half (49%) of interviewed community members across assessed communities in Ar-Raqqa governorate reported access to store credit to purchase basic goods. However, only 37% of interviewed community members who reported access to store credit cited no difficulties in accessing this credit. Slightly over one-third (34%) of interviewed community members specified that most traders refused to sell on credit to those who they did not know or did not employ due to lack of

trust on the part of the trader that the customer would pay back the debt. More specifically, discrimination against IDPs was cited by IDP community members interviewed in Tishrine, Tabqa, Tell Abiad, Rashid, and Ar-Raqqa city, who reported that sellers did not trust that IDPs would pay back the debt and, thus, refused to sell items on credit to them. Several interviewed IDP KIs reported the need for a patron among the original resident population to sponsor IDPs and facilitate their access to store credit given by store owners.

4.3.4 Experiences with and Preferences for Humanitarian Assistance

Cash was reported by KIs as the method of payment most often used (68%) by community members across assessed communities of Ar-Raqqa governorate to purchase basic goods, followed by payment on credit (32%).

Figure 27. Proportion of preferred type of aid to access basic consumer goods, as reported by different types of community KIs (original residents, IDPs, spontaneous returnees) (multiple responses allowed)



However, KIs reported lack of cash (86%) as a major obstacle for households in buying adequate amounts of basic goods, with the inability of market vendors to sell items on credit (48%), and too much debt to make purchases of basic goods from the local markets (30%) as other reported obstacles.

Moreover, many interviewed community members across assessed communities did not have stable sources of income.

Commonly reported sources of income by interviewed community members included daily wage employment (71%), farming (38%), business and trade (34%), borrowing money (29%), employment with stable salaries (22%), and support from family and/or friends outside of Syria (22%).^{iv}

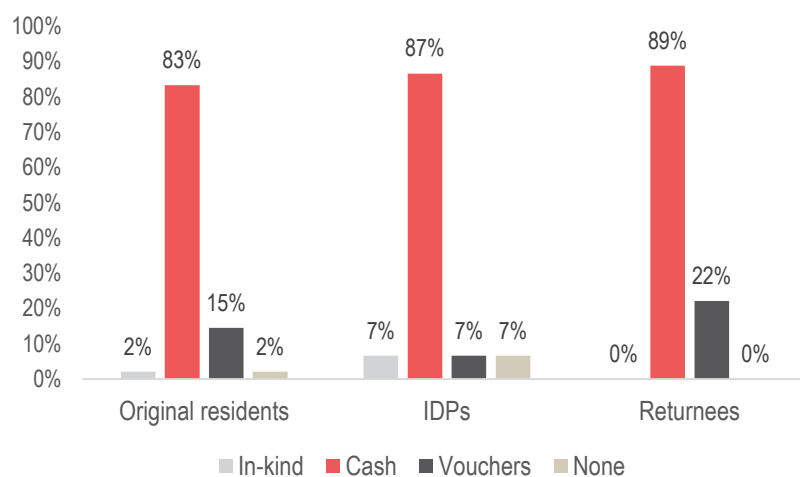
^{iv} Multiple responses allowed

KIs reported strong preferences for cash assistance among community members (reported by 57%). The majority of interviewed original residents and IDPs in Ar-Raqqa governorate reported cash assistance as one of the most preferred modalities of aid for their population group in order to overcome barriers to accessing basic food and NFIs. In contrast, most interviewed spontaneous returnees preferred voucher assistance to access these goods (see Figure 23). In terms of developing livelihood opportunities, the majority of interviewed original residents, IDPs, and spontaneous returnees preferred cash assistance (see Figure 24).

“We prefer cash assistance to repair and restore our house, and it would also allow us to afford needed medical expenses for our household.”
 -IDP interviewed in Tabqa, Ar-Raqqa Governorate

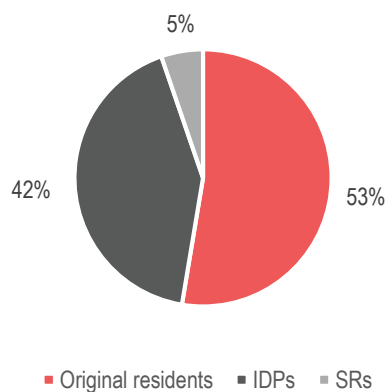
Figure 28. Proportion of preferred type of aid to develop livelihood opportunities, as reported by different types of community KIs (original residents, IDPs, spontaneous returnees) (multiple responses allowed)

One quarter (25%) of KIs reported that members of their population group had received humanitarian assistance in the six months prior to data collection, with the majority of these (86%) receiving aid in the form of in-kind assistance or vouchers. Yet, among this subgroup, cash was one of the most preferred modalities—namely, direct cash and cash-for-work programmes—in order to help members of their population group overcome financial barriers to accessing basic goods (79%) in the market and to address their livelihood needs (100%).



4.4 Aleppo Governorate (Menbij and Kobane) Analysis Section

Figure 29. Community member KIs within eastern Aleppo governorate



Nineteen (19) members of assessed communities within Aleppo governorate were interviewed and were occasionally asked to respond to questions as a representative of their population group (original resident, IDP, spontaneous returnee). Of the community members interviewed in assessed communities in Aleppo governorate, 10 (53%) were original residents, 8 (42%) were IDPs, and 1 (5%) was a spontaneous returnee. Interviews were held with supply chain actors, community members, and local council members in only two communities of Aleppo

governorate: Menbij and Kobane. Therefore, key findings from this section are specific only to these two communities, and cannot be aggregated to a sub-district, district, or governorate level of analysis.

4.4.1 Supply Chain Analysis

Cash-based programming would potentially enable consumers to purchase more of the four core goods from local markets in assessed communities of Aleppo governorate though challenges exist. All interviewed community members in assessed communities of Aleppo governorate purchased goods with cash. Slightly over half of community members stated that they did not have enough cash to make adequate purchases of sheep and goat meat and heating fuel, and roughly a quarter lacked enough cash to purchase adequate wheat flour and bread. A significant amount also cited the inability of sellers to accept payment on credit as inhibiting their ability to purchase sufficient amounts of these goods.

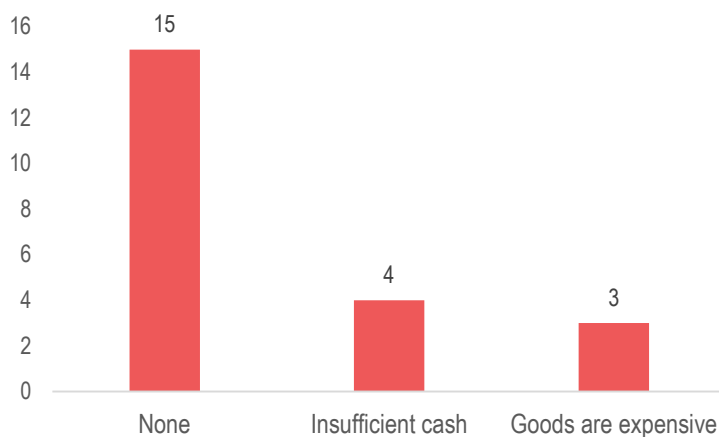
Supply chain and market system realities appeared to differ in the two assessed communities of Menbij and Kobane. Key findings include:

- Compared to the three other governorates included in the analysis, **a lower proportion of KIs in Menbij and Kobane reported lack of cash preventing households from purchasing potatoes. Neither wholesalers nor retailers reported any difficulties selling potatoes to consumers, possibly due to proximity to the Menbij corridor.**
- **In Menbij**, vendors of potatoes specified **particular challenges to restocking potatoes** due to the costly importation of Turkish potatoes through the Menbij corridor. In Kobane, on the other hand, vendors of potatoes did not report challenges to procuring or selling stocks of potatoes, possibly due to the reported price and supply controls placed upon potatoes by local authorities.
- **The wheat flour market system in Menbij appeared stable**, as bakeries interviewed in Menbij did not report any major difficulties in procuring or selling stocks of wheat flour or bread to buyers. In Kobane, lack of local production, lack of flour mills, and lack of flour suppliers impacted the restocking capabilities of vendors.
- It was stated that **all flour mills located in eastern Aleppo governorate were supported or controlled** by the SAA and/or local authorities, who controlled the flow of locally-produced wheat flour in the area. Additionally, many mills reportedly received higher-quality equipment in recent months and were better able to process wheat into higher quality wheat flour at the time of data collection.
- **Lack of reliable electricity and refrigeration** was reportedly a major challenge affecting the storage and restocking capabilities of sheep and goat meat supply chain actors in **Kobane**, whereas the sheep and goat meat market system in **Menbij was reportedly not negatively affected** by the same infrastructural issues as Kobane, or the majority of assessed communities elsewhere in NES.
- **Private retailers of heating fuel in Menbij were negatively affected by restrictions** imposed by public authorities upon their businesses, whereas interviewed retailers of heating fuel in Kobane did not describe many major challenges to procuring or selling stocks of heating fuel to buyers. However, since the majority of interviewed KIs in Menbij reported preferences for purchasing heating fuel from public authorities, these challenges facing private retailers in Menbij did not appear to particularly affect consumers.

- Finally, displacement patterns in the two assessed communities, including IDP and returnee flows into and out of the assessed communities, also contributed to variations in the levels of demand for the core goods in local markets.

4.4.2 Access to Markets

Figure 30. Three most reported difficulties community members faced accessing habitually used markets, by # of responses (multiple responses allowed)



All KIs reported that markets were available in the two assessed communities of Aleppo governorate. The most commonly reported factors influencing the decision to visit specific markets included the possibility of obtaining more types of daily goods (32%), convenience of access (32%), and physical distance (21%).

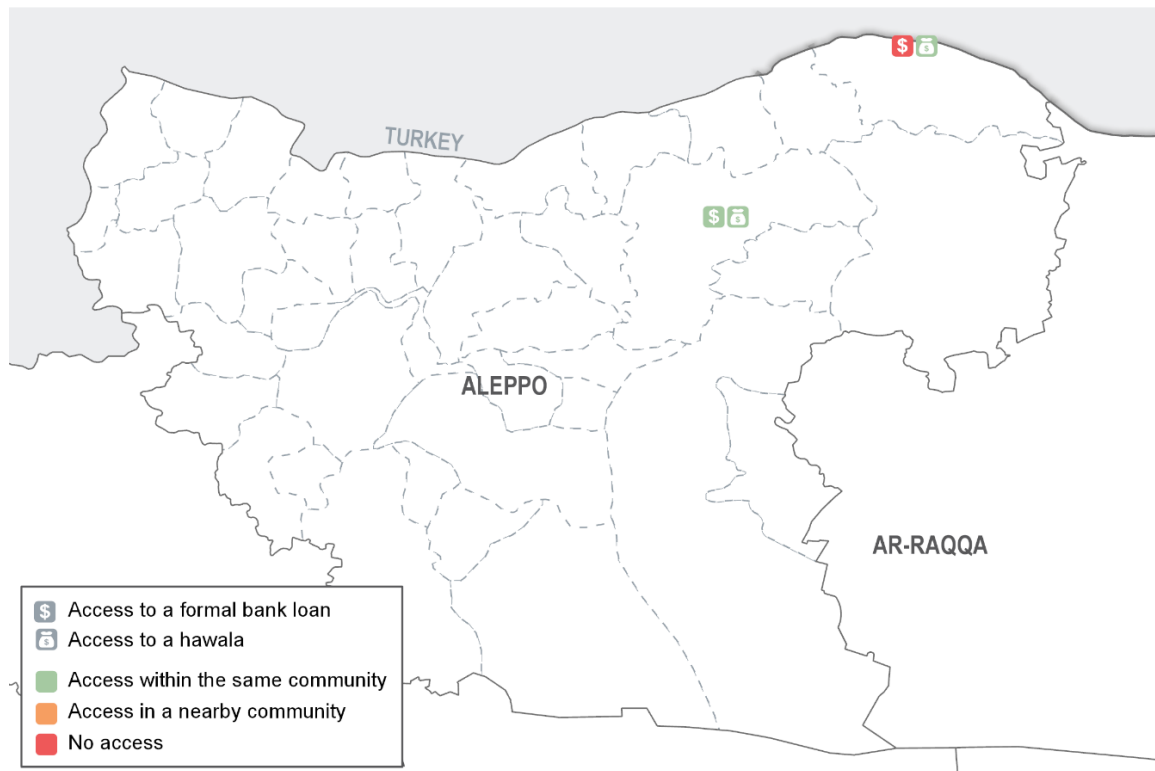
There was reported widespread availability of goods in markets of the two assessed communities in Aleppo governorate. Nearly all (95%)

interviewed community members reported that all basic food and non-food items specified in SMEB were available at the local markets of assessed communities. Slightly over three fourths (79%) of KIs stated there were no barriers to accessing local markets. When compared to the responses in other governorates, relatively few (21%) interviewed community members reported that lack of cash was a financial barrier to households' ability to access markets and purchase goods in the assessed communities. Similarly, only 16% stated that the expensiveness of goods available in the market inhibited households from purchasing goods from the markets.

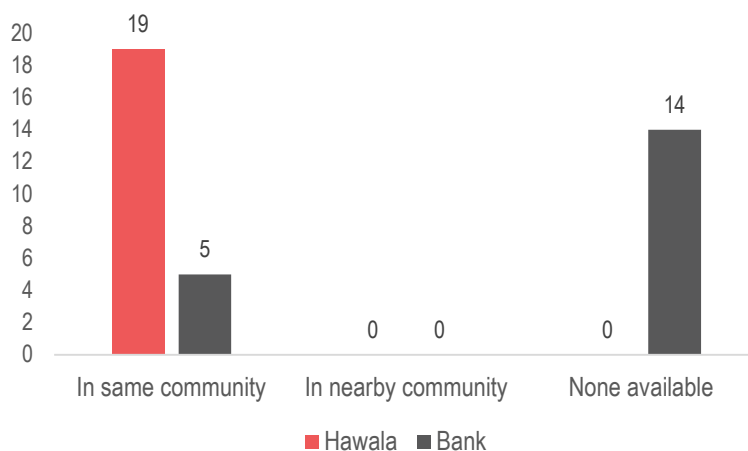
The majority (89%) of interviewed community members stated that there were no vulnerable populations in their communities who were particularly at risk of facing challenges to physical access to markets, and only two interviewed community members (one IDP and one original resident interviewed in Kobane) specified that women and the elderly were particularly at risk of facing barriers to physical market access due to distance and mobility difficulties, respectively.

4.4.3 Access to Financial Service Providers (FSPs)

Informal FSPs such as *hawala* offices were reportedly available in both assessed communities. Notably, while all KIs in Kobane reported that formal banks were not available for loans, half of KIs in Menbij—all of whom were IDPs—stated that formal banks for loans were available in the community (the other half of interviewed KIs in Menbij were original residents and reported that formal banks were not available for loans). The reason for this discrepancy is unclear. The majority (68%) of interviewed community KIs stated that store credit was not available in their community, and several cited difficulties for IDPs in accessing store credit in the assessed communities.

Map 12. Access to formal banks for loans (agricultural or business) and *hawalas*, as reported by community KIs

Hawala

Figure 31. Access to *hawalas* and banks (loans), as reported by community KIs, per type of area

All interviewed community members stated that a *hawala* office was available in their community of residence. Most (68%) interviewed community members reported no difficulties for households in accessing the available *hawala* offices. However, 16% of interviewed community members reported time and cost challenges associated with travel to the closest available *hawala* offices, while another 16% stated that security risks affected households' abilities to physically access the

closest available *hawala* office. Lastly, 11% cited issues with documentation that hindered them from receiving transactions through *hawala* offices.^{lvi}

Banks

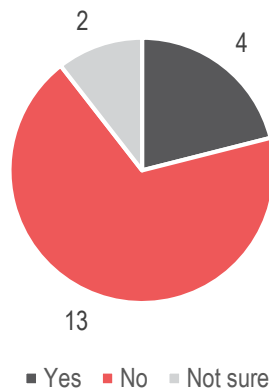
Formal banks for loans were reportedly available in either the community of residence or in a nearby community by only 26% of KIs. Of note, all of these community members who reported availability were IDPs interviewed in Menbij. It was unclear why other population groups interviewed in Menbij did not similarly report access to formal banks for loans.

^{lvi} Multiple responses allowed

Store credit

Four of the nineteen interviewed community members in the two assessed communities of Aleppo governorate reported households had access to store credit to purchase basic goods. However, two IDP KIs interviewed in Menbij who reported such access specified several challenges to access, difficulties with accessing store credit in their community and issues with documentation. An IDP interviewed in Kobane similarly stated that one must be known by the store owner in order to access store credit.

Figure 32. Access to store credit to purchase goods, as reported by community KIs



4.4.4 Experiences with and Preferences for Humanitarian Assistance

Cash was the method of payment used by all households to purchase basic goods at the local markets, according to KIs in the assessed communities of Aleppo governorate. However, KIs reported a lack of cash (63%) as a major obstacle to the ability of community members to make adequate purchases of these goods, while 32% reported that sellers at the local markets did not sell items on credit.

Figure 33. Preferred type of aid to access basic consumer goods, as reported by different types of community KIs, by # of responses (multiple responses allowed)



More than one third (37%) of KIs reported no issues for households in paying for basic goods at the local markets of their community, a larger proportion compared to KIs in the three other assessed governorates. This may be linked to the fact that KIs in the two communities in Aleppo reported higher proportions of stable sources of income than KIs in other governorates of NES, including daily wage employment (95%), stable salaries (68%), support from family and/or friends outside of Syria (37%), and farming (21%).

Figure 34. Preferred type of aid to develop livelihood opportunities, as reported by different types of community KIs, by # of responses (multiple responses allowed)



KIs in Menbij and Kobane overwhelmingly reported cash assistance as a preferred modality of aid in order to help their population group overcome barriers to accessing basic goods (100%) and develop livelihood opportunities (84%).

More specifically, KIs reported preferences for direct physical cash, cash-for-work, and vocational training cash programming to facilitate improved access to basic needs in local markets. Among KIs who voiced

preferences for cash for work, most (71%) were IDPs from Menbij, while all who stated preferences for vocational training cash programming were from Kobane.

With regard to developing livelihood opportunities, 80% of the 10 original resident KIs and all IDP KIs stated that cash assistance was one of the preferred modality of households. The one returnee interviewed in Kobane reported preferences for in-kind distributions of agricultural inputs in order to best support livelihood opportunities, which relied upon agricultural activities and livestock breeding.

Only four interviewed community members (three IDPs and one original resident interviewed in Kobane) reported that members of their population group had received humanitarian assistance in the six months prior to data collection. Three IDPs interviewed in Kobane reported members had received cash and voucher assistance, and the original resident, also interviewed in Kobane, reported members had received in-kind assistance. This original resident KI reported community preferences for cash assistance over the in-kind assistance that members had received.

5. CONCLUSION

5.1 Supply Chains

One of the primary conclusions of this assessment is that market systems for the four assessed core goods tended to not be fully functional in assessed communities of all four governorates due to a multiplicity of logistical, infrastructural, environmental, financial, and political factors. Supply chains for the four core goods must be continuously monitored during the implementation of cash-based programming to ensure that market systems can sustain potential increases in demand.

A second conclusion is the importance of Menbij, in Aleppo governorate, as a vital economic corridor for NES. Menbij serves as the major gateway that funnels imported goods, including potatoes and wheat flour, into NES from both outside Syria and from other areas in Syria. Imported Turkish potatoes and wheat flour enter western Aleppo governorate through border crossings such as Jarablus and Bab al-Salameh, or through Bab al-Hawa border crossing, in Idlib governorate. Products such as potatoes, that are domestically produced within Syria, but within either the south or the northwest, must also cross through the Menbij corridor before entering NES. Imported potatoes and wheat flour passing through Menbij into the northeast must go through multiple customs and inspection processes that delay importation and increase costs upon actors operating within these supply chains. Therefore, changes in the current political situation within Menbij may have significant repercussions upon market functionality and availability of goods across NES.

5.2 Access to Markets and Financial Service Providers

The major finding of this assessment is that, although the majority of interviewed community members in all assessed communities across all four governorates in the northeast reported general access to markets either in their community of residence and/or in nearby communities, cash programming must account for several recurrent barriers to access. Many interviewed community members reported challenges to market access for male youth due to fear of forced conscription, as well as physical access challenges for women and elderly persons. These challenges could potentially restrict a household's ability to access sufficient quantity and quality of goods from local markets.

Additionally, nearly all interviewed community members in assessed communities of all four governorates in the northeast reported access to *hawalas*, while significantly lower proportions of interviewed community members reported access to formal banks and store credit. However, it is the conclusion of this assessment that further analysis of the capacity of FSPs to scale-up operations and facilitate cash-based assistance for more beneficiaries must be conducted prior to the implementation of cash-based programming in assessed communities.

5.3 Preferences for Cash-Based Programming

Cash was one of the most preferred modalities of humanitarian assistance, and should be considered when designing and implementing future humanitarian response programming. Among interviewed community members in assessed communities of all four governorates in the northeast, most stated preferences for direct physical cash, while many also specified cash-for-work programmes in livelihood assistance and vocational training as desired cash assistance packages.

However, cash-based programming must account for large gaps in the humanitarian response in the northeast, and especially with regards to cash assistance. Most interviewed community members in assessed communities of Al-Hasakeh, Ar-Raqqa, and Aleppo governorates reported that households had not received any kind of humanitarian assistance in the six months prior to data collection (the majority of KIs in assessed communities of Deir-ez-Zor governorate reported that households had indeed received humanitarian assistance in this period). Yet, the majority of interviewed community members in all four governorates who reported households receiving humanitarian assistance in the six months prior to data collection stated that they received in-kind assistance (Al-Hasakeh, Deir-ez-Zor, and Ar-Raqqa governorates) or any combination of cash, in-kind, and voucher assistance (Aleppo governorate) from humanitarian organizations. This assessment confirms accounts that cash-based

programming has been a less utilised modality when compared to in-kind assistance, and is only just now beginning to be widely implemented across the region.^{lvii}

5.4 Social Implications of Increased Cash-Based Programming

According to interviews held with supply chain actors, community members, and local council members of assessed communities across all four governorates of the northeast, cash assistance would enable consumers to purchase more goods and could increase demand for the assessed core goods in all four assessed governorates.

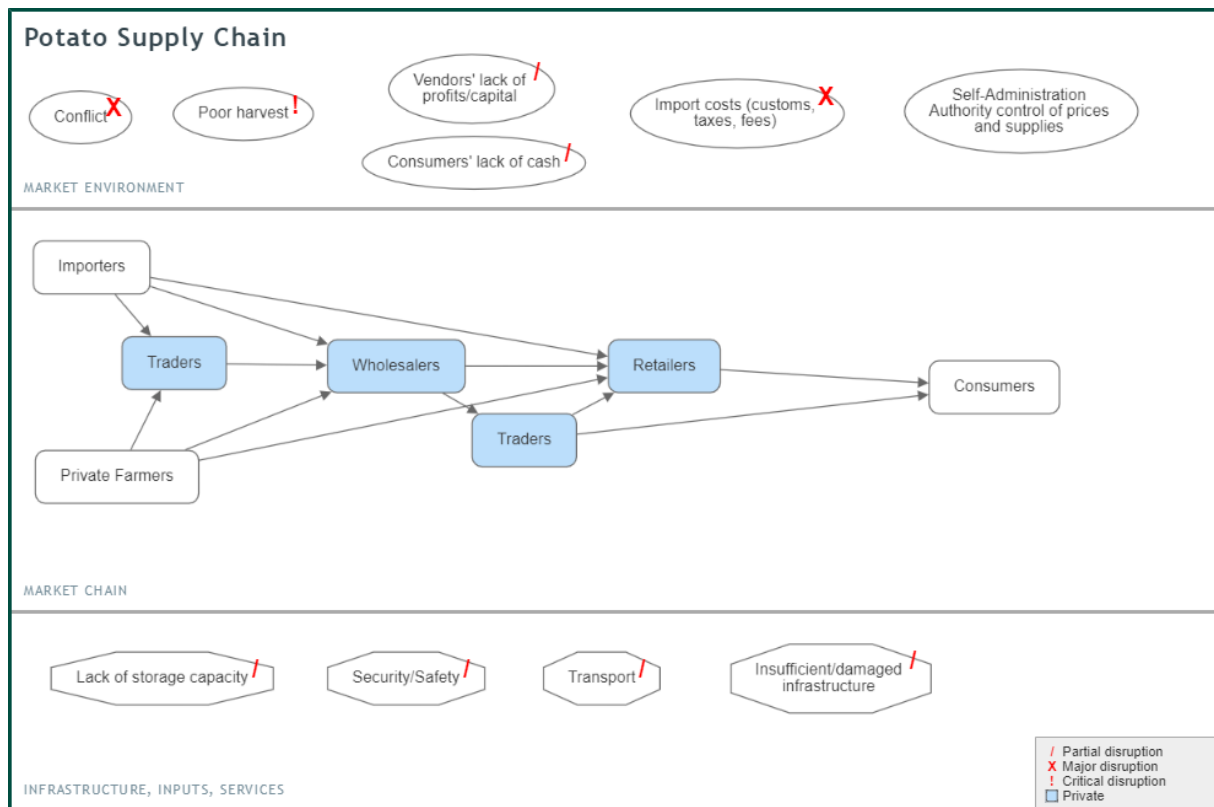
However, reported tensions between community members stemming from the presence of cash-based programming in the community must be seriously considered during future programme design. Humanitarian organisations implementing cash-based programming must develop a more comprehensive communication plan to correspond with community members (both beneficiaries and non-beneficiaries) in order to avoid the creation of social tensions or mistaken expectations with regards to who will receive cash assistance and to provide details on what cash-based programming will provide to beneficiaries.

In conclusion, it is also recommended that cash-based programming targeting the assessed core goods (potatoes, wheat flour and bread, sheep and goat meat, and heating fuel) be accompanied by continuous monitoring of markets, supply chains, and community preferences, while keeping communities informed of programmatic decisions. Cash-based interventions must account for the different demographic, political, and economic realities that exist within assessed communities of each of the four governorates of NES, including the possibility of changes in political and military control of the Menbij corridor and the respective potential consequences for market systems in the northeast.

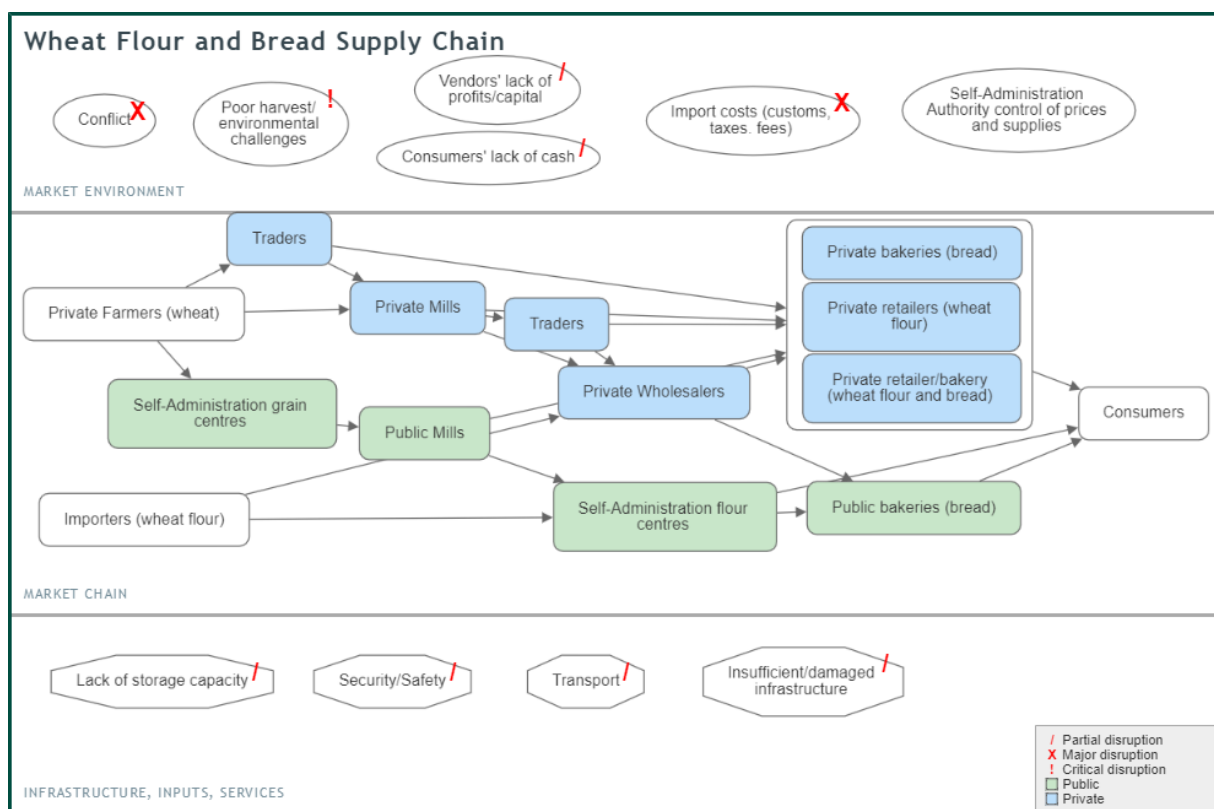
^{lvii} Global Communities. [Cash-based Response Feasibility Assessment in Northern Syria](#), May 2016.

6. ANNEXES

Annex 1: Potato Supply Chain^{lviii}

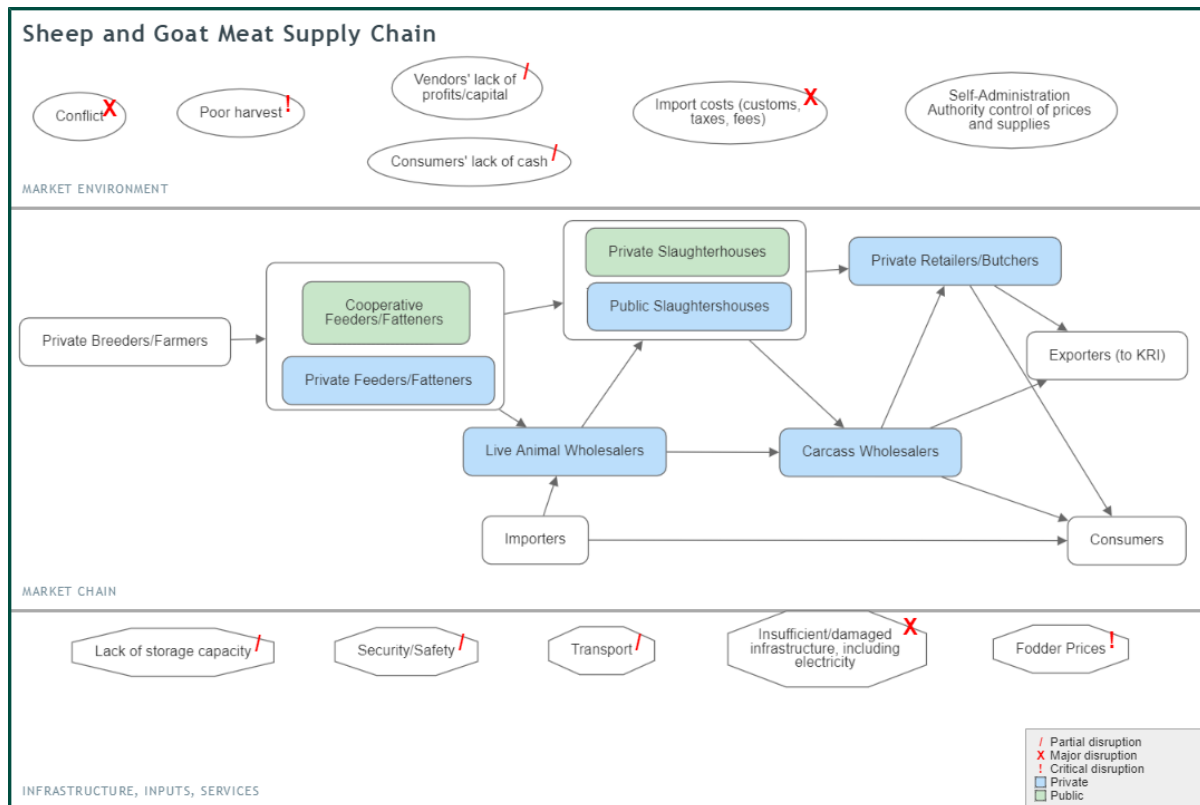


Annex 2: Wheat Flour and Bread Supply Chain

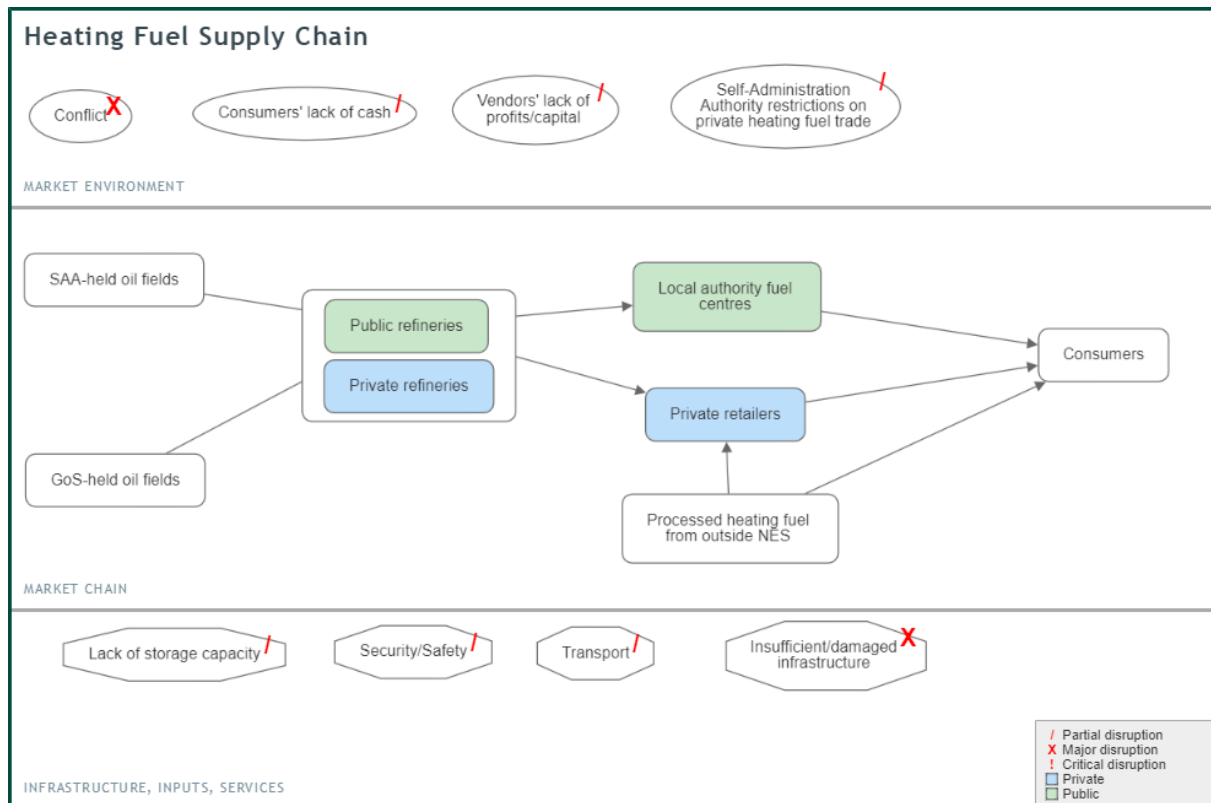


^{lviii} Created using Market System Mapping Tool <http://market-mapper.emma-toolkit.org/>

Annex 3. Sheep and Goat Meat Supply Chain



Annex 4. Heating Fuel Supply Chain



Annex 5: Overview and disaggregation of primary sources

Table 1. Overview and disaggregation of primary sources

Who?	What?	Quantitative or qualitative?	Where?	# of individuals	Data collected by
Representatives of affected populations (community)	KI Interviews	Quantitative	Al-Hasakeh	134	REACH
			Deir-ez-Zor	207	REACH
			Ar-Raqqa	87	REACH
			Aleppo	19	PiN
			Total:	447	
Local council representatives	KI Interviews	Quantitative	Al-Hasakeh	19	REACH
			Deir-ez-Zor	23	REACH
			Ar-Raqqa	14	REACH
			Aleppo	2	PiN
			Total:	58	
Key Supply Chain Actors	KI Interviews	Quantitative	Al-Hasakeh: Potatoes	87	REACH
			Wheat/Flour	83	
			Sheep/Goat	70	
			Fuel	57	
			Deir-ez-Zor: Potatoes	138	REACH
			Wheat/Flour	134	
			Sheep/Goat	126	
			Fuel	102	
			Ar-Raqqa: Potatoes	52	REACH
			Wheat/Flour	13	
			Sheep/Goat	52	
			Fuel	41	
			Aleppo: Potatoes	9	PiN
			Wheat/Flour	11	
			Sheep/Goat	11	
			Fuel	7	
			Total:	993	
Representatives of affected populations	14 FGDs	Qualitative	Areesheh:	24	REACH
			Shadadeh:	24	
			Markada:	36	
			Total:	84	
			Overall total:	1,582	

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