

## INTRODUCTION

Since 1991, Somalia has experienced multiple waves of displacement, caused primarily by prolonged armed conflict and cyclical climatic shocks. The recent 2016-2017 drought in the country displaced around 1.6 million people, adding to another 1.1 million people who were already living in protracted displacement.<sup>1</sup> As a result, the need for increased humanitarian assistance has escalated, particularly in those areas of the country hosting large internally displaced person (IDP) populations, such as Baidoa, which hosts one of the largest IDP populations in Somalia.<sup>2</sup> The Somalia Camp Coordination and Camp Management (CCCM) Cluster estimates that there are 435 IDP sites hosting 51,222 IDP households in Baidoa District.<sup>3</sup>

Within this context, the Somalia Cash Working Group (CWG), in partnership with REACH, conducted a market feasibility study in Baidoa with the objectives of understanding household needs and preferences and evaluating vendor expansion capacity (i.e. their ability to respond to increased demand for key commodities). Expansion capacity is particularly important, as with the continuing arrival of IDPs to Baidoa, there is the possibility that cash-based interventions (CBIs) will be scaled up in the district, and the ability of vendors to absorb increased demand will be a key component in planning these CBIs.

This situation overview presents key findings from the study. Findings relating to non-displaced households are generalisable across assessed settlements with a 95% confidence level and a 9% margin of error, whereas those relating to IDP households are generalisable with a 95% confidence level and a 7% margin of error. Findings from the vendor interviews should be considered indicative only.

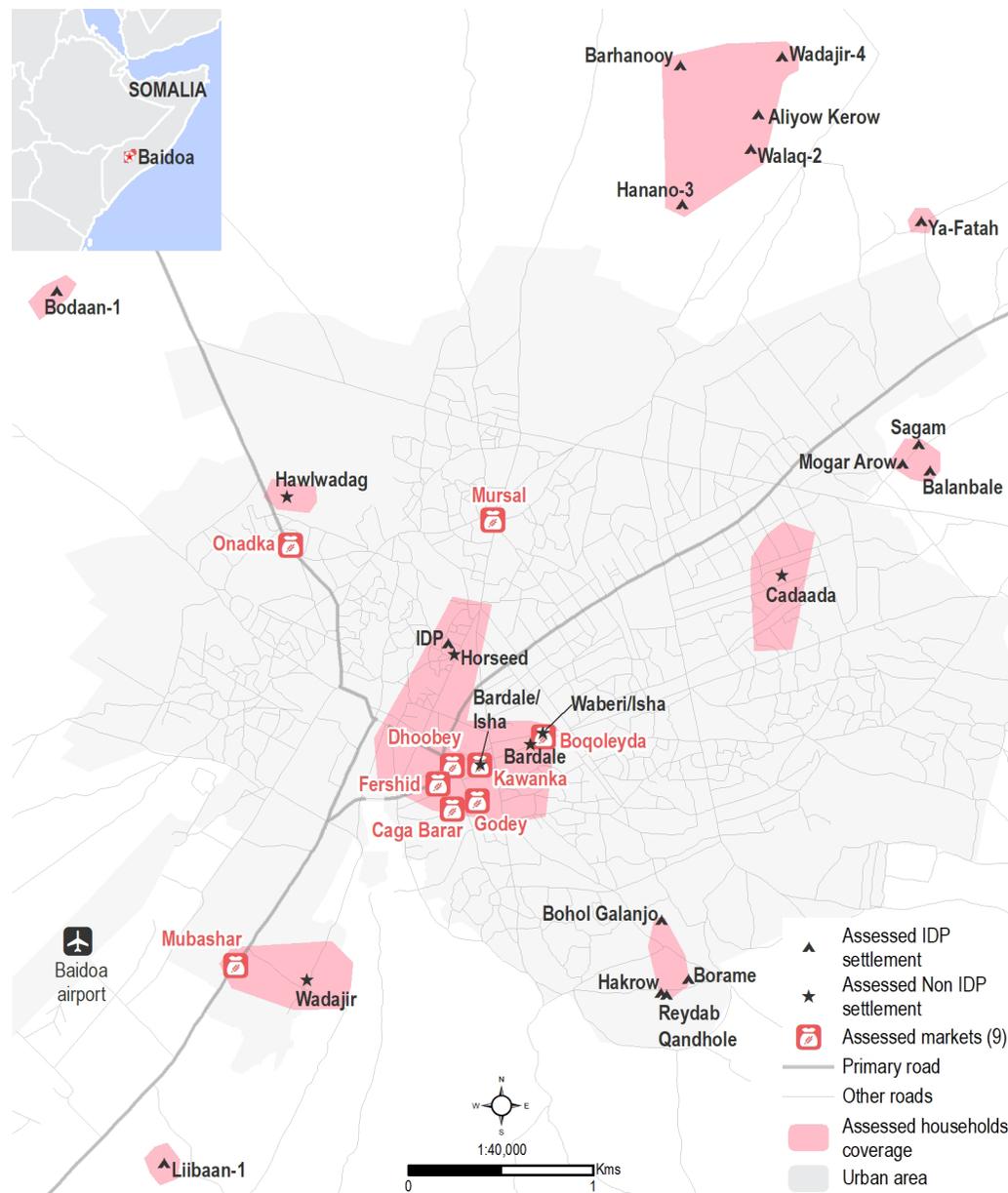
## METHODOLOGY

The study applied a quantitative methodology entailing primary data collection through household surveys and individual interviews with vendors. Household surveys targeted both non-displaced and displaced households in settlements in Baidoa city and its periphery (within 10 kilometres of its boundaries). Using two-stage random sampling for the non-displaced population and stratified cluster sampling across IDP settlements, each population group was sampled for statistical representativeness across the Baidoa area, with a 95% confidence level and at minimum a 10% margin of error. Population estimates were extracted from WorldPop 2015 data<sup>4</sup> and cross-referenced with settlement and population data from both OCHA and REACH Detailed Site Assessment (DSA).

Individual vendor interviews targeted retailers and wholesalers selling food commodities, hygiene items, household non-food items (NFIs) and shelter materials that inform the Somalia minimum expenditure basket (see table 1). Therefore, using purposive sampling, retailers and wholesalers were sampled from nine main markets (Boqoleyda, Caga Barar, Dhoobey, Fershid, Godey, Kawanka, Mubashar, Mursal and Onadka) in Baidoa town, in order to provide a detailed picture of market capacity across the whole town. At least 15 retailers and 3 wholesalers were targeted per market.

Data was collected by REACH enumerators between 5 and 11 September 2019. A total of 179 IDP households, 122 non-displaced households, 161 individual retailer interviews, and 37 individual wholesaler interviews were conducted. During analysis, data from household surveys was weighted during aggregation based on population estimates in each settlement.

Map 1: Assessed markets and settlements



## KEY FINDINGS

- The top five push factors that led IDPs to displace to Baidoa city—**lack of food, lack of water, drought, conflict, and lack of livelihood opportunities**—were all likely experienced as **intertwined** by many households, particularly those that relied on agricultural livelihoods. This demonstrates how protracted conflict and recurrent natural disasters can damage livelihoods dependent on natural resources.
- In a likely reflection of the below-average rains which characterised Somalia from 2016 to mid-2019, **water** (46%) and **food** (35%) were the **most commonly reported priority needs**.
- Compared to non-displaced households, **IDP households tended to live farther from markets and financial service providers (FSPs)**. Among those who reported regularly accessing markets and FSPs on foot, 69% of non-displaced households and 28% of IDP households reported a trip of less than 30 minutes to the nearest market; similarly, 91% of non-displaced households and 50% of IDP households reported a trip of less than 30 minutes to the nearest FSP.
- Seventy-one percent (71%) of households reported having access to a **mobile money operator**, making it **the most widely available type of FSP**. However, access among IDP households (62%) was reportedly significantly lower than among non-displaced households (85%), possibly owing to distance. Although **no household reported regular access to a bank**, many vendors were able to access them, suggesting either that households faced more barriers to opening personal bank accounts or that vendors were able to travel farther afield to access bank facilities.
- Among all interviewed households, 57% indicated **multi-purpose cash assistance (MPCA)** as their **preferred assistance modality**, while 35% preferred vouchers and 8% in-kind aid. All households that preferred vouchers did so due to their lower perceived security risk compared to cash, highlighting the importance of addressing aid recipients' concerns surrounding MPCA.
- Seventy-six percent (76%) of interviewed wholesalers and 72% of interviewed retailers reported that they had **access to credit** when they needed extra capital to conduct business. **Retailers were much more likely to rely on informal rather than formal financial services**; 68% of wholesalers reported that their primary source of credit was either a bank or a microfinance institution, while just 36% of retailers reported the same.
- Despite reportedly being stocked by the majority of assessed vendors, **food items**, particularly pasta (67%) and rice (54%), were still the commodities most commonly subject to **shortages**.
- All interviewed wholesalers and 92% of interviewed retailers reported that if demand for the commodities they sold increased, for example due to an influx of cash assistance, then they would be able to increase their supply to match. However, triangulation with other findings suggests that **some vendors faced restrictions on scaling up that would be difficult for them to overcome**.

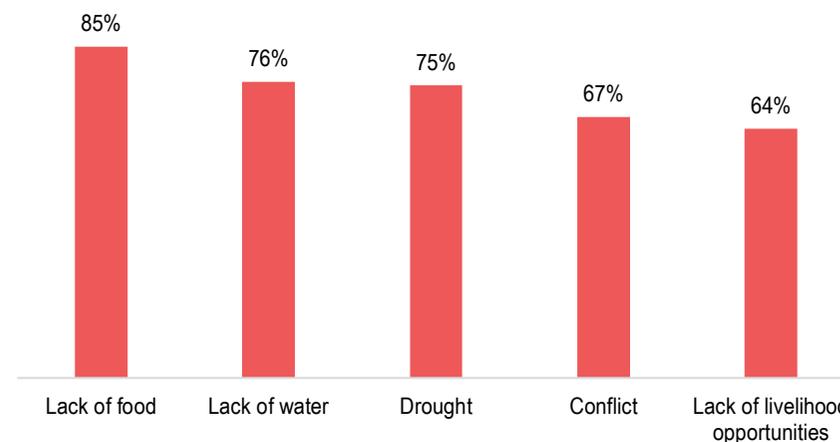
## HOUSEHOLDS

### DISPLACEMENT

The majority (66%) of IDP households reported having been displaced from elsewhere in Bay Region. Of these, 52% reported having been displaced from elsewhere in Baidoa, 28% from Diinsoor and 17% from Qansax Dheere, indicating that movement is relatively localised. Twenty-eight percent (28%) reported having been displaced from neighbouring Bakool Region.

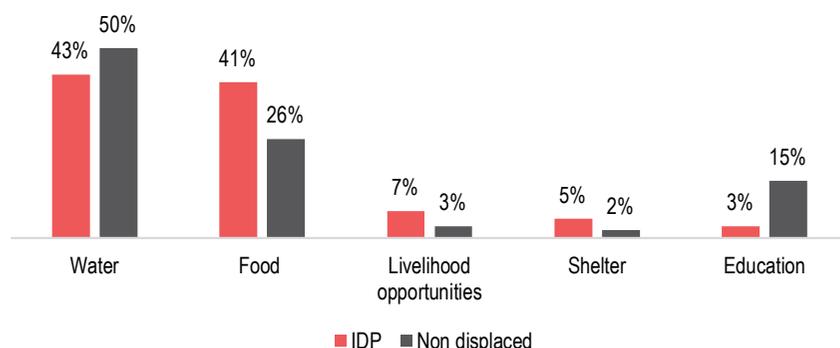
As demonstrated in Figure 1, lack of food, lack of water, drought, conflict, and lack of livelihood opportunities were the top push factors for displacement reported by IDP households, indicating an interplay of protracted conflict, natural disasters, and economic motivations in pushing populations to leave their areas of origin. Given that 85% of the Somali workforce relies on agriculture for their livelihoods,<sup>5</sup> many households experience all of these push factors as intertwined; drought-related water shortages can lead to crop failures, which in turn impact households' food security and remove their primary source of income. This illustrates how protracted conflict and recurrent natural disasters can damage livelihoods dependent on natural resources.

Figure 1: Most commonly reported push factors for displacement reported by IDP households<sup>6</sup>



On a similar note, 78% of IDP households reported that they had moved to their current settlement due to the greater availability of livelihood opportunities. This was followed by absence of conflict at 76%, presence of education services at 69%, presence of health services at 68%, and presence of food aid at 65%, suggesting that the presence of humanitarian assistance, and of services commonly supported by humanitarian actors, was a key pull factor.

Figure 2: Most commonly reported household priority needs, disaggregated by population group



Nearly all IDP households (99%) reported that they intended to remain and settle permanently in their current locations rather than return to their areas of origin. This finding is consistent with previous assessments, including the 2018 Somalia Joint Multi-Cluster Needs Assessment (JMCNA),<sup>7</sup> indicating a need to develop durable solutions which focus on quality service provision and the creation of livelihood opportunities in urban areas. The 1% who indicated that they intended to move reported that they intended to move elsewhere in Baidoa after at least a period of six months.

NEEDS

Potentially pointing to the effects of sporadic and below-average rains which characterised Somalia from 2016 to mid-2019,<sup>8</sup> water at 46% and food at 35% were the most commonly reported primary needs among all households (see Figure 2). These were followed by education at 8% and livelihood opportunities at 5%. IDP households were significantly more likely to report food as their top priority need (41% for IDP households as compared to 26% for non-displaced households).

Further, the emergence of education as a top primary priority need suggests that Somali households are eager for greater access to education. According to the 2018 Somalia JMCNA, 78% of IDP and 55% of non-displaced school-aged children in Somalia do not attend school.<sup>9</sup> Barriers to education range from a lack of school fees to violence at schools, especially in Bay and Bakool regions. Given that 50% of the country's population is aged 15 years and below,<sup>10</sup> greater investment in education is needed in order to improve livelihoods prospects in the country. Otherwise, continued reliance on a single livelihood source, for instance agriculture, will leave the population at the mercy of meteorological and climatic shocks.

AVAILABILITY

Of the commodities listed in Table 1, primary food items were reportedly those with the highest demand among households, led by sorghum at 32% and followed by rice at 23% and maize at 21%. The demand for

Table 1: Food and non-food commodities assessed for availability

Category	Commodities		
Food items	Sorghum	Maize	Rice
	Sugar	Wheat flour	Salt
	Tea leaves	Cooking oil	Milk/milk powder
	Meat	Tomatoes	Onions
Cooking fuel	Charcoal	Firewood	
Water, sanitation, and hygiene items	Bar soap	Laundry powder	Sanitary towels
	Bottled water	Water treatment products	
Household NFIs	Jerry cans	Buckets	Sleeping mats
	Blankets	Mosquito nets	Torches/light sources
	Batteries	Cooking utensils	
Building materials	Building nails	Plastic sheeting/tarpaulins	Wooden poles
	Timber	Cement	Galvanised iron sheets

non-consumable NFIs was in general far lower; sleeping mats and cooking utensils, the top primary non-food commodities, were reportedly needed by 4% and 3% of all households respectively.

Twelve percent (12%) of all households reported that one or more of the commodities they needed had not been available in the market for more than 15 days in the month prior to data collection, with a notably higher proportion of IDP households (17%) reporting this compared to non-displaced households (4%). Among households reporting unavailability, the commodity facing the most frequent shortages was sorghum (61%), likely connected to drought at the time of data collection. In line with this, the Food Security and Nutrition Analysis Unit for Somalia (FSNAU) estimates that in Bay, a major sorghum-producing region, the area planted with sorghum, cowpeas, and maize during the 2019 Gu rains (April-June) was 40% below average due to the cumulative effects of below-average 2018 Deyr (October-December) and 2019 Gu rains.<sup>11</sup>

Among households reporting a lack of availability of one or more commodities in the month prior to data collection, pasta was also singled out as frequently unavailable (51%), followed by sugar at 47%, maize at 44%, rice at 37%, and wheat flour at 31%. This is also likely owing to the fact that supply could not match demand for these items, which are key to the standard Somali diet.

ACCESS TO MARKETS

The majority (84%) of all households reported mainly purchasing commodities from markets within Baidoa town. Six percent (6%) reported receiving them directly from the government or from non-government organisations (NGOs) in the form of aid.

Figure 3: Reported means of accessing markets, disaggregated by population group



Walking was the most commonly cited way for respondents to access markets. As demonstrated in Figure 3, a notably lower proportion of IDP households compared to non-displaced households reported accessing markets by either tuk tuk (auto rickshaw) or taxi. This is likely due to IDP households' generally more limited resources. The median cost of a return journey to and from the market by tuk tuk was 1 United States dollar (USD), while the cost of a similar journey by taxi was 5 USD.<sup>12</sup>

Thirty-six percent (36%) of those non-displaced households who reported accessing markets by walking reported that it took them 10 minutes or less to get from their homes to the market, while just 9% reported that it took them more than one hour (see Figure 4). The percentages for IDP households were nearly flipped, with just 7% of households that walked reporting a travel time of less than 10 minutes, whereas 36% needed to walk for more than an hour. This suggests that IDP households tended to live farther away from markets compared to non-displaced households yet still had no alternative but to walk to markets.

A heavy reliance on walking can negatively affect households' food and economic security, in particular by limiting the amount of goods that household members will be able to carry home in a single trip. This can significantly increase the monetary cost to these households, as they will need to make more frequent trips to the market and may often spend more due to being unable to buy in bulk. Long distances coupled with a reliance on walking can also pose a major barrier to those with mobility issues, including disabled people, elderly people, and children. Actors implementing or planning to implement CBIs must therefore consider market access challenges that may especially affect these groups.

Regarding frequency of access, 19% of all households reported accessing markets more than twice

Figure 4: Reported time taken by those households who indicated that they walked from their homes to markets, disaggregated by population group

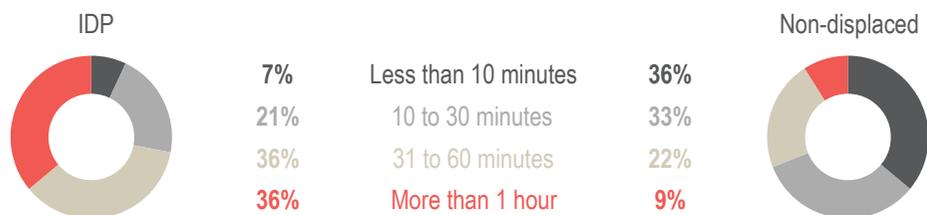


Figure 5: Reported frequency of access to markets, disaggregated by population group



per week, 28% twice per week and 53% once per week. However, the frequency of access among IDP households was much lower than among non-displaced households, reinforcing earlier observations about the barriers to access created by IDPs' greater average distance from markets (see Figure 5).

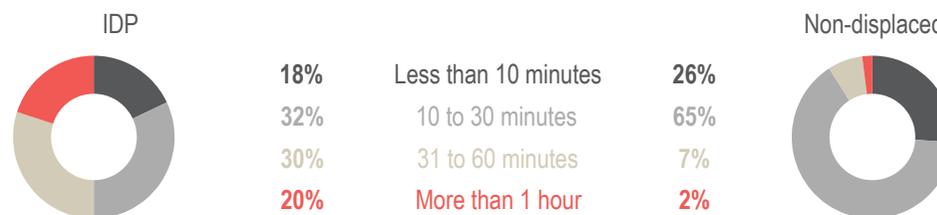
Despite difficulties with lack of transportation and frequency of access, the vast majority (97%) of households reported that they did not face any challenges when accessing markets, indicating that at least one household member was able to make the trip often enough to keep their family supplied. Among the 3% of households who did report challenges, the most commonly reported risks were related to gun attacks (45%), armed robbery (45%), and bombings (20%), reflecting the volatile security situation in Baidoa.

ACCESS TO FINANCIAL SERVICE PROVIDERS (FSPs)

According to the World Bank's 2018 Somalia Economic Update, almost three-quarters of Somalis above the age of 16 use mobile money services on a regular basis, making Somalia one of the most active mobile money markets in the world.<sup>13</sup> Accordingly, humanitarian actors in the country have focused heavily on mobile money as a primary transfer delivery mechanism. In Baidoa, 71% of all households reported access to a mobile money operator, though the percentage of IDP households with access (62%) was significantly lower than that of non-displaced households (85%). When designing mobile money-based cash transfer programmes in Baidoa, therefore, humanitarian actors should remain aware that some of the district's most vulnerable IDPs may potentially face issues accessing this type of transfer.

Just 1% of all households reported access to a hawala agent,<sup>14</sup> due in part to the wide availability of mobile

Figure 6: Reported time taken by those households who indicated that they walked from their homes to financial service providers, disaggregated by population group



money accounts, which have come to fulfill many of the same functions. Conversely, 28% of all households reported no access at all to FSPs, again including a higher proportion of IDP households (37%) compared to non-displaced households (15%). No interviewed households reported having access to a bank account.

Nearly all the households (99%) who were able to access financial service providers reported that they did not incur any charges for withdrawals. It is likely that these fees were charged to the sender.

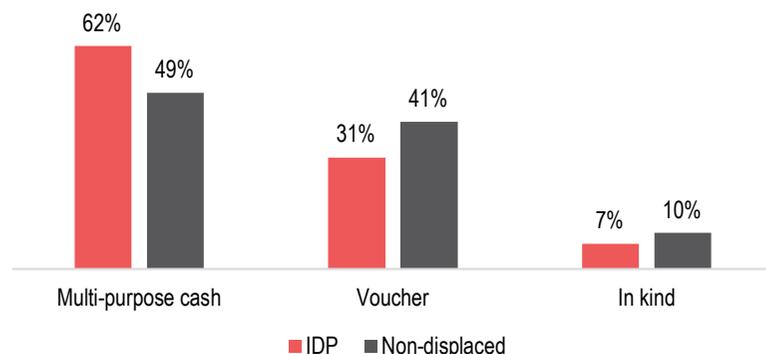
Of those households who indicated access to financial service providers, 69% reported accessing them on foot, as compared to 13% by bus or tuk tuk and 5% by taxi. Overall, households seemed to be within easier reach of financial service providers than of markets themselves, due largely to the ubiquity of mobile money operators; 91% of non-displaced households with access and 50% of IDP households with access reported having to walk less than 30 minutes to reach their nearest FSP (see Figure 6). On the other hand, 2% of non-displaced households with access and 20% of IDP households with access had to travel more than an hour for the same.

### HUMANITARIAN ASSISTANCE

Just 17% of IDP households and 12% of non-displaced households reported that at least one member had received humanitarian assistance in the three months prior to data collection. Of these households, 33% overall reported having received assistance in the form of multi-purpose cash, 22% as food vouchers, and 28% as in-kind food distributions. This suggests that in-kind assistance remains prevalent in Baidoa despite increased emphasis on CBIs over the past two years.<sup>15</sup>

Twenty-six percent (26%) of those IDP households who indicated receiving humanitarian assistance reported being dissatisfied with what they had received. All attributed their dissatisfaction to the assistance being insufficient to meet their household's needs, with 10% additionally stating that the assistance had been of low quality.

Figure 7: Reported preferred assistance modality, disaggregated by population group



Fifty-seven percent (57%) of all households reported multi-purpose cash as their preferred assistance modality. As demonstrated in Figure 7, a notably higher proportion of IDP households (62%) compared to non-displaced households (49%) stated this preference. Among households that preferred cash, the most commonly cited reasons were that they felt it afforded them greater dignity (45%) and greater freedom to purchase their preferred brands and commodities (44%); 25% also appreciated the opportunity to save the cash for times of greater need.

Of the 35% of households that indicated a preference for vouchers, nearly all cited the lower associated security risks of this modality compared to cash. Meanwhile, most of the 8% of households that preferred in-kind assistance attributed this to the poor quality of commodities in their local markets; this implies that these respondents would prefer in-kind aid that was not locally procured.

### CASUAL LABOUR

Forty-seven percent (47%) of non-displaced households and 35% of IDP households in Baidoa city reported that at least one household member had worked in casual labour in the 30 days prior to data collection. It is possible that, due to their stronger social networks in Baidoa city, non-displaced households were more likely to be integrated into the casual labour force compared to IDP households.

The construction industry was the most commonly reported primary industry where non-displaced households had worked, cited by 38% of those non-displaced households that indicated that at least one member had worked in casual labour. On the other hand, IDP household members were more likely to have taken on domestic work (39%), followed by construction jobs (36%).

Reported wage rates varied both across and within the different industries, which was attributed to a number of factors, including where in the value chain a worker fell. For instance, the highest-paid person in the construction industry reported a daily wage of 6.00 USD, while the lowest-paid reported a daily wage of 0.96 USD.<sup>12</sup> As such, the median wage rates illustrated in Table 2 should be considered only as indicative of industry rates.

Table 2: Primary median wage per day based on wages reported by households, disaggregated by industry<sup>16</sup>

Industry	Median wage per day (USD) <sup>12</sup>
Construction	4.00
Tailoring	3.50
Electrical repairs	3.00
Carpentry	3.00
Agriculture	2.90
Transport	2.40
Domestic work	2.00

## VENDORS

### INFRASTRUCTURE

All assessed shops were reportedly open for a minimum of six days per week, with 85% of all interviewed vendors reporting being open all seven days. Retailers tended to operate on a small scale, as shown in Figure 8, with 58% serving fewer than 50 customers per week and 90% serving fewer than 100. This implies that the great majority of vendors in Baidoa markets are working with limited financial resources and are conducting business with a fragmented customer base.

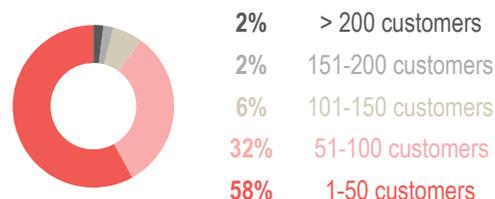
A large majority of assessed shops, 81%, were housed in permanent buildings (see Figure 9).<sup>17</sup> Regarding storage, 64% of those interviewed vendors with permanent buildings reported being able to store extra stock directly in their shops, with 31% relying on a separate storage space (generally a warehouse) and 5% bringing their excess stock home with them.

Those who used makeshift structures or traded in the open air, however, were less likely to have access to safe and secure storage methods. Forty-two percent (42%) of vendors using makeshift structures had to store their extra stock in a separate storage space, mainly in other vendors' shops due to the high cost of renting warehouse space; another 39% brought their stock home nightly, and 19% left it in their shop, often simply covering the goods with plastic sheeting and relying on night watchmen in the market to keep them safe.

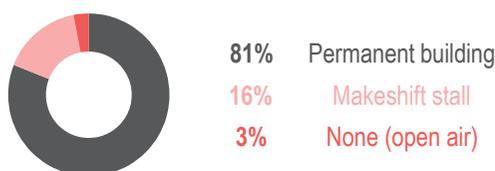
Eighty-eight percent (88%) of interviewed retailers and 73% of interviewed wholesalers indicated that they paid rent for their shop/space in the market, always to private landlords.

Just 1% of interviewed vendors reported facing security challenges as a consequence of their work, with only 3% facing challenges not related to security. Among this 3%, the most commonly reported issue was the contamination of commodities in the shop by rodents and pests, followed by difficulty carrying commodities to the shop from shortage and by the expiry or rotting of goods before they could be sold, often due to water leakages. Challenges such as these would need to be mitigated, potentially with additional humanitarian support, before these vendors would be able to scale up.

**Figure 8:** Reported number of customers served per week by interviewed retailers<sup>20</sup>



**Figure 9:** Shop structures used by interviewed vendors<sup>17</sup>



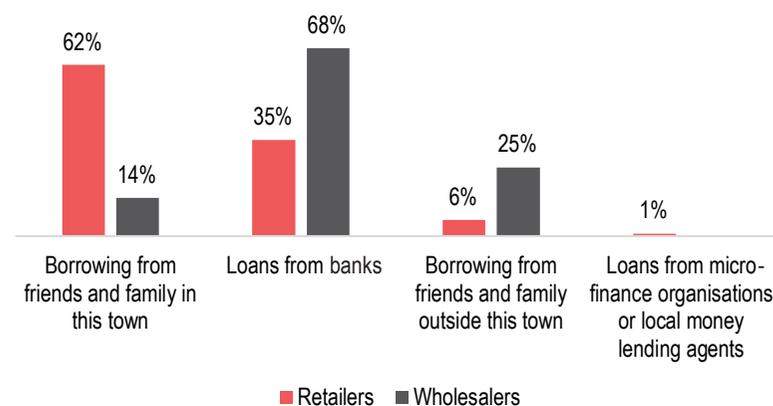
### ACCESS TO CREDIT

Seventy-six percent (76%) of interviewed wholesalers and 72% of interviewed retailers reported that they had access to credit when they needed extra capital to conduct business. Borrowing from friends and family within Baidoa (see Figure 10) was the most common source of credit among interviewed retailers, reported by 62% of those who indicated access to credit. Overall, it is estimated that two-thirds of businesses in Somalia rely on friends and family for financial intermediation, due to unfavourable lending terms and conditions, such as overcollateralisation, by banks.<sup>18</sup> This poses an important concern, because for CBIs to be successful, it is key that participating vendors have sufficient capital to increase stock in order to meet demand.

Loans from banks, at 68%, were the most commonly used source of credit among interviewed wholesalers with access to credit; however, only 35% of retailers with access to credit reported using the same. The difference in access to bank loans can likely be attributed to wholesalers operating on relatively larger scales compared to retailers. According to the World Bank, due to stringent collateral requirements, loans from Somali banks tend mainly to benefit the well-to-do who can prove ownership of high-value assets.<sup>19</sup> While two-thirds of wholesalers and one-third of retailers in Baidoa were able to meet these requirements, no interviewed households were able to regularly do the same, explaining their much higher reliance on mobile money services.

Interviewed vendors were also asked if they allowed their customers to purchase commodities on credit, a common practice among Somali consumers, who reportedly often bring their humanitarian cash transfers directly to their local stores to pay off existing debts or prepay for future purchases. Eighty percent (80%)

**Figure 10:** Sources of credit reported by those retailers who indicated access to credit<sup>23</sup>



of vendors restricted this privilege to trusted customers only, while 18% reported extending credit to all customers; just 2% reported that they never allowed customers to buy on credit.

**MARKET SUPPLY**

With reference to the commodities listed in Table 1, 16% of interviewed wholesalers and 11% of interviewed retailers indicated that they had faced shortages of one or more of these commodities in the month prior to data collection. Despite reportedly being stocked by a majority of assessed vendors, food items were still more prone to vendor shortages than any other category of assessed items (see Figure 11); the main stated reasons were suppliers' inability to meet their full demand, road closures, and general commodity shortages throughout the Baidoa area. This suggests that some vendors, in particular those operating on small scales, may face challenges finding alternate suppliers or routes when facing problems with their existing supply chains; in turn, this implies that they may not find it easy to scale up reliably in response to increased demand.

**Figure 11:** Commodities with the most widespread shortages, as reported by vendors who indicated having faced shortages<sup>20</sup>

Pasta	Rice	Sugar	Maize	Wheat flour	Sorghum	Cooking oil	Milk/Milk powder
67%	54%	29%	21%	13%	8%	8%	8%

As regards sources of supplies, the great majority of interviewed retailers (81%) reported sourcing their supplies from a wholesaler in their own market of operation. On the other hand, the majority of interviewed wholesalers (68%) reported relying on suppliers in another city, mainly Mogadishu; smaller percentages of wholesalers purchased from other wholesalers in Baidoa-area markets (38%), local producers (16%), and international suppliers, mainly those in Dubai (3%).

Ultimately, the supply chains for most goods found in Baidoa markets lead back to Mogadishu, or through it in the case of commodities imported from Dubai. Because of this, any issues affecting the Mogadishu-Baidoa road, including natural disasters, heightened insecurity, armed group checkpoints, and the like, have the potential to severely disrupt trade in Baidoa. Shortages that arise due to these issues will first affect wholesalers and will then be passed down the chain to retailers, despite the fact that most Baidoa retailers maintain purely local business relationships.

The majority (68%) of Baidoa vendors reported using hired vehicles to transport commodities from their suppliers, with an additional 21% using professional transport services. Just 6% of all interviewed vendors reported that either they or their supplier/transporter face challenges during transport; of these, all cited the

poor quality of roads as the main challenge.

Nineteen percent (19%) of interviewed wholesalers reported restocking more than twice per week, 51% twice per week and 30% once per week. On the other hand, just 4% of interviewed retailers reported restocking more than twice per week, 24% twice per week, and 64% once per week, with another 7% not restocking at all in an average week. As previously mentioned, retailers in general tended to operate on small scales, with 58% serving fewer than 50 customers per week; this, coupled with their frequent restocking schedules, suggests that they may only have been able to keep limited stock on hand.

All interviewed wholesalers and 92% of interviewed retailers reported that if demand for the commodities they sold increased, then they would be able to increase their supply, generally by restocking more frequently, placing larger orders with their suppliers during each restocking, or a combination of both. The remaining 8% of retailers were more cautious, generally citing inadequate access to transport and an unwillingness to make frequent trips to their supplier due to security concerns.

It is important to note, however, that these confident responses were based on vendors' subjective self-assessments; hence, triangulation with other indicators is crucial. It is likely that the 75% of retailers without access to formal bank loans, and in particular the 28% with no access to credit at all, would find it more difficult than others to scale up if faced with a sudden increase in demand. Eleven percent (11%) of retailers, furthermore, indicated that they had faced shortages of key commodities at normal levels of demand, and that these shortages had often been due to a broader lack of availability or to the inability of their suppliers to match demand; given how central the Mogadishu-Baidoa road is to supplying the town's markets, any barriers to travel on this road may prove difficult to overcome. Finally, although the majority of vendors operated out of permanent structures and had access to secure and private storage options, the 33% who relied on renting warehouse space or storing their goods in other vendors' shops, as well as the 3% who had to leave their stock in their shops unsecured, would face additional financial or logistical barriers to increasing their stock.

**KEY DYNAMICS TO CONSIDER**

Based on the above analysis, several key dynamics were identified as central to the question of cash feasibility in Baidoa district:

- Fifty-eight percent (58%) of assessed vendors in the Baidoa area operate on a small scale, serving fewer than 50 customers per week. This limits the financial and physical resources to which these vendors have access, as well as the amount of stock they are able to keep on hand, which may in turn make it difficult for them to scale up in response to increased demand.
- The functionality of Baidoa's markets, and the availability of goods in those markets, depends heavily on the condition of the Mogadishu-Baidoa road. If this road is rendered impassable by either extreme weather events or armed group activity, the prices of non-locally produced goods should be expected to rise.

- Shortages of certain key commodities, mainly staple foods, are frequent but short-lived, with 12% of households overall and 17% of IDP households unable to obtain a key item they needed from the market. Many of these shortages are due to issues in the broader market environment, including road closures and crop failures, and may thus be difficult for individual vendors to overcome.
- Eighty-one percent (81%) of non-displaced households and 95% of IDP households have to walk to access markets. This proves a particular issue for IDP households, one-third of whom must walk more than 1 hour to reach their nearest market from the camps in which they live. This reliance on lengthy walks can impose an additional financial burden on IDP households, as it limits the amount they can buy in one trip, can prevent them from purchasing more cheaply in bulk, and may require them to either hire transportation for large purchases or to incur the opportunity cost of making more frequent trips. It can also potentially prevent more vulnerable household members from accessing markets at all, in particular disabled people, children, and the elderly.
- Though mobile money operators are theoretically widespread throughout Baidoa city, 15% of non-displaced households and 38% of IDP households reported lacking easy access to an operator. Furthermore, as with markets, 20% of IDPs reported having to walk for more than an hour to access their nearest FSP, a category which includes mobile money operators. These facts, coupled with the sometimes shaky mobile network coverage, must be taken into account by organisations implementing mobile money-based cash transfers in Baidoa.
- While 57% of households overall preferred to receive multi-purpose cash assistance, 43% (nearly half) stated a preference for vouchers or in-kind aid, most often because they felt that receiving aid in these forms exposed them to fewer safety and security risks in the highly insecure southern Somalia context. Actors intending to deliver multi-purpose grants in any form should not only be attentive to recipients' potential protection concerns, but should also be sure to communicate to target populations how those concerns are being addressed.

## ENDNOTES

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20. Interviewed vendors could select multiple responses.

## 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's Operational Satellite Applications Programme (UNITAR-UNOSAT). For more information, please visit our website at [www.reach-initiative.org](http://www.reach-initiative.org), contact us directly at [geneva@reach-initiative.org](mailto:geneva@reach-initiative.org), or follow us on Twitter at [@REACH\\_info](https://twitter.com/REACH_info).