



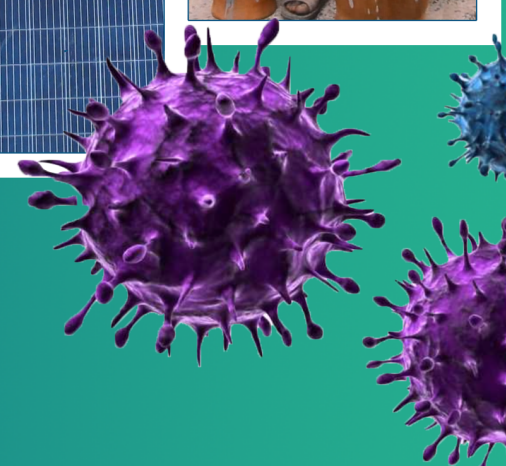
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A Synthesis Report on Micro, Small and Medium Enterprises in Yemen with Potential COVID-19 Impact Analysis

Supporting Resilient Livelihoods and Food Security in Yemen: A Joint Programme



May 2020



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List of Acronyms

ADRA	Adventist Development and Relief Agency	NRC	Norwegian Refugee Council
BCS	Business Climate Survey	PV	Photovoltaic
BDS	Business Development Services	RoYG	Republic of Yemen Government
CBO	Community Based Organization	SDF	Sustainable Development Foundation
CBY	Central Bank of Yemen	SFD	Social Fund for Development
CCI	Chamber of Commerce and Industry	SME	Small and Medium Enterprise
CDM	Clean Development Mechanism	SMEPS	Small and Micro Enterprise Promotion Service
CERs	Certified Emission Reductions	SWOT	Strengths, Weaknesses, Opportunities, Threats
CGAP	Consultative Group to Assist the Poor	UN	United Nations
CSO	Civil Society Organization	UNDP	United Nations Development Programme
CSP	Concentrated Solar Power	VC	Value Chain
EOF	Economic Opportunities Fund	WASH	Water, Sanitation and Hygiene
EOP	Economic Opportunities Program	WFP	World Food Programme
ERP	Enterprise Resource Planning	WTO	World Trade Organization
ERRY	Enhanced Rural Resilience in Yemen	YBA	Yemeni Beekeepers Alliance
EU	European Union	YER	Yemeni Riyal
FAO	Food and Agriculture Organization	YHS	Yemeni Honey Standards
FCU	Fisheries Cooperatives Union	YSMO	Yemen Standardization, Metrology & Quality Control Organization
FGD	Focus Group Discussion		
GEM	Gender Entrepreneurship Markets		
GIZ	Gesellschaft für Internationale Zusammenarbeit		
H&T	Handloom and Textile		
KI	Key Informant		
KII	Key Informant Interview		
GHG	Green House Gases		
HACCP	Hazard Analysis and Critical Control Point System		
ICRC	International Committee of the Red Cross		
IFAD	International Fund for Agricultural Development		
IFC	International Finance Corporation		
IDP	Internally Displaced Person		
ILO	International Labour Organization		
INGO	International Non–Government Organization		
ISO	International Organization for Standardization		
IYCY	International Youth Council–Yemen		
LDC	Less–Developed Country		
LPG	Liquefied Petroleum Gas		
MAI	Ministry of Agriculture and Irrigation		
MFI	Microfinance Institution		
MFW	Ministry of Fish Wealth		
MoT	Ministry of Trade		
MSME	Micro, Small and Medium Enterprise		
NGO	Non–Government Organization		
NGT	Natural Gas Turbines		
NNGO	National Non–Government Organization		

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EXECUTIVE SUMMARY

This report presents the findings of the market study in the seven sectors of handloom and textile, food industry, meat and poultry, fishery, beekeeping/honey, pottery, and solar energy. The detailed findings are presented as seven independent value chain reports that are briefly reviewed in this summary report and appear as annexes to the executive summary report. The study analysis started in December 2019 and with the arrival of the Coronavirus (COVID-19) pandemic, opportunities were found to provide insight into the potential impact of the virus crisis on the aforementioned sectors.

Business in Yemen has taken a severe blow from the protracted conflict. The national economy has collapsed and with it the purchasing power of consumers. Import and export have been reduced to just a trickle of earlier volumes. Both physical and institutional infrastructure have been destroyed. And distribution of goods has been impeded by transportation cost and expensive fees. But despite these ordeals, most businesses have survived, occasionally even

thrived, showing an extraordinary capacity of Yemenis to adapt to hardship and bounce back from setbacks.

Enterprises in all seven sectors covered by the market study present livelihood opportunities for poor men and women. Even though women are seldom employed in the businesses studied, owners are open to recruitment of female workers in occupations that are culturally acceptable; however, very few business owners believe women can operate in the enterprises they are managing.

Sectors for Goods and Services Most in Demand

Food – including poultry and meat products – were found to be most in demand, as stated by 54% of the survey respondents. Given Yemen’s current food and nutrition crisis due to the prolonged conflict, this is no surprise as the priority for most Yemeni households is to get food on the table. A distant second and third are solar energy products, stated by 16% of respondents, and beekeeping products, stated by 15%, respectively. Locally-made handloom and textile products are mentioned by

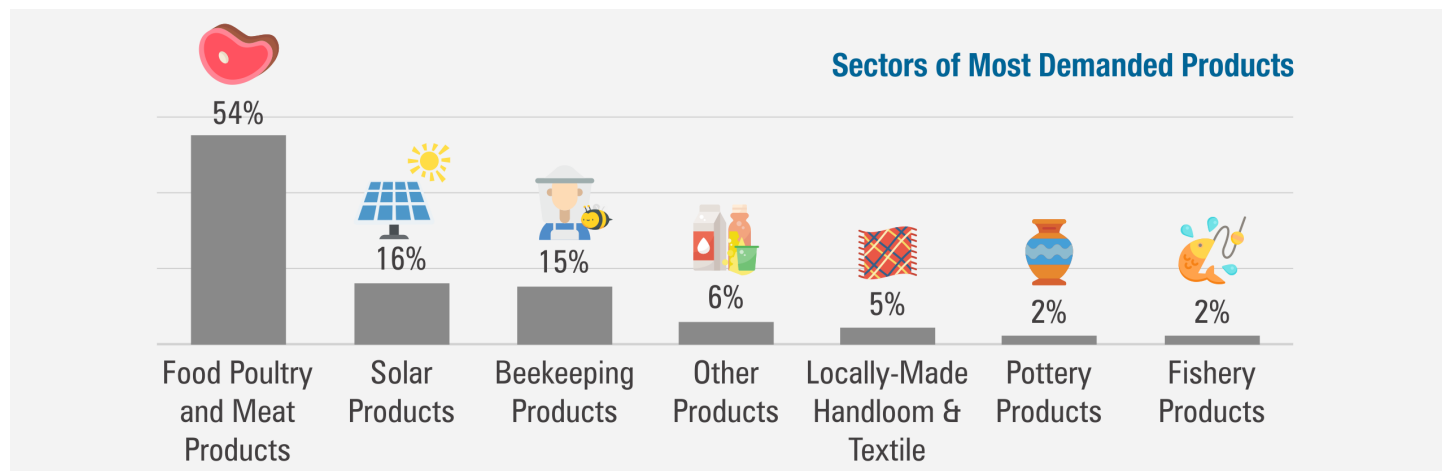


Figure 1: Sectors of Most Demanded Products

5% of respondents, and pottery products and fish by 2% each. COVID-19 would dramatically reduce demand in sectors providing non-food items as consumer purchasing power drops.

Sectors for Which MSMEs Have Already Flooded the Market

On the supply side, the pattern of flooded products closely mirrors the demand of the seven sectors studied. The massive demand for various food products, including poultry and meat, is more

than matched by prioritized supply. Solar energy products are also flooding the market in response to the increased demand as, despite the conflict, this sector has seen very dramatic growth in recent years. The supply of beekeeping products seems to not quite match the demand, and there is also more demand in local handloom and textile products, pottery and fish than available supply. It is possible that COVID-19 will put many enterprises of these flooded supply sectors out of business.

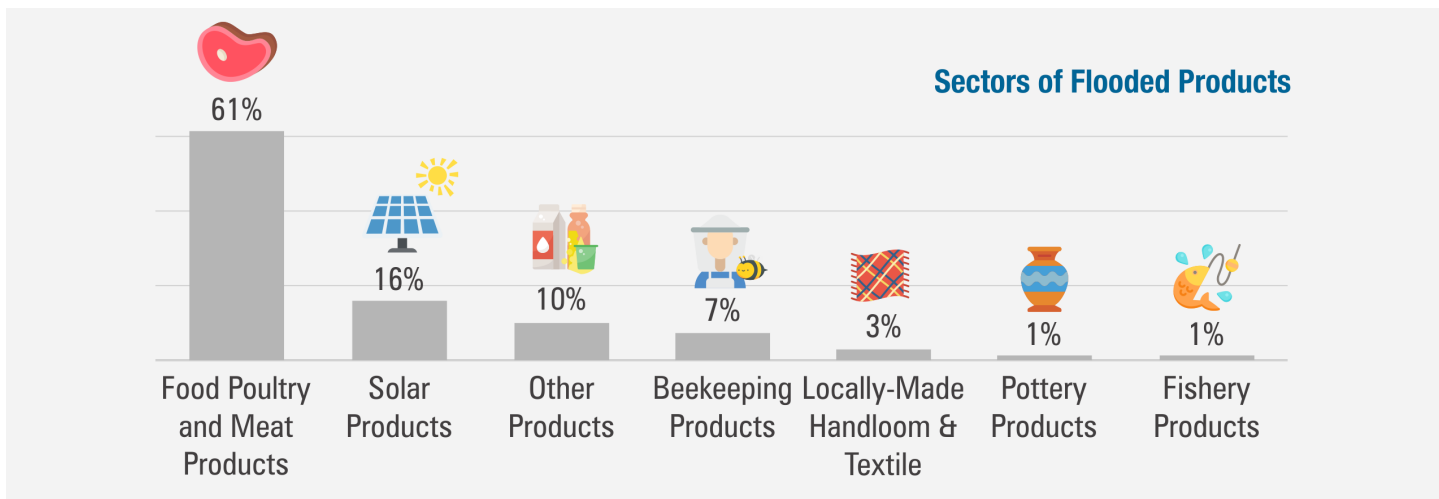


Figure 2: Sectors of Flooded Products

Sectors Conspicuously Absent from the Market

The missing supply can be related to the necessary products for production being absent from the market. For example, bread can be hard to come by at times, as well as wheat, cheese, chicken, fruit, and vegetables. The supply of solar energy products such as solar panels, inverters and batteries is often erratic. In the textile sector, there is sporadic

supply of skirts (Maawaz), coats, dresses, socks, hats and woollen wares. Beekeeping products such as honeycomb and beeswax can also be irregular. And though with fish, supply is only more frequent if preference is disregarded for specific species.

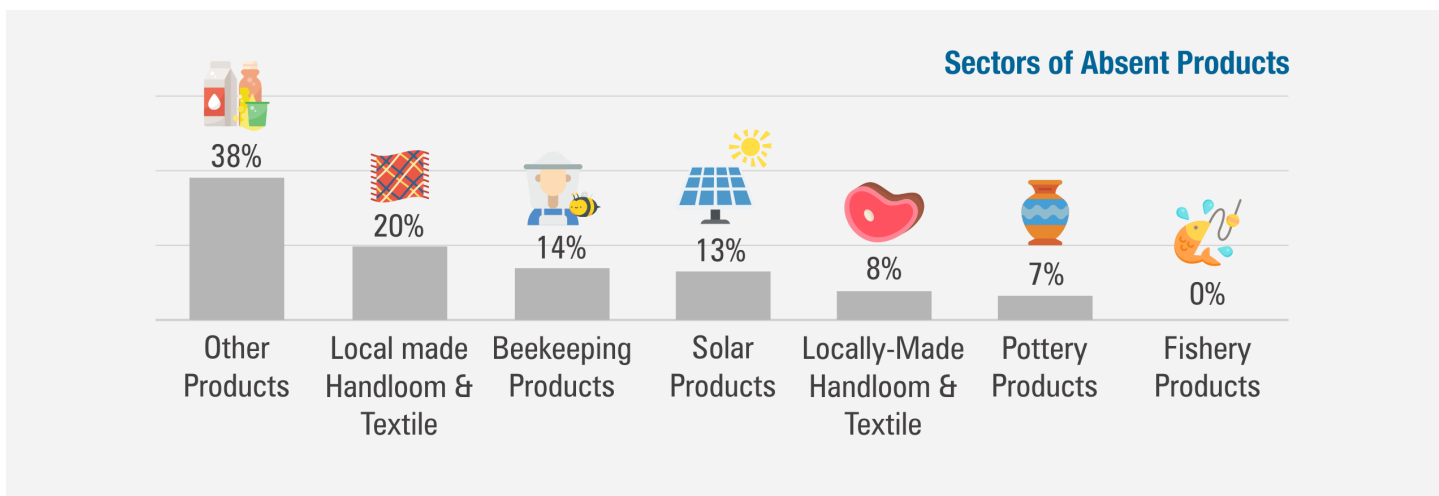


Figure 3: Sectors of Absent Products



Financial Services

Due to the ongoing conflict, the financial sector is struggling with liquidity and many bank branches are non-functional. Interest rates are high due to high operational costs, inflation and de facto devaluation of the Yemeni currency. Banks prefer to keep their money in United States Dollars (USD) rather than having outstanding loans in Yemeni Riyals. The private sector lacks access to financial services to trade. And importers are suffering as the Central Bank of Yemen no longer supports letters of credit, requiring all imports to be cash based.

Microfinance Institutions (MFIs) are still operating, but their reach is limited and the risk and cost have significantly increased. Yemen's MFIs are more into savings than loans – globally recognized as a best MFI practice while considering what is good for both clients and the MFI industry – with over 660,000 savers and a little over 100,000 borrowers. According to a 2015 UNDP-commissioned Small and Micro Enterprise Promotion Service (SMEPS) study, banks and MFIs accounted for only 20% of all micro and small enterprise loans, leaving the informal sector to cover the remaining 80%.

It comes as no surprise that the weakest link in starting or expanding a business in all seven sectors studied appears to be obstacles in availing financial loans. MFIs are by and large unengaged and the primary funding sources appear to be personal savings and informal family loans. Lack of loan opportunities are unilaterally stated as a main reason for inhibiting business expansion and crippling the ability to compete.

The absence of MFIs, or business' inability to access their services, calls for confidence building measures for MFIs to know and trust a new category of customers and for micro and small businesses to understand and accept the loan processes and conditions. Potentially there is a need for MFIs to reconsider their practice of high interest rates and very short repayment periods. An expanded loan volume would easily compensate for reduced profit margin for each loan. It should also be easier for illiterate customers to apply for and secure a loan. And collateral requirements can be eased as trust in a new category of clients evolves. In Bangladesh – the cradle of the microcredit industry that serves as the model for Yemen's MFI industry – the loan business excelled when it allowed lending to poor women without rigid regulation such as ID card requirement. Sim-



Cashier at a seafood restaurant in Sana'a

ilarly, Yemen's MFIs could do the same as often women do not have personal ID cards.

MFIs could also apply different terms and conditions for different categories of borrowers. In Bangladesh, individual loan recipients must still repay loans within a 12-month period at higher interest rates, whereas larger loans to small enterprises can be repaid over a longer period at lower interest rates. MFIs justify the higher interest rates because small amounts to a large volume of borrowers spread out over an extensive area are quite costly to administer. While more substantial loan amounts given to SMEs are a portfolio easier for MFIs to handle and they should negotiate their interest rates.

COVID-19 could deter MFIs to lend to micro-, small- and medium-enterprises (MSMEs) as defaults are expected to increase and bad debt exposes MFIs to higher vulnerability. Digital finance can be an opportunity to help the sector cope with the consequences of COVID-19. New operational measures will need to take place to manage loan repayment cash collections and non-financial services through mobile money and other remote services.

Yemen's Handloom and textile sector enterprises lack loan opportunity access, although they are in dire need to re-

habilitate the enterprise or expand business. According to our findings, 27% of businesses received loans, 59% used personal savings to finance business start-ups, and 58% of the businesses need loans in order to capture the current growth potential.

In the food sector, 64% of started their business with personal savings and 71% currently need a loan now. The main obstacles are the absence of lending organizations and lack of eligibility to receive a loan.

Farmers do not typically use financial institutions as the concept of paying interest discourages them due to religious reasons. Because banks give high-interest agriculture loans, farmers take loans from friends or family and/or use personal savings. Some Yemeni districts have a micro-finance organization named “Foundation for All” and “Meat Foundation” for livestock business loans.

66% of fishing sector businesses have no access to loans, in particular the retailers and wholesalers. The Fishery Association plays an essential and exceptional role in supporting actors in the industry and they provide inputs on credit to fishermen. Fishermen also take bank loans to bridge the three-month period that exporters take to pay for the product. 94% of the fishery sector actors interviewed currently need a loan; 93% would use the loan to expand their business.

MFIs are completely absent in supporting the Yemeni honey value chain and its actors. 71% of the interviewees found the money to start business from their personal savings. 83% said they have never taken a loan for their honey business. 93% declared they need a loan to expand their business or buy equipment. Obstacles to receiving credit include: (a) the absence of loan providers; (b) unaffordable interest rates; and/or, (c) ignorance of how to apply for a loan. There is also a culture of purity in the honey business: honey is seen as pure and clean so all honey business money must also be clean, free from cheating and interest extortion.

45% of the pottery sector actors interviewed point to the absence of a lending organization as a constraint in arranging financial resources for their business. 33% say they cannot afford the interest rate – which, in the case of MFIs, is quite high – and 16% do not know how to apply for a loan. Only 14% state that they do not need any loan for their business.

Loans for solar energy systems – whether panels for lighting or solar energy irrigation pumps – is the most common MFI financial product. This sector study found that 31% of the solar energy actors have received loans from non-governmental organizations (NGOs) and 19% received MFI and/or bank loans. Reported by 46% of those interviewed, personal savings use is the most common way to start up business in this sector. 55% say that they currently need a loan to expand business, buy more stock or purchase machinery. 36% claim that they do not know what lending institution to approach, another 36% admit they cannot afford paying interest, preventing them from even applying for a loan.

Women’s Engagement in the Seven Sectors Studied

Women’s involvement in the textile and handloom production processes and the subsequent chain has been declining. The study revealed that 92% of the actors did not employ women; however, the handloom and textile industry is a way for vulnerable women to be involved in income generating activities. 84% of the actors saw the sector as very promising for women with high income opportunities for dresses, sweaters and Mawaaz. 74% of the actors saw potential for women to become entrepreneurs, especially in the remote areas.



A group of women tailors inside a sewing lab in Sana'a

90% of the food business actors have not employed women, but 78% believe that working in the food sector can be an opportunity for income generation for vulnerable women – particularly as producers and distributors. And 67% believe that the food sector can be a good opportunity for vulnerable women to start-up their own business.

In the meat and poultry industry, women are part of the value chain as they work side-by-side with men. Women have clear roles in livestock and poultry breeding as a home-stead livelihood activity; however, only 18% of respondents employ women in their enterprises. Women's inabilities and lack of skills are presented as challenges and the opportunities seen are limited to women's traditional roles to raise cows, sheep and goats. The poultry breeding sub-sector offers opportunities of wider value chain engagement for women.

The study revealed that there is no female employment in the fishery industry. 95% of the actors think the fishery domain industry is not suitable for women to start their businesses. 54% of respondents believe that women are capable of working in the fishery sector, but family, society and fishery sector norms are forbidding. Potential parts of the value chain seen as suitable for women are post-catch and include marketing and exporting.

84% of the beekeeping respondents have not employed women in their business. Yet 55% agreed to empowering women to work in the honey sector as an income generation opportunity, especially in the production stage of breeding bees in beehives around their houses. A limitation here is that women cannot, due to socio-cultural norms, travel with their bees and hives looking for new pastures as men do.

Only 24% of pottery respondents stated that women are involved as employed in the business. The reasons stated refer to lack of opportunities in doing business for females, difficulties in getting access to loans, and the effect of a culturally sensitive environment. Actors reported that women are not able to collect supplies and raw materials or perform heavy tasks that affect women's dignity. On the other hand, pottery is seen as one of the promising markets for women to establish their potential small enterprises, as stated by 79% of the respondents. Adding value to or enhancing finished pottery products is seen as a niche where women have a comparative advantage.

87% of solar energy actors studied have not employed women in their businesses; however, 51% of the interviewees said women working in the solar energy sector would be an opportunity for income generation. Women must be encouraged to take this opportunity, especially in rural areas where women can work beside men. Women's lack of mobility to market the solar energy products – particularly in the weekly local markets from one governorate to another – is seen as a limiting factor.

From a COVID-19 perspective, women will bear the responsibility of being in-home assistants to COVID-19 patients. Breadwinners who need to go to the market for their livelihoods would be most exposed to the virus. Yemeni women wearing veils are least impacted by social distancing and face covering. If schools remain shut down for an extended period, school dropouts will have long-lasting negative consequences.

Need for Vocational and Business Skills

In all seven sectors studied, the majority of both business owners and their employees have not had formal technical or management training related to their trade restricting opportunities for business expansion. Lack of qualified labour



A young man working in a sewing lab in Sana'a

is seen as a limit to growth by more than two-thirds of respondents in all sectors. Business owners need more workers if they are going to expand and they agree that these workers must be technically trained. Marketing training on customer demand and value-added services is perceived as a solution to current marketing challenges.

79% of handloom and textile business owners also agree that receiving training would make them more competitive. However, nearly all consider the need for training to be about technical industry topics and very few believe training on marketing, entrepreneurship, management and finance to be essential.

In the food industry, skills training – along with investment in appropriate equipment – is seen as the solution to production, storage, distribution, and marketing constraints.

Producers and farmers admit that they do not practice improved livestock and poultry production, relying instead upon traditional practices. Training courses on livestock rearing as well as food processing and marketing are essential for the development of this value chain.

While most workers in the pottery industry are somehow trained on technical skills related to making pottery, they are in need of other skills such as product creativity and innovation, marketing, management and entrepreneurship – especially if they are not producers. 68% of respondents confirmed a need for training and believe that training would increase their ability to compete. 89% found a need for training in pottery to develop higher quality and more innovative products that can better compete with imported products. 41% of them (retailers, suppliers, and distributors) realized that learning marketing will increase sales and beat rivals.

90% of the solar energy actors claim that the new hires in case of business expansion need special training and skills in fields such as high-quality solar energy products, installation and maintenance of solar energy systems, procurement management, sales, and marketing promotion.

A common denominator for all seven sectors is an expressed need for better knowledge of marketing, customer service, and business management. The technical parts of the trade are often learned from parents (in case of inherited business) or as on-the-job practice. Learning by doing is

possibly more efficient than any formal vocational training. However, there is little tradition of sales promotion and business planning and practical, not theoretical, training appears to be critical. A promising centre of excellence concept may be to engage the best practitioners to provide leadership and hands-on training in best practices.

There is a general experience globally that vocational skills training of young people in developing countries rarely leads to a job. Training courses must be designed with prospects of subsequent job placement. A more promising approach is to be guided by the needs of specific trades – in this case, the seven business sectors studied. Training for business operators and staff should also be designed to fill gaps and be tailored to the needs of the respective sectors.

COVID-19 can be an opportunity for peer learning for livelihood opportunities while people switch professions. Yemen's crisis has provided an opportunity for many to use mobile phones and the internet for business. Stay-at-home themes can provide opportunities for the development of new skills and online learning is an important opportunity, should people have access to internet at reasonable prices. Many training service providers would probably close



A young man selling Taizian cheese in Sana'a

in-class training, leaving online learning as the only viable option

Partnerships and Joint Ventures

There is an urgent need to establish a cluster for handloom and textile business with the responsibility of governing the business chain and providing information sharing with required guidance for entrepreneurs. The study revealed that textile and handloom businesses are not part of a cooperative union and actors interviewed have no union membership. This could reflect the low trust of these actors in the cooperative union roles. The lack of networking among the chain actors shows the ineffective role played by the existing textile associations and entities. 94% of the respondents do not have a formulated partnership. 63% of those that had engaged in partnerships highlighted that the partnership failed, and they did not see any kind of potential success.

92% of respondents in food business have not established a partnership or joint venture with other enterprises. Lack of capital is stated as a reason that prevents actors having partnership with others and those who have had a partnership considered it a failed experience. The reason is problems with dishonesty of some people and unequal dependency of one partner on the other. 98% of respondents declared that there is no cooperative union for the food sector. Actors are unaware of the role of unions and cooperatives to improve the business community or develop the value chain actors' capacities and access to information. Many considered the role of unions as ineffective.

There are a few cooperatives for feed marketing, meat and poultry industry businesses and agricultural cooperatives that provide veterinary drugs to their members. Producers and/or farmers sell their sheep on an individual basis and meet the marketing challenges on their own. Since they do not have longstanding relationships with traders, they do not have connections with other actors in the value chain. There is generally a lack of links, business partnerships and business platform services, as well as standard regulations and policies for cooperative unions.

Entrepreneurs and SMEs in the fishery industry are mostly a family-oriented business. Therefore, actors are not keen on business partnerships, as indicated by 84% of respondents. Wholesalers, retailers and brokers are not fully aware of joint venture or partnership mechanisms and have no intention of collaborating or being open for mutual agree-

ments. However, fishermen and fishery associations were found to have strong partnerships and maintain good relationships with each other to facilitate production and sales flow. The role of the fishery cooperative is to enhance the traditional fishing and fishery infrastructure, deliver service to fishermen, enrich production and marketing, and contribute to development of coastal communities with essential fishery livelihood support.

95% of beekeepers and other actors in the Yemeni honey value chain said they have not established a partnership or joint venture with other businesses. 95% of the beekeepers do not know that, since 2016, there is a beekeepers union. This indicates that the management of the Sana'a-based union cannot reach the majority of Yemeni beekeepers due to lack of effective communication. After one year there was conflict inside the union that led to the creation of a new entity called Alliance that is intended for all honey value chain actors, especially beekeepers. The Alliance is still active.

The pottery business in Yemen lacks partnerships or joint ventures with 91% of respondents stating that they have not been part of any partnership or joint venture. Nearly all indicated that there are no cooperative unions in the pottery industry. It is essential for the development of the pottery business to establish a governing cluster for the business chain and information sharing with guidance for entrepreneurs. Pottery producers' associations can be found in the targeted areas, but their role is not effective.

93% of respondents in the solar energy sector indicated that they have not established a partnership or joint venture with other businesses and 61% said their partnerships were failed experiences. 92% of the interviewees do not know of the cooperative union for solar energy businesses since the sector is new in Yemen; only 1% are members of any cooperative union or association. The very dynamic growth of the sector warrants an institutional entity to organize and manage it.

The actors interviewed see a role for the cooperative union to: (a) spread awareness among customers to use solar energy products; (b) bring in new and modern solar energy devices and systems; (c) provide technical staff and train the work force of solar energy businesses; (d) solar energy products' quality standards; and, (e) represent all the actors of the solar energy value chain vis-à-vis related governmental departments.



A man selling fish in Sana'a

Competition and Competitiveness of the Business

Competition in the handloom and textile market varies depending on the area where the business operates. 73% of the actors in handloom and textile business said competition is high with many sellers in the market selling similar products. To compete in market with other businesses selling similar products, businesses have differentiated their products. 65% of sellers pride themselves for having good quality which adds value to their products. 21% focused more on cost to gain competitive advantage over competitors. 9% of sellers ensured availability of their products and set this as a priority to compete.

Overall, the food business market is competitive as 41% have two to five competitors, 26% have six to 10 competitors and 18% have more than 10 competitors, especially women. 62% of respondents think that they are unable to compete, citing the main reason as lack of capital. Additional reasons include having less quantity to offer, being far from the market, and lack of trained and skilled workers. 93% of respondents declared that quality products set them apart from competitors. 28% said that the price makes the difference and 15% said that ensuring availability of the product is crucial. 72% of respondents think that receiving training would make them more capable to compete.

Lack of ability to compete with other businesses selling similar goods is a common constraint in meat and poultry businesses. About 20% of the value chain actors say they can compete in the study area, while 80% are not due to insufficient quantity, limited capital, away markets, and less purchasing power.

Competition in the fishery sector is high, yet product differentiation is not considered as value chain actors focus on volume rather than differentiation and value adding, imposing a key challenge of making the fish chain more client-oriented and market-responsive. Quality in fish means freshness; therefore, the faster the seller can sell stock, the more profits gained. In places where competition is high, focusing on quality as a competitive advantage is not enough as sellers must compete for consumers. This is practically done by offering cheaper prices, despite having value added from offering cleaning, cutting and packaging.

71% of respondents in the beekeeping sector declared they are not able to compete with other businesses selling similar goods. 58% stated limited capital as the main reason for being uncompetitive and 48% saw the limited quantities produced and/or traded in their business as the main reason. 97% of the interviewees view quality as the most important thing that distinguishes their honey from competitors' honey. 91% believe they would be competitive if they receive suitable training and 24% said that reasonable price of their honey will compete well against the high price of competitors.

Significant competition was found in the pottery sector, mostly among producers and wholesalers. It is the lack in capital, low levels of inventory and weak purchasing power that prevent business owners from competing with rivals. 65% of the business owners, especially retailers and distributors, were unable to compete with other businesses selling similar goods mainly due to the limitation in available capital. Female producers and distributors face another problem related to distances between markets. To survive, businesses operating in competitive areas need to follow differentiation strategies for robust sales and growth. Strategies followed by 59% were quality focused, 21% price reduction, and 14% product availability.

56% of the solar energy actors have more than five similar businesses in operation in their areas. 77% of the interviewees said that limited capital makes them unable to compete;



is still the responsibility of distributors or brokers to deliver products to consumers.

There is lack of marketing techniques and strategies in the food business sector. 81% of respondents have not implemented any marketing strategy. The result is a very small market niche. 78% of the actors do not sell their products outside the narrow area where production takes place. The remaining 22% sell their products only to other villages and districts, very few of them to other governorates and just 1% to Saudi Arabia.

Insufficient marketing experience and low marketing skills seems predominant in the meat and poultry sector. Producers and farmers sell livestock to buyers who pay an acceptable price. The buyers are mainly other farmers, traders, brokers, and end-consumers. Moreover, for livestock business when farmers are in need of cash, they sell yearlings in the market. In the poultry market, the producers sell their poultry stock to buyers such as wholesalers, retailers, and brokers.

23% said that having insufficient quantity in stock makes them less competitive; and, 11% said they lack skilled labour to give cutting edge advantages. 91% of the respondents perceive that if they get training, they will be better able to compete. 74% said they compete with high quality solar energy products – even if expensive – indicating their customers are attracted by high quality solar energy products. 41% said they compete with affordable and cheapest price for the solar energy products.

COVID-19 around the world has opened doors of competition among online retailers for convenient products. Access to markets and cooperation with other value chain actors would be an important competitive advantage to many actors. Networks and associations connecting various actors can play a positive role.

Marketing Strategy

68% of handloom and textile business owners tend to rely on word-of-mouth advertising approach. 18% of them, mainly male distributors, visit potential customers directly and 5% use social media. Having sales agents is beneficial especially for those who operate in larger geographical areas, but only 1% of sellers seem to follow this approach. There is a general lack of understanding of marketing promotion and execution of best practices and strategies. Marketing

There is no information made available to the producers on marketing and business opportunities in the fishery sector. Producers have no data on consumer preferences and never estimate demands. The study found that 82% of actors never plan or execute marketing strategies concerning their businesses. Entrepreneurs and fishery enterprises need to receive essential marketing training on customer demand and value-added services. Despite the role of fishermen associations in marketing fishery products at the landing sites, there is lack of awareness among fishermen about quality aspects. The study also indicates that the marketing techniques entrepreneurs lack is associated with lack of marketing personnel and competencies, as well as difficulty to access business capital or acquiring equipment such as vans.

Most beekeepers utilize informal marketing systems, leading to a lack of trust of traders. 83% of the interviewees make their customers aware of their products and services by word of mouth; 14% use advertisements in social media or radio; 11% visit potential customers directly; 1% have sales agents to market their products and services; and, another 1% don't care much about marketing. There is a need for a platform for the Yemeni honey value chain that includes all the actors and facilitates networking among them, as well as marketing of the products.

The pottery sector became market-oriented hundreds of years ago, hence business relations have been maintained since the beginning. In the business chains, partners share information to ensure effective coordination between market demand and production planning. Also, there is trade credit between producers, traders, and retailers. It can be concluded that in the Yemeni context, interpersonal business relations are key to business performance. Market information is acquired, as indicated by 62% of the respondents, from customers themselves through market interactions. 23% used suppliers as a source of information.

66% of respondents in the solar energy sector said they did not plan or implement any marketing strategy. This indicates an absence of modern and professional business administration among the actors of the solar energy value chain, managing their businesses from a traditional perspective. This also reveals the absence of Business Development Services (BDS) and its role to promote organizational and institutional building for the companies.

Online marketing can be an opportunity for many to reach out to clients during the COVID-19 pandemic. Digital literacy and access to communication would be a major challenge for many MSMEs. Major interventions in telecommunication can support marketing strategies and provide opportunities in the recovery stage.

Relationship with Government Offices

64% of actors in handloom and textile business have no communication with related local government offices. The respondents associated that with the lack of motivational support and capacity building programmes from the local authorities and government offices towards entrepreneurs and SMEs. The government needs to continue to focus on addressing the gaps and enhancing the physical and non-physical (soft) infrastructure to create a conducive business environment for SMEs.

52% of respondents in food businesses have not involved local government offices or authorities. There is a perceived absence of governmental support for the sector and an overall mistrust of any regulatory authority expressed by respondents.

93% of the actors did not receive any support from government or from the private sector for their meat and poultry industry business.

The study found that entrepreneurs and SMEs in the fishery sector have inadequate relations with authorities. Low level of com-

munication has led to an inadequate information flow between the government line offices, fishery authorities and business actors as stated by 68% of respondents. There is a need to collaborate with entrepreneurs in alleviating regulation and investment difficulties such as work permit and license, monitor prices, open roads for transport, support partnership among business players and being flexible in taxation and customs. It was reported that authorities lack capacity of harmonizing data collection, analysis and dissemination mechanisms at the fishery sectoral and national levels.

Beekeeping in Yemen is still practiced conventionally/traditionally and mostly due to the governmental support absence. There is no specific governmental authority within Yemen related to beekeeping or honey, but the Ministry of Agriculture and Irrigation has programme implementation experience and has plans to provide services to benefit the honey sector, including laboratory testing facilities. Although senior management in the Ministry indicates serious interest in providing much needed services and extension help to the honey sector, financial resources are lacking. Limited resources are stretched and diluted over numerous agricultural activities within Yemen.

86% of respondents in pottery businesses have no mutual communication with the authorities concerning their enterprise



start-up and business development. The ongoing conflict has weakened the role of the authorities and government offices, as well as decreased the businesses' trust in government bodies. As the pottery businesses are village and rural oriented, the actors have less communication channels with authorities. The absence of motivational support and capacity building programmes from the local authorities and government offices vis-à-vis the business actors has led to amplified communication gaps.

48% of actors in solar energy business said they have no communication with related local government offices. The absence of institutional building for the actors of this vital sector calls for the related governmental ministries to regulate the quality of solar system imports, certify products and technicians, and assist unions and association.

The COVID-19 crisis has brought about negative perceptions due to preventive measures such as close markets, enforce quarantine points and other lockdown measures, value chain actors have to find alternative ways to operate.

Government Regulations

The need for government to create an enabling environment for businesses to start and develop has been covered in the

sector reports. The importance of government regulations, and the impact (both positive and negative) these will have on business is illustrated by a few examples below.

In the first week of January 2020, new regulations were issued by authorities that included:

- Tax waver on micro- and small-businesses.
- Customs waver for all imported medical goods.
- Waver of all fees on inputs and investments in renewable energy to support farmers and the private sector with a call for tax and customs authorities to wave taxes and customs on imported vehicles and equipment used for solar or electric energy.
- Rapid formation of a preparatory committee for the establishment of a national bank to support agricultural and industrial exports and support their marketing activities.
- The government will review laws and propose needed amendments to the parliament, to implement these directives and protect local production from international competition.
- With the COVID-19 pandemic, mobile money regulations have been relaxed to allow non-banking players such as telecoms and other private sector entities to operate.

Summary of Recommendations from the Seven Sector Studies

Macro level recommendations made in the seven sector reports include mainstreaming of women entrepreneurs by increased access to resources, economic empowerment opportunities and education for vulnerable women; eliminating obstacles to business start-up, market access and penetration; tackling logistical challenges; facilitating regulations of establishing and expanding business; facilitating transportation and easing the movement of goods; flexible regulations, taxation and customs system; empowerment of private sector organizations; bringing forth a favourable investment climate; improving management of institutions.

Meso level recommendations include: (a) microfinance support; (b) promoting networking among all actors of the value chain; (c) efficient partnerships and joint ventures; (d) strengthening cooperative unions and associations; (e) improving productivity of vulnerable entrepreneurs and SMEs; (f) opening up new markets in areas with high demand; (g) maximizing entrepreneurs' and SMEs' work efficiency through provision of skills; (h) arranging business and marketing training; and, (i) facilitating market linkages and product distribution channels.



A man selling slaughtered chicken in Sana'a

Micro-level recommendations include inclusion of women entrepreneurs; improved relationships with other value chain actors; improved market and customer knowledge; and, arranging apprenticeship programmes with businesses for youth to be trained on production and marketing skills.

Other sector-specific recommendations include:

- Provision of training in textile and handloom professions, production techniques, weaving, and increase economics of scale vis-à-vis the international marketplace.
- Investment in technologies and equipment for vulnerable women and youth to start up their small textile enterprises.
- Support the establishment of Food Producer Association and provide business (administration, management) and marketing training.
- There is great opportunity for livestock and feed production. Soil infertility, water logging and land degradation often makes crop cultivation difficult. Livestock and poultry fattening is booming, and there are now promising opportunities in the feed market.
- Support shifting towards larger livestock and poultry farms.
- Explore possibilities of export of sheep to the pilgrim (hajj) market in Mecca (three million pilgrims annually, who each need a sheep to slaughter).
- Provide a safe working environment for fishermen to feel secure at sea.
- Provide hygienic facilities at fish landing centres, high quality iceboxes and fishery tools, navigation tools, safe and well-maintained boats.
- Prepare standards and specifications of Yemeni honey which should be applied for all the actors of the honey value chain.
- Organize and build active and effective Honey Producer Associations in the main honey production areas.
- Encourage beekeeping input providers to expand and promote their products (tools and equipment, including modernized beehives) to reach the beekeepers.
- Provide modern technological pottery equipment to increase economics of scale.
- Organize training courses to build the technical capacities of youth, both graduates and technicians, to meet the solar energy market's needs. This could be implemented by collaboration between governmental institutes/centres, INGOs, NGOs and the private sector.



A man mixing Taizian cheese with tomatoes and serving to consumers in a traditional market Sana'a

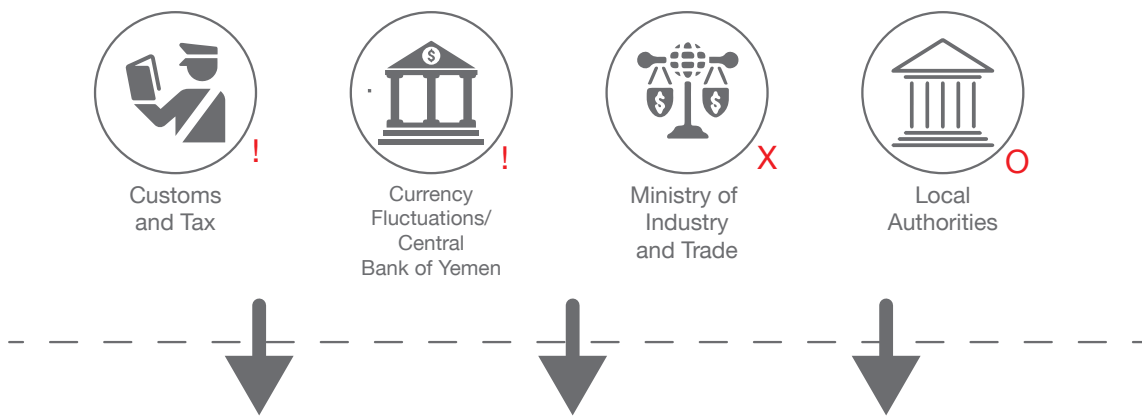
Value Chain Maps

Graphic presentations of the value chain for each of the seven sectors covered by the study are given in the following pages. The value chain maps are further described and analysed in the separate sector reports annexed to this summary report.

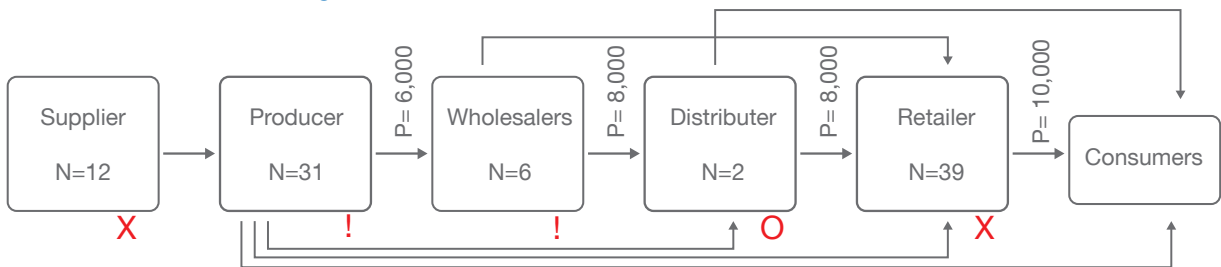
Handloom and Textile Sector Value Chain Map

Symbol Key:
 Critical Issue !
 Major Disruption X
 Partial Disruption O

Market Environment:
 Institutions, Rules, Norms and Trends

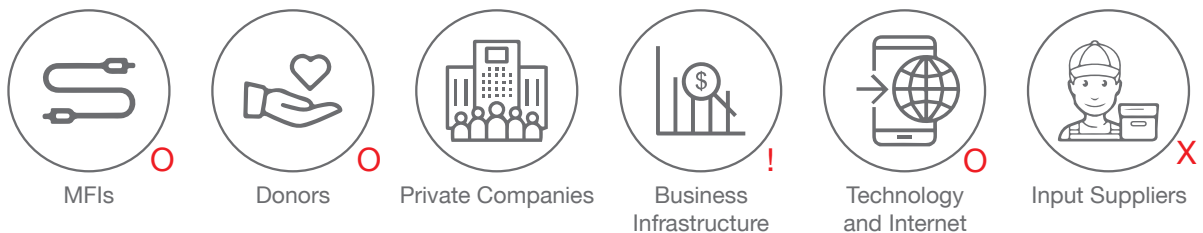


Market Actors and Their Linkages



*P= Price (All price amounts in are YER)

Key Infrastructure, Inputs and Market Support Services

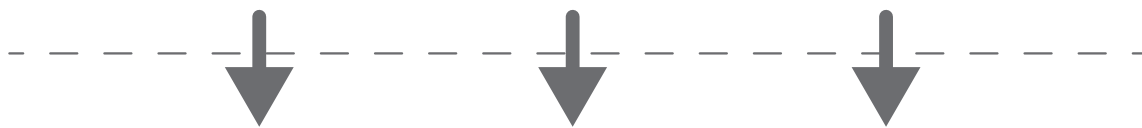


Food Industry Sector Value Chain Map

Symbol Key:
 Critical Issue !
 Major Disruption X
 Partial Disruption O

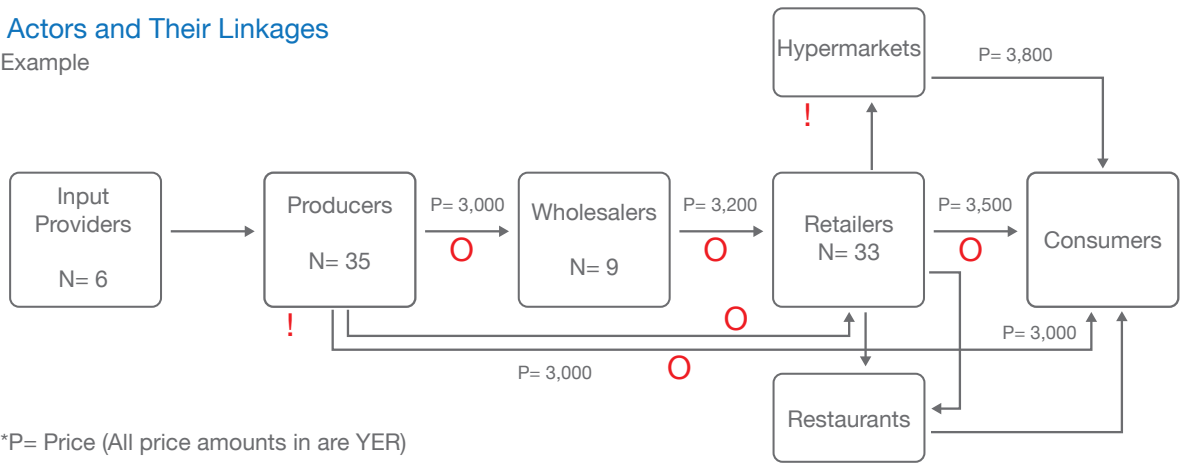
Market Environment:

Institutions, Rules, Norms and Trends

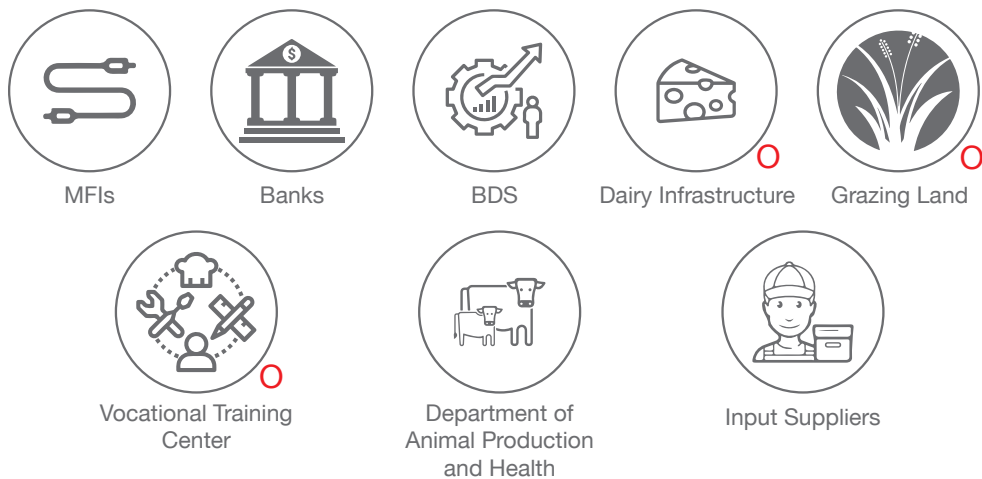


Market Actors and Their Linkages

Cheese Example



Key Infrastructure, Inputs and Market Support Services



Meat and Poultry Sector Value Chain Map

Symbol Key:
 Critical Issue !
 Major Disruption X
 Partial Disruption O

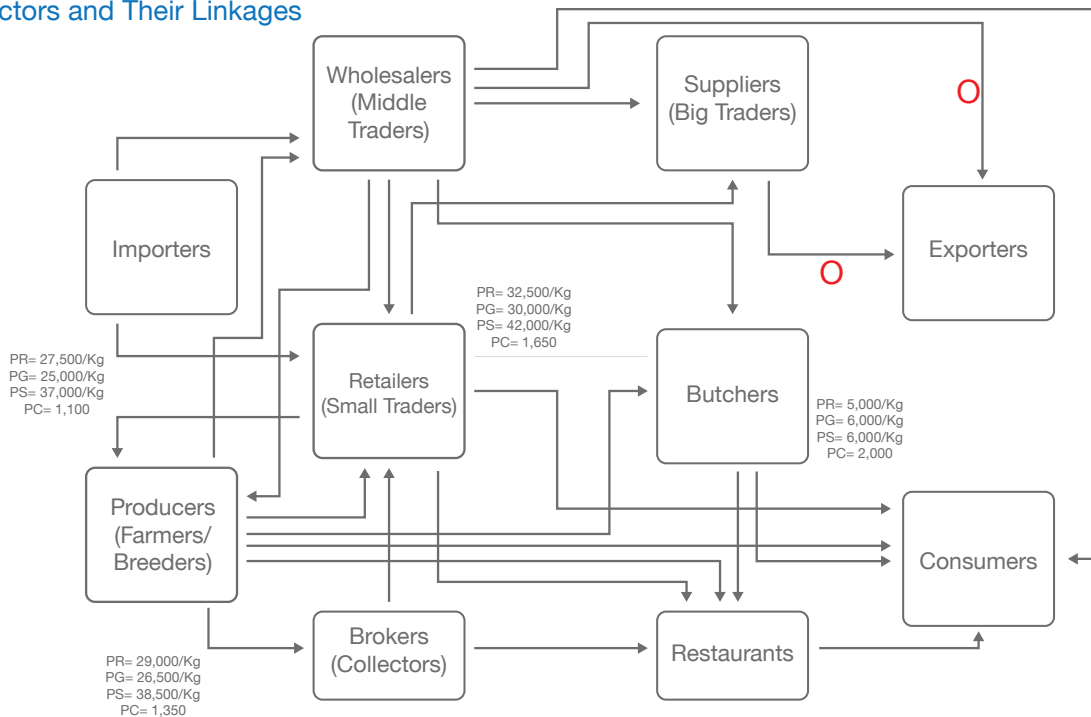
Market Environment:

Institutions, Rules, Norms and Trends



PR= Price of Ram
 PG= Price of Goat
 PS= Price of Sheep
 PC= Price of Chicken

Market Actors and Their Linkages



*P= Price (All price amounts in are YER)

Key Infrastructure, Inputs and Market Support Services



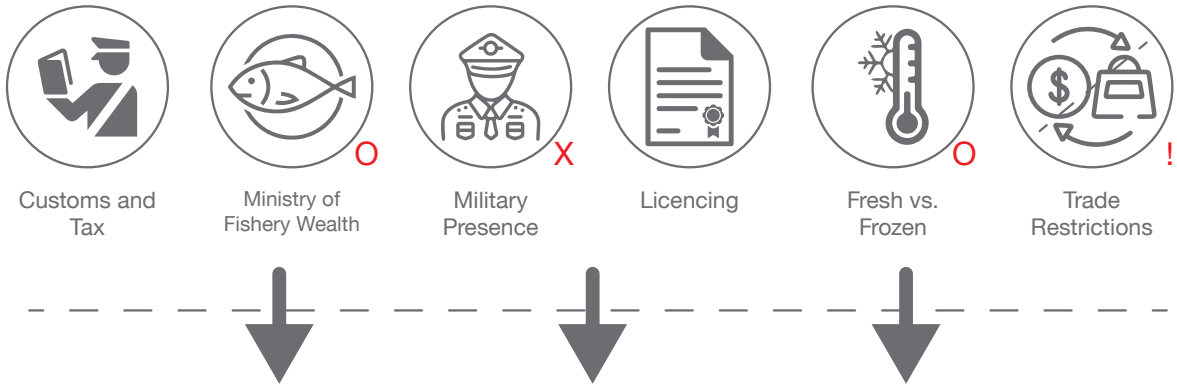
Fishery Sector Value Chain Map

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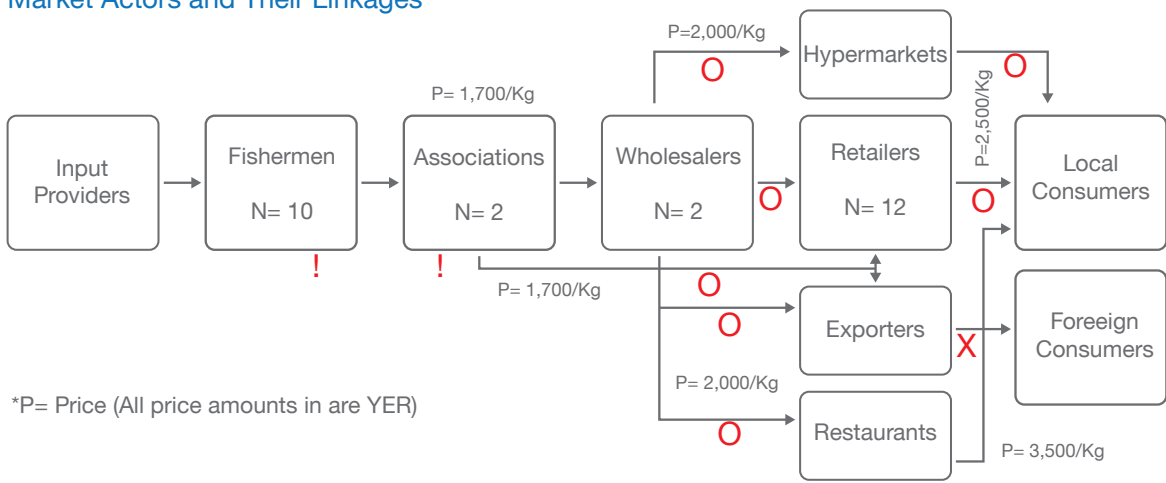
- Critical Issue !
- Major Disruption X
- Partial Disruption O

Market Environment:

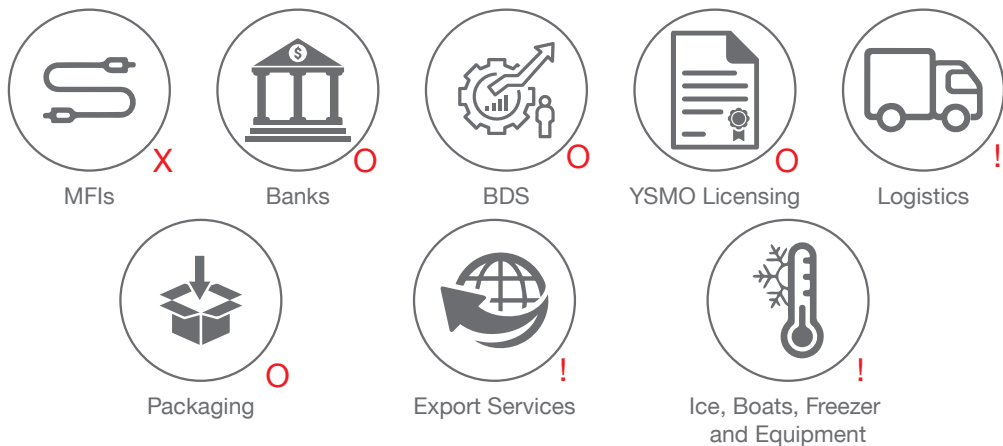
Institutions, Rules, Norms and Trends



Market Actors and Their Linkages



Key Infrastructure, Inputs and Market Support Services

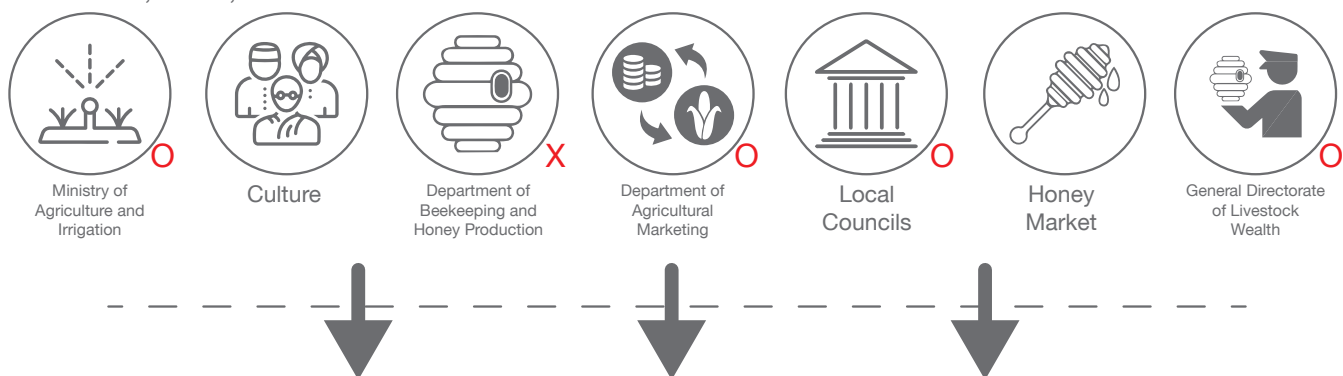


Beekeeping and Honey Value Chain Map

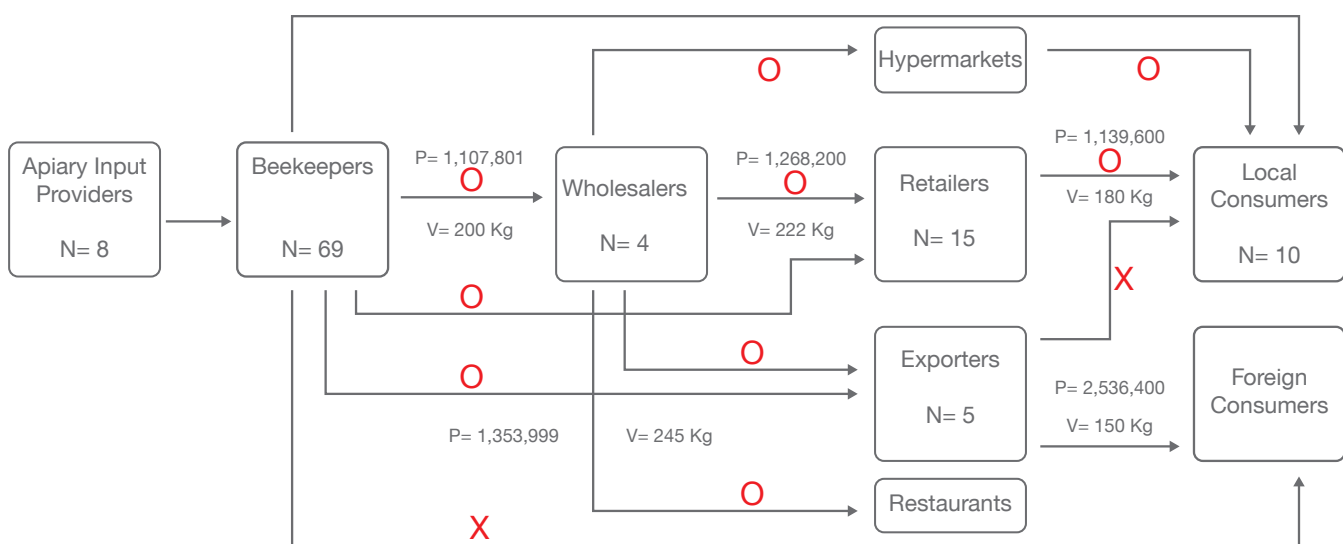
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Market Environment:

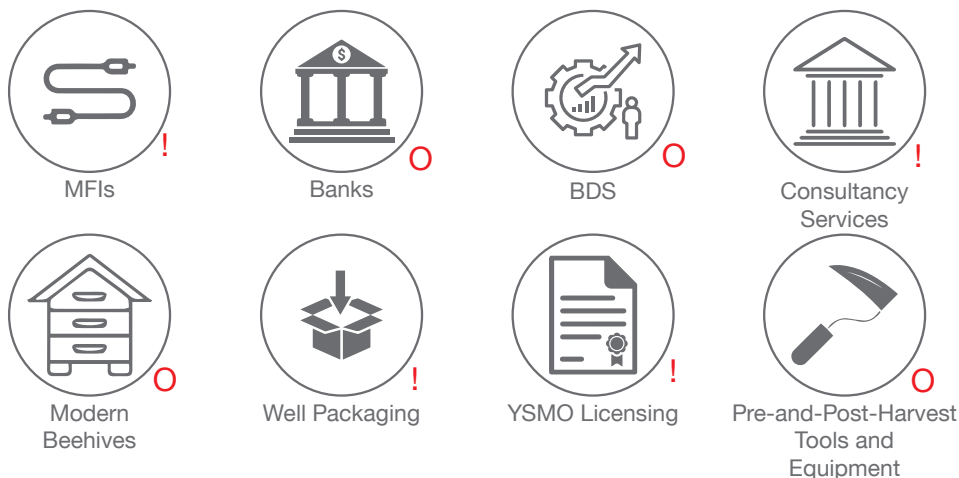
Institutions, Rules, Norms and Trends



Market Actors and Their Linkages



Key Infrastructure, Inputs and Market Support Services



Pottery Sector Value Chain Map

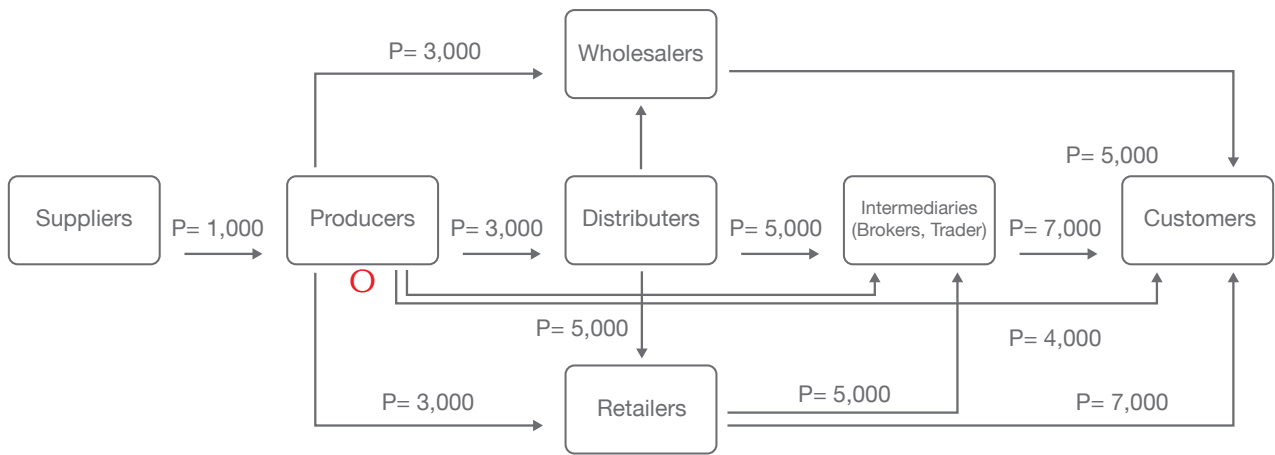
Symbol Key:
 Critical Issue !
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Market Environment:

Institutions, Rules, Norms and Trends



Market Actors and Their Linkages



*P= Price (All price amounts in are YER)

Key Infrastructure, Inputs and Market Support Services

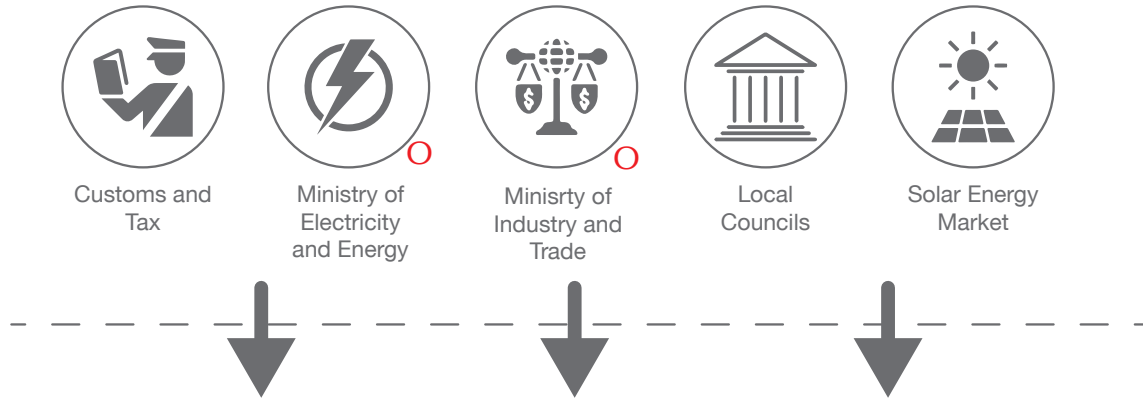


Solar Energy Value Chain Map

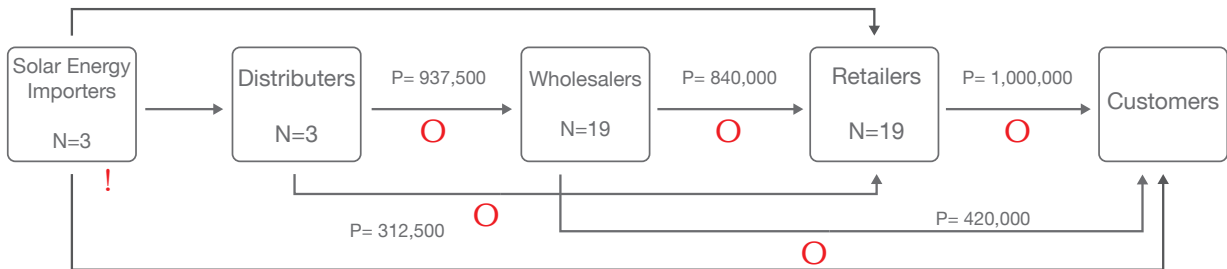
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Market Environment:

Institutions, Rules, Norms and Trends

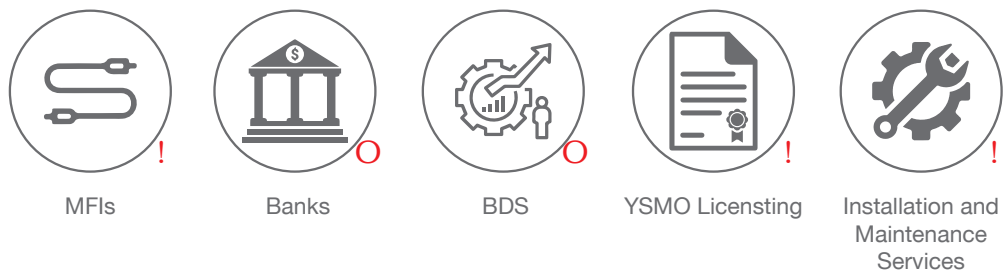


Market Actors and Their Linkages



*P= Price (All price amounts in are YER)

Key Infrastructure, Inputs and Market Support Services



Potential Effects of the COVID–19 Pandemic

Nobody knows how the coronavirus will continue to spread in regions and within countries. An interconnected world has made individual countries vulnerable as lockdowns and other containment measures affect not only the country where measures are taken but a range of interrelated countries. Yemen relies on imports for 80% to 90% of its basic needs, which makes it very vulnerable to disruptions in the world economy. During the 2014 Ebola outbreak in West Africa, more people died from the interruption of economic activities and breakdown of social services than from the virus itself.¹

On the other hand, business in Yemen has not operated in a peace environment for the past five years but is adjusted to crisis with the economy already prepared for a scenario like the one created by the ongoing pandemic. People in Yemen have weathered catastrophes for many years and would possibly possess resilience to cope with yet another one.

Still thousands of enterprises in Yemen have been in dire straits for years, operating at low–profit margins, due to the ongoing conflict and are not in shape to take on one more challenge. Restrictions in the movement of people and severe downscaling of economic activities are likely to have far–reaching impacts on the mainly informal enterprises of the seven sectors studied. Business owners with no financial cushion such as savings or credit lines may be forced to use their business capital for consumption and close their informal business, temporarily or permanently. This will lead to loss of jobs and incomes for both owners and employees, with decreased consumption and demand having spiralling effects on production decline, shortages, price increases, further loss of income, lasting damage to the economic fabric and deepening poverty, in a vicious circle.

In summary, livelihoods of thousands of people are being affected by three streams of influences: (1) Loss of jobs as a result of containment measures and closure (temporary and permanent) of businesses, resulting in loss of income for highly vulnerable informal sector workers; (2) Disruption in the local, national and global supply chains; and, (3) Dis-

ruption of consumption patterns due to reduced purchasing power as a result of job and income loss. However, there are nuances in the likely effect of the COVID–19 pandemic in between the seven sectors covered by the study.

The **handloom and textile sector** are heavily dependent on import of yarn, most of it from China, Turkey and India, countries that are affected by the pandemic and ensuing trade restrictions. Prices of input supplies have been on the increase since January 2020 and could potentially increase further. Whilst no trade restrictions to Yemen or closure of maritime and land ports have occurred so far, traders use alternative routes to reach the markets in order to avoid long delays at quarantine checkpoints, leading to significant price increases in almost all governorates. Purchasing power has declined as people were laid off and restricted in their movement, and production volume has decreased to almost half. Most businesses are family owned and are considered the only source of livelihood for the household, with income typically fluctuating based on the season.

Demand for food will not decrease as a result of the pandemic and with improved delivery services good opportunities to reach consumers may emerge for **food industry** actors. However, consumer behaviour has changed; people more often eat at home as crowded restaurants are no-go areas. Many prefer to eat canned food for hygienic reasons, with a new need for more food processing business for canned products. Local crop production continues as normal, but there is a drop in consumer demand for more expensive fruits. Premium fruits are sold at up to 70% less than normal at the farmer end, with prices slightly decreased at retailer end. With some volatility in demand, there is also increased risk of loss for perishable food items.

Meat and poultry businesses have faced difficulties in delivering the livestock products to local consumers, restaurants and slaughterhouses, with no existing optional distribution channels to reach customers. Lockdown measures in the infected governorates/districts affect the distribution process, restricting transportation between farms,

¹ A UN framework for the immediate socio–economic response to COVID–19, April 2020, from https://www.unwater.org/app/uploads/2020/04/UN-Framework-Report-on-COVID-19_vf.pdf

wholesalers, retailers, and marketplaces. However, the most affected part in the value chain is input supply, due to interruption of imported meat and poultry livestock from other countries and restrictions in cross border trading in between governorates and districts in the country. Moreover, traders importing fodder, especially corn and soybean that are the sources of poultry feed, are facing problems.

Retailers, restaurants and street vendors are the most affected actors in the **fishery value chain**, with normal fishery outlets no longer working properly. Due to closure of fishery outlets and restaurants, trade has sharply decreased by more than half. Consequently, almost half of the workers have been laid off or suspended and only critical workers retained. Curfew has also forced employers to reduce working hours to half. Moreover, cessation of fish exports has resulted in huge losses for the fishery associations, as export is considered the main source of income for them. Fishermen with big boats, usually carrying a crew of up to 20, could temporarily suspend and lay off most workers and go fishing using smaller boats. However, fish being an essential food item, demand will continue to exist during the outbreak. To ensure that actors of the value chain maintain operations and market demand for fish is fulfilled at least inside governorates with borders closed, fishery associations should make arrangements to buy the day's catch and sell it to retailers while observing social physical distancing.

The **honey sector** is to some extent shielded and trust among the value chain actors can keep business rolling. Because of the isolated nature of beekeeping, beekeepers would not be much affected as long as bees have pasture in rural areas away from the crowd. Loyal customers may not be lost; people will continue to buy honey believing that its medical properties can boost the immune system to fight the virus. Behavioural change in requesting a low-price honey type due to less purchasing power can, however, be expected. There are also access constraints to reach the honey outlets (wholesalers, retailers and exporters) due to lockdown measures. Traders need to adapt new marketing and sales approaches such as home delivery. Blockage in the supply chain of beekeeping inputs will set hurdles for expansion and modernisation of business.

Pottery production as such need not be much affected by COVID-19 since it is based on locally available raw material and as most pottery businesses are family owned and run

from home. Wholesaling and retailing at the end of the value chain would be more affected. However, consumers now spend on food products rather than non-essential products such as pottery. This in turn affects the entire value chain from production to retailing in terms of quantity demanded and sold. Most pottery businesses were struggling before the COVID-19 disruption and are ill equipped to take on a prolonged crisis. This affects all actors, leaving them with very low or no income, whether an employer or an employee. Since only 7% of businesses in the pottery market have more than three permanent employees, not many layoffs are to be expected. Yet, temporary suspension of two or three employees in businesses with more than one employee is likely to take place.

The **solar energy value chain** would be affected by gaps in importing solar PV products, especially from China, which would lead to a clear shortage in supply that would affect all actors in the value chain. Demand would also decrease if imports become too expensive and the oil price remains low. Loyal customers may not be lost, but decreased purchasing power may force purchase of low-price PV solutions and there are constraints in reaching new clients. Business costs will increase, and sales volume and profit margin be reduced. More than half of the work force could be affected by lay-off, temporary suspension from work and working reduced hours.

Thousands of workers in the seven sectors studied, almost all of them in the informal economy, will be laid-off, temporarily suspended from work or forced to work reduced hours. This has already started to happen, with people coping with the crisis through use of whatever savings they have, selling ornaments and household assets, reducing the number of meals, distress sale of productive assets such as land and livestock, and resorting to begging and charity.

Unemployed or underemployed people affected by the pandemic should be supported through provision of income generating activities like cash-for-work and temporary unconditional cash transfers. UNDP has long experience in cash-for-work and livelihood support initiatives in Yemen and could be spearheading such programmes. Going forward from this, UNDP can, underpinned by its vast global social protection experience, take the lead in transforming such stop-gap measures into sustainable national social protection mechanisms.

Whilst cash transfers and food baskets have been classical activities for humanitarian assistance crisis response, a strategy of supporting value chain actors could lead to more sustainable and resilient outcomes. MSMEs need to be assisted to set up mobile money accounts, switch to WhatsApp sales or improve door-to-door delivery to make them better prepared to deal with the pandemic. Networks and associations connecting market chain actors through phone or the internet can provide support, improve coordination and facilitate business when physical markets are closed. Loans need to be renegotiated, with the option of repayment waivers, and new affordable credit lines set up.

To overcome social and economic consequences of the COVID-19 pandemic when the time comes to move from containment to recovery, it will be essential to stimulate the economy and labour market at both macro and sectoral

level, reinvigorate productivity and restore an environment conducive to business.

UN agencies such as UNDP could assist to ensure that crisis responses are equitable, designed and implemented based on a social dialogue that takes account of the capacity and needs of all those who are directly involved. As long as the virus outbreak continues, there is a need to respond to the crisis in a rights-respecting manner, ensuring that information about COVID-19 is accurate and up-to-date, that workers are virus protected in the workplace, that adequate service provision is maintained for people and businesses and that citizens can access health and other public services.

The following matrix provides an overview of how reactive and proactive measures can improve value chain preparedness, response and recovery to overcome the COVID-19 crisis.

	Prepare	Respond	Recover
Protect Workers (Workplaces)	Awareness programmes on health protection measures for the society in general. Specific awareness programmes for each sector on health protection measures at the workplace.	Alternative coping strategies such as working from home and digital communication. Vigilant observance of workplace health protection measures.	Continue observing safe working environment measures to prevent a new virus outbreak.
Protect Supply Chain (Market place actors)	Keeping ports open, setting up response systems for logistical challenges, support digitalization of economy and society (currently 1.4 broadband subscriptions per 100 people), improve mobile phone area coverage (currently 55 mobile phone subscriptions per 100 people). Having systems of social assistance and social insurance for informal workers in place.	Put in place alternative mechanism of doing business, such as online marketing and door-to-door delivery services. Use of public and aid resources to support employment and income for affected workers.	Leverage communications, online trade and services. Digital transformation opportunities. Energize cooperation between value chain actors, including support of associations. Support specific value chain actors most vulnerable to the pandemic, such as those dependent on international trade.
Share Solutions (Communities)	Awareness programmes to adopt technology, support various alternative practices of delivery, online transactions and productive consumer behaviours. Resolving the ongoing conflict in Yemen.	Financial inclusion, e-commerce and technology adoption in response to changed consumer behaviour. Prudent negotiation of business restrictions.	Optimize consumer focused strategies for emerging consumption behaviour. Renewing the trust of consumers. Restructure interaction between the value chain actors to adapt to new circumstances. Provide online learning facilities.

Study Background

The widespread conflict in Yemen has impacted both urban and rural livelihoods. Over 78% of households are in a worse economic situation compared to the pre-crisis period; 2.5 million people have lost their income. The three-year joint programme Supporting Resilient Livelihoods and Food Security in Yemen (ERRY II), financed by the European Union, is implemented by FAO, ILO, UNDP and WFP in six vulnerable governorates: Abyan, Hajjah, Hodeida, Lahj, Sana'a and Taiz

The overall objective of the Programme is to contribute to reduced vulnerability and strengthened resilience capacity of crisis-affected communities in Yemen through creation of sustainable livelihoods and access to basic services.

The specific objective (outcome) of the programme is that Crisis affected communities are better able to manage local risks and shocks for increased resilience and self-reliance. The joint programme is expected to achieve the following results over the implementation timeframe:

- Output 1. Community livelihoods, productive assets and food security are improved to strengthen resilience and self-reliance.
 - Output 2. Vulnerable communities benefit from solar energy for sustainable livelihoods opportunities and enhanced social service delivery.
 - Output 3. Communities and local authorities have enhanced capacities to respond to conflict and gender sensitive priorities needs.
- UNDP has initiated a market study to assist the ERRY II implementation team to understand the market situation from demand and supply perspectives for specific markets of importance to the livelihoods of vulnerable populations with specific focus on value chain development, and identify opportunities for vulnerable men and women in the targeted communities. Specific objectives of this market study are:
- Conduct critical analysis of the existing market systems in relation to handloom and textile industry; food industry; meat and poultry; fishery; beekeeping and honey; pottery; and solar energy from demand and supply perspectives.
 - Study gender dynamics in the overall market systems and value chain development and income generation strategies from the perspectives of vulnerable women and men.
 - Assess existing potentials for informal and formal businesses in the above sectors for the continuation of income generation.
 - Identify difficulties and barriers faced by informal and formal enterprises in the above sectors to be overcome for better livelihood improvement interventions.

Study Methodology

To achieve the above objectives, a quantitative-qualitative mixed approach was employed. A participatory methodology was used to combine market and value chain analysis from demand and supply perspective. Quantitative methods were used to capture data on income and financial indicators measuring enterprise viability from demand-supply perspectives. Qualitative methods were deployed to gather in-depth understanding of livelihoods and market structure, value chain constraints and business case opportunities from a gender perspective and difficulties and barriers facing formal and informal businesses.

This market study was conducted in multiple stages.

- The first stage included a desk review of the value chains of the identified sectors. During this stage, the markets and value chains were analysed based on available literature from Yemen and similar markets. It included the main players, the different actors, the known challenges and opportunities. These were incorporated into a value chain map that provided basic value chain pictures of the sectors. This stage provided a reliable base for the following stage.
- The second stage included a rapid market assessment where the first stage results were validated and checked. A preliminary rapid market assessment of the pre-defined value chains highlighted the broad market structure, general sector potential for employment/ business

cases generating opportunities and diversification of income generation.

- The third stage include analysis of the primary data collected on the selected value chains in the targeted areas, more in-depth analysis and formal and informal businesses barriers, challenges and opportunities.

Primary data collected included questionnaires, focus group discussions, semi-structured interviews using open-ended and close-ended questions with selected individuals and groups including: end customers, primary value chain actors and drivers; business owners, NGOs, MFIs, and local government representatives.

Data Collection Tools

- **Rapid Market Assessment (Observations)**

The market observation tool is the foundational tool for the market assessment. This tool was used to decide on key sectors, market activity, main industries and get an overall picture of main players and gender dynamics. This helped to prioritize sectors in each targeted district. Observations were conducted at two markets in each targeted district at two different times.

- **Market Assessment Data Collection Tools**

The consumer tool consisted of a simple semi-structured interview with random market visitors to understand customer demand. It provided consumer preferences for goods and services in terms of quality, prices, access, and availability.

- **Community Focus Group Discussion Tool**

This tool triangulated the previous tool findings and provided more in-depth details about demanded, flooded, and missing goods and services in targeted areas from consumer perspective.

- **Traders, Suppliers, SMEs and Retailers' Interviewing Tool**

This tool provided the supply side of the market. It also triangulated consumers' questionnaires and focus group discussions with current market supply. It addressed the value chains under investigation and showed business performance and value created per market players. It also identified flooded and absent goods and services in each targeted district. Besides, it explored the supply opportunities and constraints and perception of market trends, profitability, and customer demands. This tool provided the supply side of

the market. It also triangulated consumers' questionnaires and focus group discussions with current market supply. It addressed the value chains under investigation and showed business performance and value created per market players. It also identified flooded and absent goods and services in each targeted district. Besides, it explored the supply opportunities and constraints and perception of market trends, profitability, and customer demands.

- **Market Mapping Tool**

For each of the study targeted districts, a market map was developed to provide an overview of the opportunities and constraints. These maps were developed to give an overview of how the market can evolve.

Value Chain Data Collection Tools

- **Value Chain Main Actors' Tool**

For each of the value chain sectors, semi-structured interviews were conducted with the main value chains actors according to the supply chain hierarchy. It attempted to define the gaps and constraints among the different value chains actors.

- **Value Chain Supporting Services Tool**

This tool was developed to address MFIs, local and international NGOs, governmental bodies, cooperatives and association. The aim of this tool was to highlight opportunities and concerns of interested stakeholders of the different value chain sectors.

- **Value Chain Mapping Tool**

Value chain maps for each sector were developed to visualize the findings of the value chains assessments, identifying primary and secondary actors, constraints and challenges, business cases and opportunities.

Study Limitations

The study faced several challenges including the following:

- There is an overall severe lack of market information about value chains in Yemen and more specifically in the targeted districts. Such dearth of market information seems to be one of the outputs of the study as market actors lacked access to reliable market information to make proper business decisions.
- Capturing gender dynamics is another challenge as local social norms and traditions did not allow for detailed

investigations of women business activities and their roles in value creation.

- The effects of the COVID –19 on the sectors was based on interviews with selected sample based on perceptions of the potential impact of the pandemic on the sectors during May 2020. Important to note that the first case in Yemen appeared in April 10 2020 and recovered by the time of this publication.

Sampling

Market sampling was pre–defined by the client in terms of the targeted districts and the targeted value chains as per the following:

- Handloom and textile
- Food industry
- Meat and poultry
- Fishery
- Beekeeping and honey
- Pottery
- Solar energy systems

For the purpose of the study, data were collected through a purposeful sampling strategy. Consumers were selected on random basis in marketplaces. Market suppliers and retailers were selected on most common business types as per the observations. Value chain actors were followed as referred to by other actors in the value chains. Producers were reached to identify value chain inputs and supplies and to refer next actors. Women engagement was probed at each value chain actor level to identify gender roles and potential women engagement.

In addition, supporting services and local authorities were addressed to inform the value chain analysis and investigate opportunities and constraints. Supporting institutions included key informants from three MFIs including Al–Amal Bank, Tadhamon Microfinance and National Microfinance Foundation; governmental bodies included the Ministries of Industry and Trade and the Ministry of Agriculture and Irrigation; CSOs; and, local and international NGOs, among others.

The table overleaf provides an overview of the study sample per district and per study data collection tool.



Table 1 Study Sample by District, Data Collection Tool and VC Actors

Method	Hajjah Abs	Bani Qais	Hodeida Zuhrah	Lahj Almusaymeer	Abyan Khanfar	Sarar	Taiz Alshamayteen	AlTaiziyah	Sana'a	Total
Observation (markets)	2	2	2	1	2	2	2			15
FGD (Community, 50% females)	20 10 F, 10 M	21 11 F, 10 M	20 10 F, 10 M	24 13 F, 11 M	24 12 F, 12 M	27 15 F, 12 M	20 10 F, 10 M	25 14 F, 11 M		181
Interviews with Consumers	18 (9 F, 9 M)	19 (10 F, 9 M)	20 (10 F, 10 M)	19 (10 F, 9 M)	20 (10 F, 10 M)	20 (10 F, 10 M)	20 (10 F, 10 M)	20 (10 F, 10 M)		156
Interviews with Retailers and Traders	6	4	8	3	7	10	5	4		47
Interviews with SMEs				1	1		1	5		8
Interviews with Suppliers		5		3	3	5	5	4		25
Interviews with Wholesalers	5	1	2	1	3		3	2		17
Beekeeping VC Actors	13	14	16	10	13	15	14	15		110
Fishery VC Actors			13	5	12	2				32
Food Industry VC Actors	15	13	12	8	16	5	15	15		99
Meat VC Actors	13	13	14	9	18	15	15	14		111
Pottery VC Actors	16	15	15	11	9	1	13	16		96
Poultry VC Actors	14	8	11	8	16	1	15	15		88
Solar Energy VC Actors	13	14	14	2	14	3	15	15		90
Handloom and Textile VC Actors	15	8	10	4	22	9	14	16		98
VC Supporting Services										
INGOs						1			2	3
NGOs	2	1			7	5	1		3	19
Cooperatives	3	1			1		1		2	8
MFIs					1		1	1	3	6
Governmental Bodies	1	2	1	3	2		2	4	18	33
Total	156	141	158	112	191	121	162	162	28	1,242

Table 2 Study VC Actors by District and Gender

	Abs	Bani Qais	AlZuhrah	Almusaymeer	Khanfar	Sarar	Alshamayteen	AlTaiziyah	Total	Percentage
Female VC Actors	11	11	2	29	28	11	1	15	108	15%
Male VC Actors	88	74	103	28	92	40	100	91	616	85%
Grand Total	99	85	105	57	120	51	101	106	724	100%

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