

# Joint Cash Feasibility Assessment

Michika, Michika LGA, Adamawa State, February 2018



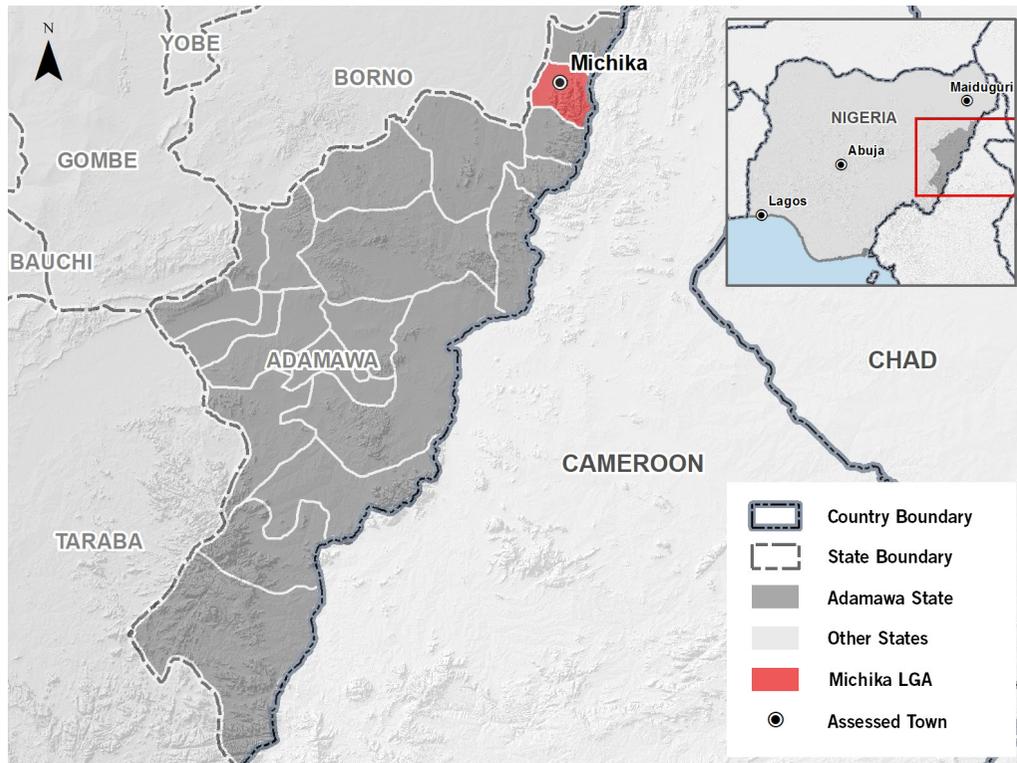
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## INTRODUCTION

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 Michika, data was collected by CISCOPE, CRUDAN/Tearfund, and IRC.

For Michika, 214 household interviews were conducted (7 with IDPs and 207 with non-IDP populations), along with 14 Bulama (traditional community leader) interviews and 4 consumer focus group discussions (FGDs). In addition, 40 interviews and 3 FGDs were conducted with vendors selling the assessed items in Michika, and 3 semi-structured interviews were conducted with heads of traders (an informally-designated spokesperson for market vendors).

Map 1: Location of Michika in Adamawa State



Findings from household interviews have a confidence level of 95% and a margin of error of 7% when 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 Michika 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

- Approximately two-thirds of households reported a preference for cash-based over in-kind assistance for assessed item categories. Of those, the vast majority preferred unrestricted cash over restricted vouchers. The reported reasons for this preference most commonly related to freedom of choice and flexibility, including the freedom to buy preferred items, the ability to save money for times of greater need, and the freedom to allocate expenses between food and non-food needs.
- The vast majority of households reported that mainly sourced assessed types of items from markets in Michika, with very few reliant primarily on humanitarian aid.
- While most households did not report access to credit from vendors or other sources, financial institutions such as banks and microfinance organisations were reportedly present in Michika. Most households reported having access to mobile phones and cellular networks, and FGD participants reported being open to using mobile money transfers. Most vendors reported being able to buy from suppliers on credit, although they also mentioned being unable to access financial services despite the presence of financial institutions. Some vendors reported allowing customers to pay them via mobile money transfer.
- Vendors were most commonly supplied through local wholesalers in Michika. Wholesalers were reported to mostly source their goods from the nearby town of Mubi, although some were supplied from further away locations such as Kano, Onitsha, and Lagos, suggesting trade linkages with other parts of the country.
- Most interviewed vendors reported being able to permanently double their supply of assessed items in response to an increase in demand, with the majority saying that they would do so by restocking more frequently.

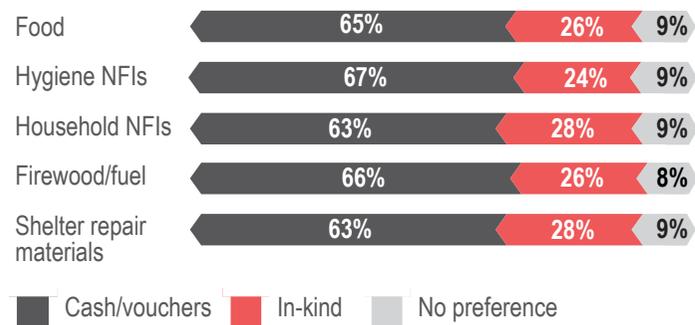
<sup>1</sup>Hygiene NFIs include items such as soap and laundry powder. Household NFIs include items such as bedding materials, mosquito nets, and cooking utensils. Shelter repair materials include items such as plastic sheeting, nails/screws, and wooden poles.

## RECOMMENDATIONS<sup>2</sup>

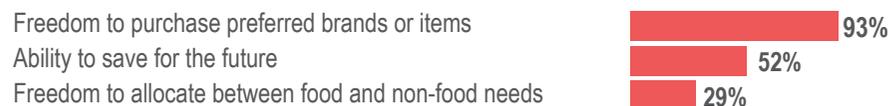
- Findings show that cash-based aid, including multipurpose cash assistance, would be feasible in Michika. Multipurpose cash would align with household preferences, and the added burden of additional households using the market due to cash-based aid is likely to be low as the majority of households already report using the market as their main source of items. In addition, findings suggest that the market would be able to respond to an increase in demand, with vendors generally reporting no barriers to the transportation of goods into Michika and an ability to increase the supply of goods.
- Humanitarian actors implementing cash-based assistance should also consider strengthening access to credit and financial services. Unlike many other assessed locations, there is some presence of financial institutions in Michika, and measures to improve the uptake of financial services could make use of this existing infrastructure. Additional market-strengthening measures should also be considered, including support to help vendors increase storage capacity, the development of local savings associations, and livelihoods support to encourage new people to engage in trade.

## HOUSEHOLD ASSISTANCE MODALITY PREFERENCES\*

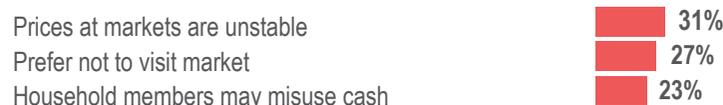
### Reported preference of cash/vouchers or in-kind aid:



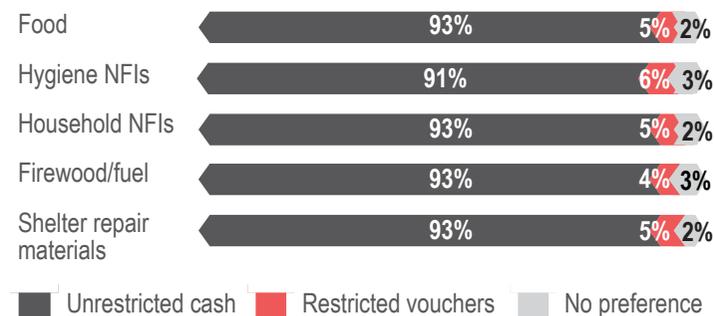
### Of those preferring cash/vouchers, top reported reasons:



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



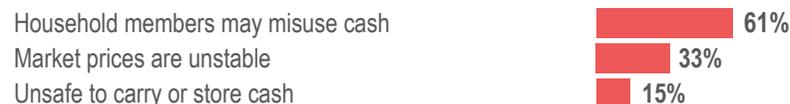
### Of those preferring cash/vouchers, reported preferences between unrestricted cash and restricted vouchers:



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



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



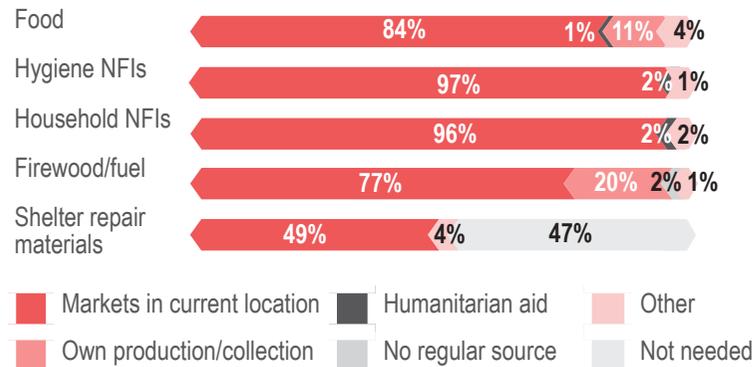
FGD participants also generally expressed a preference for cash-based over in-kind assistance. This preference was stronger in the case of firewood than food or hygiene and household NFIs, as participants reported that firewood was easily available within their community. Participants mentioned the ability to meet household needs and invest in livelihoods as positive past experiences with cash. Negative experiences with cash-based aid included vendors increasing the price of goods, diversion of cash to meet non-basic needs, and household members misusing cash. Preferred items not being distributed was the most commonly cited negative experience with in-kind assistance.

<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 ACCESS TO ITEMS\*

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



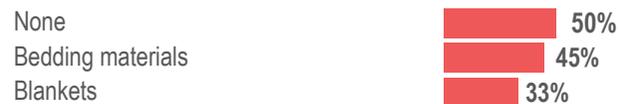
### Most needed food items:



### Most needed hygiene NFIs:



### Most needed household NFIs:

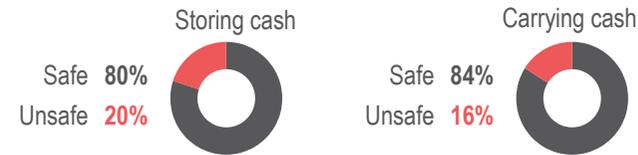


### Most needed shelter repair materials:



## HOUSEHOLD ACCESS TO CASH AND CREDIT\*

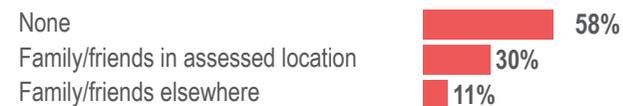
### Reported perception of safety of storing or carrying cash:



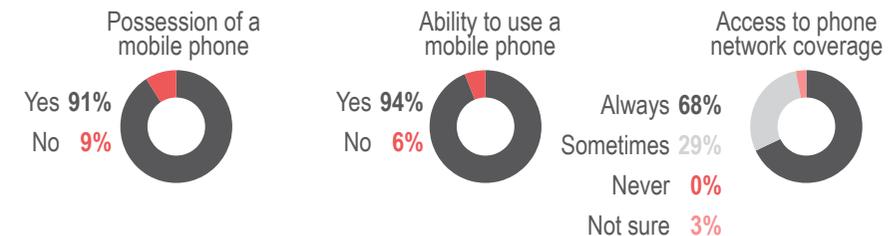
### Percentage of households able to buy items on credit:



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



### Mobile phones:



While a majority of households reported having no access to sources of credit other than vendors, some FGD participants reported having access to both cash and credit through microfinance banks and other financial institutions. This suggests that these institutions are present, but are generally not being used by much of the community to access credit and financial services.

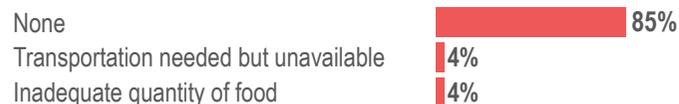
A great majority of both interviewed households and FGD participants reported owning a mobile phone and knowing how to use it. A high level of access to mobile network coverage was also reported, with many FGD participants open to receiving money through mobile money transfers.

## HOUSEHOLD ACCESS TO MARKETS\*

### Reported security risks at markets:



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



During FGDs, some participants reported a number of security risks on the route to markets or at markets, including fear of bombs, pickpocketing and theft. However, they did not report that these concerns impeded access to markets, and were instead reflective of general fears.

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



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



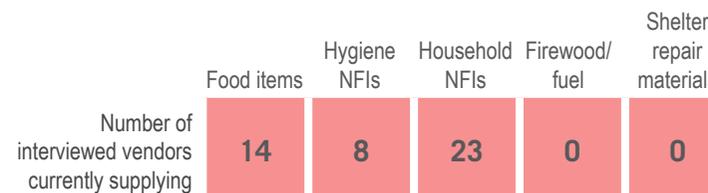
A large majority of households did not report availability issues of assessed items, although FGD participants stated that availability of food items tended to decrease during rainy season (between May and August) and that of hygiene NFIs during Harmattan season (November to February).

## VENDORS AND MARKETS: OVERVIEW\*\*

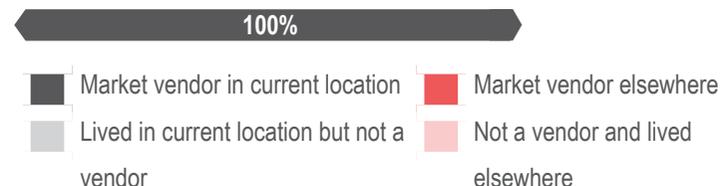
According to heads of traders in Michika, the main market in the town was still operating in its pre-conflict location and had not been directly affected by the conflict. Heads of traders also reported that while the market was open every day in Michika, the main market days were Wednesday and Saturday.

Vendor FGD participants reported making small payments to traders' associations and local authorities to be allowed to operate in the market, in addition to the rent paid for shops in solid buildings. Some participants reported that they had begun accepting payments from customers through mobile money transfers to facilitate a smoother transaction process.

The majority of vendors reported that they did not face security challenges to conducting business. Vendor FGD participants corroborated this, although some were concerned about the general climate of insecurity in the region.



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



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

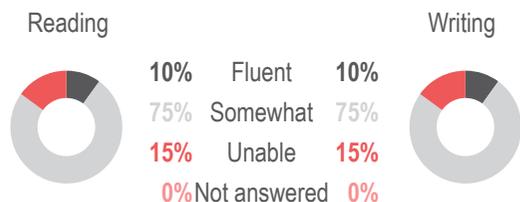


### With 17 m<sup>2</sup> of storage area on average, the reported main location of storage space:



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

### Reported vendor literacy rates:



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

### Reported security challenges to conducting business:

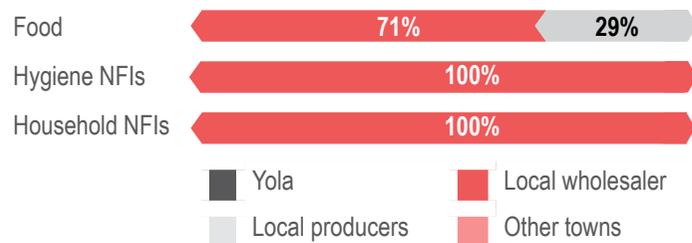


### Reported non-security challenges to conducting business:



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

### Main supply sources for vendors:



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



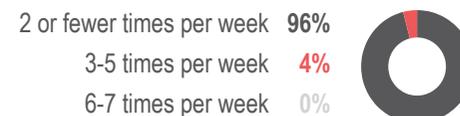
### Challenges in the transportation of goods from suppliers to vendors:



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



### Reported restocking frequency:



Vendor FGD participants reported that supplies come from mostly from the nearby town of Mubi in northern Adamawa State and from Yola, Adamawa's state capital, although goods from these sources often reached vendors via local wholesalers in Michika. Some vendors reported that wholesalers were directly supplied from producers in Onitsha, Kano, Lagos and Aba. Items coming from Mubi and other nearby towns were generally reported to be delivered by suppliers themselves. Participants also stated that they generally chose suppliers based on price, trust, and past relationships. Goods to Michika were reported to be generally transported through the use of commercial buses and trucks.

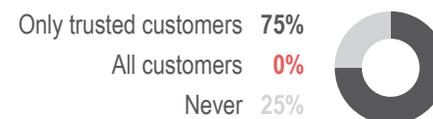
A small number of FGD participants mentioned that they lacked sufficient space for storing items and that they sometimes faced extortion and bribery along transportation routes. However this did not seem to impede the overall ability to bring goods into Michika, and other vendors did not report facing these issues.

## 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:



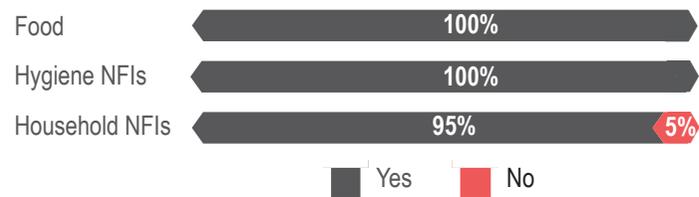
A large majority of vendors reported that they were able to access credit from suppliers for all types of items. Some vendor FGD participants mentioned microfinance institutions as other sources of credit although, as was the case for consumer households, these did not seem to be commonly used as a source of credit.

Many participants also stated that they were willing to sell to customers on credit if they believed them to be trustworthy. However some FGD participants, in particular those selling shelter repair items, reported not allowing any customers to buy from them on credit as they did not have enough liquidity to lend to customers while also being able to repay credit they had taken from their suppliers.

Vendor FGD participants and heads of traders stated that there was a traders' association in the market. The association reportedly assisted in settling disputes, regulating the price of commodities and updating vendors on security issues.

## 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:



The majority of interviewed vendors reported that they would be able to permanently double their supply of goods in response to an increase in demand. Vendor FGD participants were similarly optimistic about the ability of the market to increase supply, with some estimating that the market supply could to at least four times the current amount.