

Rapid CVA Feasibility Report

Conducted in Five Towns (Shire, Aksum, Adwa, Adigrat and Mekelle) of Tigray Regional State



Action Against Hunger

Tigray Office

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1. Summary

Action Against Hunger is an international humanitarian organization working to address humanitarian needs of IDPs, returnees and host communities following the conflict broke out in Tigray by providing a multi-sectoral strategy where nutrition, Food Security and Livelihoods, WASH, and Protection Support activities are integrated to save lives and have a meaningful impact on people's resilience.

Providing humanitarian assistance including cash transfer in Tigray region was very challenging for the last two plus years resulted by the conflict. Due to blockade and no access to financial service providers/Banks, most cash partners in the region were unable to deliver support of cash assistance to reach the neediest population. As a result, goods were inaccessible and expensive at local markets, as there was no access to trade routes to the bordering regions of Tigray Region.

For the last three months, humanitarian food assistance, which was implemented by GEOP and WFP partners, has already paused for many reasons. Even though the regional interim government and food partners had justified resuming the food assistance, the decision made by USAID/DART is still in place and many vulnerable groups of the community are suffering and death reported.

Thus, this rapid feasibility assessment has initiated and conducted due to a proposed new project funded by DART/BHA supposed to be **cash for food**. Accordingly, five towns (Shire, Axum, Adua, Adigrat and Mekelle) were assessed with the objective of understanding the needs/priorities of the affected community, market conditions, capacity of financial service providers, and thought of government sector representatives regarding the proposed cash assistance.

The signing of the permanent cessation of hostilities on November, 2022 in Pretoria brings positive improvements in the region in many sectors; roads to neighboring regions become accessible, financial service providers become functional & cash availability has increased, the market condition has shown high supply/stock and change in price for food commodities. The result of other rapid market and cash feasibility assessments conducted in the region supported this argument. For instance, the joint market and cash feasibility assessment conducted by Tigray-Technical Cash Working Group (T-TCWG) on April 2023 and Rapid market assessment conducted by USAID-BHA on May 13, 2023 come up with similar evidences.

The assessment team has deployed FGD, KII and market observation to capture qualitative data and has managed to interview twelve (12) government sector representatives, fourteen (14) bank representatives and 30 wholesalers and retailers which are mostly visited by majority of customers in the five target towns. In addition, **five separate** female and male focus group discussion (FGD) sessions were organized and one market observation per town was conducted.

Therefore, the result of this assessment shows that the proposed cash based project is feasible to implement as a response modality in the region. However, participants of the assessment urged that the proposed project should be launched quickly, more attention should be devoted to targeting process, price in the coming six months could increase and attention should be given for the transfer value.

2. Objective of the assessment

The principal objective of the assessment was to conduct a rapid feasibility assessment of the proposed cash for food project in five towns (Shire, Aksum, Adwa, Adigrat and Mekelle) of Tigray Region in order to assess the current market functionality, status of financial service providers, preference of targeted communities on the cash based intervention as well as government sectors.

3. Methodology

The assessment has mainly depend on qualitative data which was collected through Key Informant Interviews (KIIs), Focus Group discussions (FGDs) and market observation as stated below;

Focus Group discussion: Generally, the assessment team has organized **five separate** female and male focus group discussion (FGD) sessions by inviting 10 -15 attendants each. Cumulatively, 10 FGDs were organized in the five towns.

Key informant Interview (KII): The team has tried to capture additional data through KII from government sectors, banks, wholesalers and retailers. Consequently,

- Twelve (12) government sector representatives from women & Children Affairs, DRM and social affairs offices were interviewed in the specified towns.
- Fourteen (14) bank representatives of CBE, Abysinia, Wegegan, Dashen, Anbessa and Hibret banks.
- Fifteen (15) vendors from each retailer and whole seller were interviewed. Thus, a total of 30 wholesalers and retailers which are mostly visited by majority of customers were contacted in the five target towns.

Table 1 KII respondent composition

S.N	Towns	Government Sector	Banks	Wholesalers	Retailers
	Adigrat	03	02	03	03
	Adwa	02	02	03	03
	Aksum	03	04	03	03
	Shire	03	03	03	03
	Mekelle	01	03	03	03
	Total	12	14	15	15

Observation: One market observation per town was conducted by the team to identify the most common food items available in the market, wholesalers/retailers visited by customers, trade exchange and overall market situation.

Data collection process: An assessment team has established from internal staff comprised members from protection, FSL and MEAL. The team was then divided in to two teams led by MEAL and FSL managers. Team leaders were mainly communicating with zonal and Woreda/town authorities for their cooperation and arrangements.

Qualitative data was collected using hard copies and team members was trying to summarize the key issues on a daily basis. Finally, data gathered in the five data collection days was submitted to team leaders for compilation and analysis.

4. Key findings

4.1. General Market situation

After the signing Cessation of Hostility Agreement (CoHA) on November, 2022 in Pretoria access to road routes to the region, exchange of commodities, functionality financial service providers/Banks has been improved.

4.1.1. Market Accessibility

Both KII and FGD participants confirmed that markets are physically accessible to all part of the community both IDPs and host communities. The team has also observed the markets of all towns and witnessed shops with full food commodities (sorghum, teff, Barley, pulses, wheat, and maize) and other commodities at wholesalers and retailers. However, in terms of financial accessibility, majority of the community have raised the issues of financial deficiency due to lack of cash and high prices of the commodities. The financial inaccessibility becomes worse when it comes to the people with disability, elders, children and other vulnerable people.

According to the KII, except wheat, all types of food commodities are available. The absence of wheat in the market was not equally serious across all intervention towns except for Shire and Adigrat towns. The existence of Illegal traders in the market sphere created distorted market for communities and no responsible government office regulating the situation. FGD discussants has also specified that the there is no market competition among the traders, rather they make an agreement and determine the price of the items dominately.

Overall, the existing food commodity stock has the capacity to accommodate the demand and supply.

4.1.2. Availability, Quality and prices of staple commodities

According to the FGD and KII notes, several commodities including Teff, Maize, sorghum, Finger millet, Barley, Field pea, chick pea, Faba bean, ground nut are physically present in the markets of all the assessed towns except Adigrat due to allegation of smuggling to Eritrea.

Thus, vendors have a wide range of stocked items that would likely be prioritized by the IDP/returnee population.

In addition, the KII highlighted that;

- Maize mostly consumed and preferred by communities and cheapest price of Maize becomes the most preferable by wider community
- There are two-three quality types with in one food commodity. Usually, the price of the food commodities indicates the quality of the items.
- Most of the community purchased the second quality price due inability of the community to afford the price
- June to October are the pick lean season in the region which scarcity of food commodities exhibited. This could easily aggravate the price fluctuation for the current food commodities. In addition to this, if the food distribution, which was done by GEOP/WFP partners, did not resume with in short period, the chance of market inflation for common staple food items could be high.
- Majority of traders in the region preferred modality of payment on cash for their customers, but when they plan to re-fill their stock they use bank account transfer

Commodity	During crisis (Unit price(ETB)/kg)	Current price (Unit price (ETB)/kg)	% change
Teff	150	85	-44%
Maize	90	36	-60%
Sorghum	100	53	-47%
Faba bean	110	54	-51%
Chick pea	100	50	-50%
Oil (one Litre)	500	190	-62%

Table 2 Price comparison before and after crisis

The FGD participants were also reaffirmed the above statement indicating that the price of main food items has significantly decreased since the peace agreement. For example, the price of teff was decreased from ETB 130 to 90 per Kg, sorghum from 85 to 35 and maize from 80-35 ETB/KG in Aksum and Adwa. Comparing with the nearby Weredas, the price of food items in Axum and Adigrat towns is a bit expensive. The price of the food items will increase for the coming months until the harvesting season.

Regarding the quality of items, FGD attendants showed that, people doesn't focus on quality items rather strives to fulfil the basic demands even by purchasing commodities with low prices. The FGD discussants showed that the suspension of food assistance by JEOP/WFP partners, lean season (June-October) which farmers will fully engage at farming and unpredictable peace and security situation with bordering region are some of the factors that could aggravate the food commodity prices for the coming six months.

4.1.3. Capacity of vendors (Wholesaler and Retailers)

The assessment team had also assessed the capacity of wholesalers and retailers by interviewing selected vendors. As a result, the following key findings are summarized.

Wholesalers

- Number of wholesalers in five of the proposed intervention towns are suffice and can accommodate the existing demand.
- They have a capacity to re-filling their warehouses within three days to five days
- Semera-Abala-corridor is the most frequently accessed corridor by wholesalers and Kobo-Abala-Alamata corridor is accessible with many checkpoints lead wholesalers for illegal taxation.
- Some wholesalers are also linked with Amhara region traders to supply them with identified food commodities to nearby border to minimize illegal taxation.
- Due to low purchasing capacity of customers, the market situation for wholesalers is low.

Main challenges & remedial actions to be taken: Presence of multiple checkpoints near bordering the region and illegal taxation/ ransom, illegal traders over flood the food commodity supply by cheap price, blockade of Gondar-Shire route, price instability (causes customer dissatisfaction), and limited cash withdrawal are among the challenges faced by wholesalers

Thus, to increase supplies of wholesalers, government offices should be fully functional and take the leading role in monitoring market situation, improve the cash withdrawal limit, create/resume loan access, enhance the peace agreement implementation and work to remove the illegal check points that incur additional taxation.

Retailers

The main source of stock for retailers are nearby wholesalers and they collect food commodities from nearby markets/outside of the town and then they sale staple food commodities, pulses, spices and wheat flour. There is no enough market for retailers due to the current poor customer's purchasing power. The assessment showed that retailers in the proposed intervention towns have a capacity to accommodate the existing demand

Main challenges: Lack of access to loans from banks to expand their capacities, limited market, information gap among retailers to adjust price change, non-functionality of trade office to regulate the existing market, supply shortage/local supplies due to displacement of farmers.

4.2. Financial service Providers



Figure 1 KII with bank managers

The Assessment team has contacted and interviewed the managers of several banks to understand the real capacity of the respective banks to accommodate the need. Awash, Abysinia, Wogagen, Anbessa Dashen, CBE, and Hibret banks among the contacted banks.

4.2.1. Availability and functionality

Banks are operational in all the visited towns and are expanding their services as well as branches gradually. The type and levels of services differs from bank to bank depending on their capacities.

4.2.2 Capacity of the FSP

Majority of the banks indicated that they do not have major challenges to accommodate any requests come from institutions including from INGOs. They have now started providing up to 50,000 birr/day for individuals and 75,000 for organizations. The banks are also interested working with humanitarian organizations and indicated they could process special approval to accommodate any request in case the request is beyond the district's approval limit. Cash shortage seems no longer challenge as they are collecting more cashes from the branches they have and started to deposit cash in national bank.

To implement any cash based interventions, all banks indicated that staff (cashier and security) could be deployed as per the request of the organization and no security concerns with moving money to different payment locations in the region. Hibret bank indicated that they have insurance coverage for the cash they moved to facilitate payments. Internet and supporting technologies are also in place to satisfy customer payment modality need.

As a pre-condition, all banks prefer clients to deposit/transfer the foreign currency through their respective banks. But, if this could not be possible, opening bank account and depositing cash in local currency will also be accepted .

Finally, all banks indicated that it is possible to accommodate the request of the organization to facilitate humanitarian cash programming.

4.3. Associated Risks of Cash Programming and Possible Mitigation Measures

The assessment team have met and interviewed government sector representatives of women & children affairs, DRM and social affairs.

Fraud and diversion: The KII respondents specified that, comparatively cash based intervention are less exposed to fraud/diversion and can be managed by exercising appropriate monitoring activities. However, there are still concerns that requires special attention including;

- Lack of proper information sharing regarding targeting/selection criteria's to the community
- Attempts of targeting people who are not practically exist/present, include people who did not meet the criteria & exclude who are vulnerable, trying to benefit based on good relationship etc.
- Beneficiaries could requested/forced to share their entitlements by local authorities or targeting committees.
- Neglecting complaints come from communities regarding the process and requests to be included in the project

Thus, the KII respondents highlighted for careful work on;

- Setting appropriate targeting/selection criteria's and communicating with the wider communities;
- Targeting the most vulnerable parts of the community using the agreed selection criteria's
- Establishing independent targeting and complaint committees chosen by the active community participation. We need also to capacitate the established committees for proper targeting and providing appropriate responses.
- Posting/announcing targeted beneficiaries to the public and everyone can able to appraise the appropriateness of the targeting
- Introduce finger print/biometrics based cash distribution to ensure the assistance has reached to right beneficiaries
- Establish a committee from AAH, government sectors and community to follow the targeting process and ensure the targeting process

Safety and Security: Is improving from time to time and the security institutions are under strengthening such as police, community police, justice and court. However, there are little security concerns in towns during night times.

The security situation in general is also extremely associated with the overall security situation of the country in general and border areas of Amhara and Eritrea.

Market Inflation: Majority of the KII participants indicated that if huge amount of money is distributed to the targeted beneficiaries, price increment in some commodities could be observed. However, this will not be an issue for Mekelle city as per the interviewee.

Beneficiaries Priorities and Preferences

The people have multiple urgent needs to address, according to the female FGD participants; **food is a top priority**- 1 need to be addressed followed by house rent (shelter 2-), firewood- 3 , basic services-4 , hygiene materials-5 and debt-6 . Whereas, male participants indicated that food is still the top priority followed by basic services, hygiene materials, firewood and debt.

The cash for food intervention is welcomed and preferred by the target population as they perceived that it helps them to boost their dignity, self-efficacy and freedom, it is easy to receive and carry, it helps to allocate it in priority needs of the household, and it helps them to empower economically.

Women indicated that they prefer cash on hand payment modality as most of them have an experience of receiving cash on hand because most of them doesn't own bankbook and ID. Men on the other hand preferred passbook to minimize fraud and other forms of cheating though majority of IDP reportedly does not have any ID.

The cash and voucher assistance doesn't harm or bring any negative impact for the community and culture/gender.

4.4. Appropriateness of the Project

The assessment showed (FGD and KII notes) that supplies of commodities and functionality of financial service providers has significantly improved since the signing of cessation of hostilities. In addition, the prices of the staple food items has also decreased in the previous months. However, the prices are expected to increase in the coming months due to the reasons specified above.

Generally, the proposed cash based project is appropriate during this season while the general food distribution is also suspended. However, the KII and FGD attendants forwarded their comments for in-kind support to be considered or food assistance to be complimented with cash programming.

4.5. Complaint and Feedback Mechanisms

AHH is working to set up/strengthen CFRM by establishing complaint committee at several IDPs, kebelles, procured suggestions boxes, promoting the hotline number (9929), providing capacity building training etc.

Thus, for this specific project, AAH will use the experiences to setup functional complaint and feedback mechanisms appropriate for the targeted communities.

The FGD attendants showed interests on mainly on face-to-face, using appeal committees and in a written form to provide the feedback and complaints they have.

5. Recommendation

The assessment team has drawn the following few points for our consideration in our further actions:

- The proposed cash based project is appropriate during this season/coming months. However, in kind assistance should also be considered as there are concerns regarding shortage of supplies in the market and price escalation.
- The transfer value for HH should be determined considering the current and upcoming months expected prices.
- Jointly setting targeting/selection criteria's should be conducted and communicated with the wider communities.
- Establishing independent targeting and complaint committees chosen by the active community participation. We need also to capacitate the established committees for proper targeting and providing appropriate responses.
- Posting/announcing targeted beneficiaries at visible areas will help to ensure transparent targeting process.
- Introduce finger print/biometrics based cash distribution to ensure the assistance has reached to right beneficiaries
- Establish a committee from AAH, government sectors and community for enhanced monitoring and follow-up as well as to ensure the process is appropriate and the assistance goes to the right people.
- The security situation and implementation of the peace agreement will affect the proposed intervention. Therefore, we need to closely follow the security situation of the country in general and border areas of Amhara and Eritrea.