



وكالة تنمية المنشآت  
الصغيرة و الأصغر  
Small & Micro Enterprise  
Promotion Service

# Cash Grants for Livelihoods Sustainability

**Examining the Markets  
systems development  
Approach in Conflict**

## Brief Report

Markets systems development projects are designed to address the underlying causes of poor performance in markets that matter to people living in poverty and unemployment, in order to create lasting changes that have a large-scale impact. They are designed to work in areas where markets are distorted but functioning with gaps and complexities that can be ‘fixed’ to ensure the poor have access to these markets. What happens then when a layer of complexity is added to the markets? Can projects be designed to attempt to work around failing/ non-existing market systems? In the case of conflict-affected Yemen, does integrating the systemic approach into livelihoods strategies contribute to better recovery and development for the poor? In concrete terms, what is, for example the value of providing the poor and most vulnerable with skills development and assets in conflict while creating inclusive markets? Can sustainability be achieved for this category of the population? This brief report highlights the experience of the Small and Micro Enterprise Promotion Service (SMEPS) in driving systemic changes to support vulnerable and affected smallholder producers in vital economic sectors to restore their livelihoods in a sustainable manner, allowing for scalability and visualizing the impacts in the context of conflict.

## About SMEPS

The Small and Micro Enterprise Promotion Service (SMEPS) is a subsidiary of the Social Fund for Development (SFD) in Yemen, established in 2005 with a mandate of supporting private sector development through facilitating business development services, entrepreneurship and value chain development. Under the current conflict, SMEPS works to 1) strengthen the humanitarian-development nexus through implementing resilience and development projects aimed at creating more jobs and providing incomes 2) supporting the resilience of MSMEs in vital sectors to sustain existing jobs & create new ones. SMEPS aims to achieve its goals by pursuing creative strategies for Micro, Small and Medium Enterprises (MSME) of diversity and growth through the market systems development approach. With this approach, SMEPS interventions seek to build, strengthen and facilitate the economic and technical capacities of market-driven private-sector including the MSMEs themselves, rather than acting as a significant direct service-provider to MSMEs.

Since 2006, SMEPS various types of projects targeted different sectors, leading those sectors to positively transform such as agriculture, health, livestock, fisheries, and other vital sectors. This powerful experience of handling huge projects allowed SMEPS to build large business connections and networks which facilitates its projects implementation. SMEPS has worked in handling different types of missions such as conducting business studies, consultancy services, campaign workshops, linking different groups, creating new business lines and other activities.

# Context & Rationale

Since the conflict began in mid-March 2015, the food security situation in the country has rapidly deteriorated. The conflict has destroyed people's livelihoods and ability to purchase food, making it difficult for many Yemenis to meet minimal food needs. Food insecurity levels continue their upward trend with approximately 24.1 million Yemenis which is almost 80 percent of the population struggling to feed themselves. The level of needs is attributed to the several impacts of the conflict including the depreciation of the Yemeni Rial and loss of livelihoods and income which include suspension of public servants' salaries since 2016. In addition, internal displacements of people from conflict areas has caused distress and exhaustion of resources elevating hunger condition and leading to negative coping mechanisms.

Furthermore, livelihoods of a significant segment of the population dependent on agriculture has been disrupted. Around 70 percent of Yemen's population live in rural areas. Rural households, which were already destitute before the conflict, lost their assets, savings and income due to conflict. FAO reports that the cultivated land under rain fed condition decreased by 11 percent, irrigated land under cereals decreased by 40 percent, while production of small ruminants has reduced by 25 percent for both sheep and goats compared with pre-crisis period. Agriculture, which employs 45 percent of the population and 66 percent of women in the workforce, suffered significant losses.

In addition, local food production in 2018 is estimated to have dropped even further and smallholder farmers had to increasingly rely on local markets to fulfil their food requirements. To tackle these issues, increase local food production improve access to food for rural households, SMEPS has supported 18,465 smallholder producers to achieve sustainability, improve their livelihoods and strengthen access to food security; creating over 155,143 short term and permanent job opportunities and contributing to SDG goals 2.3 in conflict through increasing productivity and incomes. So, what did SMEPS do differently?

SMEPS applies the 'Markets Systems Development' approach to the context of smallholders' livelihoods and MSME resilience. Whereas traditional ap-

proaches to livelihoods focused more on skills development, SMEPS introduced the systemic approach in conflict to support the most affected smallholders in vital sectors of the economy with the main aim of improving the livelihoods of rural populations. The approach was supported through using conditional and restrictive cash grants to drive development outcomes and build human capacity, based on the fact that markets were functioning but failing to meet people's demands due to falling purchasing power. The approach SMEPS implemented supported smallholder producers in the horticulture sub-sector, fisheries, livestock and health, tackling both demand and supply sides of the markets by following the holistic systemic approach.

This helped in identifying the leverage points within the markets systems around these target groups, identifying gaps/ problems in the way the markets function and the power imbalances. For example, rural horticulture farmers had no means of obtaining agricultural inputs where input shops were greatly saturated in the major urban centres, breeders had no means of interacting with buyers in understanding the ultimate price commands, what quality level or type of produce the end buyers really want, or how much of their produce spoils or is damaged during transport, before buying and when selling, micro health providers had no access to markets of medical supplies and equipment, operating door to door. By adapting to the conflict with this approach, SMEPS projects supporting livelihoods and SME resilience resulted in the creation of over 155,143 job opportunities, of which 25% are women.

SMEPS is changing market systems at three levels. The first is the core market made up of demand and supply. At the second level SMEPS strengthens market supporting functions such as distribution, knowledge and credit. Thirdly, market rules are addressed. Conflict as a critical juncture is accelerating change at all three levels and SMEPS it at hand to make sure the change works better for the poor. To illustrate more, the following sections details the support for the sectors:

### **1. Livelihoods Restoration for Smallholders in Rural Areas – Farmers, Fishers and Livestock Breeders.**

The projects targeting this category of beneficiaries were designed to strengthen the humanitarian-development nexus with the main aims of improving livelihoods, access to food security, increasing food production and stabilizing market prices for food. The first part of the support included linking beneficiaries with short term field experts to build the human capacity by supporting them for six

months. These field experts included agronomists, fisheries & livestock graduates and vets. The idea was to provide beneficiaries with technical knowledge of proper and modern practices and to encourage peer to peer knowledge & information sharing. Each field expert was assigned 20 to 25 beneficiaries. This provided the young field experts, with technical training, experience & knowledge to access labor markets and short-term incomes to support their households.

The second part of the support, in parallel to the technical support, was small cash grants of \$1,500 provided to each beneficiary to procure productive assets based on beneficiaries' plans, developed by beneficiaries and the field experts. The ceiling amount was set based on the program's operating manual and market assessment of agricultural inputs. Productive assets to be purchased by each beneficiary followed an assessment of the needs per beneficiary. In addition, beneficiaries were educated on shopping procedures for their productive assets, including quality and prices. This strengthened the linkage of beneficiaries to input markets resulting to hundreds of agri-input businesses across the country response to smallholders' request for quotations by opening retail shops in rural areas. To attract replicants and expansions, firms are now offering maintenance services, a full season of credit, they compete to serve farmers opening branches in rural Yemen, and they are attempting to differentiate bringing in a host of new products and services. Demand and supply relationships have been revitalized and smallholders are empowered through increased choice. Farmers choose the supplier, the price, the technology and the quality. Beyond stimulating the core market, SMEPS strengthening of supporting functions is planting the seeds for wide scale replication

## Results

**Agriculture**

**Livestock**

**Fishers**

**Markets**



## ■ Agriculture:



**79,423**

(19% women)  
Job created - short & permanent

**1:3**  
Replication Ratio

**\$3,449,859**

Farmer Investment in Expansion  
(50% of project investment - cash grants provided)



**86%**

Increase in productivity



**66%**

Increase in incomes



**53%**

Decrease in water consumption



**48%**

Decrease in Fuel Consumption



## Livestock



**29,701**

(25% women)  
Temporary jobs created

**1:2**  
Replication Ratio



**126%**

Increase in productivity



**185%**

Increase in incomes



**53%**

Increase in assets (number of animal holdings)



**75%**

Decrease in Fuel Consumption

### Use of modern tools:

Animal fattening period decreased by **58%**

Use of concentrated feed increased by **89%**



Increase in milk production by **42%**



## Household dairy consumption pattern

- HH milk consumption per month increased from **25** to **30**  
Liters Liters
- HH consumption of eggs increased from **29** to **53** per month
- Poultry\* holding increased from **3** to **6** per beneficiary

\*Note poultry is not part of the support from the project. However, beneficiaries are trained on poultry keeping and the importance in HH consumption of poultry products. In addition, beneficiaries were trained on personal health, hygiene & nutrition as well as animal health, hygiene & nutrition. They were also trained on proper methods of making dairy products such as pasteurization of milk, cheese and yoghurt making. This reduced diarrhea in children under 5 years of age by 56%

### Coping Strategies:

- Decrease in borrowing by 41%
- Increase in daily food intake by 50%
- Decrease in buying on credit by 26%
- Decrease in selling of assets/ property by 75%

### Increase in selling price due to better quality:

- Animal price increased by 124%
- Cheese price increased by 50%



## Fishers



**1,506**  
Jobs created



**53%**  
Increase in  
productivity



**30%**  
Decrease in Fuel  
Consumption



**42%**  
Increase in  
incomes



**20%**  
Increase in sales



## Markets



**194**

input shops were opened over the country



Shops increased sales by **88%**



**50%**

diversification in products sold

- Investments by businesses to offer after sales maintenance

Access to finance:

- \$10 million worth loans provided by three micro finance institutions to support farmers and fishers replicants & expansions – verified by the MFIs.
- Women breeders entrepreneurial initiatives started: Fee-based technical support to non-breeders & animal lending for startups.

### Other Results:

760 field experts including agronomists, fisheries & livestock graduates and vets were trained and hired to work in the projects receiving at least 8 months incomes

Note: Productivity & Incomes were measured using SDG 2.3.1 & 2.3.2 indicator formula developed by FAO.

## 2. Livelihoods Support to Community Midwives

This program was designed to serve rural populations in accessing quality health care. As with the previous interventions in supporting small holders, the projects under this program strengthened the humanitarian-development nexus through providing first/second line response coupled with development response. This followed, technical support and financial grants provided to community midwives based in the second and third catchment areas of the populations. Selected midwives were those considered first line responders in their communities, providing first aid and pregnancy care to pregnant women and newborns. Midwives were linked with midwifery experts to support them for a period of six months, providing them with on the job training and supporting them throughout the grants process. Midwives were provided with two types of training including: 1) Integrated emergency health & nutrition training to provide them with the necessary skills to practice their medicine. This included health & nutrition training to support pregnant and lactating women and children under five. It also entailed educating these women to detect complicated cases and know how to refer them to nearest health facilities from the early stages. 2) Women Business Owners Training which aims at supporting women business owners with the necessary business management skills to manage and expand their small businesses.

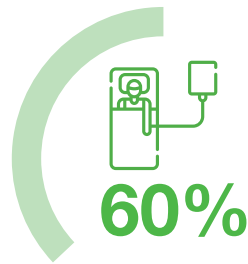
Midwives were also trained on procurement procedures, allowing them to understand the quality and prices of the assets they were to procure based on their business plans. This helped to link them to input markets. They were also introduced to financial service providers, micro finance institutes to strengthen their access to finance. Furthermore, they were provided with conditional cash grants of \$2,500 to procure life saving equipment based on the midwife's terms of reference. They were also linked to the ministry of health offices to provide them with permits and register their micro businesses, enabling the MoH to provide them with the necessary oversight.



Midwives incomes increased



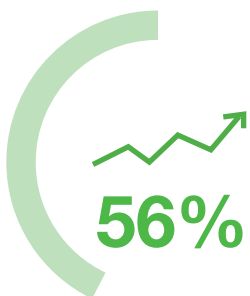
Increase in employees' salaries



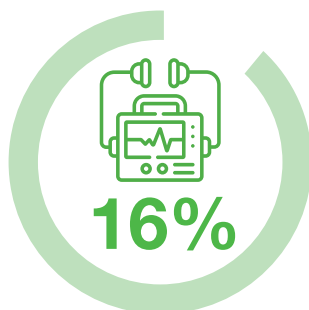
Increase in patients served per day



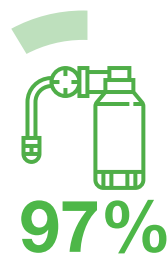
of the midwives supported opened their small clinics.



midwives now use financial recording to track expenses and incomes



decrease in emergency referral cases



of midwives have oxygen cylinders (only 3% had oxygen cylinders prior to the intervention)

Introduced new services (E.g. Family planning, emergency treatment, etc.)

- **Targeting Criteria**

## **1. Smallholder producers – Farmers, Fishers & Livestock breeders**

The targeting criteria followed four main steps utilizing available secondary and primary data and sectoral targeting criteria. The criteria were clearly communicated to all stakeholder and targeted community through established community committees during the sensitization of the project. The criteria followed:

- Area selection (governorate and district) using the IPC – focusing on IPC phase 3, 4 & 5
- General HH Selection to cover the three sub-sectors based on the FSAC targeting criteria prioritizing most affected and vulnerable households, women headed households, child headed households, elderly headed household, household with many members, households with disabled individuals.
- Sub-sector selection (horticulture): Based on the needs and project goals on improving food security and livelihoods; nutritious value products (vegetables); focusing on a sector with income generation (quick harvest period); tackling fuel issues and availability of products in local markets.
- Sub-sector specific criteria:
  - i. Farmer Selection: Has to have water source and own between 0.5 to 2 hectares of farming land
  - ii. Livestock Breeder Selection: Has to be female, has to own between 5 to 15 small ruminants
  - iii. Fisherfolk Selection: Is a working fisherman who owns a fishing boat with some fishing equipment.

## **2. Midwives Targeting Criteria:**

- Area Selection based on: IPC level 3, 4 & 5, nutrition, health & IDP criteria obtained from OCHA
- Midwife Selection:
  - Should be an accredited & practicing midwife
  - Should have financial contribution for the cash grants (\$200)
  - Should be based in second and third catchment areas

# Lessons Learnt



## Programme design

- The programme design was flexible allowing us to design activities aligned to the programme goals and relevant to SMEPS mandate; linking emergency to development. We were also able to link the SDGs to the emergency-development context. In addition, this flexibility allowed for the project to expand to cover more sectors in the second phase based on the lessons learnt and outcomes.

## Delivery

- Following the Markets for poor approach in providing both technical and financial support provided us with a strong sustainability framework for the project. With this approach, we were able to drive structural changes within the market systems and contribute to improving local economies.
- Replication allows for more than 3 times the project investments and jobs which supported the M4P approach on crowd in and scalability.
- Sector focused conditional and restrictive cash transfers not only helps restore livelihoods but also helps markets to grow and better serve poor people.

## M&E and Grievance System:

- These projects allowed for SMEPS MEAL team to develop sophisticated data collection systems using applications that tracked progress data to measure the SDG indicators. This allowed for the teams to develop dashboards that could enable donors to conduct remote monitoring following strict data protection policies. In addition, SMEPS grievance system was simple and paper-based which has been developed to a web-based system with more mechanisms in place, linking it to SMEPS MIS systems and MEAL dashboards.
- These projects supported SMEPS teams to understand SGD indicators on food security and has operationalized into a measurement of the projects outcomes and results. This could be done over other developmental sectors of interventions demonstrating that they can contribute to achieve SDGs even in emergencies.

## Gender sensitivity

- The projects helped us to understand gender roles and dynamics in these sub sectors allowing us to have gender sensitive targeting in a manner that

empowered women in the sectors they dominantly worked in. This included the livestock, coffee & health sectors increasing women target.

### **Communications for Development**

- Sharing case studies and success stories through C4D approach i.e. training beneficiaries & field experts to communicate in raising their voices and concerns using social media and other platforms, allowed to attract attention of stakeholders and partners on the importance of strengthening the humanitarian-development nexus.



[www.smeps.org.ye](http://www.smeps.org.ye)



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