

Briefing

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Policy pointers

Aid is inadvertently distorting local markets and driving local economic dependence in northern Syria.

Assistance should move away from 'in-kind' food aid to more flexible cash transfers, unconditional vouchers and/or mixed delivery methods. This would provide better value for money and give people the help they need.

Communities' capacity to do business in wartime conditions is a clear strength that humanitarian aid should support across the entire value chain, using context-specific market-based interventions.

Donors and international NGOs should work to source goods from local providers, thereby supporting local markets. They also need to move beyond short-term approaches to consider medium- to longer-term approaches that will build local capacity to survive in the prolonged crisis.

Aid in context: the importance of market-based approaches to aid delivery in northern Syria

With the Syrian conflict now in its seventh year, 13.5 million Syrians need humanitarian aid. But aid in northern Syria focuses inflexibly on food kits that are expensive to administer, designed to satisfy short-term needs. Many people sell their food aid to pay for other urgent needs. This undermines local producers and distorts local markets, especially since over half the food comes from outside Syria. Yet, city economies are shifting towards small and micro businesses that trade locally and help people cope with the risks of prolonged conflict. Urban communities' capacity to do business in wartime conditions is a clear strength that humanitarian aid should support. It is time to shift from focusing on food aid to using context-sensitive, market-based approaches that leverage benefits from existing local strengths, resources and capacities.

Northern Syria's local economy

The ongoing conflict has severely disrupted local urban economies in opposition-controlled northern Syria. In the towns of Darkoush and Salquin (Figure 1), the two sites in the Idlib Governorate studied for this research,¹ economic and employment patterns have changed significantly. The public service has effectively shut down, putting many people out of work. Factories and large businesses have closed because of the constant bombardment and damage. Many have relocated to nearby Turkey. Other businesses, including those in the agricultural sector, have shrunk as the conflict has disrupted important transport routes, making it difficult and expensive to source raw materials and to sell goods. These and other factors, including massive inflation following the crash of the Syrian pound in 2013, mean that there is now

a large gap between household income and expenditure. While most basic items are still available in the local markets, most households can't pay for them.

However, despite these challenges and risks, local markets continue to operate. The lack of government control has lifted restrictive regulations on setting up new enterprises, meaning that anyone who wants to can open a small business. This, and people's need to manage risks in the conflict zone, has led to a proliferation of small and micro businesses involving minimal capital and quick turnaround. Money trading has increased to fill the financial services gap, since formal banks have ceased operating in the area. And some sectors have grown, mainly led by increased demand from internally displaced people (IDPs) who have relocated to the Idlib Governorate. Such sectors include construction,

The imbalanced focus on food kits is failing to meet beneficiaries' real needs and appears to be contributing to longer-term problems in the local economy

internet stores and small restaurants. The shift to small and micro businesses can be clearly seen in our snapshot survey of 204 community members across Darkoush and Salquin

(Figure 2). In Salquin and Darkoush respectively, 48 and 65 per cent of respondents identified self-employment as a primary source of community income in November 2016, whereas only 16 and 22 per cent, respectively, said this had been the case before 2011.

These small and micro businesses are typically

localised, with traders preferring to source and sell goods in the local market in order to manage the security risks and checkpoint bribes on major transport routes.

Aid delivery

Aid delivery to this region is complicated, and it is often difficult to gather clear data on need or provision, as various aid delivery 'clusters' manage their data on individual databases.² While the United Nation's Office for the Coordination of Humanitarian Affairs (OCHA) attempts to provide an overarching approach, there is no single operational strategy. Instead, several international

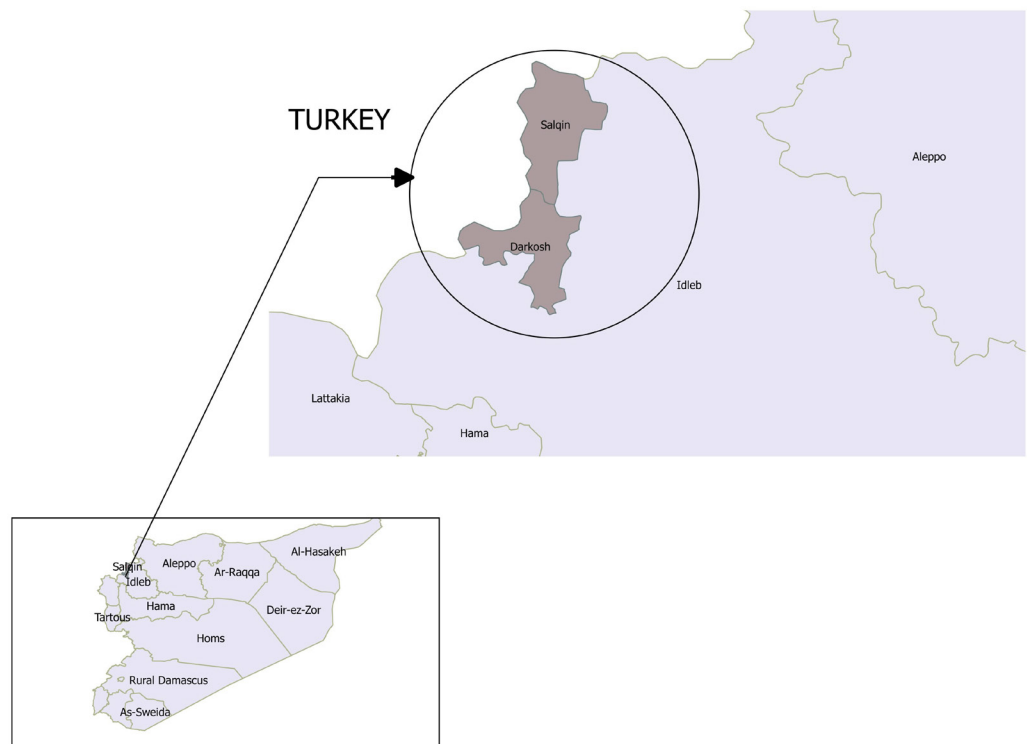
NGOs operate remotely via Turkey and Jordan, and coordinate as best they can. At the time of publication, the United Nations did not have an official presence in the Idleb Governorate.

The international NGOs make project decisions via remote management. They deliver some aid directly through their Syrian staff but most is delivered through partnerships with local Syrian NGOs, a number of which are also registered across the border in Turkey. Levels of coordination with Syrian local councils vary according to the international NGO's preferences and procedures. Because aid is provided in this piecemeal manner, coordination is a major challenge.

Nearly all of the aid provided to northern Syria has focused on bridging the gap between household income and expenditure, with most aid provided in-kind, in the form of food kits, and more than half of the food sourced from abroad. In January 2017, the Food Security Cluster estimated that across all of Syria, 93 per cent of those needing assistance received food, of which 71 per cent received food kits and 22 per cent received bread-flour and ready-to-eat emergency food rations. Less than 1 per cent of people needing assistance received aid in the form of cash or vouchers, and even a good portion of this was in the form of conditional vouchers.²

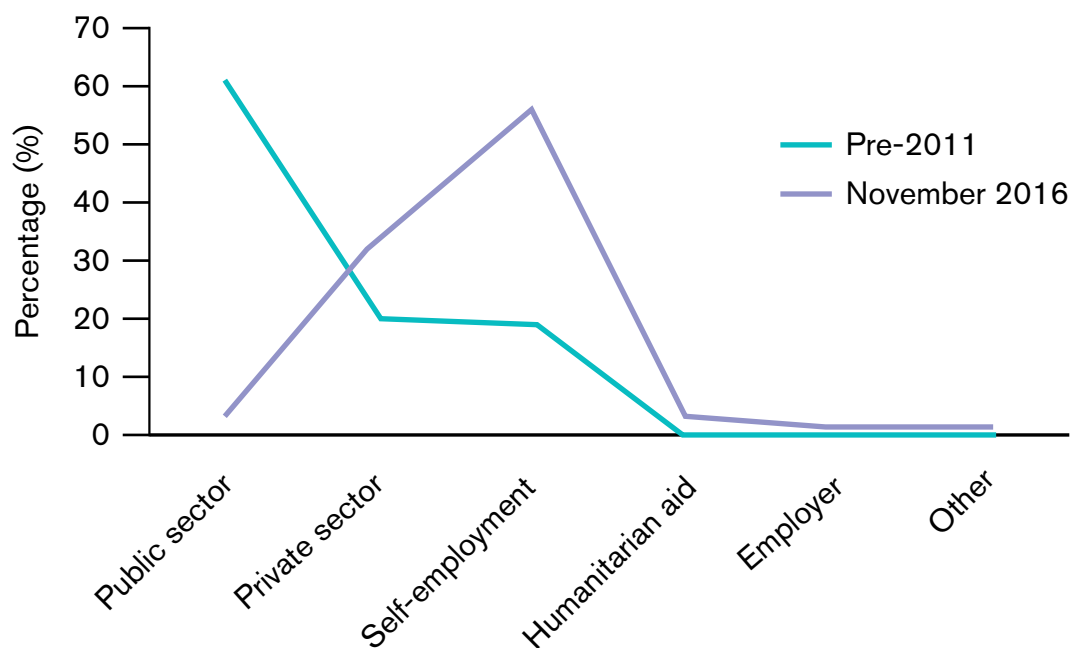
While donors clearly prefer in-kind aid, a study conducted in northern Syria in 2014 and 2015

Figure 1. Case study sites: Darkoush and Salquin, in Idleb Governorate, northern Syria



Map created by Trust Consultancy And Development, 2017.

Figure 2. Estimated primary sources of community income.



indicated that food kits are far more expensive to administer, compared with cash transfers and unconditional vouchers.³ The average monthly administrative cost per household receiving vouchers was US\$8.19, compared with US\$42.86 per month for households receiving food. These figures include US\$3.14 for printing, distributing and monitoring vouchers versus US\$10.43 for food inspection, trucking, loading and unloading. This imbalanced focus on food kits is failing to meet beneficiaries' real needs, and in fact appears to be contributing to longer-term problems in the local economy.

Inflexibility

While donors generally prefer supplying aid they can control and track, inflexible in-kind food aid and conditional vouchers often fail to meet individual households' requirements. Food kits are not tailored to types of households and the same kit is issued regardless of household size. Conditional vouchers can only be used to buy certain food items (they cannot be used to buy other necessary items such as medicine) and are typically only valid for ten days.

Because of this inflexibility, it is common practice for people in Darkoush and Salquin to sell the aid they receive in order to meet other more urgent needs. This resale is generally for much less than market value, with conditional vouchers typically sold for half their face value. In addition, many community members reported that many local businesses manipulate the system, increasing the price of goods purchased with the voucher

system by up to 40 per cent, or forcing voucher-holders to purchase low quality products. Overall, donor insistence on inflexible aid, combined with market forces, means that much of the benefit provided ends up in the hands of people who don't qualify for aid.

Clearly, donors need to shift to other more flexible aid provision. This might include providing more 'cash transfers' (aid as cash, rather than food) if the logistical and security issues can be appropriately managed. Setting these up would require developing stronger procedures to transfer cash through money traders, as banks no longer operate in the area. If international NGOs do not have the capacity to manage these challenges, they should consider other programming options, including unconditional vouchers and/or mixed ways to deliver aid, perhaps involving smaller cash transfers. Such a shift would be more respectful of community members' dignity and more responsive to households' individual situations, allowing them to buy what they actually need and want.

Market distortion

The tendency to sell on inflexible aid is creating parallel markets that compete with local providers, seriously distorting the local market and undermining local businesses' attempts to survive. Of in-kind aid, which includes food kits, ready-to-eat food rations and bread-flour, 55.7 per cent is sourced from outside Syria.² This undercuts local producers, despite their capacity to provide many products locally. For example,

where an international NGO provided food kits containing lentils in northern Syria, lentil prices fell and local lentil farmers were unable to compete against aid that was being re-sold in the local market. Indeed, in northern Syria, selling food aid in the local markets appears to have become so normalised that the market in Salquin came to a standstill when aid was suspended for a few months.

Local economic dependency

Many people we interviewed spoke of a growing 'dependency' in northern Syrian communities. This signals a deep underlying problem in how humanitarian efforts identify issues and then design programming around communities' perceived 'needs', while presuming people will not be able to source necessary items without assistance. This assumption fails to recognise how communities draw on their strengths and capacities to operate without external support.

While some people seemed to use the term 'dependency' interchangeably with 'laziness', our survey clearly indicated that people are doing everything in their power to make ends meet. Only 4 per cent of survey respondents said they relied on aid as a primary source of income. When the public service and large businesses shut down, the vast majority of people reskilled, turning to small and micro business activities, working in daily labour, petty trade, smuggling and 'black market' activities, such as selling fuel on the streets. If there is 'dependency', it is the increasing dependency of the local economy on external aid because of distorted local markets. This local economic dependency makes it increasingly difficult for people to find employment from local resources (such as agriculture). Their capacity to earn a salary independently of aid is undermined, reinforcing the dependency. This vicious cycle also undermines prospects for economic recovery when the conflict ends.

There is a clear need for donors and international NGOs to work on their own capacity to source goods from local providers rather than taking the

(for them) less complicated route of importing goods from Turkey and other neighbouring countries. If done strategically, using local providers could support rather than undermine local capacities.

But leveraging local resources should not be limited to sourcing items for food kits; donors and international NGOs should also consider how to better use and support local human and other resources to provide value to their programmes.

Move beyond short-term thinking

Given these problems, and the fact that the Syrian conflict has now entered its seventh year, donors and international NGOs need to consider the medium- and longer-term impacts of their current approaches to providing aid. In order to avoid wasting aid and to mitigate its unintended consequences for farming and local economies, donors and international NGOs need to better engage community members in programming decisions. Local people should have a say in the types of support they need, and get help in building local capacity to survive in the prolonged crisis.

While it is hard to implement long-term strategic programmes that help build up the economy at large, there are opportunities to support local economies through nuanced, context-specific humanitarian programmes that work with existing value chains and capacities. Like Darkoush and Salquin, many northern Syrian cities have adapted to wartime conditions, reorienting towards small local businesses. The capacity to do business in wartime conditions is a clear strength. Donors and international NGOs should consider how they can develop programmes that support urban livelihoods and markets, and that support small and micro business activity across their entire value chains.

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Knowledge Products

The International Institute for Environment and Development (IIED) promotes sustainable development, linking local priorities to global challenges.

Bridging Peoples specialises in community engagement, providing research, training, community liaison and other tailored services to assist international organisations and governments achieve greater impact in communities.

Trust Consultancy and Development is an independent consultancy, evaluation and research organization based in Gaziantep, Turkey, specializing in needs assessment, 3rd party monitoring, evaluation, research and translation services.

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Notes

¹ Cummins, D and Moharram, S (in preparation) Fitting Aid to Context: Community Experiences of Aid Delivery in Northern Syria. IIED, London. / ² Food Security Cluster (2017) FSS Whole of Syria Dashboard: November Response Analysis. <http://fscluster.org/syria/document/fss-whole-syria-dashboard-november> / ³ GOAL (2015) An Economic Evaluation of GOAL Food Assistance Programs in Idlib Governorate.