

RAPID MARKET ASSESSMENT

Warsaw, Poland

APRIL, 2022

Context

As the Russian invasion of Ukraine enters its fourth week, civilians continue to suffer the devastating consequences of the violence. Data from IMPACT, OCHA, ECHO, and ACAPS indicated that at humanitarian corridors for civilians, artillery and missile strikes have continued and are increasingly targeting civilian infrastructure, leading to over 3.7 million Ukrainians choosing to flee across the borders in neighbor countries.

According to the latest figures, over 2.5 million people had crossed into Poland as of April 5th. This number constitutes about 60 percent of all the people who fled Ukraine since the beginning of the conflict. Displaced people who cannot afford rent and did not have someone to host them are finding shelter in collective centers across Ukraine. Frontline responders and volunteers are coordinating and implementing the delivery of assistance at the borders and in the major cities, including Warsaw, by providing not only shelter by also food, healthcare assistance, and protection/legal information upon need. In spite of the heavy presence of UNHCR in Poland, all humanitarian actors are calling for long-term coordination and assistance, as 44 percent of the refugees reported preferring to stay in Poland and wait to be able to return to Ukraine upon security improvement and conditions of their properties.

Rationale

In order to select the most appropriate modality of assistance and delivery mechanism to distribute assistance, Mercy Corps conducted a Rapid Market Assessment in Warsaw, in light of future distributions in the area.

The aim of this rapid assessment was to gather evidence on the availability and price of basic commodities, the local supply chains, payment modalities accepted, adaptation measures traders are planning to absorb the shock of the refugees' influx, and the broader market dynamics in the area.

Methodology

Between March 30th and April 1st, Mercy Corps hired enumerators underwent an extensive data collection exercise. Data were collected through a mixed method accounting for a fully structured questionnaire for traders, and a qualitative key informant (KI) script for Financial Service Providers (FSPs), volunteers working at collective centers, and community representatives. These were also complemented by direct observations gathered by data collectors around the markets and the refugees' broader needs. In total, data collectors surveyed 54 traders and interviewed 13 different money agents and 3 volunteers working at the collective centers. Respondents were selected upon both availability, role with the community or the refugee response, owning of a relevant business (for traders) and the relevancy of experience in collective centers. The selection is based on the assumption that refugees would select those areas to access either commodities or services. In order to cross-check availability and prices of items in the shops, the data was collected in-person..

The assessment was designed to prioritize timeliness over statistical representativeness of the findings. Data hereby presented are to be considered purely **indicative** of the market functionality in Warsaw and around collective centers for Ukrainian refugees in Poland.

Key findings

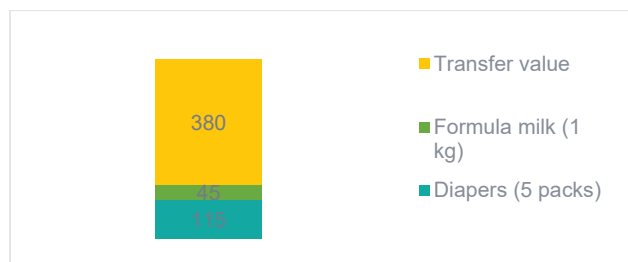
Availability of basic commodities

Data from retailers and direct observations indicated that all key commodities are indeed available in the local markets and supermarkets in Warsaw, with no exceptions. Blankets appear not to be sold in supermarkets or in the same shops as all others, but they are to be found in more sectoral shops across the city.

Unsurprisingly, food items are widely available, with multiple brands, biological options, and meat/dairy vegan substitutes too. Non-food items are also widely available, with formula milk to be found just in bigger supermarkets or pharmacies. According to interviewed retailers, to date prices remained stable. However, some retailers raised concerns around the increased cost of fuel, and how this could impact the transportation costs of their supplies from the wholesalers. No projections are available to date, but it is pivotal to continue monitoring this aspect of market functionality.

At the time of data collection, diapers and formula milk were the most expensive commodities assessed (average of 23 PLN and 45 PLN, respectively), highlighting the need of eventual additional assistance for pregnant or lactating women.

Figure 1: Cost of formula milk and diapers compared to the standard agreed transfer value (TV) in Poland¹



¹ Standard transfer value agreed at CWG level: 126 USD per person (one month), corresponding to 540 PLN. Although some

All retailers reported having full availability of the commodities they sell, and where the availability was reported to be limited or just on upon order, they clarified that this was mainly due to the limited stock space available in the premises, but that the restock could be managed within a timeframe ranging between few hours and up to four working days.

Furthermore, in train stations and at the collective centers visited, volunteers and humanitarian actors are providing refugees with free food, transportation via train for women, children, and PWSN, as well as other core commodities (e.g., clothes, toys for children, basic medications, SIM cards). It was unclear for how long these services could continue to be given free of charge, and what would be the maximum capacity of the collective centers, including whether there is a contingency plan in place. Further investigation is also needed in regard to the support that would be provided to refugees moving to secondary locations either within the country or abroad.

Suppliers

Traders reported having an average of 60 suppliers, which peaked to over a hundred for larger stores and supermarkets (e.g., Carrefour). Reportedly, 46 percent of the suppliers are located either in the city or within the same district, and 51 percent in other provinces in Poland. Minor differences were recorded in the change of the number of suppliers with 68 percent reporting the number stayed the same within the 30 days prior to data collection. This points at a stability of market functionality and supply chain, in spite of the influx of refugees in the country.

Yet, 11 percent of the respondents reported challenges in obtaining enough supplies to meet the increased demand, particularly for pasta, flour, rice, bottled water, diapers, and formula milk. These challenges were attributed to the increased demand,

agencies are using different values as 710 PLN for every first person and 610 PLN for other household's members.

with usual suppliers being unable to provide enough and the shortages of carriers.

Nevertheless, the initial shock that affected supplies in the first month has already been absorbed by the market, and no trader reported envisioning difficulties in the 30 days ahead. Retailers further showed a high level of preparedness, with 27 percent of the respondents reporting that should demand increase rapidly again they will have to increase the stock supplies within the current premises, which takes time and resources, but the process has already started.

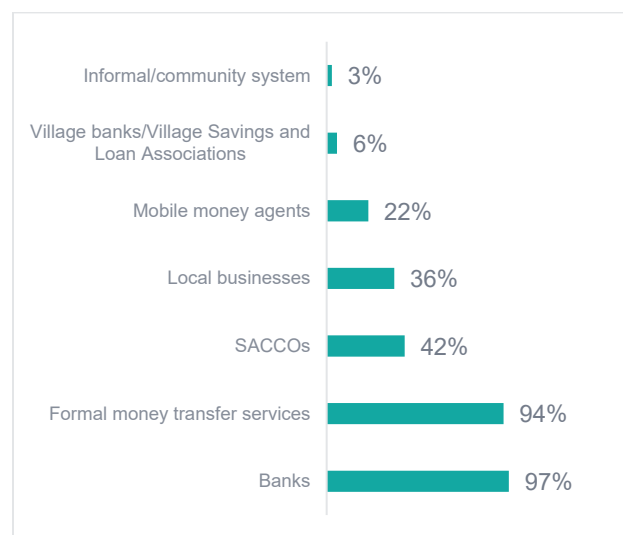
Reportedly, all traders see similarities in the changes related to demand and supply chain now with the outbreak of COVID-19, and they drew lessons learned to timely adapt and ensure commodities remain accessible to everyone.

Financial Service Providers (FSPs)

Poland has a well-established network of financial service providers, including national banks, foreign banks, money agents, electronic money institutions, and payment services offices. All FSPs are strictly regulated across the country, while offering a variety of services including cash withdrawals, direct debits, payment transactions through payment cards, remittances, and the execution of mobile and internet payments. Banks and formal money agents (e.g., Wester Union) are widely present in Warsaw. Savings and Credit Cooperative Organizations (SACCOs) are also reported having a sufficient coverage within the city. Local and informal systems were reportedly scarce in many of the districts assessed.

To open a bank account or transfer money, however, interviewed FSPs reported that identity verification is required in the form of a valid passport, National ID card, residency card or a Geneva passport--a refugee travel document issued in accordance with Article 28 of the Geneva Convention.

Figure 2: Financial Service Providers (FSPs) identified within 3km range²



In light of the recent Ukraine crisis, one FSP reported developing a new financial product to support Ukraine refugees within Poland for up to 12 months. The account is an aid account with limited functionality offered in Polish zlotys only with a monthly deposit limit of 9,000 PLN, or about 2,000 EUR. This type of bank account includes an optional Visa debit card for withdrawing cash from ATMs in Poland and abroad. According to the FSP, the debit card provided through the aid bank account can also be digitized and used on the phone using Visa HCE, Apple Pay, Google Pay or Garmin Pay solutions. However, e-cards cannot be used online or to make payments for non-standard expenses, such as financial instruments, or on cryptocurrencies.

Furthermore, FSPs reported not needing a passport to exchange currencies, but not all FSPs reported exchanging Ukrainian hryvnia. Those who do (e.g., Kantor) reported an exchange limit of the equivalent of 8,000 PLN and had disadvantageous exchange rates. Just one retailer reported they exchange currencies on-site, but then also clarified that this

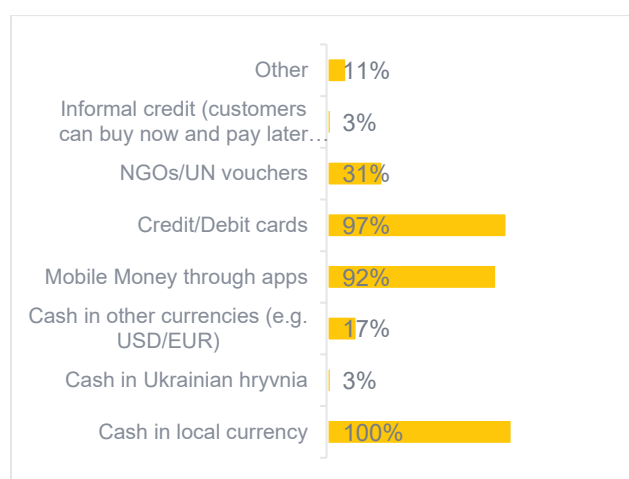
² Multiple answer option. The total adds up to over 100%.

applies exclusively to EUR and USD. No store and no FSP reported accepting or exchanging Russian rubles.

Payment modalities

Regarding payment modalities accepted by the interviewed retailers, 21 percent reported accepting payments in other currencies (EUR, USD, and 3 percent also in Ukrainian hryvnia). Furthermore, a third of the retailers is also already familiar with UN/NGOs voucher systems.

Figure 3: Payment modalities accepted by the interviewed retailers³



Also of note, three percent of the retailers reported charging a markup on some payment modalities. None specified the markup amount or the particular modalities this applies to.

Additionally, three percent of interviewed retailers, mainly comprised of small shops and local markets, reported accepting informal credit as a source of payment. Yet, they also clarified that this applies exclusively to those customers they know and trust, and with very limited margins. Some further explained that should they understand a customer is a Ukrainian refugee in need they are authorized to donate part of

the goods they wanted to purchase, and store chains (e.g., Biedronka) set up special baskets for donating food and other key items to refugees in need. In some stores, cashiers are instructed to ask customers a donation to Polish Humanitarian Action at cash-out.

Finally, 73 percent of interviewed retailer reported the presence of a functioning ATM within 500 meters from the shop, and 13 percent reported the presence of an ATM but that was out of order at the time of data collection. It remains to be investigated whether the malfunctioning of these ATMs is to be attributed to momentary liquidity shortages or to other reasons.

One FSP reported Ukrainians with Ukraine bank accounts are afraid to access their own accounts due to security concerns. KILs also highlighted language barriers in using ATMs for Ukrainian refugees, as many ATMs in Poland do not provide the option to transact in Ukrainian.

Accessibility

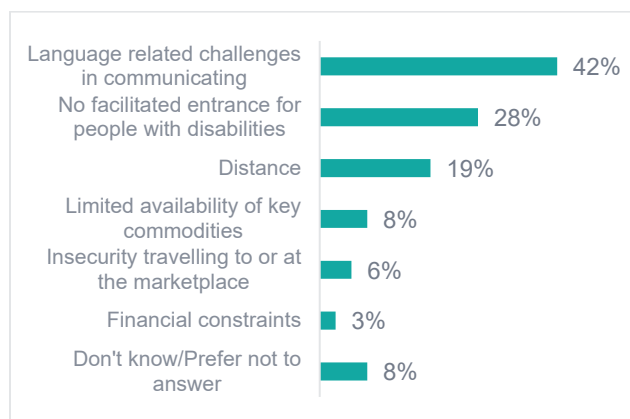
On the overall sample of retailers interviewed, 83 percent identified barriers for customers to accessing the marketplace. Amongst the main challenges facilities have limited accessibility for people with disabilities. This may also include elderly people or people with health conditions who may not consider themselves as disabled but have challenges with their mobility, vision, hearing, communication or memory as well. In addition, there will be likely language barriers. While some employees may speak Russian fluently only few employees speak Ukrainian or English. In addition, the vast majority of signage including information that could help Ukrainian speakers know the price, product type, and other guidance was in Polish rather than in their language.

Furthermore, the historical stigma towards Roma people in the region as thieves and beggars may present attitudinal barriers for the Ukrainian Roma

³ Multiple answer option. The total adds up to over 100%.

refugees as they try to access stores for materials needs.

Figure 4: Barriers to accessing the marketplaces for customers⁴



While just three percent of the respondents reported poverty or lack of financial means as a barrier, it was clear that the displacement exacerbated vulnerabilities, including poverty. Yet, interviewed volunteers across Poland shared the assumption and underlying attitude that refugees have no need for CVA because they can receive all the in-kind materials they would need at reception centers, regardless if the refugees had further needs that available in-kind support was unable to support.

However, some volunteers acknowledged that this doesn't allow refugees a choice in the type of commodities, nor allows them the flexibility to earn or save enough to go either move to another country or go back to Ukraine, should this be what they wish. Additionally, the lack of a contingency plan for possible stock out of commodities and donations reiterated the need for CVA and longer-term Social Protection.

Cryptocurrency

No interviewed retailer reported having the means to accept payments in cryptocurrencies. According to Triple-A.io, it is estimated that only 900,000 Polish citizens or 2.50% of Poland's total population currently own cryptocurrencies.

Conclusion

Overall, Mercy Corps did not envision particular challenges for the implementation of cash assistance in Warsaw, Poland.

Other than direct delivery via bank transfers, Mobile Money is widely accepted in Warsaw, opening grounds to consider it a potential delivery mechanism for CVA. Other options include delivery through money agents and pre-paid cards, which is also feasible with an agreed beneficiary verification apparatus.

Given the robust regulatory environment, large cash handling capacity, and variety of choice for electronic transfer options, multiple cash delivery mechanisms exist for reaching affected populations within Poland.

In terms of transfer value, the surveyed commodities showed that the set amount of 126 USD is adequate to the context. Yet, the cost of diapers and formula milk raise concerns around the needs of pregnant and lactating women, or households with infants (aged 0-2 years old). No further challenges were identified throughout data collection in Warsaw, and as reported by numerous volunteers, CVA plays now a pivotal role to allow people to meet their basic needs.

CONTACT

TECHNICAL INQUIRIES

Alessia Volpe

Cash Advisor

avolpe@mercycorps.org

⁴ Multiple answer option. The total adds up to over 100%.