

# Joint Cash Feasibility Assessment

Dikwa, Dikwa LGA, Borno State, February 2018



**REACH** Informing more effective humanitarian action

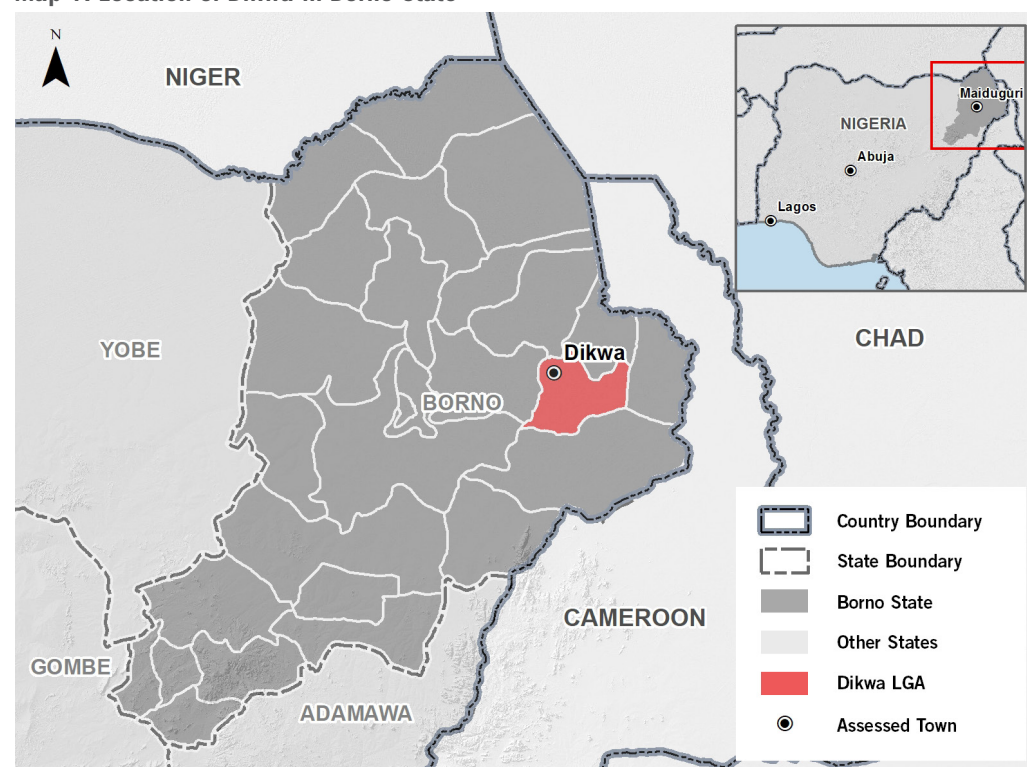
## INTRODUCTION

This situation overview presents findings from the Joint Cash Feasibility Assessment, aimed at identifying the most appropriate assistance modality in towns across Northeast Nigeria for food, hygiene non-food items (NFIs), household NFIs, firewood or fuel, and shelter repair materials.<sup>1</sup> The assessment was coordinated by the Cash Working Group (CWG) with support from REACH, and data was collected by 13 CWG member organisations from 1-16 February. In Dikwa, data was collected by ADRA.

For Dikwa, 211 household interviews were conducted (106 with IDPs and 105 with non-IDP populations), along with 14 Bulama (traditional community leader) interviews and 4 consumer focus group discussions (FGDs). In addition, 32 interviews and 2 FGDs were conducted with vendors selling the assessed items in Dikwa, and 1 semi-structured interview was conducted with a head of traders (an informally-designated spokesperson for market vendors).

Findings from household interviews have a confidence level of 95% and a margin of error of 8% when

**Map 1: Location of Dikwa in Borno State**



aggregated to the level of the overall town population. When aggregating the data, surveys from each population group (IDPs and non-IDPs) were weighted based on estimated population size and number of surveys per group, in order to ensure responses were not skewed towards any particular group. Household data focused on household assistance modality preferences and access to items, cash, and markets.

Vendor interviews focused on vendor capacity to respond to an increase in demand for assessed items, sources of supply, and barriers to conducting business. Findings based on data from individual vendor interviews and FGDs with both households and vendors are indicative rather than generalisable.

Key findings and recommendations for Dikwa are provided below. These recommendations were developed by CWG members during a joint analysis workshop. In addition, more general findings and recommendations applying to all assessed areas can be found in the [overview document](#) for this assessment.

## KEY FINDINGS

- Almost three-quarters of households reported that they preferred in-kind to cash-based aid for assessed item categories. Many reasons were commonly reported for this preference, including the lack of safety of storing or carrying cash, the risk of household members misusing cash, concerns about price gouging, and insufficient quantities of goods at markets.
- The majority of households were reliant on humanitarian aid as their primary source of most assessed items. The exception was firewood, which households mostly collected themselves from nearby areas.
- More than half of households in Dikwa reported that they felt unsafe storing and carrying cash in the community, the only assessed location where this was the case. These concerns were most commonly due to fears of attacks on households and armed robbery. The vast majority of households also reported that they had no access to credit from vendors or elsewhere, and that cellular networks were not available in the town.
- Most vendors reported restocking from Maiduguri, often making the trip there in hired vehicles to collect goods from their suppliers. However, vendors said that they were not permitted to travel to Maiduguri except in a military-escorted convoy, which impeded their ability to restock as it meant they could not travel to Maiduguri as frequently as they needed to. The majority of interviewed vendors reported facing security barriers to conducting business in the market and transporting goods from Maiduguri, most commonly fears of attacks by armed groups.
- Although most interviewed vendors estimated that they could double supplies of assessed items, other indicators suggest that there would be significant barriers to the expansion of market supply. These include a lack of credit sources, challenges in the transportation of goods, and perceived security risks in conducting business.
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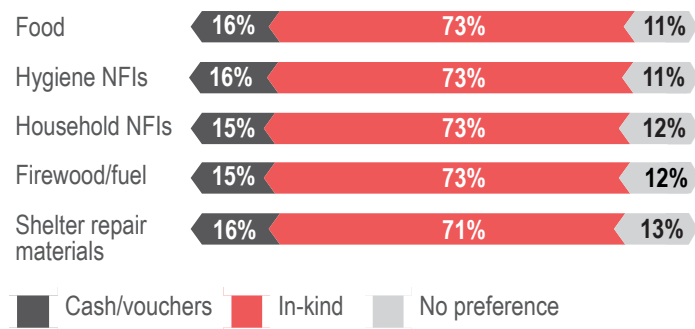
<sup>1</sup>Hygiene NFIs include items such as soap and laundry powder. Household NFIs include items such as bedding materials, mosquito nets, and cooking utensils. Shelter repair materials include items such as plastic sheeting, nails/screws, and wooden poles.

## RECOMMENDATIONS<sup>2</sup>

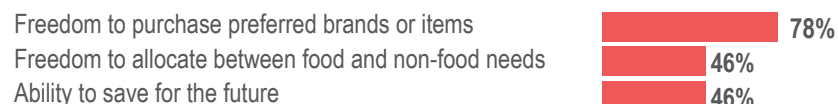
- Findings suggest that humanitarian actors would currently face major barriers to the implementation of cash-based assistance in Dikwa. The heavy reliance of households on humanitarian aid means that a transition to cash-based aid would cause a large increase in market usage, while vendor-reported challenges to transporting goods and conducting business indicate that market vendors may struggle to respond to this growth in demand. In addition, household perceptions that it is unsafe to store or carry cash demonstrate low levels of trust within the community.
- Actors interested in achieving a transition towards cash-based aid in the longer term could consider measures to make such a transition more feasible. Such measures could include the provision of credit and financial services to households and vendors, development of informal savings groups, livelihoods grants to encourage additional people to start engaging in trade, and advocacy to support more frequent vendor travel to Maiduguri.
- In addition, any longer-term transition to cash-based aid should be done in a gradual manner, so as to prevent a sudden upsurge in demand for goods from the market in Dikwa. Restricted cash-based modalities could be used as part of such a phased transition, as they generally involve a closer vendor-NGO relationship and might alleviate initial household concerns about family members misusing cash.
- Humanitarian actors should also consider the possibility of in-kind distributions for firewood or charcoal in Dikwa. The majority of households reported gathering their own firewood from nearby areas, and the volatile security situation in Dikwa suggests that this may cause protection concerns. However, actors considering such interventions should try to minimise the disruption they may cause to the livelihoods of those dependent on the sale of firewood.

## HOUSEHOLD ASSISTANCE MODALITY PREFERENCES\*

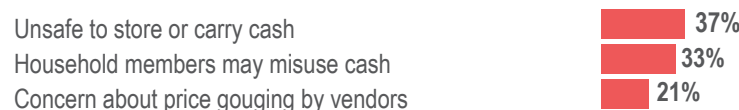
### Reported preference of cash/vouchers or in-kind aid:



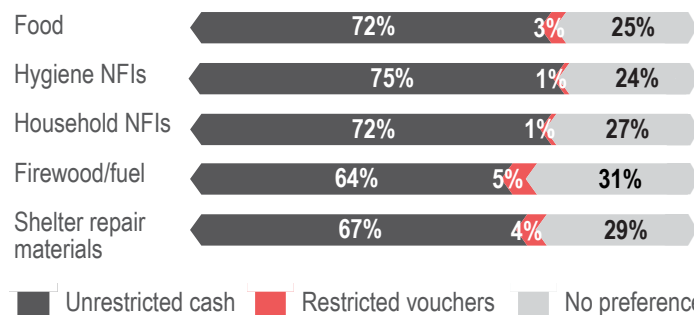
### Of those preferring cash/vouchers, top reported reasons:



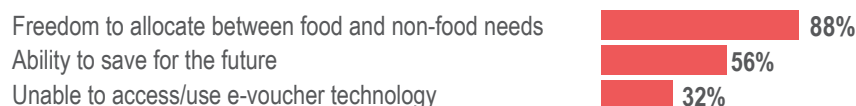
### Of those preferring in-kind aid, top reported reasons:



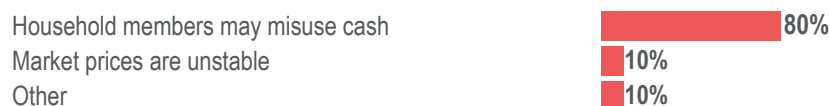
### Of those preferring cash/vouchers, reported preferences between unrestricted cash and restricted vouchers:



### Of those preferring unrestricted cash over restricted vouchers, top reported reasons:



### Of those preferring restricted vouchers over unrestricted cash, top reported reasons:



<sup>2</sup> Recommendations were developed jointly by CWG member organisations at a Joint Analysis Workshop. In addition to the location-specific recommendations listed below, more general recommendations for assessed areas can be found in the overview document for this assessment.

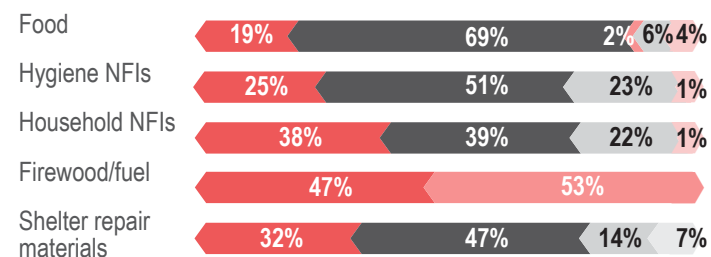
\*All data shown in the graphs in this section comes from household interviews.

Household FGDs revealed similar reasons to the those reported in the interviews for preferring in-kind aid. Many participants stated that they preferred in-kind aid because they felt the goods available at markets were of poor quality and insufficient in quantity, with others cited concerns that they would be cheated by vendors at markets. In addition, some female FGD participants expressed concerns that other members of their household may misuse cash-based aid. These concerns may be compounded by the lack of inclusion of women in household financial decision-making, with 90% of female interviewees and most female FGD participants reporting that they were not included in such decisions.

Among participants preferring cash-based aid, the ability to acquire items not usually provided by NGOs, such as condiments, was most commonly mentioned as a reason. These views were generally more common among male participants.

## HOUSEHOLD ACCESS TO ITEMS\*

### Primary method of accessing items in the past month:



### Most needed food items:



### Most needed hygiene NFIs:



### Most needed household NFIs:

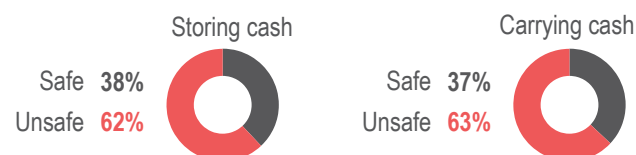


### Most needed shelter repair materials:



## HOUSEHOLD ACCESS TO CASH AND CREDIT\*

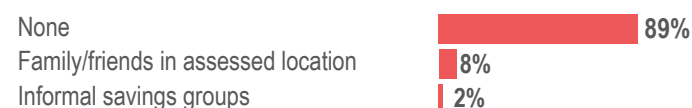
### Reported perception of safety of storing or carrying cash:



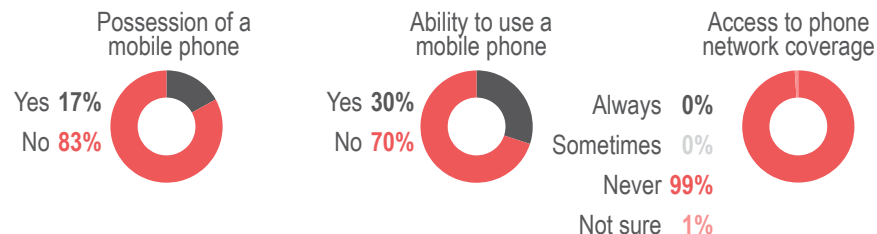
### Percentage of households able to buy items on credit:



### Reported household sources of credit other than vendors:



### Mobile phones:



As was the case in household interviews, FGD participants also mentioned the lack of credit sources, while vendor FGD participants mentioned that they generally did not want to provide credit to customers they perceived as unreliable.

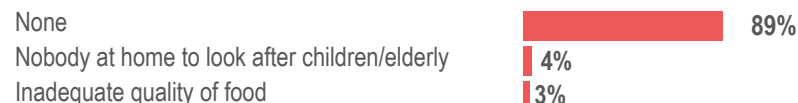
FGD participants also expressed a disinclination towards mobile money, largely because no cellular network coverage was available in Dikwa.

## HOUSEHOLD ACCESS TO MARKETS\*

### Reported security risks at markets:



### Reported non-security barriers to accessing items at markets:



More than half of households reported facing security barriers to market access, most commonly citing the risks of bombings and gun attacks as threats. However, FGD data indicated that these were general fears that community members held, rather than barriers preventing market access and modifying consumer behaviour on a daily basis.

### Items most commonly reported by households as unavailable:



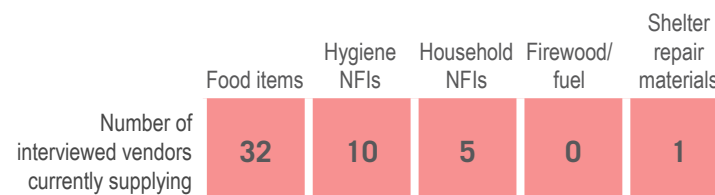
### Items that households most commonly report being able to afford:



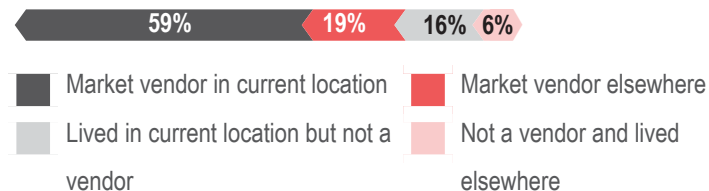
While the vast majority of households did not report any items as unavailable, this is likely because many of them may not be aware of availability issues in markets due to reliance on humanitarian aid and infrequent visits to markets due to affordability issues. This is corroborated by FGD data, where many participants said that markets had insufficient quantities and variety of items, particularly NFIs. FGD participants also reported that market prices fluctuated frequently, decreasing when humanitarian aid was available and rising during times of greater need amongst households.

## VENDORS AND MARKETS: OVERVIEW\*\*

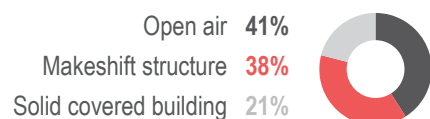
According to the head of traders, the pre-conflict site of the main market in Dikwa was still in use. Most vendors reported that they faced security challenges to conducting business, with the risk of bombings, theft from storage facilities, and the risk of gun attacks the most commonly reported challenges. FGD participants stated that, due to perceived security challenges, local authorities imposed an early curfew in the town and frequently closed the market at short notice. More than half of vendors also reported a range of non-security challenges, most commonly pest contamination and rotting of goods due to water leakage.



## Pre-conflict location and occupation of current vendors:



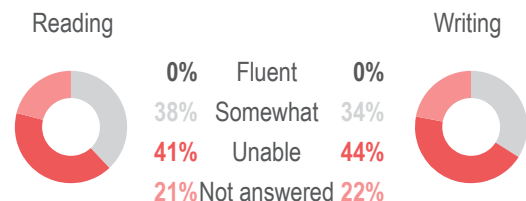
## Observed type of shop or stall in the markets:



## With 14 m<sup>2</sup> of storage area on average, the reported main location of storage space:



## Reported vendor literacy rates:

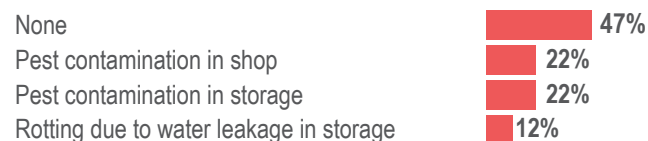


## CHALLENGES TO OPERATING IN THE MARKET\*\*

### Reported security challenges to conducting business:

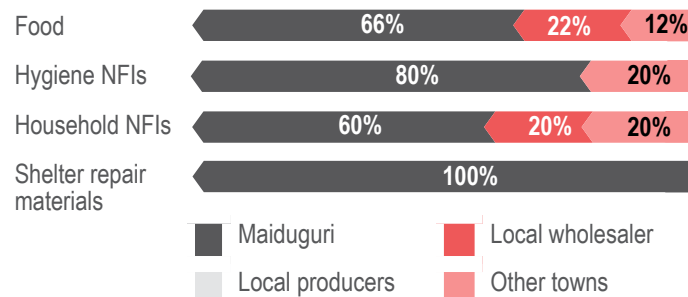


### Reported non-security challenges to conducting business:



## SUPPLY AND TRANSPORTATION OF GOODS TO VENDORS\*\*

### Main supply sources for vendors:



### Methods of transportation of goods from suppliers to vendors:



### Challenges in the transportation of goods from suppliers to vendors:

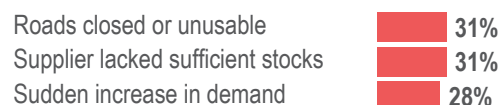




### Of vendors selling each assessed item category, most commonly reported shortages in the past month:



### For vendors reporting shortages, most common reasons:



### Reported restocking frequency:



Vendors reported in both individual interviews and FGDs that they were mostly supplied from Maiduguri, other than for firewood which was sourced locally. However, access challenges along the road from Maiduguri to Dikwa impeded vendors' ability to restock, with vendor FGD participants stating that they were not permitted to travel to Maiduguri other than in a convoy with a military escort, due to the risk of security incidents on the road. This was reportedly a major impediment to restocking, as vendors had to wait for convoys in order to travel to Maiduguri to restock. Vendors cited this as a significant reason for shortages that had occurred in the past month, and it was likely a reason why most vendors reported restocking two or fewer times per week.

Vendors most commonly hired vehicles for the journey to Maiduguri to restock, although some also used professional transporters based in Dikwa who brought goods for many vendors. Vendor FGD participants reported that Maiduguri-based suppliers and transporters were often unwilling to organise the transport of goods to Dikwa. They also stated that they chose their suppliers based on favourable prices and past relationships.

## VENDOR ACCESS TO CREDIT AND INFORMAL MARKET SYSTEMS\*\*

### Of the vendors selling each type of item, percentage of able to buy each on credit from suppliers:



### Percentage of vendors reporting that they sell on credit to customers:

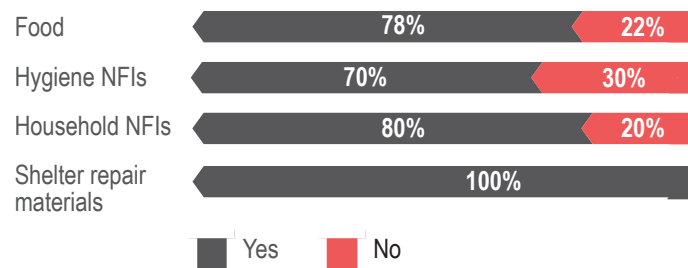


Only some vendors in Dikwa were able to access credit from their suppliers, with FGD participants reporting that this was only possible for vendors who had established relationships of trust with their suppliers. Although most vendors reported that they generally did not have access to credit sources other than suppliers, some FGD participants mentioned that vendors occasionally bartered goods with each other informally.

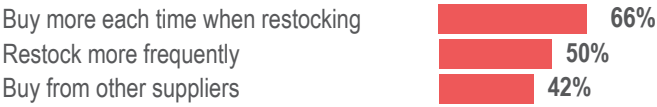
While vendors did collectively appoint a head of traders, vendor FGD participants and the head of traders both reported that there was no traders' association in Dikwa, with the pre-conflict traders' association no longer operating. Market disputes were usually resolved through the mediation of the head of traders.

## VENDOR ABILITY TO INCREASE SUPPLY OF ASSESSED ITEMS\*\*

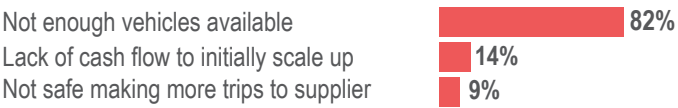
### Percentage of vendors reportedly able to permanently double supply of items:



**For vendors able to permanently double supply, reported ways in which they would do so:**



**For vendors unable to permanently double supply, reported barriers to doing so:**



While most interviewed vendors estimated that they could permanently double their supply of items, some other indicators and vendor FGD data suggest that there may be challenges for vendors in responding fully to a potential increase in supply. Many vendor FGD participants cited the lack of capital for the initial scale-up as a likely barrier to increasing supply, while others mentioned the security and transportation challenges. However, some expansion of supply in response to demand may still be possible. A few vendor FGD participants reported that vendors may be able to increase supply by 1.5 times, and the ability of some vendors to access credit from suppliers may enable them to scale up slightly.