

Desk review of cash and market studies in Yemen

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Cash and Market Working Group Yemen

Background

The highly volatile security situation and political instability which has been affecting Yemen since March 2015 has caused large waves of internal displacement and decline in livelihoods. According to the Humanitarian Needs Overview (HNO) 2017 an estimated 18.8 million people in Yemen need some kind of humanitarian or protection assistance, including 10.3 million people who are in acute need, and more than 3 million people who are internally displaced.

Cash based response have been ongoing in Yemen prior to the crisis, primarily through the Social Welfare Fund¹ and development activities. With the emerging crisis, humanitarian actors in Yemen have utilised cash and vouchers as a response tool to meet emergency needs. According to mapping done by the Cash and Market Working Group (CMWG), cash and/or vouchers were distributed by 30 agencies in 13 out of 22 governments (80 districts) in 2016, with cash interventions from multiple sectors ongoing in at least 29 districts. The Food Security and Agriculture cluster had the biggest cash/voucher programme, followed by Shelter, Protection (including GBV), Health and Early Recovery in 2016.

Cash and voucher interventions by the humanitarian community in Yemen have been primarily used to respond to sectoral needs. However, in 2016 small-scale Multi-Purpose Cash Grants (MPG) have emerged as actors seek flexible responses to a dynamic context. The CWMG anticipates the scale of MPG interventions is very likely to increase during the latter part of 2017, as agencies seek ways to allow beneficiaries to adapt to the changing situation easily.

Objective of the review

In order to critically analyse the situation and to make recommendations on the appropriateness, effectiveness, and efficiency of market/cash based approaches in Yemen, in January 2017 the CMWG undertook a review of existing information which can inform humanitarian programming. The particular focus of the review is on information which could form a basis of a feasibility study for cash/voucher programmes in Yemen. The framework of the feasibility study includes the following topics:

- **Market systems for relevant goods & services:** domestic market functioning, prices and availability/seasonality of goods and services, supply chain, market actors' behaviour, access to market for affected population, possible market support options.
- **Financial Service Provider Capacity and Transfer Mechanisms:** coverage and capacity of social protection system; coverage, capacity, beneficiary access, services and costs of financial service providers; infrastructure for e-transfers/mobile banking.
- **Acceptance and Safety:** legal environment; authorities acceptance of cash based transfers; community familiarity and acceptance for cash modalities and mechanisms; impacts on gender, household and community relations; impact on safety and security of recipients and staff.
- **Risk & Opportunity Analysis:** likelihood and severity of identified risks (protection/security/other), or negative impact; mitigation measures; likelihood and benefit of identified opportunity or positive impact.
- **Cost-Benefit Analysis:** how cost-efficient are cash based modalities compared to other options; how cost-effective are cash based modalities compare to other options; advantages, disadvantages and overall feasibility of each cash based transfers modality and delivery mechanism; what is the use and impact of cash assistance so far.

¹ The Social Welfare Fund is a financially and administratively independent organisation supervised by the Minister of Social Affairs and Labour. It is a public social security network in Yemen that provides cash transfers to the poorest group: the elderly, orphans, women with no caretakers (divorced and widowed) and those who are unable to work. (Source: *Social Protection and Safety Nets in Yemen*, Ali Azaki, 2015)

Through coordination with cluster and agencies and including publicly available data and reports, the following sources have been identified by the CMWG:

Table 1: Cash and market related studies gathered by CMWG in January 2017

Data source	Issued by	Sector	Geographic coverage
Market Functionality			
Market Watch Report	WFP	Food Security	22 governorates (the capital cities)
Monthly Market Monitoring Bulletin	FSIS	Food Security	Sana'a City and 6 governorates: Hodeida, Hajjah, Dhamar, Hadramout, Lahej, Taiz (3 representative markets per location)
Yemen Food Security Update	FSIS	Multisector	Country
Special Focus Yemen	WFP	Multisector	Country
Market Study 2010	WFP	Food Security	Country
Feasibility of cash assistance			
Feasibility Assessment to Identify Appropriate Modalities for Cash/Voucher Based Program	NFDHR, ACF, Oxfam, NRC	Food/WASH	Al Bayda – Rada' district
Post Distribution Monitoring			
Rapid survey on cash assistance and rental subsidies	UNHCR, Intersos	Multisector	Aden, Mukhalla, Taiz
Cash assistance Post Distribution Monitoring Report	UNHCR	Multisector	Amant Al Asimah, Hajjah
The Yemen Cash transfer programme	OXFAM	Multisector	Al Hodeidah
Programme Strategy			
SFD's Response Paper to Yemen's 2015 Conflict	SFD	Multisector	
Yemen Cash programming review	ACTED	Multisector	Raymah, Al Hudaydah, Al Dhale'e, Ibb
Other			
Yemen Socio-Economic Update	MoPIC	Multisector	Country
WFP VAM 'Special Focus'	WFP	Multisector	Country

Outcome of the review

Despite ongoing cash interventions, little evidential research on cash/voucher programming was shared by humanitarian actors. The desk review of reports listed above showed that required topics for a feasibility study are not adequately covered. The only cash-specific information need for which evidence has been gathered in sufficient manner is the market monitoring for Food Security. There is also some fragmentary information on financial service providers and social acceptance of cash assistance, although neither topic has been investigated in-depth or with full geographic coverage.

A summary of the existing information and reports' findings are presented below, along with the framework topics. Based on this desk review, recommendations have been made on how the information gap could be addressed.

It has to be acknowledged as limitation of this review that other evidential research may exist in Yemen but has not been made available for this review. In case of gathering additional information sources, the review should be updated.

Cash feasibility criteria

1. Market systems for relevant goods & services

In Yemen, there are currently two ongoing regular data collection mechanisms focusing on markets for food commodities, livestock and fuel.

The World Food Programme (WFP) monthly **Market Watch Report** provides a comprehensive overview of current prices, existing trends and availability for five main food commodities included in the Minimum Food Basket² and three fuel types (petrol, diesel, cooking gas). Data is collected weekly through key informants in governorate capitals. Monthly averages calculated through an Automated Market Analysis Tool are included in the reports. The Market Watch includes also an Alert for Price Spikes for food commodities, and estimates current stock in country for selected commodities (see Table 2).

Simultaneously, the **Monthly Market Monitoring Bulletin** is issued by the Food and Agriculture Organization (FAO) and the Food Security Technical Secretariat (FSTS) of the Ministry of Planning and International Cooperation (MoPIC) as part of the Food Security Information Systems (FSIS) programme. The FSIS programme includes monthly data collection for Sana'a City and six governorates (Hodeida, Hajjah, Dhamar, Hadramout, Lahej, Taiz) and focuses on market prices and trends of 27 food commodities, five livestock types and three fuel types (petrol, diesel, cooking gas). The prices are collected from at least three representative market centres and an average is calculated for each location. While the lack of products in markets is being reported, no regular availability updates are included. FAO and FSTS issue also the **Yemen Food Security Update**, which, among a wider overview of the factors impacting the food security situation, includes also a snapshot of agricultural production (crop, livestock and poultry production, fish wealth), market functionality and natural disasters in the given month based on secondary data review.

Table 2: Review of available information per commodity

Group	Commodity	Price on market	Availability on market	Stock in country	Group	Commodity	Price on market	Availability on market	Stock in country
Minimum Food Basket*					Fish	Thamad			
Imported commodities	Wheat					Sakhla			
	Wheat flour					Bagha			
	Sugar					Jahsh			
	Rice				Live animal	Sheep (6 months)			
	Veg oil					Sheep (12 months)			
	Faba-Beans					Goat (6 months)			
	Beans					Goat (12 months)			
	Lentils					Chicken			
Local cereals	Sorghum				Animal product	Beef			
	Millet					Mutton			
	Maize					Local cow's milk			
	Barley					Processed powdered milk			
Vegetables	Onion					Chicken meat			
	Tomatoes					Eggs (30 pcs)			
	Potatoes				Fuel	Diesel			
	Pepper					Petrol			
	Chilly					Cooking gas			

 Regular information for 22 Governorates

 Regular information for six governorates (Hodeida, Hajjah, Dhamar, Hadramout, Lahej, Taiz) and Sana'a City markets

 Ad-hoc information on products' availability on market, monitored in six governorates (Hodeida, Hajjah, Dhamar, Hadramout, Lahej, Taiz) and Sana'a City markets.

² The Minimum Food Basket monitored by WFP contains five main food commodities (wheat flour, sugar, red beans, vegetable oil, onion) with quantities adjusted against the survival caloric intake needs

Availability of cash and stability of currency exchange are not monitored on a regular basis as part of the market monitoring, however any sudden change in economic situation is being reported by multiple sources. Both the Monthly Market Monitoring Bulletin and Market Watch include a section on the impact of currency instability on the imports and the worsening liquidity crisis in Yemen at the end of 2016. Two reports have also been issued specifically to address the economic situation in that period:

- **Yemen Socio-Economic Update** issued monthly by the MoPIC dedicated half of its November 2016 publication to a comprehensive overview of the economic situation, including: decline in gross domestic product (GDP), public budget deficit and liquidity crisis, impact of the change of location of the Central Bank of Yemen exchange rates and foreign reserves, inflation rate, as well as foreign trade restrictions.
- **WFP VAM 'Special Focus'** published in November 2016 provided information on the economic impact of the ongoing conflict, analysing foreign currency reserves, exchange rate YER/US since the beginning of the crisis, forecast for external trade, overview of the food imports and linkages of the economic situation with the food security situation in country.

The most comprehensive overview of the Yemen's markets characteristics can be found in a **Market Study** conducted by WFP in 2010. The report analyses the domestic market functionality, impact of macro-economic indicators and determinants of national-level food availability in Yemen. It also looks into local markets behavior and purchase conditions for households during previous periods of food insecurity. While the report serve as the very informative baseline for market monitoring and helps to understand current dynamics, it has to be acknowledged that many market mechanisms have been disturbed since the report has been issued. Nevertheless, the evidence on obstacles for cash and market based response faced in previous years could inform the current response planning.

2. Financial Service Provider Capacity and Transfer Mechanisms

Service providers reported to be used by agencies for delivery of cash assistance in the reports and through CMWG are:

- The Yemen Post Office
- Al-Kureimi (microfinance)
- Al-Barq (microfinance)
- Al-Herdy (microfinance)
- Al-Amal (bank)

However, this may not be a comprehensive list of available financial service providers in the country.

The only review of capacity of providers shared with the CMWG was done by NRC as part of the Learning Platform Monitoring (LPM) exercise and includes an overview of its functionality (See: Table 3).

Table 3: Table for technical analysis – Money transfer service providers (source: NRC)

Service provider information	Possible answers	Yemen Post Office	Al-kuraimi	Al-Barq	Al-herdy	Weight
1 Is it licenced/regulated by YCB as financial institution	yes, no, N/A	yes	yes	yes	N/A	10
2 Number of branches and agents in Yemen	number, U/K	360	283	400	U/K	10
3 Number of governorates it operates	number, U/K	21	21	21	U/K	10
4 Cost of their service (commission charges) - per \$10,000	number, U/K	\$ 400.00	\$ 451.50	N/A	U/K	10
5 Location of their head office	Location name	Sana'a	Sana'a	sana'a	N/A	5
6 Number of their staff	number, U/K	2750	U/K	U/K	U/K	5
7 Copy of beneficiary IDs and signature/fingerprint	ID, signature, both	both	ID	ID	N/A	10
8 Delivery time of funds (from sending to collection)	number of days	1DAY	1DAY	IDAY	N/A	5
9 Operational days (including weekends)	days/week	6 days	6DAYS	6days	days/week	5
10 Cash transfer limits - if any	max limits, N/A	N/A	N/A	N/A	N/A	5
11 Customer complain system (Tel number, focal point).	yes, no, N/A	yes	YES	N/A	N/A	5
12 Which currency they accept/pay	YER, USD, Both	both	BOTH	Both	N/A	5
13 Do they have partners abroad (like Nairobi/Oslo)	NRB, OSL, others	UPU	N/A	N/A	N/A	5
14 Do they have online system accessible to NRC	yes, no, N/A	yes	YES	YES	N/A	5
15 Do they provide mobile payment technology	yes, no, N/A	yes	yes	yes	N/A	5
Total point						100

N/A = Not applicable
U/K = Unknown

However, neither the geographical coverage mapping nor sufficient analysis of the capacity of service providers have been made available. Limited information about the risks and challenges in cooperation with the aforementioned service providers have been included in agencies' reports – the summary of which has been included in the following paragraphs.

Al-Kureimi

UNHCR and INTERSOS reported on the process of cash transfer through Al-Kureimi and its challenges in the Post Distribution Monitoring report for Aden, Mukhalla, and Taiz.

According to described process, Al-Kureimi notifies the beneficiaries through SMS with the transfer code necessary to withdraw the cash, and a valid ID card is required upon cash withdrawal. If a beneficiary does not possess valid ID, a trusted person can be nominated for the withdrawal, contingent on the signing of relevant legal documents in advance.

The challenges reported by UNHCR and Intersos on Al-Kureimi include:

- Frequent delays to transfers;
- Constant and close follow up with Al-Kureimi at the field level was necessary to verify timely withdrawal of assistance;
- The tensions between banks and money transfer agencies around liquidity which translated in requests to process payments in cash rather than bank transfers and have favoured payments in USD rather than YER ;
- The notification through SMS has worked fairly well with 88% of interviewed beneficiaries reporting they received message. The rest of those eligible for assistance had to be notified by agency staff as text messages were not received.

Post Office

The Social Welfare Fund is a social protection mechanism delivering cash through the Post Office to the poorest and most vulnerable people in Yemen. However, in 2011, a lack of confidence in the Social Welfare Fund mechanism led to the withdrawal of some donors. Attempting to restore trust in the use of those services for delivery of cash assistance, Oxfam partnered with the Social Welfare Fund and the Post Office in Al Hodeidah governorate in October 2011 to send cash transfers to vulnerable households.

The partnership enabled Oxfam to reach far more people than previously, although the report lacks a breakdown of the districts targeted and beneficiary numbers. In terms of indirect impact, Oxfam stated the programme has encouraged donors, notably ECHO and DFID, but also donors from Arab countries, to increase funding for cash assistance through the Social Welfare Fund.

3. Acceptance and Safety

Among the multiple topics connected with the acceptance and safety of the cash based intervention, the two post distribution monitoring (PDM) studies (Oxfam, UNHCR/Intersos) focuses on the impact on gender and household relations.

The reports highlight that significant numbers of women who received cash assistance reported retaining control of the money received and ability to prioritise their families' needs, even if the common control of general household resources rested with men. The PDM reports show also that even in cases when men would have preferred to be the ones in charge of the received assistance, it was not reported that cash assistance given to women had increased tension within the household. On the contrary, many respondents reported that receiving assistance increased decision making capacity for women within the household.

4. Risk and Opportunities

No risk analysis has been made available to the review.

5. Cost-Benefit and Impact Analysis

The study '*Feasibility Assessment to Identify Appropriate Modalities for Cash/Voucher Based Program*' is the only one looking into which modality is the most appropriate in the given area and context. It was conducted by NFDHR, ACF, Oxfam and NRC as part of the Learning Platform Monitoring (LPM) exercise and focuses on the Rada' district in Al Bayda governorate. Hence, the findings of it cannot be extrapolated to bigger geographical area. This study recommends the implementation of the Voucher based program for both Food baskets and WASH items in assessed district, as per beneficiary preference.

Some evidence could also be gathered on the usage of cash intervention through the PDMs reports shared by agencies. Limitations of the geographical and thematic scope of each study should be taken into account when analysing their findings

A PDM study conducted by Oxfam in Al Hodeidah showed that almost all households spent at least a portion of the money received as assistance on food as intended and that food availability on market was not an issue. It was reported that this assistance resulted in increased food consumption score by 17% or more in targeted households.

A *Rapid survey on cash assistance and rental subsidies* conducted by UNHCR and INTERSOS for Aden, Mukhalla, Taiz reported that medical items and food were the two main items purchased by the beneficiaries who received cash assistance without restricted use. At the same time, almost half of the rental subsidies granted have not been used to pay for rent. While one fifth of interviewed beneficiaries used it to pay overdue rent, the others reported the assistance had been used to buy food and medical items, fix their houses, or purchase furniture.

Similar findings were found in the *Cash Assistance Post Distribution Monitoring* conducted by UNHCR in Amant Al Asimah, Hajjah, where the unconditional and unrestricted cash assistance distributed have reportedly been spent primarily on health needs (31%) and food (30%), followed by rent and shelter materials.

Recommendations

Whether or not cash is the most appropriate and effective way of supporting people depends on the context and an understanding of whether people will be able to buy what they need safely in local markets at reasonable prices, and whether cash can be safely delivered. The available studies gathered by CWMG show only partial evidence on whether cash assistance is the most appropriate and feasible form of assistance in the current situation in Yemen, with the exception of regular price and availability monitoring for food, livestock and fuel commodities which gives insight of market functionality.

Considering limitations in analysis based on available documents, it is recommended to undertake a more comprehensive inter-sectorial study, involving all relevant actors, in order to gain a better overview of cash profile for Yemen.

This exercise could be undertaken through CMWG as a joint effort of the international and local NGOs, and benefit from experience in cash and market based response so far gathered in Yemen. The ongoing cash interventions suggest some level of knowledge on the functionality of the service providers in-house which could form a basis for mapping and complement data collection in order to make it exhaustive. Likewise, based on the existing practices it could be determined where knowledge exists on where cash/voucher assistance would be feasible or not, and where it is not known.

In spite of the scale of ongoing cash and market based interventions, the feasibility study should focus on topics such as:

- **Market systems for relevant goods & services:** prices and availability/seasonality of goods and services, other than food, livestock and fuel commodities, if necessary for sectorial response; access to market for affected population, possible market support options.
- **Financial Service Provider Capacity and Transfer Mechanisms:** coverage, capacity, beneficiary access, services and costs of financial service providers;
- **Acceptance and Safety:** legal environment and acceptance of cash based transfers; community familiarity and acceptance for cash modalities and mechanisms; impact on safety and security of recipients and staff.
- **Risk and opportunities associated with each modality:** likelihood and severity of identified risks (protection/ security/other), or negative impact; mitigation measures; likelihood and benefit of identified opportunity or positive impact.

- **Cost-Benefit Analysis:** how cost-efficient and cost-effective are cash based modalities compared to other options; determine which type of assistance (cash based transfer or in-kind) should be used where;
- **Response option analysis:** advantages, disadvantages and overall feasibility of each cash based transfers modality and delivery mechanism; can joint/complementary approach improve speed, reach or impact, or reduce risks or cost.

As the cash coordination and studies have been so far concentrated around Food Security, the planned research should inform other sectors in which the cash and market based interventions are ongoing or planned. It is recommended to use the framework for cash feasibility study developed at global level to ensure strengthening currently used methodologies along with best global practices. Furthermore, it is essential to ensure coordination between agencies on the target population and their likely needs, as determining the most pressing needs would help to determine the adequate type of assistance.