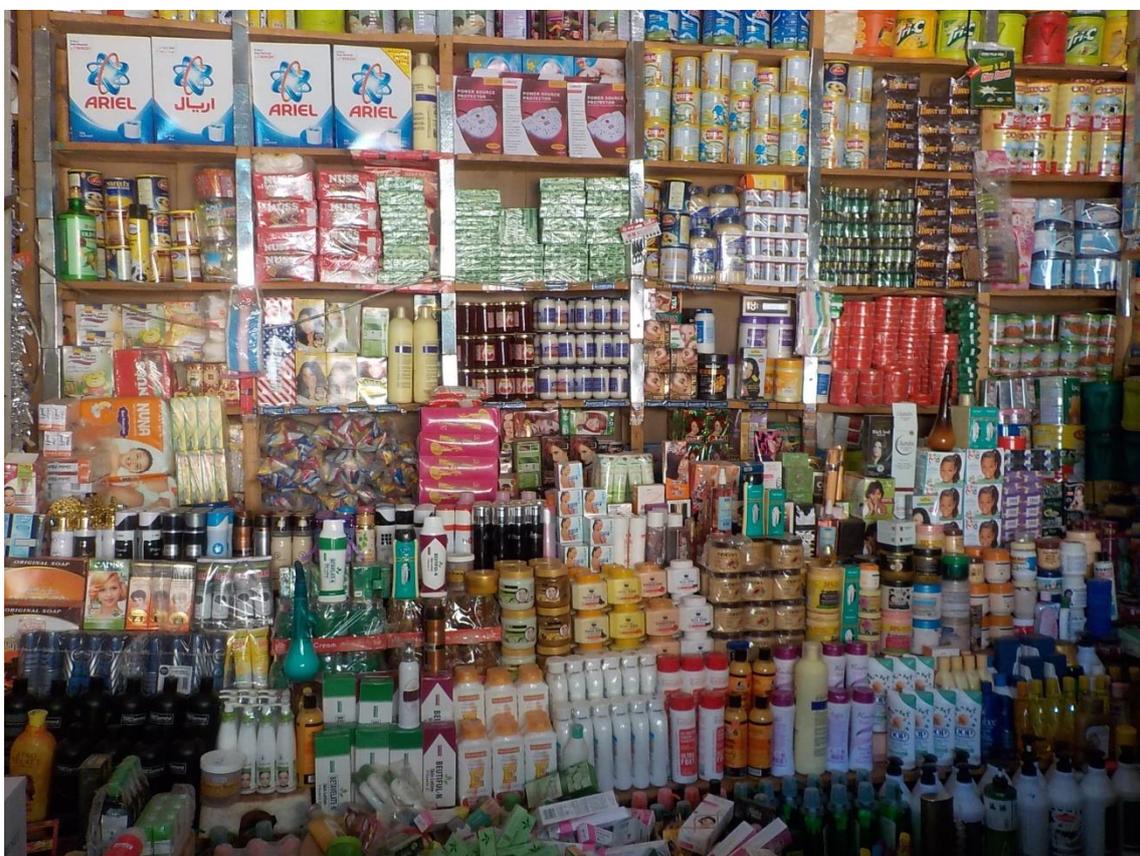


Multi-Sector Market Assessment Fafan Zone, Ethiopia February 2018

Final Report



Author: Jo Zaremba

Acknowledgement: The assessment has been implemented by Save the Children, on behalf of the ECHO-funded Multipurpose Grant Consortium. The report is authored by Jo Zaremba and was reviewed by the Food and Shelter clusters, as well as Save the Children. Research was supported by Dr. Biniyam Bogale, Dr. Fowzi Elias, Dr. Yoseph Legesse and Jemal Yusuf and teams of enumerators from DAB Research, by Mohammed Abdullahi of Save the Children, and by the Save the Children Jiggiga Office.

The report should be interpreted in conjunction with other assessments or media reports, including the Basic Needs Assessment (2017).

Cover Photo: Retail outlet in Kebri Beyah, February 2018. Credit: Jo Zaremba



Table of contents

Abbreviations.....	3
Executive summary	4
1. Introduction	6
2. Context	10
3. Methodology.....	15
4. Market Place Assessment	19
5. Findings: Maize Market.....	29
6. Findings: Vegetable Oil Market.....	38
7. Findings: Water Market	42
8. Findings: House-hold Goods Market.....	47
9. Findings: Soap Market.....	52
10. Findings: Female Sanitary Pads	55
11. Conclusions and recommendations	56
Annex A – Reference Markets Assessed	58
Annex B - Market Place - Actors.....	59
Annex C – Core Goods (Photos and Descriptions).....	60
References	61
Key Informant Interviews.....	62



Abbreviations

ATM	Automated Teller Machine
BNA	Basic Needs Analysis
CBI	Cash Based Intervention
CTP	Cash Transfer Programme
DPPB	Disaster Prevention and Preparedness Bureau
ERC	Enhanced Response Capacity
ERCA	Ethiopian Revenue and Customs Authority
ESRS	Ethiopian Somali Region State
ETB	Ethiopian Birr
EFMHCA	Ethiopian Food, Medicine and Health Care Administration
GoE	Government of Ethiopia
HH	Household
IDP	Internally Displaced Person
IOM	International Organisation of Migration
Kg	Kilogram
L or l	Litre
LC	Letter of Credit
MPG	Multi-purpose Cash Grant
MSMA	Multi-sector Market Assessment
NFI	Non-Food Item
ROAP	Response Options Analysis Process
USD	US Dollar

Executive summary

This report covers the findings of the Multi-Sector Market Assessment (MSMA) conducted in Fafan Zone, Ethiopia in February and March 2018. The assignment formed part of the ERC-MPG Consortium on Approaches to Transformative Humanitarian Cash Transfer programming and is intended to support joint, multi-sectoral key decisions on cash transfer programming. The assessment was undertaken in Fafan zone (Somali Region) markets serving four woredas covered by the MPG Consortium - Babile, Hareshen, Kebribeyah and Tuliguled. These woredas are affected by both drought and conflict resulting in internal displacement of Somali households from neighbouring Oromia, and poverty of resident households across the woredas. Prospects for a short-term durable solution for the conflict situation are slim, as security issues dominate the agenda and attention of the national government.

The aim of the MSMA is to find out whether markets could supply sufficient goods and services to affected populations to meet their basic needs if and when a cash disbursement were provided to people in need. A Basic Needs Analysis (BNA) identified priority sectors for both Internally Displaced Persons (IDPs) and resident households which informed the selection of Core Goods analysed in the MSMA. Goods surveyed were Maize, Vegetable Oil, Soap, (some) kitchen utensils, water and to a limited degree, sanitary pads.

The research found that extensive and vibrant markets across Fafan zone are generally responsive to both changes in demand and supply, and would be able to respond to an increase in demand resulting from cash distributions to IDPs, as well as to some residents with severe needs. With two main formal supply routes and a dynamic informal and contraband system, goods are available in the surveyed markets with some important constraints:

- 1) Insecurity and exchange fluctuations have an impact on the markets in the region and will exert inflationary pressures and to some degree affect availability of some goods.
- 2) Supply of basic cereals such as Maize is dependent upon the food security situation across Ethiopia and on trade restrictions.
- 3) There is significant scope for improving the functioning of markets in the area – beyond provision of cash to vulnerable households. Lack of capital, market information, and limited infrastructure in the market places are leading constraints facing traders – support in these areas in addition to the improvement of purchasing power would strengthen the markets and economy in Fafan zone.
- 4) The water market in Harshin and Kebri Beyah is active and functioning, albeit with supply issues during dry periods and quality concerns (which this study did not examine). However cash alone will not restore the market and a concerted review of approaches to water trucking would be needed to ensure adequate supply of drinking water.

On the whole, markets are able to service existing demand and traders felt that they could meet an increase of demand by 25%– however this does vary by woreda. For most items surveyed, an MPG to IDP's would be met with increases in supply sufficient to cover extra demand. Maize availability may not suffice for resident households, particularly in Tuli Guled in May and June.

Water quality also poses a risk in the Harshin and Kebri Beyah markets, with public health threatened without further interventions to curtail the sale and use of poor quality. Sanitary pads are not currently in sufficient supply and are not accessible by women due to cultural constraints affecting the market system.

The research recommends proceeding with MPG covering the food, hygiene, and household goods for all IDPs. A MPGs covering hygiene (soap) is viable for the resident population, but would need to be evaluated on a woreda by woreda basis for food including calculating amounts that would allow for substitution of some basic food items. Household items are not a priority for resident households.

Summary of MPG Recommendations across Fafan Zone

Core Good	Availability	Access	Pricing	Findings / recommendation	Risks
Soap	Good Restock in 1+ days Choice of brands / types / quality available	Good	Consistent ETB 5 – 10 / bar (Laundry soap = 5 / 6 Body Soap = 6 – 10)	Proceed with cash Wide availability; Competitive markets; integrated markets; regular supply Imports & Local products available Formal & Informal market (contraband)	Exchange Rate ETB / \$; Transport costs (low); Contraband issues
Maize Yellow and white maize	Good to low – seasonal and geographical variance	Good	Consistent with seasonality	Proceed with cash for IDP's – adjust amount of cash for regular substitutes include WHEAT (available) , PASTA and RICE (available). Caution for residents – consider cash for substitutes.	Production output; Road blocks; Ethiopia Food security
Vegetable Oil	Good	Good	Consistent	Proceed with cash Widely availability; Competitive markets; integrated markets; regular supply Imports & Local products available Formal & Informal market (contraband)	Exchange Rate ETB / \$; Transport costs (low); Contraband issues
HH Items	Medium / Low	Good	Consistent	Cash for IDPs – who have the highest need. Availability in markets is lower than fast moving consumer goods due to higher capital needed to stock by traders and lower overall demand due to 'one-off' purchase nature of the goods. Trader support through access to capital and information would be helpful.	Exchange rate Road blocks
Sanitary Pads	Restricted	Restricted	Unknown	NO Cash - Available in special outlets in urban centres (pharmacies). Stigmatisation limits availability and access for women. Cash won't overcome access issues.	Most poor women can't buy these
Water	Depends on Woreda	Depends on location	ETB .1 to .5 depending on season / location	Proceed with cash for part-funding in Harshin and possibly Babile / Tuli Guled (meeting the very low % of total cash needs) as per BNA	Water Trucking

The MPG would not be recommended in the short run for water or sanitary products. While the study confirmed the functioning of water markets are in Harshin and Kabrabaya, the supply and quality of water is uncertain.¹ Any CBI for water would need to be preceded by a proper assessment of water quality and quantity at source, and include measures to monitor and ensure water traded was of acceptable drinking quality. Furthermore, any CBI or market based support would require buy-in and cooperation amongst all institutions (NGO's, Government, Truckers) in order to avoid disruption of the market through partial water trucking. A voucher system may be better suited to address these challenges for reliable supply of potable water than cash.

A wider market support programme is highly recommended. Across the board, supporting the markets and traders with financial services, improved infrastructure – particularly storage facilities – and market information and business skills would improve the efficiency of the market systems.

¹ The MSMA is not equipped to measure quality of water nor to predict or analyse the overall capacity of water reservoirs to supply adequate quantities of water under different 'drought' scenarios.



1. Introduction

The Multi-Sector Market Assessment (MSMA) Pilot was conducted in Fafan Zone, Ethiopia in February and March 2018. The assignment formed part of the ERC-MPG Consortium on Approaches to Transformative Humanitarian Cash Transfer programming is intended to support joint, multi-sectoral key decisions on cash transfer programming.

1.1 Objectives

The aim of the MSMA is to find out whether markets could supply sufficient goods and services to affected populations to meet their basic needs. This question relates to markets *now as they presently exist* as well as *if and when these populations receive cash grants*. For the purpose of this research, the ‘reference time’ frame for MPG disbursement is June / July 2018 onwards – or six months from the research. The following questions were used to frame the research and analysis:

Can Supply meet Demand?

- What goods and services is Cash Transfer Programming (CTP) and Multi-Purpose Grants (MPG) suitable for? (These are the ‘Core Goods.’)
- What is the overarching demand for ‘core goods’ as identified in the Basic Needs Assessment (BNA) in the affected population?
- Which core goods and services are available in local markets used by affected populations?
- Are the core goods and services of ‘reasonable’ quality and price available in the selected woredas?
- How well and quickly can the local markets increase supply / respond to an increase in demand by affected populations?
- What capacity do key markets and market actors have to respond to a CTP at scale?
- What is the average market price of the selected goods and services in the selected woredas?

Can DEMAND (the affected population) access supplies safely?

- Which markets are safely and readily accessible to affected populations in the selected woredas?
- What risks are there for people trying to access local markets or that prevent people from trying in the selected woredas and by vulnerable group (e.g. women, elders, disabled people)?

What constraining or enabling factors affect the local markets?

- What infrastructure and environmental factors need to be considered when contemplating a CTP / MPG in the selected woredas?
- Are capital and financial services readily available to market actors in the selected woredas?
- How familiar are local market actors with CTPs / MPGs in the selected woredas?

1.2 Target Population

The proposed interventions – and the focus of this research – are in four of Fafan zone’s woredas: Harshin, Kebri Beyah, Babile and Tuli Guled (a new woreda not yet on a map). According to the draft BNA used to inform the MSMA (version January 2018) there are a total of 871,133 people in 143,114 households across these woredas. The total IDP population is 12,748 households or 88,936 individuals, many of whom have been displaced since 2016 due to conflict arising in Oromia. Of the IDP’s, 69% reside in formal settlements and another 29% in spontaneous camps. Less than 3% of IDP’s are settled with host families.

Figure 1 - Affected and Host Populations²

		Residents	IDPs in formal settlements	IDPs in spontaneous camps	IDPs in host families	TOTAL IDP Population	TOTAL Residents + IDP
HH	Harshin	17,279	85	-	-	85	17,364
	Kebri Beyah	35,736	1,320	-	-	1,320	37,056
	Tuli Guled	60,756	-	1,265	360	1,625	62,381
	Babile	16,595	7,293	2,425	-	9,718	26,313
	Total HH	130,366	8,698	3,690	360	12,748	143,114
Indivs	Harshin	103,675	639	-	-	639	104,314
	Kebri Beyah	214,417	9,504	-	-	9,504	223,921
	Tuli Guled	364,533	-	10,090	2,160	12,250	376,783
	Babile	99,572	51,269	15,274	-	66,543	166,115
	Total Indiv	782,197	61,412	25,364	2,160	88,936.00	871,133

In addition to the internally displaced population (IDP), there are also 37,000 refugees across the Fafan zone.

The proposed intervention would cover households in severe needs as defined by Save the Children and the BNA.³ The percentage of beneficiaries receiving cash signifies the potential increase in demand which ranged from less than 1% in some woredas to over 55% in Tuliguled!

Target population for proposed CBI

	Babile		Tuliguled		Kabribayah		Hareshen		TOTALS		
	IDPs	Resident	IDPs	Resident	IDPs	Resident	IDPs	Resident	IDPs	Resident	SUM TOTAL
Total number of HH	9,718	16,595	1,625	60,756	1,320	35,736	85	17,279	12,748	130,366	143,114
% of HH in severe need	36%	17%	39%	57%	19%	26%	8%	8%			
Number of HH in severe	3,498	2,738	626	34,327	251	9,291	7	1,296	4,382	47,653	52,034
PERCENTAGE to be targetted (as % of total population by woreda)	13.30%	10.41%	1.00%	55.03%	0.68%	25.07%	0.04%	7.46%	3.06%	33.30%	36.36%

1.3 MSMA Research Locations and duration

The MSMA took place over 23 days in February 2018, with an initial 5-day training period followed by data collection (1 week) and analysis and report drafting (three days). The research was concentrated in key markets places in the focus woredas, as well as two neighbouring woredas where there are markets accessed by the target population (Gursud and Awbare). For a complete list of the Market Places please see Section 4.

1.4 Core goods and services identified for analysis

The BNA identified five overarching priority needs – namely food, Potable Water, Health commodities, health services, energy. Health and energy were excluded from the MSMA due to the public nature and quality issues related to the health sector, and lack of clarity about what ‘energy’ actually meant – and eventually the legality and environmental impact of charcoal (one of the ‘goods’ in the energy sector). To select another sector, the reported spending preferences were taken into consideration which listed food, household items, energy and school as leading priorities. The composite list of MSMA Core Goods

² Correspondence with Francesca Battinen on 20/2/2018 – Final Population Table_cash_injections

³ Correspondence with Francesca Battinen – 20/2/2018

was therefore narrowed down to Food, WASH (Water and hygiene) and Shelter with overlaps with Education.⁴

The BNA only articulates needs according to broad categories of goods and therefore this research consulted with Food, Shelter, Health, Education and WASH clusters to help narrow down each category to a set of core goods that could be investigated. These are described in the table below.

List of Core Goods selected for the MSMA

Sector	Core Goods (Products)	Description / Specification	Priority (Insert from BNA) ⁵
Food	Maize Vegetable Cooking Oil	Yellow or White Maize Palm or Vegetable Oil Notes: 1) Wheat is more common in Tuli Guledrice 2) rice and pasta are common substitutes throughout	Food is the number one priority listed by all respondents in all Woredas. It forms a significant % of hh expenditure each month, and lack of purchasing power is cited as the main reason for shortages. Food commodities are typically obtained from local traders / markets.
Water	Potable Water	Water from usual / accepted water sources.	Water was listed as a priority in Harshin and Kebri Beyah both of which are ecologically 'dryland' areas suffering water shortages. In Tuli Guled and Babile cash for water was identified to be a small / low priority – where it is mostly obtained from local authorities (Babile) and nature (Tuli Guled)
WASH / Shelter / Education Hygiene items	Soap (wash & laundry) Female sanitary item	Soap (250 gram bars) in solid format for bathing and laundry uses. Sanitary items (under hygiene / NFIs)	Soap / hygiene items were a priority in Sanitary items were selected to provide a much needed gender balance however could only discreetly be researched as far as availability.
Shelter - NFI's	HH Goods - Cooking pot, plate, cup, bucket / basin, Jerry can,	A sub-set of the NFI kit was identified – the cluster prefers stainless steel – but alternatives (plastic / enamel) were included in the study	Household goods were identified as a third priority for IDPs in the draft BNA used to design the research. Cash was the preferred modality in Babile, Harshin and Kebri Beyah.

Health services and commodities which were identified as a priority were excluded from the MSMA because health services are provided publicly / by other agencies, demand is unpredictable and because health services and products need to be of certified quality which is not verifiable by the MSMA. Furthermore health needs are occasional, unpredictable, and fluctuate depending on the disease / issue – and therefore difficult to determine appropriate amounts for a cash disbursement.

Energy was also prioritised by BNA respondents as a critical need. Energy includes power (for lights / mobile phone charging), fuel (for transportation), and cooking fuel – the BNA did not specify which of these goods was covered by 'energy'. Following conversations with various stakeholders who thought wood and charcoal were probably the main goods under the energy category, the sector was excluded. This is partly due to the negative environmental impacts of both wood and charcoal and the need to conserve the natural environment through alternative cooking fuels, and also. A wider market and feasibility study would be needed and is beyond to scope of the MSMA methodology.

⁴ BNA Report FINAL pp 5, 17, 18.

⁵ BNA Report, *BNA Fafan Report_20180217.docx* p. 37

Food preferences vary widely in Ethiopia Somali region, with wheat, rice and pasta widely used where maize is not available. Maize (yellow and white) was the focal point of the study for market mapping purposes

The table below summarises each of the core goods as well as potential total incremental demand for each good given a six-month CBI for all the potential beneficiaries in Fafan zone. This table guided the research and analysis conducted in the MSMA.

Core good quantity and purchase frequency

CORE Goods Specification	CORE GOODS / Products					
	1 Maize	2 Vegetable Oil	3 WATER – Drinking water	4 Cooking pot, plate, cup, bucket / basin,	5 Soap (wash & laundry)	6 Female Sanitary pads
Core good specification	White or Yellow Maize NOTE- WHEAT widely as substitute	Vegetable Oil, refined	As defined by local consumption standards	Stainless steel Alternative PLASTIC	Washing & laundry soap 200 – 250 gms per bar	Reusable sanitary pad set / URBAN - disposable
Unit of measurement	Kg / Gallan	Kg / Litres	litres	1 piece	1 piece	Set
Quantity / month / per HH	Monthly 15.75kg / hh	Monthly 1 kg or litre / hh	Monthly 1,575 or 52.5 per hh per day	Annual – Pot / Bucket = 1 Plates = 7	Monthly – 7 bars	Annual – 2 per female (or 12 / mo)
TOTAL No of target HH needing this good	52,034	52,034	52,034	52,034	52,034	52,034
Frequency of purchases	Weekly	Monthly	Daily	Annually	Monthly	Annual
Duration of assistance	6 months	6 months	6 months	6 months	6 months	6 months
TOTAL DEMAND (quantity x no. HH x no. months x duration)	819,536 kg / month 4,917,213 kg total	52,034 litres / month 312,204 litres total	81,953,550 litres/ month 491,721,300 l total	52,034 pots & buckets/ year 364,238 plates / cups / year	364,238 bars / month 2,185,428 bars total	312,204 reusable pads / year assuming 3 female per hh need

2. Context

Fafan zone (formerly known as Jijiga zone) is one of nine zones in the vast Somali region of Ethiopia. Administratively it consists of 11 woredas and three city administrations (Jijiga, Kebri Beyah and Wujale) with an estimated total population of 1,249,146. The area is a predominately agro-pastoralist livelihood zone, which sits within the Somali region of Ethiopia. The majority of the population is Muslim and from Somali origin, with other ethnic groups including Mahara, Oromo, foreign-born Somalis and Gurage.⁶ Leading causes of vulnerability are drought and conflict, both of which contribute to a history of displacement. Drought related displacement is both internal as well as cross-border with Somaliland.⁷

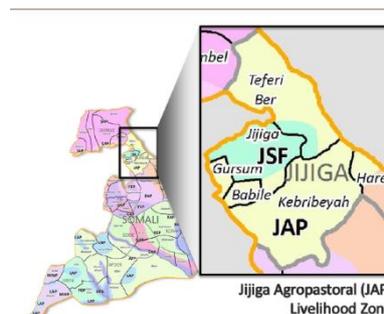


Figure 2 - HEA 2015

2.1 Geography

Fafan zone is classed as agro-pastoralist, with the flat plains which extend into Somaliland to the east relying mainly on livestock based livelihoods, while the western valleys and hillsides provide suitable conditions for growing crops. Geographically, it covers two distinct agro-ecological areas:⁸

- Flat plains extending west and northeast and south throughout most of Jijiga, Awbare and Kebri Beyah including part of Babile.
- Hilly and mountainous valleys in western Kebri Beyah and southwest of Jijiga.

The climate is mostly arid/semi-arid in lowland areas and cooler/wetter in the higher areas, with annual average rainfall ranging from 150 to 600 mm per year. There are two main rainfall seasons in the region - the diraa' rains and the heavier karan rains, with variations to exact timing and amount of the rain between woredas and years. In the southern lying woreda of Harshin the rains are dominant in October to December during the Deyr rains.⁹

Figure 3 - Seasonal Calendar for Fafan zone¹⁰

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
jilaal			gu / dira			hagaa	karan		Deyr (pastoral areas)		

Since 2010, the region has experienced two major drought events. The 2016 Deyr and 2017 Gu were 50% to 40% below average, and overall rainfall between the June 2016 and May 2017 was the second lowest on record since 1981. Furthermore, extraordinarily low temperatures were recorded in January 2018 – dropping to below freezing in some areas. The 2017 Karan / Deyr rains performed well (except in Harshen and parts of Kebri Beyah and Awbarre woredas) but stopped early. The combination of short Deyr rains and extreme cold have presented challenges to agriculture. The effects of climate change are far reaching – not only are droughts more frequent, impacting agriculture, livestock, and

⁶ Visser, Reinier et al. 2016

⁷ Devereux, 2006.

⁸ Visser, Reinier et al. 2016

⁹ Fewsnet, Dec 2013; HEA, 2015.

¹⁰ Adapted from EMMA 2012 and HEA 2015

availability of water for human consumption. In the longer term water stores become depleted due to reduced rainfall.¹¹

2.2 Economy & Livelihoods

Fafan zone is in one of the most economically developed parts of Somali Region. However, the region is still among the poorest in Ethiopia due to poor education, health, and the rising incidence of drought all challenging household resilience.

Most rural economic activity - and livelihoods – in the research areas depend on agriculture (25% of population) and livestock production (60% of population)¹², both of which are tied into the seasonal calendar taking advantage of the gu/dira and the karan rains. Agriculture covers the four valleys traversing the region in Jarar, Fafan, Borale and southern Dakhata where farming is concentrated around seasonal rivers. Other areas rely exclusively on rain-fed agriculture or livestock herding.¹³

Maize is grown mainly during karan rains, along with short-cycle crops such as millet, barley and wheat and harvested in October – November. Crop sales occur from October to December – though many households do not produce sufficient surplus to make substantive sales. The exception lies in the wheat-producing area of Tuli Guled which has a net surplus of wheat.¹⁴ Wheat cultivation dominates the region around Tuli Guled and the crop has performed well yielding good harvests in December to February 2018. Seed provisions, and a government programme to increase the uptake of cultivating forage and horticultural crops in an effort to improve food security have increased food production across parts of the region. However, crops failures are still common due to low rains, particularly affecting sorghum production in eastern Jijiga, Gursum, North Babile, and Kebri Beyah.¹⁵

Livestock (sheep, cattle, camel) is a major source of food security and livelihoods in the plains, and productivity is seasonally dependent. The pattern of livestock breeding and sales governs pastoralist migration patterns, which also affect markets. Milk production is highest between March and October influencing domestic food consumption patterns, and livestock sales peak during August and September demand spikes in the Middle-East / for Eid.¹⁶ The main regional markets for livestock are located in Jijiga and Babile town (in Oromia) from where traders truck animals to Somaliland or Addis Ababa / up-country. Pastoralist migration and livestock sales affect pastoralists’ purchasing power and overall demand in many of the Fafan zone markets. The majority of host households in the region are classed as ‘middle income’ meaning they have some assets (either livestock or land) and sources of income. The tables below summarise the wealth groups across Fafan (formerly Jijiga) Zone.¹⁷

Figure 4 - Wealth groups and income (reported in Jijiga Zone HEA 2015)

	% of households	% of population	INCOME SUMMARY TABLE (Ethiopian Birr)			
Poor	28%	15%	Wealth group	Poor	Middle	Better off
Middle	53%	38%	Annual income per household (by wife) ⁵	12,580	27,100	49,550
Better off	20%	47%	<i>Note: All results are the mid-point of a range rounded to the nearest ten</i>			

¹¹ DPPB, January 2017. Pp 5 – 7.

¹² Visser, Reinier et al. 2016.

¹³ Visser, Reinier et al. 2016. Pp 10 – 12.

¹⁴ Visser, Reinier et al. 2016. Pp 10 - 12

¹⁵ DPPB 2017. P. 8

¹⁶ HEA 2015

¹⁷ HEA 2015

During low production times the main source of income for poorer households is firewood and charcoal sales and sale of their labour. Shortfalls in income peak in January to March when the availability of work and crops for sales drops, but demand for purchases peaks due to shortages in household food production.

Figure 5 - Seasonal income and expenditure trends of host communities¹⁸

	Season	Description	Timing	Main local supply / Income	Demand / expenses
	jilaal	Long dry season	Jan – March	Charcoal / firewood	Peak demand for water Peak illnesses
	gu / dira	Long heavy rain	March – June	Local milk production	
	hagaa	Short dry (some overlap- karan)	June - July	Livestock sales Milk & livestock (for consumption)	Peak milk / young livestock available New school season
	Karan	Shortest rain (occasional)	August - Sept.	Milk & livestock (for consumption)	
	deyr	Rain (esp. Harshin / pastoralist areas)	Oct - Dec	Main crop harvest Labour (harvesting)	Harvest period (crops)

Jan – March	March – June	June – July	August – Sept.	Oct - Dec
jilaal	gu / dira	hagaa	karan	Deyr (southern pastoralist region)
Peak Demand for Water Peak illness Charcoal / firewood selling for income	Local milk production for income	Livestock & milk sales for income New school season	Milk & livestock (for consumption)	Harvest period (crops) esp western parts of ESRS

2.3 Markets - assessment secondary data review

The main market in Fafan zone is Jijjiga, providing a vibrant trading post both for livestock sales to other regions / for export as well as import of goods such as rice, wheat, maize, sugar, oil, new and second hand clothes, and all types of household items. There are two main routes to and from Jijjiga – one from within the country via the fully asphalt ‘Route 10’ to Addis Ababa (via Harar) and the other through the border town of Wajale linking the region to Somaliland.

Jijjiga market has grown significantly in recent years, benefiting from economic growth as the regional capital, proximity to the border with Somaliland, growing capital of traders, development of communications and banking infrastructure, investment from diaspora¹⁹, as well as an increase in the number of licensed traders involved in import-export activities, close proximity to the border with Somaliland, and an increasing population of consumers.²⁰ Jijjiga also has an extensive mobile phone network and banks.²¹

Despite these developments, more remote areas of Fafan zone have poor and limited infrastructure including poor / dirt roads, inadequate local water supplies and no electricity. In the surrounding

¹⁸ HEA 2015

¹⁹ Thompson, Feb 2018. Pers. Comms

²⁰ Boudreau, 2015.

²¹ HEA 2015

Woredas, the main market ‘town’ serves as the main trading centre, attracting smaller traders as well as end-consumers. Almost all trade is conducted through the outlets (both wholesale and retail) in these trading hubs.

While the road condition is good, recent insecurity has led to frequent road closures and delays to transport vehicles along the stretch of road from Harar to Babile (in neighbouring Oromia). The conflict has also cut off access for many traders to Babile, a major trading centre in Oromia region, and to livestock markets which are in Oromia (and an important source of income for pastoralists).²²

2.4 Other Cash and Market Related activities in the area

A number of market assessments and analyses have been carried out in Fafan zone – where available, information and reports from these assessments were used to inform the design and content of the MSMA. Notable market assessments include:

- Oxfam Multi-sector food market assessment (2018 – ongoing during the MSMA)
- IOM Qoloji II - Joint Rapid ES/NFI Needs and Market assessment. Oct. 16 – 19 2017.
- Oxfam Water EMMA, 2012.
- WFP Market monitoring of key food commodities in Somali Region of Ethiopia (ongoing)
- PRIME (Pastoralist Resilience Improvement Through Market Expansion) dairy value chain assessment
- ERC Consortium (2014) Pre-Crisis Market Mapping & Assessment in Siti Zone

Ongoing humanitarian support in Fafan zone include the Government of Ethiopia’s Poverty Safety Net Programme (PSNP) which is being piloted in Tuli Guuled, Harshin, and Kebri Beyah. Food distributions by NRC are available to IDP camps in Babile. According to the 2017 Joint Assessment, an estimated 189,166 persons were assisted with food aid distributions across Fafan zone in 2017, (note that beneficiaries in some woredas received only partial food-distributions of vegetable oil and pulses *and no cereals*. WFP is proposing to provide cash retrospectively to those households to cover the shortfalls.) For 2018, the Joint Assessment recommends continuing support into 2018 as per the 2017 assessment.²³

A number of small business development initiatives have been run in Fafan zone, including programming by Save the Children working with youth (Promoting Opportunities through Training, Education, Transition Investment and Livelihoods, POTENTIAL).

2.5 Risks / Crisis / Situation report

Ethiopia is in a period of political change, and during this research the Prime Minister resigned and a state of Emergency was declared for six months. Some of the causes as well as repercussions of this situation include incidences of public demonstration, violence, road blockages, phone, network and electricity outages and conflict. Conflict in the Oromio region between Oromio and Somali peoples has led to displacement of Somalis across the regional border into Fafan zone. The continuation of the conflict and internal displacement of people is uncertain, but the Somali Regional government is preparing for resettlement of IDP’s across the region in accordance with their clan links and livelihoods preferences. It is uncertain whether there is the capacity to carry this out over the next six months and

²² Combination of verbal testimonials by DAB Research company staff, by traders, and Save the Children briefings. For official updates on road closure see <https://www.gov.uk/foreign-travel-advice/ethiopia/safety-and-security>

²³ Joint Assessment, 2017.

the likelihood is that there will be a protracted period when humanitarian actors will be needed to help IDPs and resident communities who are not recipients of PSNP in 2018.²⁴

Somali region of Ethiopia is also an area of repeated and increasingly severe drought, leading to displacement and / or settlement of pastoralists who are no longer able to cope with a pastoral livelihood. Many of the settlements for drought displaced persons are long-term and extremely poor owing to their loss of assets as well as limited land rights within areas governed by different clans than the IDP's come from.²⁵

Water availability is expected to be normal for 2018, with the exception for Harshin and eastern Kebri Beyah. However, there is an outbreak of Acute Watery Diarrhoea (AWD) in Fafan zone – mainly in Kebri Beyah, Tulliguled, Babili and Gursum. A total of 2,923 cases of AWD were reported in 2017 – the highest levels in Somali region – with a further 5 – 10 incidences being reported daily.²⁶ This signals a serious sanitation issue which will lead to a health crisis if not addressed.²⁷ Additionally, salinity in Harshin bore-holes compounds health issues and water shortages in part of Fafan zone.

It is within this context that the ERC-MPG Consortium commissioned this Multi-sector Market Assessment (MSMA) to determine the feasibility and viability of CBI / MPG in Fafan zone of Ethiopian Somali Region State (ESRS).

²⁴ Conversation with Save the Children ESRS Humanitarian Response Manager, 26 February 2018.

²⁵ DPPB, January 2017.

²⁶ Joint Assessment, 2017. P. 11

²⁷ DPPB, 2017.

3. Methodology

3.1 Methodological overview

The MSMA assessment consisted of three distinct phases taking place between January and March 2018: Preparation, field work (based in Jigjiga, Ethiopia) and analysis / write up:

Contract Prep	Preparation	Field Work	Writing Up
ToR & Contract	Background research	Introduction to field	Further analysis
Kick-off Meeting	Preparation of tools	Training	Consultations & feedback
	Hiring Researchers	Tool test & refinement	Revision of Report
	Field visit Preparations	Field Research	Methodology comments
		Analysis & Drafting	
Oct – Dec 2017	January 2018	February 2018	March & April 2018

The **preparatory phase** involved reviewing and adjusting the research tools to the context, planning with the data collection agency, and secondary desk research. During the preparatory phase the Lead Consultant also familiarised herself with the MSMA Companion Guide and Tool-kit and prepared the training materials.

The **Field Research** was conducted in Fafan zone from 12 to 28 February 2018, and included training (of 21 enumerators and four team leaders); data collection (16 enumerators plus the four team leaders), initial data cleaning, entry and write-up of results (drafted by team leaders). Data collection took place over five days, with one extra day for data collection in Jigjiga market place. Ordinarily analysis is part of the field work, however the extent of ongoing analysis was quite limited in this assessment due to some of the challenges of the MSMA (see Challenges and Limitations below).

Write-up and revisions were carried out in March 2018, and included skype based consultations with the Food and Shelter clusters in Ethiopia via skype, as well written feedback from the Shelter cluster, Save the Children and the Team Leads in the Data Collection company, DAB.

3.2 MSMA Tools applied

The UNHCR Multi-Sector Market Assessment (MSMA) companion guide and ten tools were used to guide background research, marketplace and trader data collection and analysis. The research adhered to this methodology as closely as possible, adjusting tools to suit the context. The UNHCR MSMA Methodology was being piloted as part of the assessment process and a summary of recommendations on the methodology have been compiled separately to this report.

Field research mainly involved questionnaires (see Tools 3 and 7):

- Tool 3 focused on gaining an overview of market places and general availability of the core goods.
- Tool 7 focused on gathering in depth data on the core goods.

The exception was for the water market assessment which required a specific approach and different questionnaires. These were designed using previous market assessments as inputs into a simple set of tools used by the team.

A limited number of semi-structured interviews were carried out by the Team Leads with key informants from local government and groups of traders. (See Key Informant Interviews at end of the report for a summary of interviews undertaken and key informants interviewed).

3.3 Scope and Sampling

Four woredas were included in the research, plus two neighbouring woredas containing markets accessed by both traders and some residents. Key market places were mapped initially during the training and all the relevant market places were visited during the research with the exception of Babile Market in Oromia (due to insecurity). Market place visits provided an overview of core goods availability in markets, and the condition of the market place.

- Key Informants were selected opportunistically and included some government officials who were interviewed during initial introductory meetings with the data collection teams.
- Market traders were selected opportunistically based on visible availability of core goods.

Sampling and data collection was carried out in accordance with the MSMA Guidance. A total of 51 interviews were carried out in nine key reference market places to assess the condition, availability of core goods, and challenges in these key market places across Fafan Zone.

The full set of Key Informants was not identified until the final days of the MSMA when the team leaders were analysing the findings with the overall MSMA Lead. Opportunities for further research with these Key Informants was very limited and the multi-stakeholder market mapping exercise which was scheduled for the training did not take place (please see limitations and challenges for reason).

The Oromia-Somali insecurity prevented visits to any of the kebeles in Babile and Tuli Guled. Any information relating to local community purchasing behaviour is based on interviews in the reference markets.

3.4 Market Assessment Team

There were initially 25 ‘enumerators’ and team leaders who attended training. Following training, four team leaders each with four enumerators were selected for the research. Each team was furnished with a vehicle (organised by the Data Company, DAB). Additionally one Save the Children vehicle was available throughout the research and provided transport for the research lead, Save the Children participant, and two government officials. The main purpose of this support vehicle became securing local government permission in markets to conduct research.

Teams were initially divided by core good, and some members subsequently re-organised by geographic location due to gender based travel constraints. The use of standard interview sheets allowed teams to gather data for the breadth of core goods, and due to logistical as well as security reasons, some teams investigated four of the five core goods studied during the research (Maize, Vegetable Oil, Soap and Household items). The team working on the water market stayed together throughout the data collection work. Sanitary items research was limited by the number of researchers comfortable discussing these items with traders – two women participating in the data research who could not travel to Harshin, and one Team Leader who felt comfortable approaching some traders.

3.5 Challenges and Limitations

A number of challenges limited the extent and depth of the MSMA research. Some relate to the preparatory stages of the project including the inputs needed to start field work, while some occurred in the field.

Preparations – before the research

The BNA methodology does not provide the information needed to conduct an MSMA. The BNA prioritises ‘needs’ according to categories of goods and services, without articulating what is meant by categories such as ‘food’, ‘health’, ‘education’ and so forth. The BNA also does not provide information about demand – including how much of each core good or service is needed by a household, the quality expected by consumers, the willingness to pay for these items, and the preferences or substitutes for specific goods such as maize. This information was ultimately gathered through consultations with clusters and is based on humanitarian actors research and criteria – not household / consumer demand.

The BNA report itself was not available until very late – drafts were provided a week before the MSMA started and were being updated until after the BNA was completed. Available information such as the proposed number of targeted beneficiaries continued to change until the end of report writing, making it difficult to assess precise demand requirements in the field.

The MSMA methodology needed a lot of adaptation before and during training and field work. Feedback on the MSMA methodology has been compiled separately and includes outlining resource and capacity needs of an MSMA, organising the MSMA, and special provisions for goods which have environmental impacts (water, cooking fuel, wood etc.)

During training & research

The security situation in the region limited where data collection could be conducted, both during the MSMA and the BNA. Insecurity in regional border areas between Oromia and Somali region prevented any research at the Kebele level in Babile and Tuli Guled. It was not possible to collect any data from any kebele along the Oromia – Somali region border.

Checking the quality of goods is beyond the scope of the MSMA methodology. Water and food quality were not measured, and other quality checks were largely visual. For goods such as non-food items / fast moving consumer goods, observation of ‘brands’ and correlation to pricing was possible, but it should be noted that ultimately consumers may choose what ‘quality’ they will buy depending on their preferences and affordability. For goods such as water or health products this poses a particular challenge where public health and safety are at risk from poor quality goods.

Management overheads working with a large group of inexperienced ‘enumerators’ were high and the Data Research company itself had limited capacity to deal with both day to day administrative as well as more involved management issues. The Lead Consultant with support from Save the Children expended a lot of time on managing day to day tasks, which detracted from more technical attention to the MSMA research. The data collectors never achieved a level of competency required to carry out analysis of data (as required throughout the MSMA methodology) and certain activities – such as limited market mapping – only took place with the Lead Consultant at the end of the research period.

The MSMA methodology and tools could be streamlined with a simplified set of research instruments, clearer process and a set of analytical tools (e.g. EXCEL sheets). Some questions could be standardised for digital collection (such as Kobo) while others requiring more in-depth discussions and collection of qualitative data designated for more experienced enumerators. Contextualising all the tools, developing them for Kobo, developing new tools from scratch for water all took a lot of time and effort.

Digital data collection requires support both in terms of setting up the research instruments, editing them, and setting up, maintaining, and synthesizing / downloading collected data. There was not



enough time to set up tablets for the research (Tablets were not available until nearly the end of training; they were provided without power or chargers; the internet was too intermittent to reliably upload / download questionnaires and data). Therefore all data collection was done using paper instruments and the data had to be entered manually into Excel.

Absence of sector specialists affected design of research instruments and analysis of results.

Gaining access to markets took time. The research permission organised by Save the Children was not always communicated to the district level administration. We were fortunate to be joined by two regional government officials who would negotiate access in the field, but this took up unplanned time. Additionally other delays always happen (finding fuel, broken vehicles) and contingency time needs to be planned into any study.

Report Writing

Due to some delays in feedback on the draft report the final report submission was also delayed. The cluster consultation sessions proved to be extremely useful however, and excellent and timely feedback was received verbally and in writing from the Food and the Shelter clusters. (It is recommended that a similar consultation be scheduled before the onset of research.)

4. Market Place Assessment

Trade across Fafan zone is increasing. Over the past five years the size of market places, number of traders, volume and range of goods sold, and number of customers has expanded, led in part through local economic growth, and in part by rising populations. Two supply routes characterise the market environment across Fafan zone: one connecting the region with the rest of Ethiopia and the other linking trading to neighbouring Somaliland. Trade with Somaliland along the Harshin and Kebri Beyah corridor is partly formal and legalised, and partly informal with contraband freely flowing along the semi-permeable Somaliland-Ethiopia border. With a choice of supply routes, traders are positive about the growth in and resilience of trade. The main challenges are and will continue to be insecurity and blockages to transport and supplies from the rest of Ethiopia and the devaluation of the Ethiopian Birr (ETB). The inflationary effects of the devaluation of the Ethiopian Birr (ETB) affect trade across Ethiopia – not just in Somali region – impacting on the cost of goods, fuel and transportation.

4.1 Market Place / Reference Market Overview

The key market places are mostly along main roads and are located at the centre of towns. Except Tuli Guled, Kebri Beyah and market places across Harshin, the remaining market places are on / off major asphalt roads. Due to the way in which water is traded, the ‘reference market places’ for water were a sample of community level sources (birkad owners; small transporters and vendors) as well as the Reference Market Places.

Key / Reference Market Places

No	Market	Woreda	Distance (km) from Jigjiga	Size & Type of Market	Transport Information	Access for Traders	Access for Target Communities
1	Bombas	Gursum	57	General – medium	Asphalt road	Good – Road Block causes supply issues	Good / secure
2	Elbahay	Babile		General – small	Asphalt road	Good – Road Block causes supply issues	Good / secure
3	Harshin	Harshin	115	General – medium	Dirt Road	Fair to Poor – especially in rains	Fair (walking distance for some) / secure
4	Harteshak	Kebri Beyah	73	General – Medium	Dirt Road	Fair to Poor – especially in rains / secure	Fair (LONG walking distance) / secure
5	Jigjiga	Jigjiga	0	General – large	Asphalt Road – Main route	Good – Road Block causes supply issues	Good / secure
6	Kebri Beyah	Kebri Beyah	50	General – Medium	Asphalt road	Good / secure	Good / secure
	Lanqerta	Harshin		General - small	Dirt Road	Fair to Poor – especially in rains	Fair (LONG walking distance)
7	Qoleji Xamp	Babile	65	General - small	Asphalt road	Good / secure	Good / secure
8	Tog-Wajale	Awbere	63	General – large	Asphalt road	Good / secure	Good / secure
9	Tuli Guled	Tuli Guled	35	General – Medium	Dirt road	Fair to Poor – especially in rains / secure	Fair (LONG walking distance) / secure

Both the size of the reference market places, and the size and types of vendors vary across the region. In the larger markets of Jigjiga and Tog Wajale there are big importers, wholesalers and warehouses as



well as a range of formal permanent and informal street vendors. The medium markets are characterised by a few smaller wholesalers (with one or two storage facilities), numerous retailers in permanent fixtures, and a number of smaller kiosk / street vendors. The small markets in Qoloji camp I and II are ‘kiosk’ style and some ‘street’ stalls with minimal storage facilities and stock. The different market outlets, permanent shops, stores and warehouses have varying levels of roof, floor, and wall qualities as well as specific size with respect to holding maize.

Household and small trader access to markets

Access to the market places is open and safe to urban, village, and camp communities alike. There is public transport along major routes and ‘Bajaj’ three-wheelers also ply the routes between market towns and surrounding Kebeles. The use of donkeys is also widespread in particular helping to transport water. This means that both local traders and able household members can shop inside of a day. Within Fafan zone there are few security concerns on the roads. However, checkpoints entering Jigjiga town, and on the main road between Tog Wajale and Jigjiga can delay travel times and result in confiscation of some contraband.

According to the BNA, food, hygiene, sanitation and shelter materials are mainly purchased from local traders who are typically accessible within an hour. The exception is Tuli Guled where traders are more than two hours away.²⁸ The market assessment found that traders have customers from villages and camps, as well as local urban populations. There are also reports of small traders within the Kebeles, which it was not possible to interview during this research because of time (Harshin & Kebri Beyah) and security constraints (Tuli Guled and Babile).

According to the BNA, potable water is mostly purchased from local traders Harshin and Kebri Beyah, while it is mostly obtained from local authorities in Babile and from nature in Tuli Guled. Sources of potable water are typically located less than one hour away in all woredas except Tuli Guled, where they are located more than two hours away.²⁹ In Tuli Guled water *is* available in the market place (see water section) however the amount traded / needed by households is relatively small compared to the overall needs identified in the BNA. In Qoloji camp water is provided free of charge by camp facilities; it was not possible to survey any households in surrounding Kebeles.

4.2 Overarching ‘Market Environment’

The overarching market environment can be described as a vibrant spot market with opportunistic informal as well as more formal established traders serving a wide range of demands. This section summarises some of the cross cutting ‘enabling’ environment factors across all the core goods (market systems) studied.

(In)security

All market places report good security conditions, with free/equal physical, social & economic access to traders, resident households and IDP’s alike. However some traders in Bombas (in Gursum) report thefts both of traders and customers. Most markets have some form of ‘security guard’ to watch over goods stored outside / without lock and key overnight.

The main cause of concern in terms of insecurity relates to road blocks and sabotage along the main road from Addis Ababa, in particular between Harar (in Oromia) and the ESRS. This has either delayed

²⁸ BNA Report, *BNA Fafan Report_20180217*.

²⁹ BNA Report, *BNA Fafan Report_20180217*.

or diverted supplies via a longer rough road from Dire Dewa, across the northern part of the zone to Jijjiga, increasing the distance from 165 km to 220 km on very poor roads. Markets in Oromia region which were once main trading centres for Somalis in both Oromia and ESRS - namely Babile and many of the livestock markets – are now out of bounds for Somalis.

Infrastructure

All market places are generally described as ‘fair’ to ‘good’ with good security in the market places. The main shortfalls relate to drainage, storage, poor access roads and loading / parking areas, and lack of sanitation facilities (especially toilets). Over 70% of the traders reported lack of drainage resulting in flooding during rains. In many market places, goods are stored outside stores in the open air, and are prone to damage during rains. Additionally the weak structure of many shops (composed largely of corrugated iron on dirt floors) adds to vulnerability to rains and flooding.

Nearly 80 % of the market places reported have inadequate toilet facilities. Considering the large number of female traders (over 50% of retailers are women) this shortcoming is a great inconvenience and health hazard for traders – as well as for customers. In one market place (Gursum) traders complained of lack of adequate water supplies.

Across the market places warehousing / storage space is an issue – over 50% of the traders said there were no or poor storage areas in either covered warehouses or fenced areas. While the issue here is less one of security (which is good), traders universally felt that warehousing would make a significant difference to stocking, business planning, and profits for traders.

Summary of condition of market place infrastructure

A. Condition of Market Infrastructure	TOTALS			
	Good	Fair	Poor	Not Availa
Stand / stalls	45%	34%	9%	11%
Shops	48%	33%	14%	5%
Warehouses	28%	16%	16%	40%
Toilets	12%	10%	17%	61%
Drainage	8%	8%	13%	73%
Electricity / Power	53%	24%	7%	16%
Main Access roads	28%	41%	15%	15%
Parking / loading	16%	28%	14%	42%
Communications / mobile access	65%	16%	0%	19%
Banking facilities	33%	13%	3%	53%
Inspection of standards	15%	49%	20%	17%
Sheltered / covered areas	40%	33%	15%	13%
Fenced / Secure areas	17%	22%	17%	44%

* Note Not availa = not available at all in the market place.

Taxation

Ethiopia’s taxation system imposes a up to five separate import taxes, which are collected by the Ethiopian Revenues and Customs Authority (ERCA). These taxes are charged in a compounding, sequential order as follows: customs duty, excise tax, value added tax, surtax and withholding tax (not compounding). All taxes are payable at the time of import.³⁰

³⁰ GAIN, 2015.



Trade & Business rules and regulations

Trade rules. Ethiopia has an extensive and complex legal framework for import of goods, setting restrictions and duties (both import and excise) on different products.

All formal imports into the ESRS are governed by the rules and regulations of the **Trade, Transport and Industry Bureau** (Formerly known as the Trade, Transport and Tourism bureau). This bureau's remit is to promote formal trade and discourage 'informal' or contraband trade deemed to supply sub-standard / poor quality goods into the local markets. The Bureau's jurisdiction includes registering businesses and supporting Letters of Credit (LC) for importing – and paying for – goods that are imported into Ethiopia. Business registration fees are minimal – ETB 300 per business. The registration process itself can require visiting the Zonal Trade and Industry Bureau in Jigjiga and as there is no woreda level equivalent administrative body, this means that some traders are limited by their capacity register formally. The licensing process is being decentralized at the district level with growing efforts to register and offer license to traders at a local level. Registered businesses are obliged to pay taxes to the Revenue Office – the level of taxes determined by their status (LC licensed or not in the case of imports).

Letters of Credit (LC) are issued by banks and fall under the governance of the Ethiopian Central Bank which recently issued a new directive intended to align the price paid for imported items with the Ethiopian Revenue and Customs Authority (ERCA) price rate (also used for tax calculations). Different traders register to import specific products. Letters of Credit are issued through the Trade, Transport and Industry Bureau in ESRC.

Six food items are exempt from import duties in the ESRS: rice, pasta, wheat flour, vegetable oil, macaroni and sugar. These goods are allowed duty free entry into ESRC from Somalia and Djibouti by state licensed and certified traders, allowing the Government of Ethiopia to monitor the trade in and availability of imported food. For rice and vegetable oil imports, LC's have been granted to three major associations in the ESRS, each one of which is allocated exclusive distribution rights to specifically assigned woredas.

Restrictions on cross-border trade

Tougher restrictions on unlicensed cross-border trade in recent years has led to shifts in trading patterns – more traders are licensed or seeking licensing, and the once vibrant trading centre of Harteshek has seen its trade decline and shift to other centres along the semi-permeable Somaliland-Ethiopia border (Langerta). Most licensed goods are imported through the Wajale-Jigjiga route – a major trade route giving this zone a buffer from crises affecting trade routes towards Dire Dawa / Addis Ababa.

Kinship and Clan Networks

One of the most important 'invisible' assets of a business is 'trust, and trust is also a critical factor facilitating business in Somali communities. Communities living in Hartishek, Harshin and Langerta who are of similar clans to those living in Somaliland have strong kinship bonds bonding business relationships and financial transactions. Fund transfers, provision of credit and advancement of goods are common practice and repayment at a later time is guaranteed by kinship without the need for formal contracts. For IDP's or anyone wanting to establish a trading business, kinship can either be an enabling or disabling factor. Anyone wishing to trade with or in an area dominated by one clan needs to have connections with or be accepted by that clan.

4.3 Market Services in the Market Places

Roads and Transportation: Many traders use public transportation / buses to purchase supplies in person from major market towns of Jigjiga or Wajale. Tuli Guled, Harteshek and Harshin markets are served by dirt roads which can become difficult to pass during rains. The remaining markets are linked to Jigjiga by main asphalt access roads. Transportation services (such as buses) link different markets within Fafan zone, as well as with other parts of ESRS and neighbouring regions, Addis Ababa, as well as to Somaliland.

- Kebri Beyah market has transportation link to Jigjiga, Harteshek, Harshin, Dalol, Gashamo, Somaliland, Degahbur, Kebri Beyah and Gode.
- Tuli Guled market has transportation link to Jigjiga, Lefe Isa, Dembel, Dire Daw.
- Bombas market has transportation link to Jigjiga, Gursum, Babile/Addis.
- Tog-Wajale market has transportation link to Jigjiga, Dire Dawa, Somaliland.

Parking / loading: Tog-Wajale, Kebri Beyah, Tuli Guled and Bombas markets have fair loading / unloading areas, while the other market places have limited facilities. The loading / unloading in Jigjiga market is cramped – narrow roads between shops that function as both wholesale and retail outlets. In almost all the market places traders complain of inadequate parking and loading / unloading facilities.

Communication: all markets have mobile telephone service used for personal communication, exchange of market information, ordering goods and financial transactions.

Financial institutions: Jigjiga, Tog-Wajale, and Kebri Beyah markets have banks, microfinance and credit services. Bombas and Tuli Guled markets have limited credit services provided from the region-Jigjiga. Elbahay and Qoleji markets do not have such services. While most traders use cash to complete transactions, the use of mobile – money (Hello Cash) is on the rise, and traders with bank accounts use Automatic Teller Machines (ATMs) for cash withdrawals. Traders in ALL the markets places remarked on the need to improve financial services – from credit to banking. A new form of ‘sharia compliant’ micro-finance is currently under development and will include mobile money transfers.³¹

Financial Services in Market Places in Fafan Zone

Market Place	Banks	Hello-Cash	Main form of Payment system		
	Available?	Available?	Bank	Hellocash	Cash
Bombas / China Village		√			√
El-bahey		√			√
Qoloji IDP		√			√
Tulu Guled		√			√
Kebri Beyah		√	√	√	√
Hartishek		√	√	√	√
Jijiga	√	√	√	√	√
Harshin		√			√
Langerta		√			√
Tog-wochalle	√	√	√	√	√

³¹ Mercy Corps, 2014, pers communications Dr. Fowzi Elias (26 February 2018)

Electricity: With the exception of Qoloji, all the markets are served with electricity used mainly for lighting, to charge mobile phones, for mills, and cooking. Several market places have limited lighting at night and traders express a need for improvements.

4.4 Supply chains linked to reference market place

All the core goods were available in all the reference markets surveyed – albeit in differing quantities and prices. The availability of maize for instance varied according to local production and consumption preferences (see Section 5). Pricing reflected business costs such as transportation, with more remote markets generally exhibiting higher prices than those near major markets such as Jigjiga.

Exceptionally, Tog Wajale prices were higher for some products (wheat, rice and soap) than in other market places. Wheat prices would be higher because Fafan zone is a net exporter of wheat – with Tog Wajale the zonal focal point for export. Rice and soap prices may reflect differences in brand / quality, but also the fact that Tog Wajale’s proximity to Somaliland means that exchange rate fluctuations are more quickly reflected in prices than in more remote market places.

Pricing across Fafan Zone (February 2018)

Sector	Core Good	Wholesale SP	Retail SP	UNIT	Notes
NFI / HH	Bucket		80	Piece	Plastic bucket
NFI / HH	Cooking Pot	150 to 190	150 to 210	Piece	Depends on size / quality – (aluminium / stainless steel n/a)
NFI / HH	Cup	15 to 16	15 to 22	Piece	Depends on materials (plastic, enamel or stainless steel)
NFI / HH	Kettle	150 to 180	150 to 175	Piece	Depends on size / quality (aluminium / stainless steel)
NFI / HH	Plate	30	25 to 35	Piece	Depends on materials (plastic, enamel, stainless steel)
FOOD	Maize - White	8 to 15	6.4 to 18	kg	Tends not to be much difference between yellow & white in same market place
FOOD	Maize - Yellow	12 to 14	6.4 to 15	kg	
HYGIENE	SOAP - Laundry	5 to 6	5 to 6	Piece	
HYGIENE	SOAP - Body	6 to 8	6 to 10	Piece	Higher Price noted in Lanqerta & Wajale (10)
FOOD	Vegetable Oil	38 to 75	32 to 60	litre	Varies in location and in brand
FOOD	Wheat	12 to 15.5	11	kg	Retail probably by Gallanka
FOOD	Rice	18	16 to 30	Kg	
HYGIENE	Sanitary Pads		15	Piece	Est. Per PAD

Formal & Informal / Contraband Supply Chain

Two supply routes are observed particularly across the Eastern part of Fafan zone – one is the formal supply chain which involves licensed domestic and international traders / wholesalers. The second is informal and involves the sale of ‘contraband’ which is brought over the permeable border crossings with Somaliland, avoiding import duties and taxes. The latter provides both a price advantage and ease of access for wholesalers / traders, but carries a risk of being caught with potential penalties ranging from fines / bribes, confiscation of goods and imprisonment.

While the government of Ethiopia is encouraging formalisation of traders (to ensure ‘standards and quality’ but also provide revenue from taxes!), the informal sector – particularly small traders – is a key part of the current economy. Informal traders may source goods through the formal supply channels, buying from recognised wholesalers or retailers. They may also trade in contraband which is



transported across the semi-permeable border between Somaliland and Ethiopia. Both wholesale / large consignments and smaller / retail supplies are sourced in this way.

It is difficult to say how government (both Federal and Regional) action will affect contraband sales over the coming six months – national level security concerns could divert Federal resources to other activities leaving less stringent regional forces to ‘police’ the contraband sector. A major clamp-down on contraband would however have a significant impact on supplies of things like soap, vegetable oil, and pasta.

Domestically sourced goods

The domestic market is the main source of grains / maize, while imports dominate vegetable oils. A mix of imports and Ethiopian products are available in the NFI market system as well as soap. Sanitary products source was not studied.

The traders accessing international markets fall under import legislation, sourcing goods mainly through Djibouti (via Addis or Dire Dawa), Somaliland (via Tog Wajale border town) or directly through Addis distributors. Domestic traders operate from surrounding regions (especially Dire Dawa, Harar) and all the way to Addis Ababa.

Wholesalers sourcing from local production sources (maize and wheat), or from the intermediaries mentioned above operate in all the ‘major’ market places. Most trade in a range of products and have one to three ‘storage’ facilities – though many will store surplus in the open (covering it at night / during rainfall). Local wholesalers can place orders via mobile telephones with payment made in cash or electronically on delivery. ‘Trust’ plays a major role ensuring that agreements are upheld between the seller, transporter and wholesale buyers. Start-up costs for wholesale business entails securing a location / store and paying a small registration fee (ETB 300).

Local Retailers buy directly from local wholesalers or from major market towns which are accessible by bus within a day. The household items and soap in particular are procured in this way, with women taking buses to where they believe they can buy stock at the lowest price (e.g. Tog Wajale or Jigjiga for Kebri Beyah retailers or Babile in Oromia for Qoloji retailers).

Last Mile Retail

Consumers – both host community and camp resident – purchase items directly from the local markets listed in this report, as well as small kiosks and house-to house sellers in their respective kebele’s / camps. Due to security constraints, it was not possible to visit any of the kebeles in Babile or Tuli Guled woredas, to observe or assess these small traders. In Babile, small traders have set up in Qoloji I and II and were interviewed, as were traders in the road-side small village of El Bahay. In Harshin traders in Lanqeta (at the southern extreme of the woreda) were interviewed. According to the BNA, households in Babile, Kebreayah and Harshin all are within an hour from one of the market centres. In Tuli Guled the distance to markets for some households is in excess of two hours walking time.

Water or services to transport water are bought from the nearest water point to the household. Again, security constraints prevented following the water market chain to the household level.

The number of small retailers / outlets is critical for reaching the less mobile and more vulnerable households and future assessments, as well as baselines and monitoring for any cash distribution system would do well to survey the availability of sales points close to household levels.

Gender Considerations

Petty trade is widely practised by both women and men across Somali region, with over 50% of retailers and small traders interviewed being female. Women not only run / own retail outlets, but also sell goods directly to households with whom they have a relationship. The wholesale sector is dominated by men.

4.5 Supply chain expandability and ability to meet demand

The extensive and vibrant markets across Fafan zone are generally responsive to both changes in demand and supply. With two main formal supply routes and a dynamic informal and contraband system, goods tend to get to where they are ‘needed’ eventually with two important caveats:

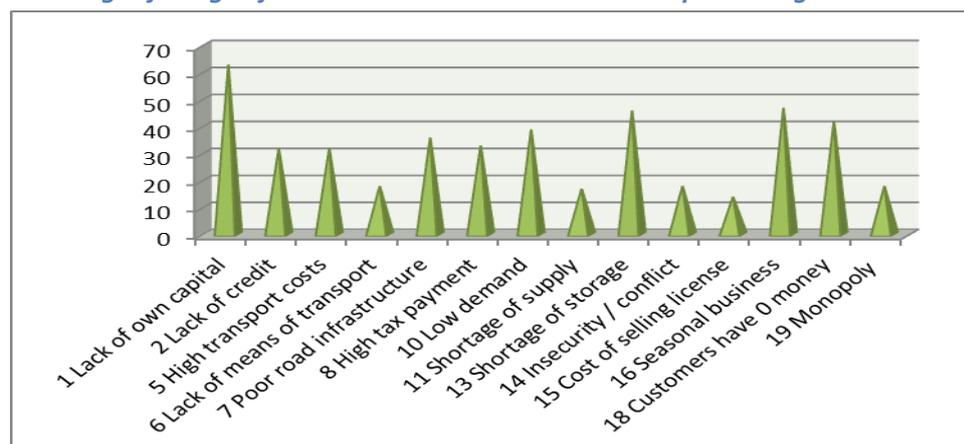
- 1) There may be a time-lag due to the nature of trade in the zone which is mainly based on ‘spot’ market trades with little or no provision for forward planning including poor market information, no planning mechanisms, low levels of organisation between traders, and poor storage facilities – all of which are needed for improved stock management and best use of capital.
- 2) Supply of basic cereals such as Maize is dependent upon the food security situation across Ethiopia and on trade restrictions. Maize is currently not an ‘importable’ good and shortages or supply issues in Ethiopia would adversely affect Somali region which is not self-sufficient in local production. Other cereals – notably rice and to a lesser extent pasta – are subject to trade licensing rules which provide preferential treatment to certain traders who can use their positions to monopolise markets and control prices.

Thus while the markets can respond to the increasing demand to varying degrees, there may be time delays. Finally, some ‘cash’ may not translate into ‘demand’ for specific goods if people choose to spend on different items – for instance lower priority placed on NFI’s or Household items over food means that in the event of inflation, more money would likely be directed towards food items, sending signals to traders to switch away from stocking more expensive and slow moving household goods.

4.6 Trader support & major challenges

The leading challenges for traders in all market places are firstly lack of capital / financial services, secondly lack of storage / warehousing capacity, issues relating to demand: purchasing power, seasonality and finally transportation. CBI’s would help with purchasing power – the other require specific trader or infrastructural support.

Challenges facing Fafan Zone traders across all market places & goods





A few traders complained of monopolistic tendencies in the market – mainly in Tuli Guled (relating to wheat) and Tog-Wajale (by larger outlets / wholesalers). Encouragingly, lack of supplies was low on the list of challenges (17 respondents) followed by insecurity (18). While business registration costs pose fewer problems to traders (only 14 responses) high taxation is an issue (33 out of the total 78 responses).

Small traders interviewed told stories of how they started up with just a small amount of capital and have managed to grow their businesses. Petty trade provides a quick return and supplemental income for IDP's and local residents alike and providing someone can find some capital to buy stock, and they can source supplies in demand at a reasonable price there is a good opportunity for them to build a livelihood. Numerous NGOs and government programmes encourage petty trade and the financial commitments to starting small retail trade are very low (ETB 300 registration for formal traders).

There are risks including bad business decisions or deals when stock is procured at a price higher than it can be sold at, when stock doesn't move, stock loss (due to wastage or damage) as well as bad debt. Most traders provide some form of credit to their customers through advancing goods against future payment without interest. Due to the tightly knit clan structure and Islamic culture the practice is widely used and not reported as giving 'credit' per se, and repayment is almost always expected unless forgiven. However the informal and interest free nature of this form of trade does mean that funds retrieved at some point in the future may have lost value and act as a barrier to restocking. Also, the informal nature of many arrangements may mean that they do not enter into a business' book-keeping. For registered and formal businesses, any loss such as one due debt forgiveness must be registered in that business' accounts in order to be offset against taxes.³²

The main support mechanisms requested by traders across all markets are for warehousing / storage, banking and financial facilities, and some form of improved business planning or mechanisms that allow stocking without incurring risks of losing the value of the stock. Warehousing would be relatively simple to organise, with systems of 'receipts' in place in many areas for stockpiling goods. There is reportedly a move to develop a new micro-finance system – the details of which are still under development. Finally better business planning and support through innovations such as contributory insurance, improving market information through pre-warning of forthcoming changes in either demand (e.g due to cash injections) or supply (e.g. warning of further ETB devaluations) would allow traders to plan better and better supply the market, as well as secure their livelihoods.

4.7 Risks and mitigation activities

The main risks for the market places and traders in Fafan zone are currently related to national insecurity and the uncertainty that it brings. Barring of goods, devaluation of currency, and potential influx of new demand (IDP's) will all stress the market places. Different market players will have different levels of tolerance to these stresses – and usually larger, stronger traders are better able to withstand these stresses due to the larger amounts of capital that they control. The risk is that a situation arises that allows the bigger traders to consolidate power, driving other smaller traders and competition out of the market. This could happen due to legislative moves (for instance to control and reduce contraband and force licensing imparted only to a few select traders) or due to economic pressures driving smaller traders away.

³² GoE, 2015.



For those traders and investors who flourish in the somewhat ‘wild’ environment of Somali region a long-armed approach by local authorities is beneficial. Business can be risky, but for the shrewd and lucky businesses returns can be high. It is likely that this atmosphere will prevail for the coming year, as the insecurity in Ethiopia takes up significant portions of the national government’s resources. The intentions of the ESRC government, and their policies and practices towards traders were not consulted during this research, however a loose approach which allow business to continue as usual could be beneficial for the time being.

The down-side is that informal and contraband trade doesn’t generate taxes that can be used to invest in things such as infrastructure development. Unless local traders come together to jointly invest in things such as warehousing, drainage, and parking or loading facilities, is it likely that much will change? Other infrastructure – especially relating to financial services and improved market information – will require cooperation and partnerships across the market system (between banks, telcomms, government, traders etc.) The research found no evidence of initiatives such as business clubs, chambers of commerce, and other collaborative business efforts – and a deeper, more involved market analysis would help identify ways in which to really develop Fafan markets to the next level.

5. Findings: Maize Market

Maize was selected as a representative of a major ‘cereal’ in the food basket – however other cereals are commonly consumed across Somali region including rice, pasta and wheat. The latter is produced in Tuli Guled where it is also sold for local consumption as well as export to other regions. In Tuli Guled the preferred cereal is wheat, and dominates the markets (there is almost no maize available). The diverse diet in Somali region provides an important factor reducing the risk of shortages due to dietary preferences – with substitution eagerly practiced providing there are sufficient funds to purchase different goods.

Ethiopia is a net surplus producer of Maize, and the fifth largest producer of the commodity in Africa. Investment in production over ten years has allowed Ethiopia to shift from being a net importer, to a major regional supplier earning the country close to USD 21.5 million in 2017. This is despite a fall in production due to ‘Armyworm’ which has also led to a sharp rise in prices of the crop. Ethiopia has also come under criticism in 2017 of diverting the grain from much needed domestic uses, especially in drought ridden Somali region.

Maize sold in markets in Fafan zone is either locally produced and available seasonally, or imported from Nazareth, Oromia, and other maize producing areas of Ethiopia. WFP, Fewsnet, and others continue to highlight the food insecurity situation across Somali region and WFP distributed 22,965 Metric Tonnes of food grains to 284,925³³ persons in host and IDP communities in 2017.³⁴

Nationally, prices of maize have been high over the past year – peaking in October and remaining an average of 55% above the same period during the previous year. Army-worm attacks and poor ‘Belg’ harvests across Ethiopia were partly to blame.³⁵

5.1 MAIZE Reference market places

Maize is traded in all of the Market Places surveyed in Fafan zone, though in Tuli Guleed the main grain traded is wheat, with maize providing a replacement cereal during the months of March – May when wheat is being planted / not available from the farms. When available, local maize dominates the markets, and the price reflects the local trading price for the grain. Therefore prices in Harteshek and Lanqerta are all below prices in the main markets of Jigjiga.

All the market places are well connected and Jigjiga serves as the main supply source for externally sourced maize (i.e. from up-country / the rest of Ethiopia). Somaliland does provide some import capacity, however this route is expensive due to both the importation restrictions / costs as well as the devaluation of the ETB against the USD. The cost of maize in the border town of Wajale, for instance, was found to be on the high-end of the price scale.

5.2 MAIZE Supply chain

The market system for Maize in Fafan zone has two main supply routes – local production which is traded in local markets and has a short supply chain and low costs of business and transport routes, and nationally traded maize which passes through a series of aggregators, wholesalers and retailers. The latter route is subject to national tax structures in addition to local trading fees such as rent and income taxes. Only WFP imports maize. The main supply chain actors are described below.

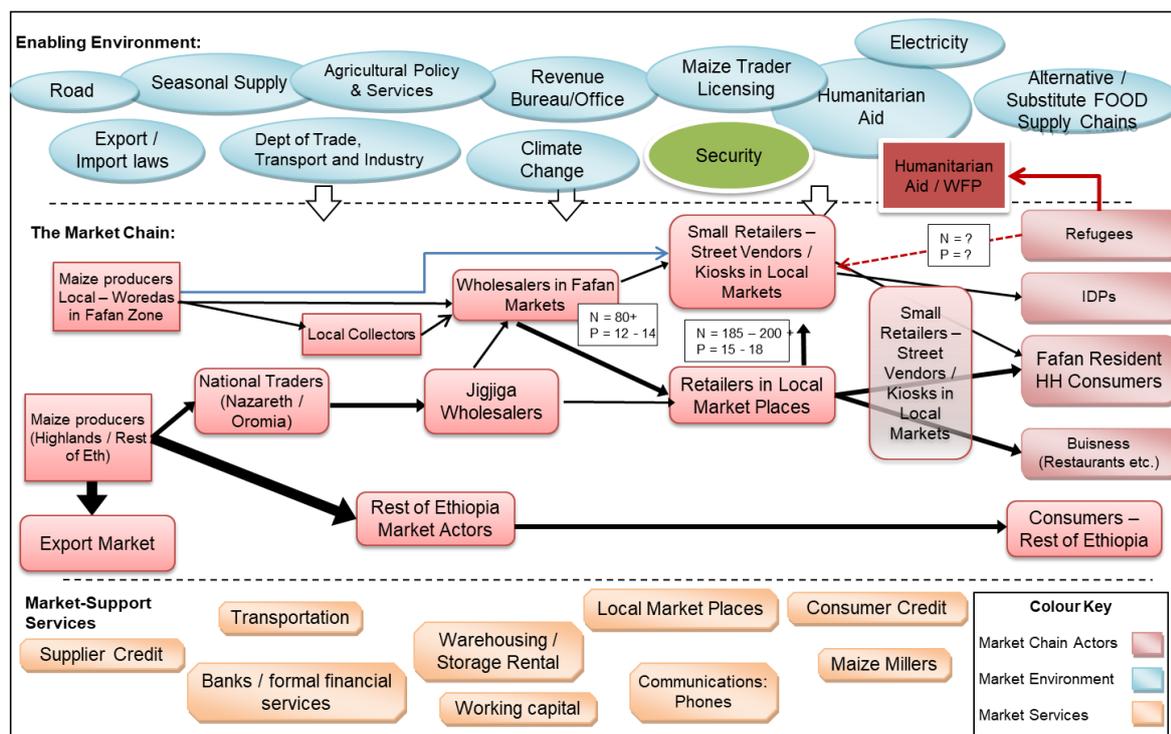
³³ Joint Assessment, 2017.

³⁴ Email exchange with Alycan MUSHAYABASA on 26/2/2018.

³⁵ FAO, November 2017.

MAIZE Market Map- FAFAN Zone

Maize Market Map, Fafan Zone, ESRS, Ethiopia



Farmers: Babile, Tuli Guled, Awbere, Kebri Beyah, Harshin, and Gursum woredas produce maize and other grains most of which are consumed domestically within the household or traded within the respective woredas. Production short-falls are common and trade or food aid makes up any deficit. Between January-March, Fafan zone traders procure maize from Babile, Harar, Dire Dawa, Adama, Gode, and other markets. Across Ethiopia, maize is traded through a network of collectors / wholesalers as well as release of some government stocks.

There was no evidence in the research of any local maize cooperatives / producer organisations operating in any of the woredas – production and sales were by individual small holders directly to traders either at the farm gate or in local markets. Maize producers are likely to be price takers with no opportunities for improving the value of maize through storage, quality or volume enhancements.

Collectors/ wholesalers: Collectors are middle traders buying maize directly from producers at the farm gate or anywhere between the farm and the market. Wholesalers may buy maize directly from the collectors. In Tuli Guled, wholesalers buy maize or wheat directly from the producers. Collectors may also store maize and sell it as wholesale units or directly to consumers.

Retailers: These are small town retailers who buy maize directly from producers or wholesalers. Some producers may also retail maize. Maize retailers may buy their goods outright from traders or wholesalers, or purchase them on consignment, repaying for the cost of goods as they sell their produce. There are small retailers in the kebeles – however the research was unable to identify or interview any due to the limitations of the research.

Consumers: The main maize consumers in Fafan zone include town dwellers, rural village residents, IDPs, refugees, and restaurants. Maize is both a food during lean times for poorer households, and a livestock feed.



Maize Trade summary – no of traders, prices and stock levels (estimated)

Market	Woreda	Dist. from Jigjiga (km)	No of Wholesalers	WS Selling Price (ETB / kg)	No of Retailers	Retail Selling Price	Total Stock Levels kg # Estimated
Bombas	Gursum	57	02-Mar	15.6	40 +	16	500 #
Elbahay	Babile		-		15 - 25		
Qoleji Xamp	Babile	65	0		-15		
Harshin	Harshin	115	8	8^	15 - 20	10^	40,000
Lanqerta	Harshin					6.8^	
Harteshak	Kebri Beyah	73	14 – 16*		25+		50,000
Kebri Beyah	Kebri Beyah	50	15 - 20	14	70 - 100	15	
Jigjiga			10 +	12	80 - 90	15	
Tog-Wajale	Awbere	63	20	18	-		40,000 plus
Tuli Guled	Tuli Guled	35	07-Sep	-	16 - 20	12	470
TOTAL			80 +		185 - 200		

* Wholesalers also deal in retail trade and there is likely to be some 'overlap' in figures reported.

^ Price is a) for locally grown maize (both yellow & white) and b) sold per Gallan – a tin unit smaller than a kg.

Figures according to research - unverified

5.3 MAIZE Market Services

Information: The maize market is a spot market – with traders setting prices based on current pricing and trading information. There is little evidence of forward planning or buying, of stocking (due to poor storage facilities) or of joint / cooperative procurement which could bring traders economies of scale.

Storage / warehousing: Each trader will typically store whatever supplies they hold on their own premises. A few wholesalers report having between one and three storage facilities – but the majority store their goods in one main 'shop' of around 20 – 30 m² or street-side in front of their shops. While this appears to be a 'secure' system, it is open to the elements and subject to 'flooding' during rains.

Standards and measures: The Ethiopian Food, Medicine and Health Care Administration (EFMHCA) is mandated to ensure the quality standards of foods and other consumables. Throughout the research, there was no evidence of the administration providing any quality control in the markets – though secondary research reveals different levels of contaminants present in samples of maize across the country.³⁶ There are some standards in use in the markets – for instance scales are used by some traders who also check and sort maize quality. Many retailers use simple 'scoops' as a measure for grains.

Financing: There are practically no financial facilities available to traders outside the main trading towns of Jigjiga and Wajale. In Gursum (on the main road to Jigjiga) and Kebri Bayeh traders all highlighted the lack of financial services, credit, and working capital as major constraints to expanding their business. However it should be noted that whilst lack of credit or capital is cited as a major

³⁶ Chauhan, 2016 and Assaye, 2016.

challenge, so is lack of purchasing power – *which would constrain the volume of business regardless of the amount of capital available!*

Milling: local mills operate in the market places and charge around ETB 100 per 50 kg of maize. During the milling process the husks are removed from the grains and are often sold as animal fodder.

Transport: Consignments of maize are transported by national truckers from across Ethiopia – increasingly coming under attack on the insecure road through Oromia. Locally transport includes camels, donkeys, pick-ups and three-wheeler vehicles.

5.4 MAIZE Market environment

Legal Trade Requirements: Big grain wholesalers obtain trade licenses and pay annual taxes to the ESRS Revenue Bureau or relevant woreda offices. The ESRS Trade, Transport and Industry Bureau based in Jijjiga, and the respective woreda offices, monitor the quality and price of maize in the market. However, the woreda level structures are not fully functional, and it is not uncommon to find informal grain traders at various levels of the maize value chain. Be it a wholesale or retail trade, maize license is obtained for only 300 birr.

Humanitarian Aid: IDPs in Qoloji camp receive monthly maize distributions (of around 15 kg per household). To fulfil their remaining needs, or purchase alternative foods, IDPs sell a portion of their ration at nearby Elbahay, Babile or Bombas markets. No adverse impact of maize aid was reported; rather, it was described to increase maize supply and rice demand in Bombas market.

Seasonal supply: in Fafan zone, maize is generally harvested between August and November, with some seasonal variations between the woredas. According to the survey results, prices and demand are high between December and May / June – when local supplies are low.

Seasonal Calendar – major crops in Fafan Zone³⁷

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
	jilaal		gu / dira			hagaa		karan		deyr		
Crop Prod	Maize (2 crops) prep / plant / tending / weeding							Harvest				
	Millet, barley, wheat: prep / plant / tend							Harvest				
	Sorghum: prep / plant / tending / weeding - NEEDS KARAN rain to mature											

Insecurity: The conflict in Oromia, and current security situation is affecting local trade threatening traders who bring their supplies in from neighbouring Oromia (primarily Babile market) but also when roads are blocked and supplies can't get through. Continuing insecurity is likely to impact supplies from up-country as transport is disrupted and if fuel deliveries are also threatened.

Import / Export Policy: Since increasing its maize outputs, Ethiopia has been exporting maize. Officially, only WFP imports maize into the country.

5.5 MAIZE Integration and competition

Maize market integration across Fafan zone depends on the supply of maize. Fafan Zone is an agro-pastoral area. However, it is not a surplus producer of maize. Bridging the supply shortage periods by purchasing maize from other parts of Ethiopia is a common trend.

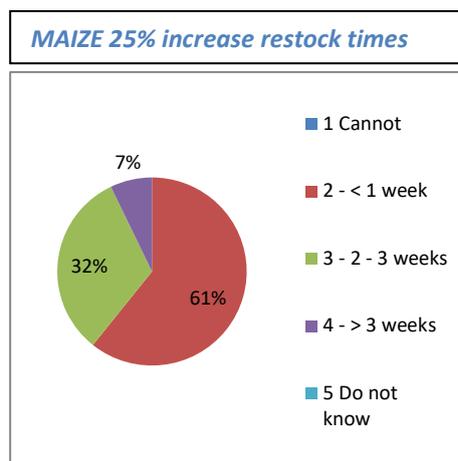
³⁷ Adapted from EMMA 2012, HEA 2015

The national suppliers are well integrated with pricing being consistent across the region. Local variations in price reflect fluctuations in availability of local produce as well as transportation costs. The exception found in Lanqerta (ETB 6.8 per kg) stems from the dominant local supply as well as Somaliland (contraband) supplies in Lanqerta. Otherwise the prices are near to the current (January 2018) national level of ETB 15 / kg (wholesale).³⁸ The number of retailers and price span also indicates a good level of competition between traders across the region. The notable exception is amongst wholesalers who obtain government licenses in some Woredas (i.e. Gursum) and can use this license to jointly set prices and exclude other traders from entering the market at more competitive rates.

In Tuli Guled the major market is wheat – but even here maize was available in the markets at a comparable price (ETB 11 / 12) to neighbouring market places. The reported restocking time of around 2 weeks shows good integration with Jigjiga market (the main source of maize for Tuli Guled). Wheat will most likely be a preferred food for both residents and IDPs using Tuli Guled markets – at only a slightly higher price per kilo of ETB 12 – 15.5 compared with retail prices of maize (ETB 12).

5.6 MAIZE Key conclusions related to market expandability

Overall markets are dynamic enough to respond to increased demand. The main markets have good stock levels and are turning this around. Kebri Beyah and Harshin showed a capacity to stock and store substantial amounts of grain, with existing stock piles exceeding 40,000 kg (Kebri Beyah) and 50,000 kg (Harshin). In Bombas three major maize wholesalers supply the current market – indicating a healthy trade in the market. Food aid at Qoloji I and II influences the maize trade in Bombas, but a reduction could probably be met through both trade with neighbouring Babile (in Oromia) and through the Jigjiga market trade route (Bombas lies on the main road from Addis to Jigjiga).



Traders need between one to three weeks to restock and 93% of traders say they can increase supplies and also felt that more traders would enter the market for food commodities if there was more money in circulation. If maize is unavailable, other grains are both in demand and supply – and substitution is practiced a lot. Setting the amount of cash provided to account for price differential, diet diversity, and inflation is recommended to ensure that target beneficiaries cover their daily grain needs.

These conclusions are based on indications about market behaviour. Absolute demand for Maize (or other cereal crops) is extremely difficult to ‘calculate’ due to a number of prevailing factors, and therefore a ‘gap’ analysis is only a best guess of what may be the difference between ‘demand’ and ‘supply.’ The following factors influencing maize (and other food) demand are worth highlighting:

- Total demand depends both on populations and their needs – in Fafan zone, the population size varies with seasonality (as pastoralists migrate) and due to the crisis (IDPs). Much of the ‘basic needs’ of IDPs are at least in theory covered by ‘food distributions’ so can be ‘subtracted’ from demand providing that the food distributions actually occur. (They have not – at least not for maize / cereals).
- Demand is driven by preferences and choice – which in Somaliland involve a complex and varied set of ‘tastes’. Somalis substitute cereals / grains depending on availability, and relish diversity. Thus

³⁸ WFP - Email exchange with Alycan MUSHAYABASA on 26/2/2018.

while maize (or sorghum) are seen as a basic staple consumed particularly in times of need, rice and pasta / macaroni / spaghetti are eagerly consumed as an alternative. In the wheat growing areas of Tuli Guled the dominant staple is wheat.

- Maize is typically a food for ‘poor’ in the dry season. In the wet season sorghum is consumed (and produced!)
- Research showed a rise in use of maize as animal feed – skewing ‘demand’ or sales figures where the crop is available.
- WFP committed to support distributions to 284,925 persons in Fafan in 2017. The Joint Assessment³⁹ for 2017 recommends continuation of this support into 2018. This amounts to 40,703 households. However approximately half of this distribution is / will be in cash for cereals in particular in two woredas: Babile and Kebri-Beyah.

Assuming that all cash would be spent on Maize, the overarching incremental demand across Fafan zone would be 819,536 kg per month – an unlikely high amount for traders to be able to stock within a short time frame.

Table of ‘Demand’ for Maize – Total for Fafan Zone

	MAIZE
Core good specification	White or Yellow Maize
Unit of measurement	Kg / Gallan
Quantity / month / per HH	Monthly 15.75kg / hh
No of HH needing this good	52,034
Frequency of HH purchasing	Weekly
Duration of assistance	6 months
TOTAL DEMAND (quantity x no. HH x no. months x duration)	819,536 kg / month 4,917,213 kg total

Table of incremental ‘demand’ for Maize under CBI

	Quantity per HH	Babile		Tuliguled		Kabribayah		Hareshen		
		IDPs	Resident	IDPs	Resident	IDPs	Resident	IDPs	Resident	
1	No of HH in severe need	3,498	2,738	626	34,327	251	9,291	7	1,296	
2	HH in SN / Targeted as % of TOTAL Pop'n	13.30%	10.41%	1.00%	55.03%	0.68%	25.07%	0.04%	7.46%	
3	Maize Increment kg	15.75	55,101	43,126	9,854	540,652	3,950	146,339	107	20,411
4	Maize Current stock in kg		500		470		50,000		40,000	
5	Trader ability to meet increase in Demand for MAIZE by amount specified in row 2)	Possibly - not conclusive from research	Possibly - not conclusive from research	With potential sub Wheat	Maize NO - WHEAT possibly (needs separate study)	Yes - small increment	Possibly partially	YES - small increment	Probably not - need other grains	

However, if one assumes not all cash would be spent on maize – in Tuli Guled the majority would probably be spent on Wheat; in other areas on a mix of rice and maize, and one looks at the different woredas and target populations, it is possible that cash for the grain portion of would be met by supply for IDP populations in Harshin, Kebri Beyah and in Tuli Guled.

³⁹ Joint Assessment, 2017.

5.7 Maize Trader support

One of the leading support mechanisms for complex market systems like Maize / grains is provision of information. For a cash disbursement (or other relief operation) providing traders with forewarning of the intervention allows for better planning and stocking in preparation for increases in demand. Most Maize wholesalers and retailers said they need 15 days to one month to ‘restock’ maize – and up to three months in Kebri Beyah. Wholesalers in particular would benefit from advanced information about forthcoming interventions to allow them to restock and store (in their available warehouses). While there would be a premium on the selling price of maize (to account for storage costs, as well as the risk of pre-positioning in an uncertain market when neither the ‘cash’ injection nor the future prices of maize are guaranteed) this would reduce the risk of shortages. Benefits of improved information would include reduced price volatility – currently seen as one of the main ‘challenges’ for traders in the maize market.

Other support mechanisms requested by wholesalers and retailers across the region were for improved warehousing and storage capacity. Warehouse space could be built and made available for traders centrally on a rental / receipts system – which would also allow for improved monitoring of stock levels and pre-positioning by traders of maize for lean seasons.

Finally, in line with the overall findings across sectors and markets, over 50% of maize traders expressed the need for capital / financing for their businesses.

5.8 Maize: Risks and Mitigation

The main risks to the maize market are production related – a significant drop of output or availability in Ethiopia’s domestic Maize market would have negative effects across the Somali region. (Maize is not one of the import-restriction exempt food commodities).

Conflict / insecurity especially in Oromia will have a negative effect on transportation – affecting all products coming from the highland regions / other regions. Equally interruptions in communications will negatively affect ordering systems and potentially the mobile payment system. The extent of impact on the maize market system is unknown.

5.9 Other Grains / substitutes

As other cereals / grains are frequently used and consumed in Somali region, the research included short assessments of rice, wheat, pasta / macaroni where time allowed. The recommendation for a CBI would be to take the substitute grains into account when calculating the cash intervention amount, using rice as a guide for Babile, Harshin and Kebri Beyah and wheat for Tuli Guled.

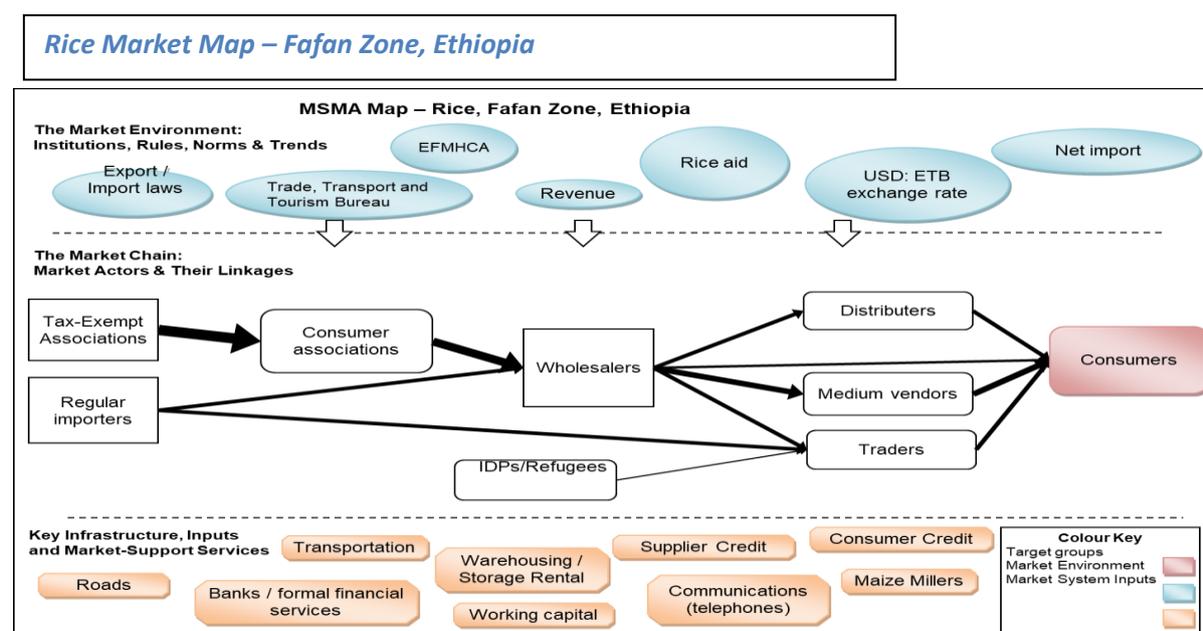
Comparative Table of different grain prices across Fafan Zone (Retail price ETB per kg)

Items	Bombas	Qoloji / El Bahay	Tuluguled	Kebri Beyah	Harshin	Hartishek	Jiggiga	Tog Wajale
Wheat	-	-	11	-		15		18
Maize	15 – 16		11 - 12	13 - 15	8 - 10	8 - 10	12 - 15	17 - 18
Rice	19	16 - 22	24	22		19	21	18
Pasta		28 - 30	20					

Rice

Rice is a commonly used staple food Fafan zone community, and used interchangeably with maize, wheat, and pastas in the Somali diet. During times of scarcity, rice is cooked and sweetened with sugar to provide a low-budget, high-carbohydrate meal. A further advantage of rice is the relative short cooking time (less than 15 minutes required for rice).

Unlike domestic cereals like maize and wheat, rice is imported mainly from Asia. The type and quality of rice imported into Somali region in Ethiopia is considered ‘low’ in Asian markets and therefore is available at comparatively low prices. In local markets (Fafan zone) it is available at prices comparable to the high-end of maize – ETB 18 per Kg (compared with ETB 15 per kg for maize – to which milling costs need to be added). However the caloric value of rice is less than maize or sorghum (approximately half) and thus quantities need to be doubled in order to meet the same daily caloric intake to rice. (The same is true for pasta – another common food item consumed in Somali region). In real terms this renders the price of rice between double to triple of maize.



Market Environment

As an imported item, rice is subject to **Standards and inspections** overseen by the Ethiopian Food, Medicine and Health Care Administration (EFMHCA) which inspects the storage facilities of food item traders.

Rice Aid: Rice is provided as a ‘food aid’ item by the Government of Ethiopia and IDPs in Qoloji camp receive rice aid.

Exchange rate: Rice is an import good purchased for USD. Therefore, the temporal price of rice is mainly determined by the USD: ETB exchange rates. Such changes also influence price of rice in the different local markets.

Rice retail prices: the price of 1 kilogram of rice is 18 ETB in Tog-Wajale and 24 ETB in Qoloji markets. The local prices for rice and pasta in ESRS are determined largely by global market prices and cost of transportation which is also tied to global fuel prices.

Supply Chain actors

Tax-exempt Associations: In the ESRS, three big LC trader associations import six food items sugar, rice, wheat flour, pasta, macaroni and vegetable oil duty free. These importers are allied with consumer associations. Tax exempt food traders are licensed to provide affordable food and are allocated quotas as well as price ceilings.

Consumer associations: The tax-exempt unions are made up of consumer associations each of which has an exclusive woreda in which it can sell the tax-exempt goods. Consumer associations buy goods from their union at regulated prices.

Regular importers: These are regular traders who import rice and other food items but pay the customs tax, 5% federal import duty and a 3% withholding tax. To make use of the competitive rice market, regular traders import separate brands of rice.

Retailers: These buy rice from the associations and sell a bag or kilos of rice to local town households, rural village dwellers, IDPs and refugees. There are about -- rice retailers in -----.

Regular / commercial importers have no restrictions on imports other than their own capacity / capital. They pay federal import duties and an income tax – however this nets out low enough to make them competitive in the rice market.

Rice Market Services

Banking Services: As importers, rice traders require services that facilitate the import process – formal banks that can issue letters of credit, means of making foreign exchange payments etc.

Other services in this market are similar to other food items in this study (telecommunications, market place services, transportation).

Key conclusions related to RICE

Rice constitutes one of the most popular and frequently imported food commodities. Licensed traders, commercial importers (who pay tax but do not have a license) as well as opportunistic traders (who will respond to rises in demand and quickly supply rice) are all common. An increase in demand for grains across Fafan zone could therefore easily be supplemented by rice. Because of the calorific difference between grains and price differences, the cash distributed would need to be adjusted. The following table provides a possible scenario based on 50 / 50 split between maize and rice consumption. The monthly cash grant per household needed to cover grains would be around ETB 450.

Assuming 50% of Grain calories from Maize and 50% from Rice or Wheat, how much should each HH receive per month to cover grain expenditures within the food basket? (Based on FEB 2018 Prices)					
Items	Bombas	Qoloji / El Bahay	Tuluguled	Kebri Beyah	Harshin / Hartishek
Wheat	-	-	11	-	
Maize	15 – 16		11 - 12	13 - 15	8 - 10
Rice	19	16 - 22	24	22	19
ETB per HH needed for GRAIN:	432	432	189	472	424

6. Findings: Vegetable Oil Market

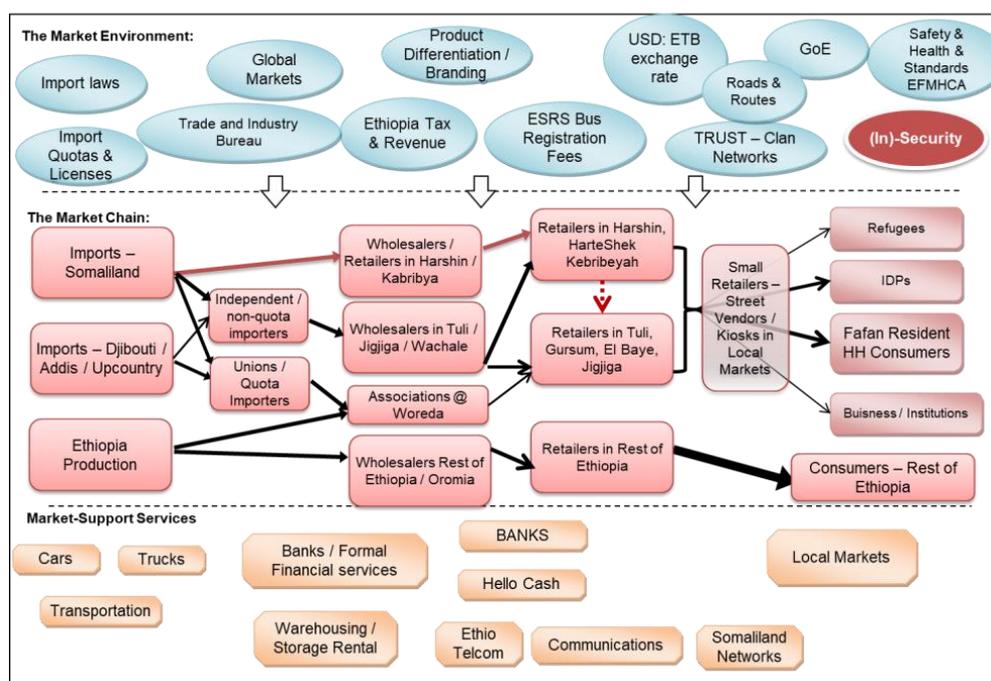
Another commonly traded food item is vegetable oil. The vegetable oil market system is not dissimilar to rice – consisting of both licensed traders with certificates (LC traders) and private non-licensed commercial importers.⁴⁰ Vegetable oils are sold in different quantities and qualities, which reflected in the brands available and their pricing. The most common sales units are 1 and 3 litre bottles, although larger quantities (5 litres) are also found in some outlets, as are small sealed plastic bags of 100 ml or less. Leading brands include Heyat, Omar and Viking oil. The most common imported cooking oils are made from palm oil – domestic oils have tended to be higher-end oils such as ground-nut (peanut) oil manufactured in nearby Harar, and are not commonly found in the local Somali markets. The main oils used by persons of concern would be the lower end vegetable oils.

	Retail Price / litre	Country of Origin
Omar	ETB 38 - 40	???
Viking	ETB 50 - 60	Malaysia
Hayat	ETB 55 – 65	Malaysia
Chief	ETB 45	Malaysia

6.1 Vegetable Oil: Reference market places

Vegetable oil, like rice can be found across all of the reference markets in Fafan Zone and was in good supply during the research month. Most traders of vegetable oil engaged in other forms of trade – either other food items such as grains, or import items including hygiene items such as soaps.

Vegetable Oil Market Map, Fafan Zone, ESRS, Ethiopia



⁴⁰ Jijjiga customs office

6.2 Vegetable Oil: Supply chain

Tax-exempt LC Associations: Like other imported food items, the Government of Ethiopia issues ‘letter of credit’ licenses to a limited number of trading organisations to import specific goods tax free. In the ESRS, there are three big licensed ‘LC’ trading associations – or unions - importing vegetable oil duty free. These importers have assigned woredas in which they sell their products to their ‘member associations’. The prices traders can charge are regulated by the authorities and are routinely posted in the shops. (See also *Section 4.2 – Overarching Market Place Environment* for further explanation of the import system.)

Regular importers: These are regular traders who import rice and other food items but pay the customs tax, 5% federal import duty and a 3% withholding tax. Traders import different brands of vegetable oil to differentiate themselves and gain a competitive advantage over LC traders.

Consumer associations: Each tax free union is comprised of member consumer associations which procure vegetable oil from their respective associations at a regulated price.

Informal traders / contraband: A proportion of oil sold in the Harshin – Kebri Beyah area is imported informally from Somaliland through the contraband trade routes. These traders usually deal in a combination of goods, transported off-road on pick-up trucks through a network of tightly connected contacts. Orders are placed by mobile phone, loaded onto the transport, and paid for either using Somaliland mobile money, or through cash on delivery. This market chain is dominated through spot trading and prices are tightly linked to exchange rates and prices of goods in Somaliland.

Wholesalers buy either directly from traders abroad, or from Ethiopian importers. Some ‘wholesalers’ also have small retail outlets and they can carry a variety of items including grains, soft-drinks etc. The main wholesalers are located in Jigjiga and in tog-Wajale. The research interviewed 17 out of 20 - 30 outlets selling vegetable oil ‘wholesale’ across the reference markets. Wholesalers are stocking from around 100 litres of oil (smaller wholesalers in Kebri Beyah) to over 4,500 litres (Bombas market, Gursum). Wholesalers’ average monthly turnover ranges from between 250 to 1,200 litres, and they can typically restock within 1 – 2 weeks, though larger wholesalers in Jigjiga were turning around 12,000 litres a month with a regular re-stocking period of around 3 days.

Retailers: Retailers range from licensed shop-fronts in the market places to smaller kiosks and outlets, of which there are many (probably over 100 – 150). Sales are typically in 3- or 1-litre bottle, though some of the smaller retailers repackage vegetable oil into small plastic sachets of .10 to .25 litres. They will hold stocks of between 5 to 250 litres, turnover between 10 and 500 litres an month, and have an average restocking time from between 1 day to 2 weeks, depending on their suppliers.

Consumers: Consumers range from resident communities, migrating pastoralists, and IDP’s. Vegetable oil demand is linked in part to consumption of rice – with which the oils are ‘mixed’ to make a palatable meal. There is less seasonality in demand and price than with grains / staples, and the main factor influencing price is the ETB to USD exchange rate. The cost of Vegetable oil has increased by around 30% since October 2017 due to exchange rate fluctuations.

Market – traders and prices for Vegetable Oil

No	Market	Woreda	Dist. from Jigjiga (km)	No of Wholesalers	WS Selling Price (ETB / litre)	No of Retailers	Retail Selling Price
1	Bombas	Gursum	57	6 – 8	30 - 38	15 - 20	46 - 50
2	Elbahay	Babile	55	n/a	n/a	12 - 15	46 - 50
3	Harshin	Harshin	115	No info avail.	37 - 50	3 - 10	38 - 50
4	Harteshak	Kebri Beyah	73			5 +	50 - 60
	Lanqerta	Harshin		No info avail.		1 +	??
5	Jigjiga			6 +		100 +	
6	Kebri Beyah	Kebri Beyah	50	15	36 - 50	50 - 80	50 - 60
7	Qoleji Xamp	Babile	65	n/a	n/a	12 - 15	60
8	Tog-Wajale	Awbere	63		30 - 35	???	32 - 42
9	Tuli Guled	Tuli Guled	35	2 - 3	35 - 45	5 +	32 - 46
	TOTAL			20 to 30		100 to 150	

* Wholesalers also deal in retail trade and there is likely to be some 'overlap' in figures reported.

6.3 Vegetable Oil: Market Services

Vegetable oils share the main services available (or lacking) in the other market systems. Some services which are specific to vegetable oils are described below.

Financial services: The lack of financial services impacts import of oil by non-licensed / commercial businesses who have to establish payments for oil imported from nearby Somaliland.

Communications: In some of the areas reception is available from Somaliland and traders use both telephone and mobile money networks from the neighbouring country.

6.4 Vegetable Oil: Market environment

Vegetable oil is one of the food-items imported under license from the government. As of 2015, import quotas have been established nation-wide with nine importers licensed to bring vegetable oil in the country and to distribute it. Somali region was allocated an import 'ration' of 1.8 million litres of oil annually (out of a total 40 million nation-wide).⁴¹ Three licensed associations in Somali region are licensed to import this oil both from Somaliland and other sources.

Standards and safety: The Ethiopian Food, Medicine and Health Care Administration (EFMHCA) inspects the storage facilities of food item traders. Different traders register to import specific products, and these are subject to inspection. In practice inspections do not appear to reach retail level, and have little to do with 'health' or safety. One brand of oil commonly found in the local markets has been banned in Tanzania since 2015 due to health concerns. This, like other market systems, operates very much on a 'consumer beware' principle. Vegetable oils have a relatively long shelf life (over two years, depending on the type of vegetable and processing). Nevertheless, they can expire or go off. Changing packaging – for instance pouring into smaller containers or into small plastic bags – can lead to contamination.

⁴¹ AddisBiz, 2015.

Currency rate: The dominance of imported Vegetable Oils across Fafan zone exposes the good to the devaluation of the ETB.

Vegetable oil Aid: WFP distributes vegetable oil to IDPs (in Qoloji camp) as well as refugees. There was no reported ‘sell-back’ into markets of oil – its relatively long shelf life and portability presumably making it suitable for household storage.

6.5 Vegetable Oil: Integration and competition

The vegetable oil market is currently well integrated and competitive due to the large volume of unlicensed and informal trade. Potential domination of official imports by three licensed ‘associations’ whose pricing is regulated would lead to oligarchic pressures across the market system vis-à-vis the unlicensed or contraband markets. The competitiveness in the market place is evident from the range of products / brands available, and the range of prices across the zone. The contraband market is slightly ‘cheaper’ than the formal market. There is no clear distinction in outlets between formal (licensed and unlicensed) and informal / contraband goods.

6.6 Vegetable Oil: Key conclusions related to market expandability

Vegetable oils are widely available across Fafan zone, with multiple supply routes and regular restocking capacity making this a low risk product for CBIs. Healthy margins and turn-over rates means that the product is profitable and traders would be willing and able to increase supply if the demand increased. Because of the multiple supply routes, supply risks are spread out – and even if there are road closures, or if there is a clamp down on contraband, traders could find alternative routes to bring in supplies. An increase of 52,000 litres per month (for 52,000 households) or a portion thereof should be viable. The exception may be in Tuli Guled where a resident AND IDP disbursement would increase demand by more than 50% - and would create some shortages in the short run.

Supply and Demand estimates based on proposed CBI for Vegetable Oil

	Quantity per HH	Babile		Tuliguled		Kabribayah		Harshin	
		IDPs	Resident	IDPs	Resident	IDPs	Resident	IDPs	Resident
1 No of HH in severe need		3,498	2,738	626	34,327	251	9,291	7	1,296
2 HH in SN / Targeted as % of TOTAL Pop'n		13.30%	10.41%	1.00%	55.03%	0.68%	25.07%	0.04%	7.46%
3 Veg Oil Increment litres	1	3,498	2,738	626	34,327	251	9,291	7	1,296
4 Veg Oil Current stock in L		5,000		384		1,250		2,000	
5 Trader ability to meet increase in Demand for Veg Oil by amount specified in row 2)		Yes - good stocks & resupply	Yes - good stocks & resupply	Probably - Questionable data on stock levels.		YES - small increment	Possibly partially	YES - small increment	Yes - stocks are available & replenishable

6.7 Vegetable Oil: Trader support

Traders of all sizes expressed the same challenges / needs for vegetable oils as other markets – improvements in market place infrastructure, storage and the need for improved financial services. None of the traders expressed a concern over the current ‘quota’ system, though national level critiques have been aired in the media in the past. Locally however this seems to be less of an overt issue.

6.8 Vegetable Oil: Risk Analysis & Mitigation

As with other sectors the main constraining factors / challenges to the Vegetable oils markets are finances and storage issues. The relatively short restocking time and abundant global supply of palm oil (unfortunately most of which does not comply with good practice in this industry as set out by the Roundtable on Sustainable Palm Oil) means that storage is not essential to ensure supply. The main risk

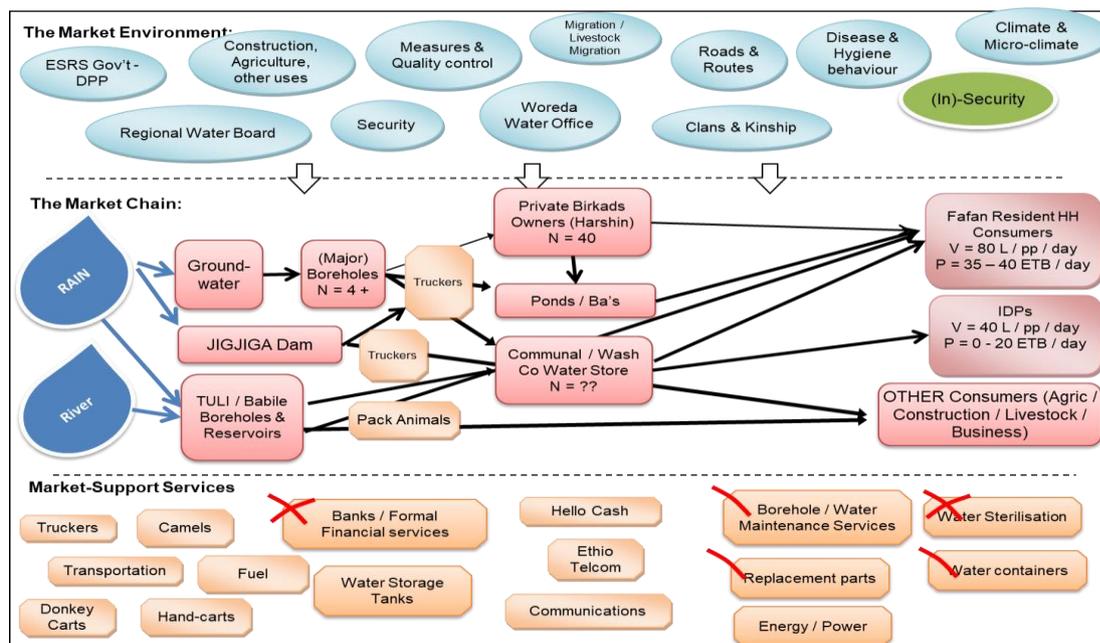
is rising prices due to exchange rates. However the relative small quantity of oil used in cooking means that price rises can be accommodated through slight decrease in quantities used without huge negative impacts on people’s diets.

7. Findings: Water Market

Water is both a public and a private good in Fafan zone, and is sourced differently across the four woredas. Water stores that are used for human consumption (drinking, cooking, and washing), livestock feed, and agricultural or other production (such as construction) include boreholes, berkads, shallow and deep wells, earth dams and seasonal ponds. Agriculture relies mainly on rain for water. This research focused on the provision of *drinking* water (for human consumption) as a ‘good’ – and not on the provision of water sterilisation products, containers for carrying or storing water, nor on the infrastructure (e.g. water pump) needed to source water – all of which constitute separate but interrelated market systems.

In Harshin woreda, an extensive private water market exists with traders trucking water to private owners of reservoirs such as Birkads, who in turn sell water on to households. In Tuli Guled and Babile water is a public good provided for free – however the delivery mechanism to households varies. While households interviewed in Babile have access to free water close to their households, and therefore effectively pay nothing for water, in Tuli Guled distances to water points are greater and households pay for transportation costs of their water. In the latter, some evidence of charges for the water itself at some disbursement points was also observed. Note that in both Babile and Tuli Guled it was not possible to observe or speak to more remote water users at Kebele level due to insecurity – so all information used was gathered at main markets / around main town or camp centres. Kebri Beyah has a mixture of public and private water provision – depending in part on the distance from the original water source.

WATER Market Map, Harshin, Fafan Zone, ESRS, Ethiopia



7.1 Water: Reference market places

All of the four woredas' water markets are distinct and separate market systems with no particular 'reference market' to speak of. While some of the sources of water may be shared across more than one woreda – in particular at times of drought – there is no integration between the water 'markets' across woredas.

Both Babile and Tuli Guled have ground-water and reservoirs which provide adequate sources for both rainy and drought seasons. In Tuli Guled water comes from local government operated bore-holes, wells and pumps and is generally free at source save for a small charge paid to transport water. Water for IDP's is provided free of charge in Tuli Guled and Babile (Qoloji). In the latter, water also is available free of charge in the communities where it was possible to hold any discussions.

Both Harshin and Kebri Beyah rely on rain water capture. When water sources dry up, water has to be brought in from sources lying outside of these woredas by truckers pumping water at the sources outlined in the table below.

Pricing of Water – Kebri Beyah and Harshin

Source	Selling Point	Price at Source per load	Fuel Costs per Load	COST Price	Load Quantity (L)	Load type	COST + Fuel / Litre	Selling Price per Litre - Dry Season (2017)	Margin / Litre - Dry Season
Jigjiga Dam	Kebri Beyah	300	675	975	12000	Truck / browser	0.081	0.250	0.169
Jigjiga Dam	Harshin	300	1125	1425	12000	Truck / browser	0.119	0.500	0.381
Bore Holes	Harshin	400	324	724	12000	Truck / browser	0.060	0.500	0.440
Harshin Birkad	Harshin Birkad				200	Barrel	80	0.400	
Harshin Pond	Harshin Pond				20	Jerry Can	15	0.750	

Kebri Beyah's water comes from a government borehole at Kaho, and four UNHR operated water points. Kebri Beyah has a water pump, serving the town and two surrounding Kebele. However the remaining 21 Kebeles in Kebri Beyah were exhibiting water shortages at the time of research, relying on the private market. This is being partly covered through the private water trucking market, and partly through small 'donkey cart' traders which move from location to location.

The price of water at source constitutes only a small part of overall cost of goods. The bulk of costs consist of fuel (between 200 and 400% of the cost of water), repairs and maintenance of the trucks and trucker wages. The latter come out of the 'margins' for water. In the dry season, truckers will choose the best return on their labour, which is often found through government or NGO contracts rather than sales to individual birkad owners.

7.2 Water: Supply chain

Water across Fafan comes primarily from high-yielding boreholes located either inside or outside of the woredas, which have the capacity to meet water needs across the zone through a variety of distribution channels.⁴² As mentioned above, neither Tuli Guled nor Babile were found to have a significant water market as ground water is available and the government has installed water points for public use. The exchanges which occur around water are primarily for transportation services (covered below under Services).

In Harshin and in Kebri Beyah the situation is quite different. This is an arid zone, ecologically more similar to other parts of Somali region than most of Fafan zone. There is no ground water, and communities rely on surface water. Being predominately pastoralists, they migrate with animals to find the best water sources available. For the settled households, the main source of water are various

⁴² Wildman, T., Henderson, E, and Brady, C. 2012

forms of reservoirs – birkads, ponds, or plastic lined ‘bas’, and increasingly, tanks (either plastic as provided by NGOs or concrete water storage tanks). Water captured during rains is used both by the private owner of the capture and the surrounding community. Once water becomes scarce the system starts to be regulated either through rationing or through instituting water sales. As water becomes more scarce, the price of water rises.

During dry spells, when the rain-capture is depleted, birkad owners will purchase tank-loads of water either individually, or by clubbing together with other birkad owners. Only four out of 40 birkad owners reported being able to ‘afford’ to pay for water trucking themselves during the dry season. Water is trucked to fill birkads which in turn provide smaller quantities of water to smaller ponds. Individual households will buy water by jerry cans from donkey-transporters, or directly from a water source.⁴³ Water from birkads is of questionable quality for human consumption – even though people ‘prefer’ the taste of untreated water there is an obvious risk of contamination and health hazards associated with birkad water.

Donkey owners and handlers also engage in the water trade, either charging a fee for carrying water or acting as traders. Handlers are hired by donkey owners (at an average monthly salary of ETB 3,000) and their ‘market’ often dries up as poor pastoralists run out of purchasing power to buy water – reducing the donkey-handlers and owners’ income opportunities. At the same time the cost of water at the Birkad becomes more expensive – and the donkey handlers do not have enough capital to buy sufficient water in advance or to provide it to a cash poor community potentially on credit. A third but major issue is the reduction in fodder and water for the donkeys themselves during a drought, weakening the beasts. This severely threatens the donkey’s survival – and their owners’ and handlers’ livelihoods.

Increasingly, water is being used for non-drinking purposes – including livestock, construction and for irrigation. Water from Jigjiga dam is being pumped into crop fields.

7.3 Water: Market services

The most critical service in the water market is transportation. This falls into two main types: Large truckers who are either contracted by private birkad owners to fill up tanks with water and deliver them to the birkad, or smaller truckers or donkey-cart owners delivering smaller quantities of water to households as well as businesses.

In some cases, transporters become ‘supply chain’ actors actually trading in water (ie. Buying it themselves and selling water to end users). In other cases transporters are strictly subcontractors. The complication arises when they are contracted by NGOs or the government – and are effectively *removed from* the water market for the duration of their contracts. There is competition between these larger truckers / transporters who not only sell their services across woredas, but work in different market systems transporting different types of goods.

In Tuli Guled donkeys are contracted to deliver water – the water itself is collected free from one of the water points, but the transport fee is around ETB .05 per litre.

Critical support services for the provision of drinking water include sterilisation products, containers for carrying or storing water, and the infrastructure (e.g. water pump) needed to source water – all of which constitute separate but interrelated market systems. The research was not able to assess these services. The availability of jerry cans and water containers was observed in local markets.

⁴³ Wildman, T., Henderson, E, and Brady, C. 2012

Other key services include telecommunications and mobile telephones – both for sending market information / orders as well as for making payments.

7.4 Water: Market environment

Seasonality and rain fall determine water availability for the water market as well as for public service delivery. Shorter or delayed rains, caused by climatic variations, have multiple layers of negative effects on water availability. Seasonality also plays an important role in pricing of water in the market. In Harshin, water from trucks will cost around ETB .07 - .1 per litre when there is water available locally. This rises to ETB .5 – to .6 per litre during dry seasons.

Transportation constitutes a large part of the cost of water. Sample transportation costs in the table *Pricing of Water – Kebri Beyah and Harshin* (above) shows that fuel costs are between two and four times the cost of water itself. This cost is affected by insecurity and exchange rates, which can put upward pressure on the price of fuel.

The government /administrative departments which are responsible for water services and decisions regarding water supplies are the Regional Water Bureaux and the Woreda level Water Officers. The government operates (and owns) two trucks used exclusively for trucking water in Harshin and other woredas. When these do not suffice to truck water, other truckers are contracted to deliver water.

The pattern of trucking water has a significant effect on water markets, diverting resources (truckers) away from private birkad owners to very lucrative NGO and Government contracts. The issue is not one of purchasing power alone – as the income derived from the ‘NGO’ water market far exceeds the potentials in the normal water market. The following description of the government authority roles is extracted from the 2012 Water Emma in Harshin:⁴⁴

Actor	Responsibility
DPPB	Disaster Prevention and Preparedness Bureau responsible for managing early warning and scarcity system on water, coordinating water trucking and pricing, and working with NGOs to truck water.
Regional Water Bureau	Responsible for maintenance of WASH Co managed boreholes
Woreda Water Bureau	Responsible for maintenance of WASH Co managed boreholes
Woreda Administration	Responsible for identifying water shortages
WASH Cos	Responsible for day to day management of water points
UNHCR	Manages water points in Kebri Beyah

Boreholes are managed by a WASH Co, a management structure set up by the Regional Water Bureau, responsible for the everyday operation of the borehole (distribution of water to customers, setting of running hours, collection of tariffs) and also for light maintenance and minor repairs. The WASH Co contacts the Regional Water Bureau in the event of breakdowns, and pays for the mechanic and spare parts required for the repairs, though this is sometimes subsidised by the Water Bureau.

A fee is charged for the collection of water from the water source – the price is paid per jerry can (20 litres), per barrel (200 litres), or per animal (different charges for camels, cows and shoats). When people are unable to pay for the water, they are extended credit or given the water free of charge. As the regular users are those who live in the vicinity of the borehole, people stated that it is “known” who is able and unable to pay.

⁴⁴ Wildman, T., Henderson, E, and Brady, C. 2012



The extent to which the water sources and pumping are maintained by the governmental, non-governmental and community institutions responsible for managing various water points has an influence over the entire water system – public and private. Such research is beyond the scope of this assessment.

Research conducted by Oxfam in 2012 was confirmed in this assessment, with key informants reporting that in 2017 when NGOs and the government initiated water trucking the local water market was disrupted. In addition to diverting truckers from the private market, the water was provided ‘free’ to some birkads on a ‘first come first serve’ basis – by-passing regular ordering mechanisms. Remaining birkads and household owners had to compete with an inflated transportation market.

7.5 Water: Integration and competition

The water markets across Fafan zone are not well integrated – they operate locally, and are linked to one or few specific water points. Users rely on specific sources which they are tied to through kinship / clan / relationships in a social support system. Where water is sourced outside of a woreda – for instance in Harshin – the distribution points are pre-determined by availability of water, distance to travel, and relationships.

Competition amongst truckers / transporters does exist, but a lot of suppliers and buyers are tied by historical / clan relationships. According to previous research, water prices are regulated by the various government bodies and the pretty uniform pricing structure across each Woreda confirms the lack of competition in water pricing.

Where new settlers arrive – for instance in IDP camps – public services provided by the government step in. In two Woredas (Babile and Tuli Guled) the public nature of water provision dominates and there is no market for water – other than for transportation.

7.6 Water: Key conclusions related to market expandability

The water market in Harshin and Kebri Beyah would expand to meet needs providing overall water sources remain productive across Fafan zone. However, because the issue with the markets during dry seasons is less one of lack of cash, and more of market disruption through external (water trucking) influences, providing cash during a drought will not be of help to the market, nor the targeted cash recipients. A longer and wider commitment to develop or support the water market and *not* disrupt it, as was proposed by Oxfam through a voucher system, would be needed. Currently, the quality of water supplied is variable and programme support to render it safe for human consumption would need to accompany any market based intervention on water.

In Tuli Guled where a small proportion of the overall ‘need’ by target households would contribute towards sourcing water, this amount of cash would help pay for transportation. This could be helpful both to the recipient households as well as a welcome injection into a ‘livelihood’ for water transporters. The same may be true of more remote kebeles in Babile which this research unfortunately could not assess.

8. Findings: House-hold Goods Market

Household goods constitute a wide range of products which are occasional purchases – annually or less frequently, depending both on ‘need’ and disposable income. The BNA ranked household goods as the ‘third’ priority in terms of household spending. The BNA did not provide details of the goods which households referred to, and the MSMA research narrowed down ‘household items’ to a selection of five kitchen (cooking and eating) utensils: Plates, cups, cooking pots, kettles, buckets. The goods were selected because they are traded within a similar supply chain and market system, and seen to be representative of household items.

	4 NFI – HH Goods Cooking pot, plate, cup, bucket / basin, Jerry can)
Core good specification	Stainless steel Alternative plastic
Unit of measurement	1 piece
Quantity / month / per HH (Based on cluster input from sector Kits / baskets)	Annual – Pot / Bucket = 1 Plates / cups = 7
TOTAL No of HH needing this good	52,034 for 100% MPG – lower if residents are excluded
Frequency (How often is this assistance needed?)	Annually
Duration of assistance (for how many months is this assistance needed?)	6 months
TOTAL DEMAND (quantity x no. HH x no. months x duration)	52,034 pot & bucket / year 364,238 plate / cup / year

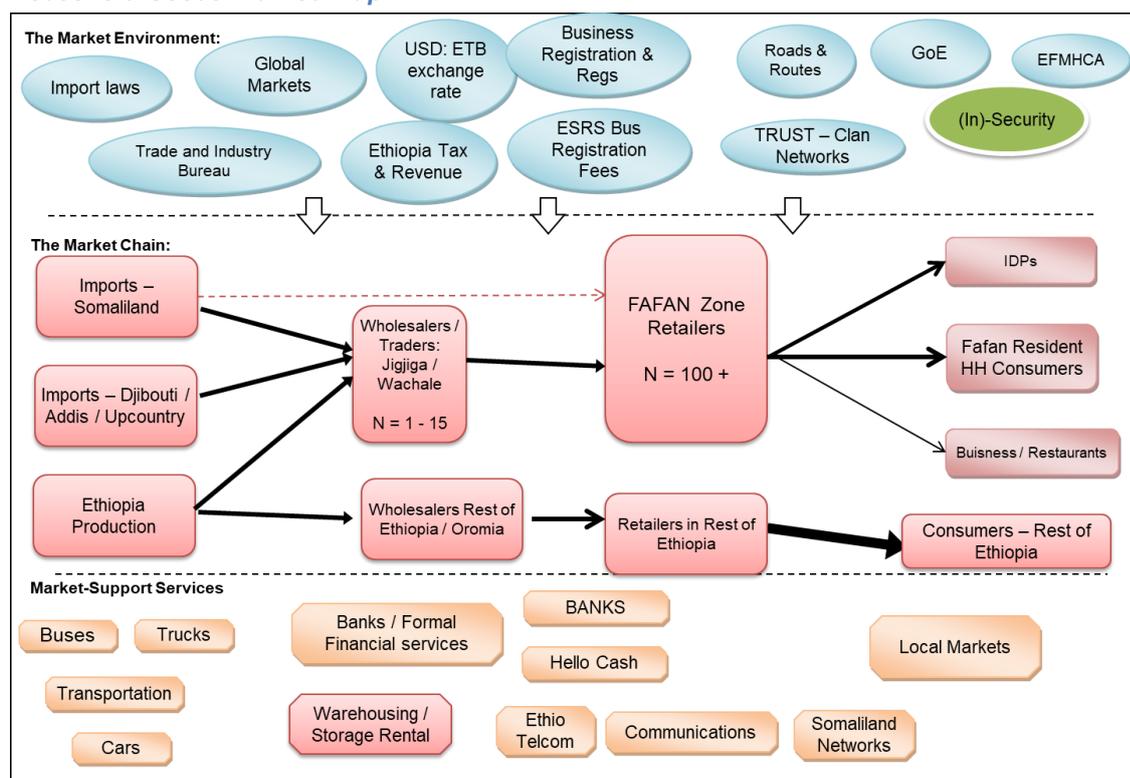
Household goods are distinct from other NFI’s such as soap (see separate section) because they constitute ‘occasional’ purchases and also, because they fall behind food and water in terms of priority. For market actors – i.e. the traders of these goods – this means that they are slow to turn around, locking capital up in stock and increasing the risk of exchange rate losses. The reluctance to invest heavily in household good stock is evident through the general lack of wholesale business in Fafan zone.

The aim of this study was less to calculate overall supply but rather to assess potential for continuous supply. The types of shops or outlets selling the listed items also tended to sell other household items, such as blankets, which are also characterised by infrequent / one-off purchases and are sourced either from Addis Ababa or outside of Ethiopia. For cooking and eating utensils, there are both national suppliers as well as a wide range of imports – and while some stainless steel eating utensils (plates and cups) are available, enamel and plastic ones are more popular and available. Pots come in various sizes and average sized pot were assessed (the shelter cluster does not specify the pot size).

8.1 HH Items / NFIs: Reference market places

The household items researched were found in all the larger market places researched. All sales outlets were retail – and even in Jigjiga there were no exclusive ‘household items’ wholesalers, though researchers did report one wholesaler in Gursum. The smaller markets of Qoloji and El’ Bahaye did not have any stalls with the household items described, and people tend to source from nearby Gursum (also for things like blankets).

Household Goods Market Map



8.2 HH Items / NFIs: Supply chain

The main supply chains for household items are either via Addis Ababa through the main road to Jigjiga, or from Somaliland through Tog Wajale to Jigjiga. Ethiopian produced wares come from Addis Ababa, as well as some from Dire Dawa and Harar. Imports from Djibouti follow this same route. Most Ethiopian cups and plates are made from plastic, while imports offer a wider variety of aluminium, enamel, and stainless steel.

Local trade is through retail outlets offering a mixture of goods such as cooking items, blankets, and some fast moving goods like soaps or soft drinks. Most of these general stores have been trading for over a year. Around 65% of the interviewed shops were formally registered, and most had operated for more than one year – with over 50% operating for more than three years. Small retailers source from bigger shops in the trade centres where there is a cost advantage – such as Tog-Wajale – travelling by bus and hand-carrying stock. Many of the

Number of vendors in Fafan Market Places selling Household Items

Market Place	Wholesalers	Retailers
Bombas / China Village	1 +	5 +
Harshin		6 to 7
Hartisheik		6 to 8
Kebri Beyah		15 to 25
Qolijji/Elbahe		0
Tuli Guled		15 to 20
Tog-Wajale	12 to 14	20 to 35
Jigjiga	0	100 +

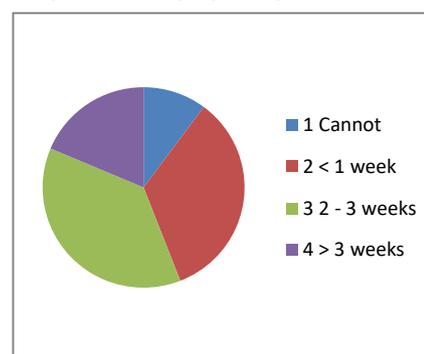
Pricing of the kitchen utensils was fairly consistent, reflecting quality / size differences and transportation costs.

Retail Prices of HH Good Items - ETB

Items	Bombas	Harshin	Harteshk	Kebri Beyah	Tog-Wajale	Tuli Guled	Notes
Plate	25 to 30	35 to 70	30 to 35				Prices for plastic & metal
Cup	10 to 16	15 to 20	15 to 20	20	10	10 to 15	Prices for plastic & metal
Bucket		65 to 80		40 to 50			Plastic buckets
Cooking pot	100	200	150 to 170	150	80	100 to 120	Price variance due to quality / size differences
Kettle	120 to 150	150 to 175	130 to 145				Aluminium kettle various sizes

Traders described their businesses as individual and competitive. Ordering, procurement and pricing is carried out by each trader individually according to their cost of goods / business and competition. The individuality of traders means that there is competition, but little in the way of strategic positioning of wares or planning. There is little seasonality in terms of demand for household goods – purchases are determined largely by the availability of disposable income. During the dry seasons when pastoralists migrate away from some of the urban centres demand drops. Shops with stocks of goods can keep them until demand picks up – but this does tie up their working capital and poses a risk of loss if prices go down over the longer span of time that it can take to move goods. Most (over 70%) of the traders interviewed said they could increase stocks by 25% within one to three weeks.

Expandability of HH goods



8.3 HH Items / NFIs: Market Services

Banking, Micro-Finance Institutions and Mode of Payment: Jijiga, Tog-Wajale and Kebri Beyah serve as the main financial centres, with formal banking services and ATM's. For the Household Items, the main mode of payment is mobile-money (Hello Cash) or Cash. Credit services for customers are informal and based on clan networks. Other credit services for traders are limited, with only Jijiga offering any form of banking or micro-finance services. As with other goods, credit and financial services were cited as the leading 'challenge' and support in this area would help traders increase supplies. Because of the longer turn-around time of stock, household items require a longer-term investment by traders and ability to lock up capital in stock.

Transportation: Many traders of household goods use buses / public transportation for re-stocking, incurring costs both in terms of the fares, as well as their time. The frequency of public transport (sometimes once a week) and the costs involved limit restocking rates. Transportation is cited as the second most important factor affecting supply of household items.

8.4 HH Items / NFIs: Market environment

Many of the general market environment features in Fafan zone also apply to household goods. Due to the dominance of imported products under the household good category, the main influence over price

and availability of goods is the ETB:USD exchange rate. The cost of goods has increased over the past six months and further devaluations of the ETB will continue to put upward pressures on the price of goods.

The second most critical factor affecting trade is insecurity, the road closures and disruption to supplies moving along the main Addis-Jigjiga road. Alternative trade routes with Somaliland are helpful in providing a substitute route, and are often used.

The research found many of the traders and retailers engaged in selling of household items are not registered and paying tax to the government, and are operating informally without a license (See the Section 4.2 - Overarching market environment for more details). Trade in contraband is also common in household goods – and there are some traders who report that efforts to formalise trade are impacting this trade route. However less information was available about this informal trade route for household goods than for soap or rice.

Insecurity has not only affected the volume and price of household items, but the quality. With supply routes blocked, stainless steel household items are reportedly being replaced with plastic goods coming from other regions of the country and from abroad like China and Taiwan. Other informants report shortages in some items such as house utensils.

8.5 HH Items / NFIs: Integration and competition

There is a high level of competition amongst traders of household items, who mostly act on their own and carry out business on a spot-market basis, buying when they see demand increasing and they have the capital to stock up. Prices are mainly affected by exchange rate fluctuations, and expansion of the markets is possible and would not have any lasting inflationary effect on prices.

The clan-related networks which govern a lot of trade in the region also play an important role in household items, with various services integrated horizontally – particularly the provision of informal credit and transportation by suppliers to their clients. This arrangement whilst informal is strictly enforced through the clan system. However, repayment delays will affect traders who tolerate these delays, but will have tied up their capital not only in stocks, but in informal loans.

8.6 HH Items / NFIs: Key conclusions related to market expandability

Cash for Household items are important for IDPs but not for residents. While non-shelter NFI's are not within the top five ranked priorities in the BNA, they were nevertheless an issue raised particularly for women in households. The BNA showed that the minimum expenditure required on household items by IDPs is ETB 320.⁴⁵ Resident households' purchasing preferences did not prioritise household items and the BNA also did not find sell-off of basic goods as a major coping strategy for needy resident households.

The number of traders and volume of sales of household goods indicates that traders could supply more items in the event of a CBI to IDPs. The household good market is smaller than the other commodities studied in the MSMA, with fewer traders, and the number of goods is less than fast moving consumer items such as soap. Across the markets surveyed, average stocks in mixed-merchandise retailers were 30 to 100 items like plates or cups, and 3 to 20 larger items (bucket or cooking pot) and restocking times ranged from one to three weeks. Staggering the cash for household goods to IDPs over several months

⁴⁵ BNA – FINAL Version p. 29.



would spread out the levels of demand, provide market signals to traders to restock, and ensure goods were consistently available across the cash distribution period.

8.7 HH Items / NFIs: Trader support

The main support needed by traders involves capital – through improved / more banking and micro-finance institutions, as well as increasing purchasing power and demand. Traders feel they could meet an increase of demand, given the funds available. As has been discussed in the above sections of the assessment it is stated that in many of the visited market places and sampled woredas of the study the basic market services such as banking and micro-finance intuitions offering credit, loan and facilitating transaction and mode of payment are limited.

Given the pressure to register businesses, support for traders to carry out the formal licensing procedure would help many smaller / informal traders become legal.

Finally, the remaining ‘market place’ infrastructure support mechanisms would be helpful for household goods too – improved road systems, drainage, and overall conditions of the market places.

8.8 HH Items / NFIs: RISKS & Mitigation

The main risks involve exchange rates / financial investment as well as the supply issues related to a) informality and b) supply route blockages.

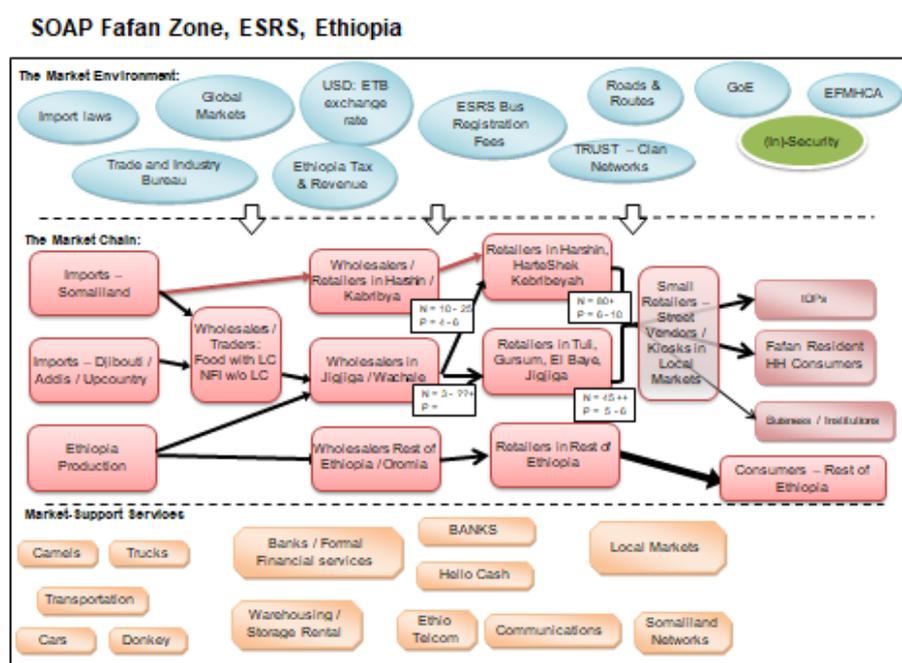
9. Findings: Soap Market

9.1 Soap: Reference market places

Soap is widely found across all the market places in a variety of forms. The research focused on basic soaps (general use – including personal washing and laundry) which are at the lower end of the pricing structure. These soaps are produced within Ethiopia as well as imported, and many of the ‘NFI’ market system characteristics apply to soap as well.

9.2 Soap: Supply chain

The main sources of imported soap in Fafan zone are ‘LC’ holding traders in Wajale and Jigjiga. The traders are diverse – there are no specialised wholesalers of soap, but rather soap is sold alongside other imported or domestic products.



As with the NFI and Vegetable market chains, contraband soaps are also imported from Somaliland via border towns like Allay Baye and Lanqerta. These goods are traded predominately in Harshin and Kebrri Beyah woredas.

The domestic market chain starts with producers and wholesalers in towns such as Addis Ababa, DireDewa, and Harar. Some products are imported and others are locally produced. Note there is a local production plant of *liquid* soaps in Jigjiga (which was not visited as it was not a priority product).

Retailers and small vendors sell soap as part of a range of other goods. The larger permanent shops will offer a range of different soap products – from the low end soaps covered by this research to branded liquid soaps, shampoos, shower gels and laundry product. All are accessible to local Somali residents and IDP’s. IDP camps in Qoloji also sell soap as part of a range of health and household items.

Wholesalers and Retail numbers and prices of Soap

Market place	Number of trader		Source of direct supplier	
	WS	Retail	Domestic	Import

Bombas / China Village	3	10-15	AA, Dredawa Harar Jijiga, Babile oromia,	Wajale
El-bahey	0	8-10	Jijiga, Babile oromia & Bonbass	0
Harshin	7	30 - 40		Allaybade, wajale
Harteshek	2 - 3	10 - 20		
Kebri Beyah	12	60-80	Jijiga,	Allaybade, Wajale
Lanqerta	7	10-15		Directly from Birbira
Jijiga region market			AA, other parts ethiopian	Somaliland wajale
Qoloji	0	30-45	Jijiga, Babile oromia & Bonbass	
Tuluguled	4	15 - 20	Jijiga,	
Tog-Wajale	10	40-60		Somaliland wajale

Wholesalers stock between 500 and 750 pieces of soap packaged in cartons, while retailers hold anywhere between 50 and 250 bars of stock. Wholesalers turn over between 50 and 400 bars a month, while retailers typically sell between 50 and 100 units a month. Retail prices are pretty consistent with expected cost of transportation.

Retail prices of Soap

	Retail Selling Price (low – high)	
Bombas / China Village	5	6
Qoloji / El Bahay	5	6
Harshin City	6	9
Harteshek		10
Lanqerta	10	10
Kabribaye City	6	6
Tuli Town	8	6
Wajale	8	10

9.3 Soap: Market Services

As with other sectors, traders and retailers selling soap are made up of a mix of formal and informal shops, with and without licenses. For shops in the market places, exactly the same challenges are faced by soap sellers – lack of finances, poor storage facilities, and road / transportation challenges.

Order systems take advantage of mobile communications, and ‘Hello-Cash’ is a leading way to pay for stock. Consumers pay cash, occasionally obtaining soap on credit. .

9.4 Soap: Market environment

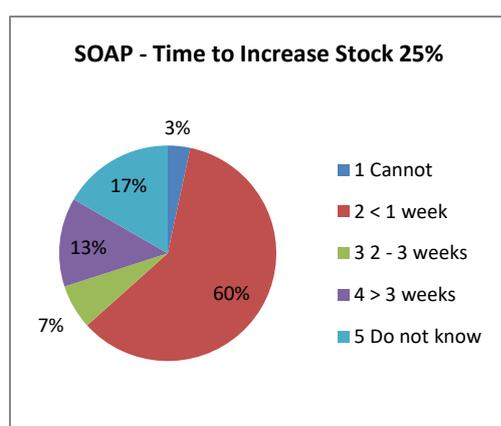
Seasonality affects demand a little – during dry seasons when washing becomes difficult demand goes down. Pastoralist migration also affects demand in market places like Harshin, Harteshek and Kebri Beyah. However the single largest influence on prices has been the ETB exchange rate, devaluation and insecurity. Road blocks in Oromia have affected shipment – and some traders have lost business. However there is sufficient supply through the Somaliland route to cover any shortages.

Similarly, most market places are ‘secure’ due to the kinship culture of ‘looking out for each other’.

9.5 Soap: Integration and competition

The soap market system is well integrated between market place. There is extensive competition, keeping prices aligned across the zone. Traders report setting prices individually and that there are many others in competition with them. Both retailers and wholesalers stock a range of goods in addition to soap, diversifying their income streams. Small retailers will also stock up from larger retail outlets – the ease of trading in soap making it a good product to include in a small business start-up such as a camp kiosk.

9.6 Soap: Key conclusions related to market expandability



There is a healthy supply of soap across Fafan markets, and over 60% of traders said they could increase stocks by 25% in one to two weeks with little lasting effect on price. In the main markets of Jigjiga and Tog Wojale restocking can take place within a day. Small retailers willingly enter the market as soap is a low-investment / high turn-over good.

The main challenges for traders are the exchange rate / devaluation effect on price and to a lesser extent, issues with transportation and road blocks. Inflationary pressures will quickly ripple through this well integrated market chain.

The market system should easily meet a rise in demand for soap through a CBI, providing a range of choices of soap at different price levels to suit buyers’ needs. There is enough diversity in supply chains to address one of the main supply routes being adversely affected for instance through road blocks or a clamp down on contraband.

Demand and Supply for Soap

	Quantity per HH	Babile		Tuliguled		Kabribayah		Harshin	
		IDPs	Resident	IDPs	Resident	IDPs	Resident	IDPs	Resident
No of HH in severe need		3,498	2,738	626	34,327	251	9,291	7	1,296
HH in SN / Targeted as % of TOTAL Pop'n		13.30%	10.41%	1.00%	55.03%	0.68%	25.07%	0.04%	7.46%
Soap increment pieces	7	24,489	19,167	4,379	240,290	1,756	65,040	48	9,071
Trader ability to meet increase in Demand for Soap by amount specified in row 2)		Yes - market is integrated, diverse, and able to restock		Yes - market is integrated, diverse, and able to restock		Yes - market is integrated, diverse, and able to restock		Yes - market is integrated, diverse, and able to restock	

9.7 Soap: Trader support & risks

Trader and market support which would be helpful is similar to other products: financing, improved basic market infrastructure and transportation. All traders mention the inflationary effect of the devaluation of the ETB, though the effects of a fast turn-around good like soap are less likely to be as severe on a business as other slower moving NFI’s. Smaller traders could benefit from support in registering their business.

The main risk to CBI for soap would be the inflationary pressures in Ethiopia due to insecurity and devaluation of the ETB.

10. Findings: Female Sanitary Pads

Female sanitary pads form a key good for several sectors – hygiene, educational (for adolescent girls) as well as being a critical gender-related product. The research chose to include a very top-level review of the availability of sanitary pads to start thinking about this important women’s hygiene item in CBI’s and assess the practicality of including such items in CBI’s.

Despite a public awareness campaigns in Jigjiga intended to de-stigmatised menstruation and female sanitary products, there remain substantive barriers to discussing them. Female sanitary products are available through specialist outlets – mainly pharmacies – where they are not readily on display. While the goods provided in humanitarian distributions are re-usable / washable pads, the main form sold in outlets are disposable pads (in packs of ten to twelve pads). Despite these being a high-end good, availability in all the reference market showed both demand and ability to supply hygiene items like female sanitary pads across Fafan Zone.

Only limited information was gathered on sanitary pads – largely due to stigma associated with men gathering such data (most of the enumerators were male, and the two females were equally ‘embarrassed’ to pose deeper inquiries into the product and also unable to travel to locations requiring overnight stays). Availability was noted as below. The cost of pads was noted at between ETB 150 – 450 for a pack of 10, with all supplies reportedly coming from either Somaliland or Jigjiga.

Locations selling Female Sanitary Pads in Fafan Zone

Market place	Availability of sanitary pad		Sales Location		
	Available	Not available	Retailers	pharmacy	None
Bombas					
El-bahey					
Qoloji IDP camp market					
China village market					
Tuluguled					
Kebri Beyah					
Hartishek					
Jijiga region market					
Harshin					
Tog-wWajale					

The supply chain is similar to the main-stream NFI / Soap products – with the main supply line being through Jigjiga from Somaliland. More commonly seen in shops were disposable baby nappies – if these are an indicator of availability then supplies could be increased. A CBI on sanitary items would need to be carefully targeted and linked to a public awareness initiative to destigmatise purchase of these items by women. MPGs would not be recommended in the current market.

11. Conclusions and recommendations

Markets function well in Fafan Zone. Multiple routes supply seven major market places accessed by both residents and displaced populations, with a diversity of retailers and some wholesalers. While there are varying levels of stock of core goods, restocking capacity is good, and substitutes exist and are utilised by the local population. The market places are accessible to residents and IDP's as well as smaller retailers / petty traders who sell inside IDP camps or through small retail outlets. The main risks / impacts on prices are the exchange rate of the ETB, consequent inflation and in particular impact on price of fuel / transport, and the conflict / instability in the country as a whole which is leading to blockages of roads and more severe disruption of trade traffic, including sabotage of trucks etc.

For most items surveyed, an MPG to IDP's would be met with increases in supply sufficient to cover extra demand. Notable exceptions are:

- Food availability may not suffice for resident households, particularly in Tuli Guled in May and June.
- Water quality which poses a risk to that market, with public health threatened without further interventions to curtail the sale and use of poor quality water.
- Sanitary pads are not currently in sufficient supply and are not accessible by women due to cultural constraints affecting the market system.

Summary of findings – ability of supply to meet demand

	Babile		Tuliguled		Kabribayah		Harshin		TOTALS	
	IDPs	Resident	IDPs	Resident	IDPs	Resident	IDPs	Resident	IDPs	Resident
No of HH in severe need	3,498	2,738	626	34,327	251	9,291	7	1,296	4,382	47,653
HH in SN / Targeted as % of TOTAL Pop'n	13.30%	10.41%	1.00%	55.03%	0.68%	25.07%	0.04%	7.46%	3.06%	33.30%
Ability to meet demand for MAIZE	Possibly - not conclusive from research	Possibly - not conclusive from research	Possibly - With potential sub Wheat	Maize NO - WHEAT possibly (needs separate study)	Yes - small increment	Possibly partially	YES - small increment	Probably not - need other grains	Yes	Possibly
Ability to meet demand for VEG OIL	Yes - good stocks & resupply	Yes - good stocks & resupply	Probably -	Questionable data on stock levels.	YES - small increment	Possibly partially	YES - small increment	Yes - stocks are available & replenish.	Yes	Probably
Ability to meet demand for SOAP	Yes - market is integrated, diverse, and able to restock		Yes - market is integrated, diverse, and able to restock		Yes - market is integrated, diverse, and able to restock		Yes - market is integrated, diverse, and able to restock		Yes	Yes
Ability to meet demand for HH ITEMS	Probably	Probably	Yes	Would this be needed?	Yes	Would this be needed?	YES - small increment	Probably over time	Probably	Would this be needed?
Ability to meet demand for WATER	n/a	n/a	Yes *	Yes *	Possibly - quality issue	Possibly - quality issue	Possibly - quality issue	Possibly - quality issue	Yes - quality	Possibly - quality & quantity issues
Ability to meet demand for SANITARY PADS	No	No	NO	No	No	No	No	No	No	No



The water market in Tuli Guled which primarily covers the cost of transporting ground water would respond to an increase in purchasing power. In Harshin and Kebri Bayeh further research would be needed in particular with regard to the availability of potable water.

The research recommends proceeding with MPG covering the food, hygiene, and household goods for all IDPs. A MPGs covering hygiene is viable for the resident population, but would need to be evaluated on a woreda by woreda basis for food including calculating amounts that would allow for substitution of some basic food items. The MPG would not be recommended in the short run for water or sanitary products.

A wider market support programme is highly recommended across the board. In the short turn, supporting traders with information about any MPG distribution, and potentially with capital / financial services would be important. In the long term a comprehensive programme to support financial services, improve infrastructure such as storage and toilets, and provide business support and information services would improve the efficiency of the market systems.

In summary, Multi-purpose cash grants would benefit not only target recipients of cash, but also the local economy. A Cash Based Initiative combined with market and trader support, such as business training, access to financial services, and improvement in storage facilities would provide longer term benefits to both cash recipients and traders in food and non-food commodities researched.

Annex A – Reference Markets Assessed

Community / Camp Name	Name & Description of the market place(s) used frequently	Used by IDPs? (Y/N)	Used by Resi HH? (Y/N)	Assessed?	Security / Access Issues
Harshin	Harshin City General Market – 120 km from Jijiga Daily except Friday, Wholesale, Retail, traders	YES	YES	YES – Q 3 & 7 Water Tools	None - OK
	Langerta town City General Market – General goods – small market	YES	YES	YES – Q 3 / 7	None - OK
	Harshin – Kebele local traders / markets	YES	YES	No	None - OK
Kebri Beyah	Kebri Beyha City Market - 40 – 50km from Jijiga, Asphalt road – Daily (except Fridays)	YES	YES	YES – Q 3 / 7 Water Tools	None - OK
	Harteshak General Market (25 km from K. City on rough road – daily)	YES	YES	YES – Q 3 / 7 Water Tools	None - OK
	Kebri Beyah – Kebele local traders / markets	YES	YES	No	None - OK
Tuli Guled	Tuli Guled town General market – 35 km from Jijiga, retail & wholesale	YES	YES	YES – Q 3 / 7 Water Tools	None - OK
	Tuli Guled – Kebele local traders / markets	YES	YES	No	Not Accessible
	Tuli Guled Cereal market – trader market for local cereals production	NO	NO	NO	Not Applicable
	Jinasani (Livestock) Market (Oromia)	NO	NO	NO	Not Applicable
Babile	Gursun – main market in GURSUN Woreda	YES	YES	YES – Q 3 / 7 Water Tools	YES – PERMIT Required
	Babile (Oromia) - General market on road to Harar, retail, wholesale, traders	Yes	NO	NO	Not Accessible
	Dadamome city – 140 km from Jijiga (90 km rough) Livestock & General market, 6 days a week (not Fri)	NO	Yes	NO	Not Accessible
	Qoloji General market – IDP camp market, mostly retail, days unknown	Yes	Yes	YES – Q 3 / 7 Water Tools	YES – PERMIT Required
	El Bahay (IDP Centre)	Yes	Yes	YES – Q 3 / 7	YES – PERMIT Required
Awbare	Tog-Wajale – major border market; general goods; daily	Yes	Yes	YES – Q 3	YES - NEED Access Letter
Jigjiga	LARGE MARKET(S) – multiple markets / supplies / wholesale centre	YES	YES	YES – Q 3	
	Gov't / infrastructure / key informant centre			YES – OPEN Ended	

Annex B - Market Place - Actors

Picture	Actor	Description
	Wholesalers	Seller of bulk products (sacks / box loads etc.) May store on-sight or have several storage facilities. Sells to retailers / other traders. Buys from middle-men / traders. Usually specialises in a few commodities. Some Wholesalers also have retail outlets.
Photo Credits: Dr. Yoseph Legese.		
	Retailer	Sells individual quantities (Kg / bottles / pieces etc.) Sells directly to households. Buys from wholesaler or some other middle-man. Has a diverse range of products for sale. Refers to 'larger' retailers with some form of permanent shop / store front.
Photo Credits: Jo Zaremba		
	Kiosk	Small retail outlet. Sells directly to households. Buys from larger retailers / markets or from wholesalers. Has diverse but limited range of products in small quantities. Usually close to households – not in a specific market place.
Photo Credits: Dr. Yoseph Legese.		
	Street Trader	Has no permanent outlet. Sells small quantities to households. Usually specialises in a small range of goods like grains. Often buys on consignment, 'repaying' for goods sold at end of day. No storage facility.
Photo Credits: Dr. Yoseph Legese.		
	Water Vendor / Transporter	Small vendor – donkeys can carry 2 Jerry cans of 20 litres each Draught animals are rented out to water vendors for a fee. Water collection usually free at source / price paid by buyer to cover transport.
Photo Credits: Fowzi Ellias		
	Water Trucks	Large (12,000 litres), Medium (9,600 litres) and Small (4,800 litres) Contracted by Birkad owner by truck-load Smaller trucks distribute on to smaller water points (ponds / tanks / barrels)
Photo Credit: Tom Wildman, Oxfam		



Annex C – Core Goods (Photos and Descriptions)

Item	Description
	<p>Maize</p> <ul style="list-style-type: none"> Unit = 'Galan' approx 1 kg Wholesale = Sack (50 kg) White & Yellow Maize
	<p>Vegetable Oil</p> <ul style="list-style-type: none"> Unit = Litre Retail = .25 (poly-bag), 1 & 3 Litre Wholesale = Box
	<p>Sanitary Pads</p> <ul style="list-style-type: none"> Pack of 12 Retail = pack
	<p>Soap</p> <ul style="list-style-type: none"> Unit = piece Wholesale = Box Bath / Laundry soaps

	Sales Unit Description
 <p>Credit: Fowzi Elias</p>	<p>Jerry cans (20 litres) Sold by individual trader Sold by Birkads Bought by HH</p> 
 <p>Credit: Fowzi Elias</p>	<p>Barrel (200 litres) Sold by water trader / birkad / pond Bought / used for storage by hotels, restaurants etc.</p>
 <p>Credit: Fowzi Elias</p>	<p>Birkad – source of water</p>
 <p>Credit: Tom Wildman</p>	<p>Trucker = 9,600 (small) or 12,000 (large) litres</p>

References

- AddisBiz, 2015. Ministry Rations Imported Edible Oil. July 21, 2015. <https://addisbiz.com/ethiopian-business-news/173-ministry-rations-imported-edible-oil-40m-litres-monthly>
- Assaye, M A, Gemed, N, Weledesemayat, G T. 2016. Aspergillus species and Aflatoxin Contamination of Pre and Post- Harvest Maize Grain in West Gojam, Ethiopia. HSOA Journal of food Science & Nutrition. October 18, 2016. <http://www.heraldopenaccess.us/fulltext/Food-Science-&-Nutrition/Aspergillus-species-and-Aflatoxin-Contamination-of-Pre-and-Post-Harvest-Maize-Grain-in-West-Gojam-Ethiopia.php>
- Boudreau, Tanya. 2015. Regional Overview and Summary of the Results of the 2015 Household Economy Analysis Baseline Update.
- Chauhan, N. M., Washe, A. P., and Minota, T. 2016. Fungal infection and aflatoxin contamination in maize collected from Gedeo zone, Ethiopia. Springerplus. June 17 2016. <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4912514/>
- CSA, 2007. Central statistical authority housing and census report. Addis Ababa. Ethiopia.
- Devereux, Stephen, 2006. Livelihoods and vulnerability in Somali region. IDS Research Report 57. <https://www.ids.ac.uk/files/Rr57.pdf>
- DPPB, 2017. Ethiopian Somali Regional State Disaster Prevention and Preparedness Bureau (DPPB) - Deyr 2017 Assessment Findings: Health and Nutrition Sectors. 18 December 2017.
- DPPB, January 2018. Ethiopian Somali Regional State Monthly Early Warning and Response Report: January 2018.
- FEWSNET Ethiopia, Dec 2013. Seasonal Calendar – Typical Year. <http://www.fews.net/east-africa/ethiopia/seasonal-calendar/december-2013>
- FEWSNET Ethiopia, Dec 2017. Ethiopia Price Bulletin and Price Watch, December 2017
- FAO, November 2017. GIEWS Ethiopia Country Brief. 22 November 2017.
- Food Business Africa, 2017. Ethiopia's maize export surges amid uncertainty. July 14, 2017. <https://www.foodbusinessafrica.com/2017/07/14/ethiopia-s-maize-export-surges-amid-uncertainty/>
- FAO, 2017. GIEWS Country Brief: Ethiopia 22-November-2017. <https://reliefweb.int/report/ethiopia/giews-country-brief-ethiopia-22-november-2017>.
- Government of Ethiopia (GoE), 2015. DRAFT PROCLAMATION NO. ___/2016 FEDERAL INCOME TAX PROCLAMATION vivaafriallp.com/wp-content/uploads/2015/09/Income-Tax-Proclamation.pdf
- GAIN, 2015. Ethiopia's Taxes on Imported Food and Ag Commodities. US Foreign Agricultural Services, Global Agricultural Information Network (GAIN) Report no. ET1507 4/7/2015
- IOM / NRC, Oct. 2017. Qoloji II - Joint Rapid ES/NFI Needs and Market assessment. Oct. 16 – 19 2017.
- JAP, 2015. Jijiga Agropastoral Livelihood Zone Profile. May 2015.
- Joint Assessment, 2017. Ethiopian Somali Regional State (ESRS) Deyr 2017 Joint Needs Assessment in Fafan Zone: FAFAN ZONAL REPORT 22 Nov – 05 December 2017.
- Mercy Corps, xxxx. Dairy Market Value Chain Assessment Report. PRIME.
- Mercy Corps, 2014. Prime M&E Systemic Pilot Research: Baseline Survey of Financial Institutions Services. <https://www.prime-ethiopia.org/wp->



content/uploads/2015/07/Annex%25204I%2520Baseline%2520Information%2520on%2520Financial%2520Institutions%2520Services_LOCP%25202nd%2520draft.docx

Thegeya, Aaron. 2018. Basic Needs Assessment Report BNA Pilot in Fafan zone, Ethiopia December 2017. ERC MPG Consortium. Versions referenced: Drafts of 24 January 2018 and December 2017.

Thompson, Daniel. February 2018. Personal Communication on Diaspora in Jigjiga / borderland areas of Somali region of Ethiopia.

UNHCR, 2018. UNHCR Operational Portal. <https://data2.unhcr.org/en/situations/horn/location/160>

UN OCHA, 2016. Drought Impact on Humanitarian Situation in Fafan Zone. MULTI-SECTOR RAPID ASSESSMENT REPORT January 2016. <https://www.humanitarianresponse.info/en/operations/ethiopia/assessment/drought-impact-humanitarian-situation-fafan-zone>

Visser, Reinier et al. 2016. Atlas of the Upper Fafan Catchment. Acacia & Water and Wetlands International. <https://www.wetlands.org/publications/atlas-ethiopias-upper-fafan-catchment/>

Wildman, T., Henderson, E, and Brady, C. 2012. Rethinking emergency water provision: Can we stop water trucking in the same places every year. Oxfam.

Key Informant Interviews

Mohammed Abdullahi, MEAL Coordonator, Save the Children Jigjiga Field Office, USAID's building *The potential of Youth Programme* interviewed by Jo Zaremba throughout the period from 12 February to 27 February, 2018.

Abdikadir Mohamoud Olhaye, Livelihood Manager—RDPP, International Rescue Committee-Ethiopia Program interviewed by Jo Zaremba on 22 February, 2018.

Abdulkadir Ferhan, Humanitarian Co-ordinator, Save the Children Jigjiga Office interviewed by Jo Zaremba on 26 February, 2018.

Elias Kebede, EFSVL Cash Transfer Team Leader, Oxfam GB, (Jijiga,Ethiopia), interviewed by Jo Zaremba on 23rd February 2018.

Daniel Thompson, PhD Candidate Emry University, interviewed by Jo Zaremba on 16th February, 2018.

Tuli Guled Agriculture Office Expert (no details available).

Kebribeyah Trade and Industry Head (no details available).

Tog Wajale Trade and Industry Head (no details available).