

Joint Rapid Assessment of Markets (JRAM) in drought affected areas of Somali Region, Ethiopia

June, 2023

Ethiopia

KEY MESSAGES

- Consumers reported a decrease in purchasing power due to fewer job opportunities, loss of employment and death of livestock.
- Consumers reported compromising on the quality and quantity of food consumed to cope with decreased purchasing power.
- Retailers and wholesalers had positive stock balance (the difference between median days of stock available and days needed to restock). However, two-thirds of retailers and wholesalers reported that they would not be able to meet demand if demand were to increase by 50%.
- The main obstacles to the supply chain were community's limited spending ability and the shortage of funds among retailers and wholesalers for replenishing their stocks.



CONTEXT & RATIONALE

Over the past three years, Ethiopia has faced recurrent drought, internal conflict and dire macroeconomic conditions. More specifically, Somali, Oromia and portions of Southern Nations, Nationalities, and People (SNNP) regions of Ethiopia have been going through recurrent droughts. The drought has affected market activities, as agricultural productivity and livestock value both deteriorated. The drought contributed to the humanitarian crisis in Somali region, where more than 342,000¹ people were reported as internally displaced as of January 2023. Therefore, REACH initiated this Joint Rapid Assessment of Markets (JRAM) to provide quick information on the effect of the drought on the overall functionality of the market using evidence from consumers, retailers, and wholesalers to inform cash and voucher assistance.

ASSESSMENT OVERVIEW

The objective of the assessment was to better understand market functionality, availability of key items, and accessibility to markets and cash in drought affected woredas in Somali region, in the six months prior to data collection. The findings are intended to inform the design and implementation of cash and market-based programmes by humanitarian actors in Ethiopia.

METHODOLOGY:

Information was collected through key informant interviews with purposely selected consumers, retailers and wholesalers from six woredas of Somali region. Data was collected between 5 and 12 June 2023. Findings are not generalisable and should rather be considered indicative only.

6 Woredas 77 Retailers
38 Wholesalers 81 Consumers

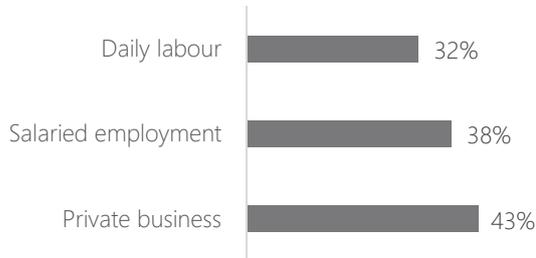


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EFFECT OF THE DROUGHT ON CONSUMERS' INCOME

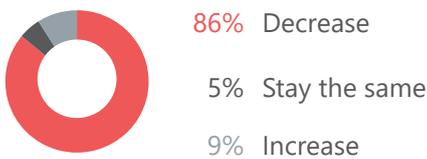
Sources of income

The three main sources of income of interviewed consumers, in the six months prior to data collection²:



Consumers' purchasing power

Proportion of consumers reporting that their income had been affected, in the six months prior to data collection:



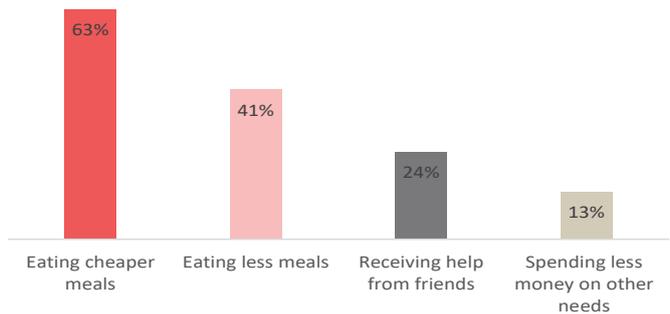
Major factors affecting consumers' income

Proportion of consumers reporting factors affecting their income, in the six months prior to data collection²:

- 1 57% (n=40) Fewer opportunities
- 2 49% (n=34) Death of livestock
- 3 33% (n=23) Loss of job

Consumers' coping strategies for decreased income

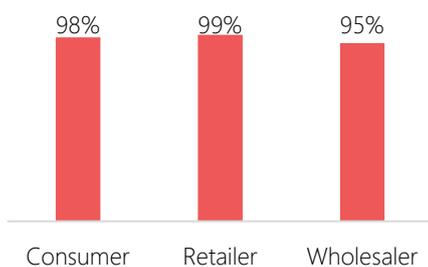
Proportion of consumers reporting engaging in coping strategies due to decreased income, in the six months prior to data collection²:



EFFECT OF THE DROUGHT ON PRICES

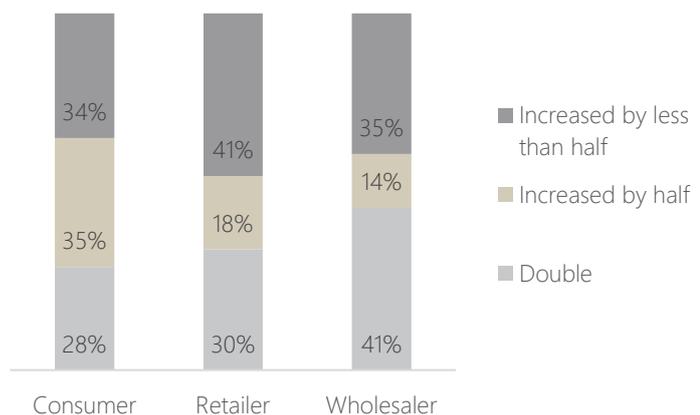
Price change

Proportion of consumers, retailers and wholesalers reporting price increases due to the drought, in the six months prior to data collection:



Percentage of price increase

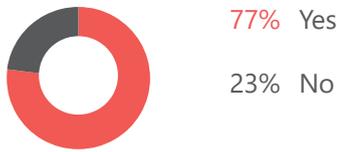
Proportion of respondents reporting price increases, by rate of increase, in the six months prior to data collection:



EFFECT OF THE DROUGHT ON AVAILABILITY AND DEMAND OF ITEMS

Shortage of assessed items

Proportion of consumers reporting a shortage of items due to the drought, in the six months prior to data collection:

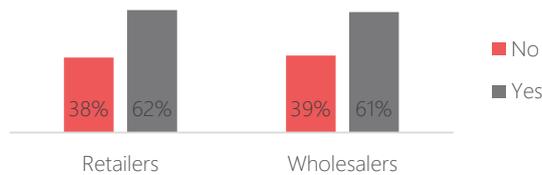


Stock balance of retailers (The difference between median number of days of stock available and median number of days needed to restock)

Item	Days of stock available	Days needed to restock	Stock balance (days)
Goat meat	6	2	4
Laundry soap	27	8	19
Cooking oil	24	8	16
Tomatoes	12	8	4
Maize	31	11	20
Wheat flour	24	8	16

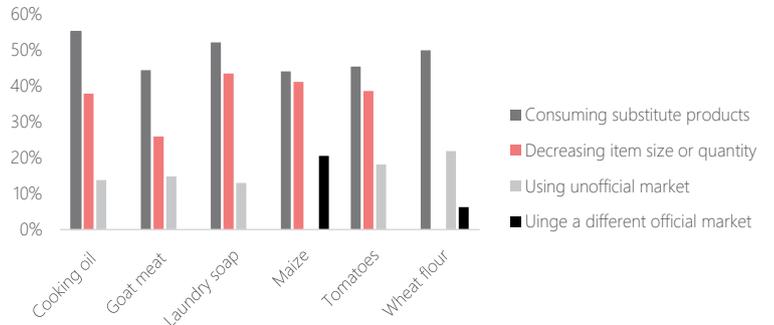
Capacity to meet demand increase

Proportion of retailers and wholesalers reporting that they could meet demand if demand were to increase by 50%:



Coping strategies

Proportion of consumers reporting coping strategies employed when facing a shortage of specific assessed items, in the six months prior to data collection²:



Decrease in demand

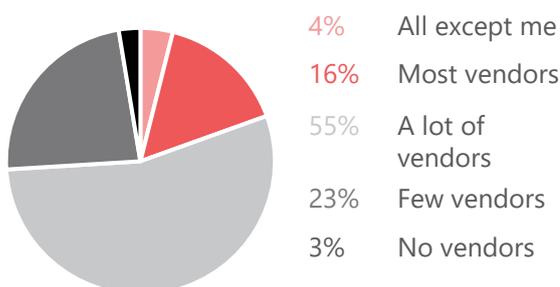
Number of retailers reporting decrease in demand of key items, in the six months prior to data collection²:

Goat meat	3/37
Laundry soap	9/37
Cooking oil	10/37
Tomatoes	12/37
Maize	15/37
Wheat flour	16/37

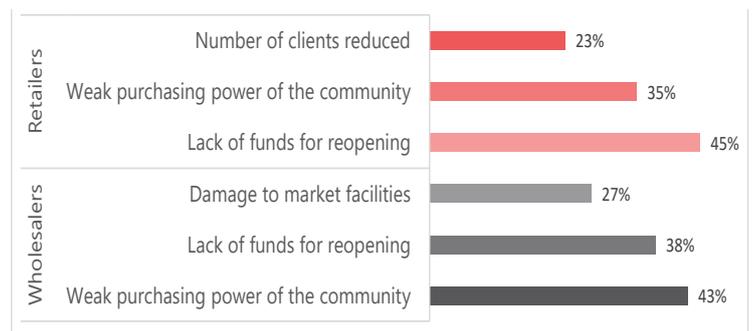
EFFECT OF THE DROUGHT ON LOCAL BUSINESSES

Businesses closed due to the drought

Proportion of estimated retail businesses closed due to the drought in their area in the six months prior to data collection:



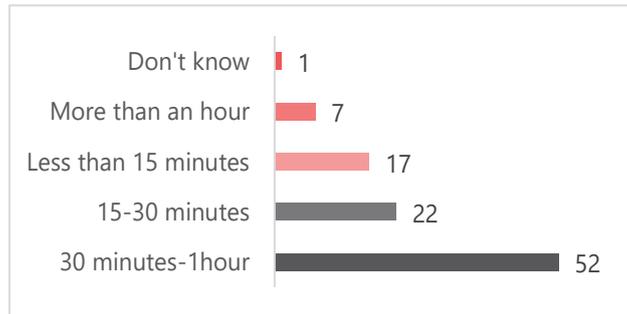
Proportion of vendors reporting on barriers they think challenge existing vendors to maintain their business and prevent the reopening of closed businesses²:



ACCESSIBILITY OF MARKETS

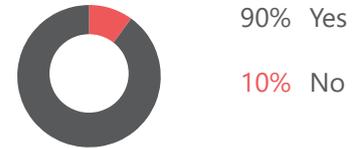
Distance to market

Proportion of consumers reporting time required for a round trip to and from the marketplace:³



Consumers' safety

Proportion of consumers reported feeling safe when going to the marketplace alone, in the six months prior to data collection:

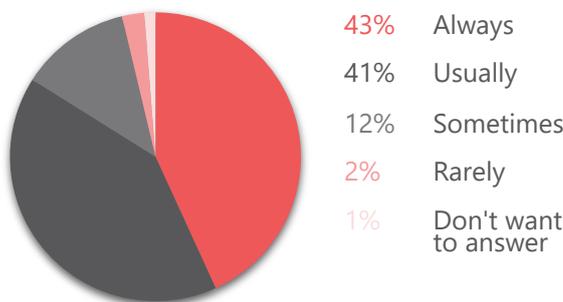


Mode of transportation to the marketplace²

- 1 98% Walking
- 2 4% Public transport
- 3 1% Ride from friends

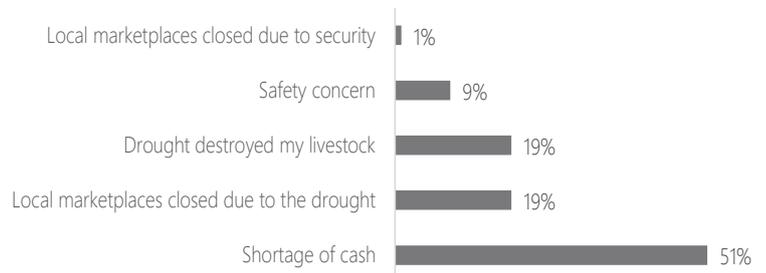
Consumers' ability to access marketplace

Proportion of consumers reporting how frequently they were able to access the marketplace, in the six months prior to data collection:



Factors affecting consumers' ability to access marketplace

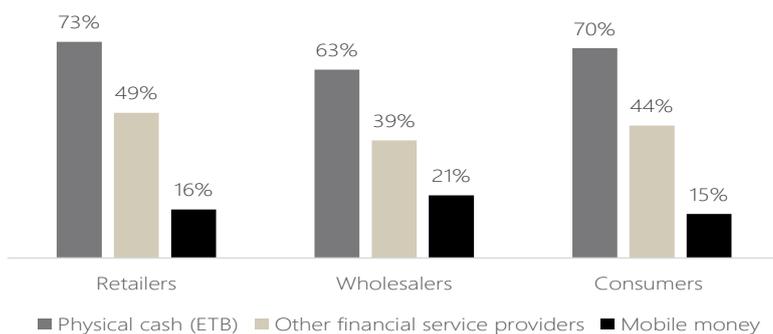
Proportion of consumers reporting which barriers they faced when accessing their nearest marketplace, in the six months prior to data collection²:



ACCESS TO CASH AND FINANCIAL SERVICES

Access to cash

The proportion of respondents reporting the most common ways of accessing cash, in the six months prior to the data collection²:



Payment methods

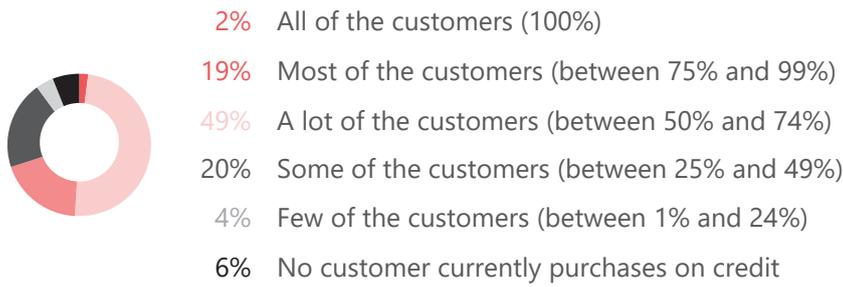
The most common payment methods reported by retailers in the six months prior to the data collection²:

- 1 91% Cash (ETB)
- 2 30% Mobile money
- 3 9% Humanitarian prepaid cards⁴

The most common payment methods reported by wholesalers in the six months prior to the data collection²:

- 1 76% Cash (ETB)
- 2 24% Mobile money
- 3 18% Humanitarian cards

Retailers reporting on the proportion of their customers buying goods on credit, in the six months prior to the data collection:



SUPPLY CHAIN

Location of main supplier

94% of retailers reported that their main supplier is located in the same marketplace as them.

71% of wholesalers reported that their main supplier is located in the same marketplace as them.

Supply chain barriers

Number of retailers reporting have faced barriers in the supply of assessed items, in the six months prior to data collection:

Note: not all interviewed vendors sell all items assessed.

Goat meat	8/13
Laundry soap	12/35
Cooking oil	17/43
Tomatoes	12/27
Maize	9/24
Wheat flour	13/39

Change of supplier

Proportion of retailers reporting change of suppliers in the six months prior to data collection:



Proportion of wholesalers reporting change of suppliers in the six months prior to data collection:



METHODOLOGY OVERVIEW

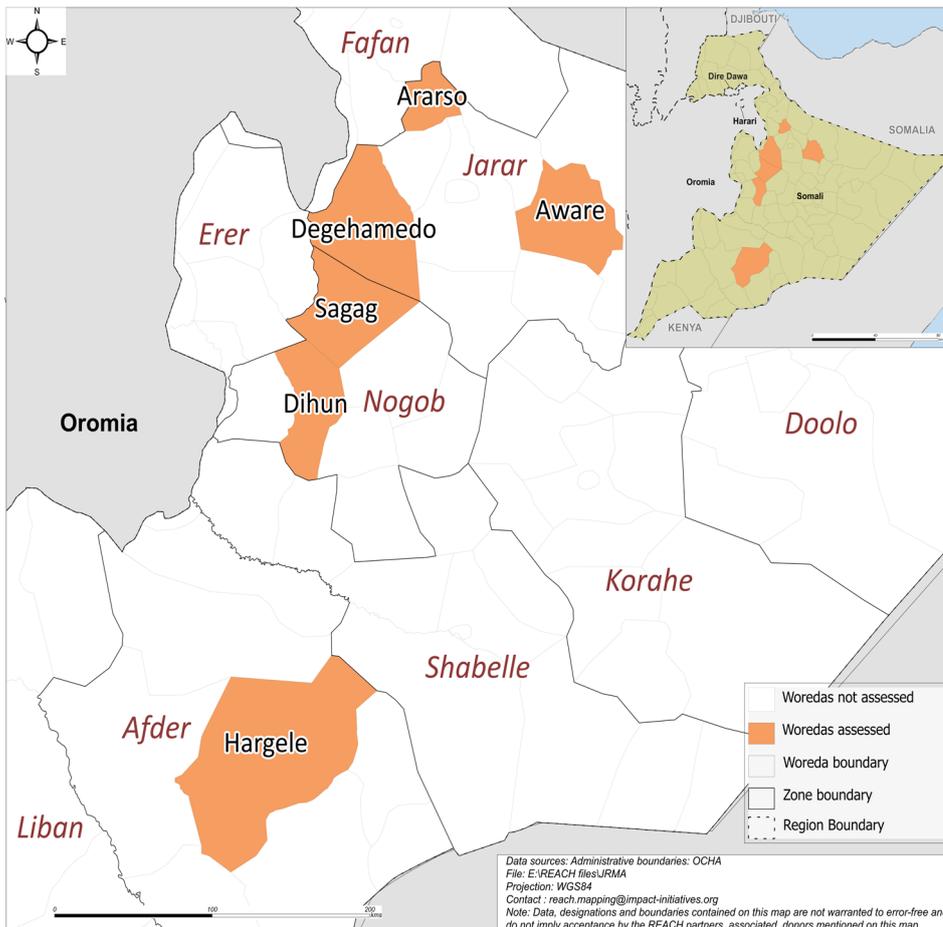
The assessment was implemented to provide information about the market situation in drought affected areas of Somali region, Ethiopia. The methodology centers on structured quantitative interviews with purposively sampled retailers, wholesalers, and consumers who acted as key informants (KIs) for their respective woredas. The respondents were located in six woredas of drought affected areas in Somali region. These woredas were selected in consultation with the Somali Sub-National Cash Working Group based on the severity of drought effects. A minimum of 12 consumer Key Informant Interviews (KIIs), 12 retailer KIIs and 3 wholesaler KIIs were conducted in each marketplace. The biggest marketplace in the woreda was targeted since it could be difficult to get all six items in one marketplace in areas below the woreda level. The assessed items were wheat-flour, maize, goat meat,

tomato, cooking oil and laundry soap. The items were chosen carefully by considering their significance to the people residing in the assessment areas and by referring to the Somali region MEB (Minimum Expenditure Basket)⁵ guidance. However, not all the interviewed vendors sell items assessed.

- Retailers: are vendors who sell the items considered in this assessment to end users.
- Wholesalers: those who either directly sell at least one of the items to be assessed to retailers in the marketplaces identified for this purpose.
- Consumers: are end users and residents who regularly visit those market sites.

The data collection was conducted between 05 and 12 June 2023.

ASSESSMENT COVERAGE



ENDNOTES

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¹ IOM, 03 January 2023. ([New Livelihoods Opportunities: A Welcome Relief for Families Displaced by Drought in Ethiopia](#))

PAGE 2

² This was a select multiple indicator, respondents selected all options that applied.

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³ The time required for consumers to visit a nearby marketplace is measured in hours.

⁴ Humanitarian prepaid card is a card provided by humanitarian actors which can be used to buy or pay for things with a money loaded on it.

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⁵ The guidance note on the minimum expenditure basket for the Somali region focuses on ensuring essential needs are met across various sectors. It includes food, shelter, WASH, education, health, livelihood, and other non-food items.

ABOUT REACH

REACH Initiative 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).



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