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Market Assessment: Enhanced Rural Resilience in Yemen Programme (ERRY)

Hajjah and Hodeidah





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**By
Adnan Qatinah
September 2016**



**50
YEARS**

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Abbreviations

CAC	Cooperative and Agricultural Cooperative Bank
CARE	CARE International
CDS	Consumer Demand Survey
CSO	Central Statistics Organization
CSOs	Civil Society Organizations
ERRY	Enhanced Rural Resilience in Yemen Programme
FAO	Food and Agriculture Organization
FGDs	Focus Group Discussions
GC	Global Community
GDP	Gross Domestic Product
GIZ	Gesellschaft für Internationale Zusammenarbeit (German International Cooperation)
IDPs	Internally Displaced Persons
IFC	International Finance Corporation
ILO	International Labour Organization
IMF	International Monetary Fund
INGOs	International Non-Governmental Organizations
IRC	International Rescue Committee
KIIs	Key Informant Interviews
M&E	Monitoring and Evaluation
MENA	Middle East and North Africa
MFI	Microfinance Institutions
MOPIC	Ministry of Planning and International Cooperation
MOS	Market Opportunities Survey
MSEs	Micro and Small Enterprises
NGO	Non-governmental Organization
SFD	Social Fund for Development

SMEPs	Small and Micro Enterprise Promotion Service
TOT	Training of Trainers
UN	United Nations
UNDP	United Nations Development Programme
UNICEF	The United Nations Children's Fund
USD	United States Dollar
WFP	World Food Programme
YR	Yemeni Rial
YS	Youth Survey

Executive Summary

The Enhanced Rural Resilience in Yemen Programme (ERRY) is a joint programme funded by the European Union and implemented by four UN agencies: UNDP, ILO, WFP and FAO. It seeks to enhance self-reliance of rural people and help communities to better cope with crises, risks and shocks.

The ERRY Programme will be implemented in four governorates: Hajjah, Hodeidah, Lahj and Abyan. Two districts from each governorate will be targeted. The target group includes the most vulnerable people such as women, unemployed, youth, the *Muhamasheen*, internally displaced persons (IDPs) and stressed host communities. The programme uses inclusive, participatory and conflict-sensitive tools to mobilize and get them involved in the proposed activities.

As part of UNDP's contribution to the ERRY joint Programme under livelihoods interventions, this market assessment was conducted to identify market gaps and opportunities in micro-business start-ups and highlight potential threats or opportunities related to business operations in the target districts with special focus on women and youth in Hajjah (Abs and Aslam districts) and Hodeidah (Bajil and Al-Zuhrah districts).

This market assessment has reviewed available secondary data to identify: 1) goods and services most in demand in target districts; 2) sub-sectors conspicuously absent in the market; 3) sub-sectors whose micro-businesses have flooded the market; 3) micro-business opportunities, especially those appropriate for women and youth with a focus on social entrepreneurship; 4) business opportunities for working capital of USD 900, and 6) potential pitfalls in new micro-businesses in four target districts.

The study took place between June–August 2016. A combined quantitative-qualitative approach was followed. In addition, participatory methodology was used to capture data and information about the views and perceptions of the following groups: unemployed youth, Bazaar/Souq, Yemen Business Club,

Chambers of Commerce, employers, recently employed youth, service providers, CSOs, government authorities, private sector and microfinance institutions (MFIs). Data collection tools included a desk review of programme documentation, previous market assessments, and review of available literatures, reports and research studies on the issue. Ten 'observations' were conducted in the central business districts, local markets and key transport/trading hubs. In addition, 80 key informant interviews (KIIs) took place with government institutions, local councils, Chambers of Commerce, Yemen Business Club, industry associations, local implementing partners, international organizations, microfinance institutions, banks, CSOs, NGOs and other stakeholders in target governorates and districts. Fifty-seven interviews were conducted with consumers, 56 with businesses/vendors, and 17 focus group discussions (FGDs) were organized with 278 youth. Three quantitative surveys were conducted, including a Consumer Demand Survey (CDS) for 113 consumers, a Market Opportunity Survey (MOS) for 114 business/vendors and a Youth Survey (YS) with 235 youth from target districts.

A sample selection was made using a pre-defined group with specific parameters, including geographical cluster sampling method combined with random sampling within gender parameters. The actual sample for most of the tools exceeded the plan.

Findings

Yemen is a Least Developed Country, and one of the poorest in the world. Before conflict broke out, Yemen ranked 154 out of 177 countries in the Human Development Index¹. It has the highest levels of poverty, unemployment and illiteracy among other Arab States countries, a population of nearly 26 million and population growth rate nearing three percent². Yemen is a young country, with 75 percent of its population below the age of 30. Population settlements are widely scattered and 75 percent of the total population live in rural areas.

The main challenges faced by Yemenis are significant population growth, political tensions and conflict, sluggish economic development, depleting water resources, poor standard of public health and education services, widespread poverty, poor governance and insecurity.

Yemen's economy has been significantly affected by the conflict. In addition to the direct impact of fighting, a shortage in fuel and electricity supply has affected every aspect of the economy.

Unemployment is high in Yemen; it reached 40 percent in 2014 (World Bank, 2014). Among young people, this percentage is estimated to be as high as 65 percent. Yemen is the poorest country in the Middle East and North Africa (MENA) region with over 50 percent of the total 26 million people below the poverty line. Eighty-two percent of the population requires some form of humanitarian assistance to meet their basic needs³. In addition, over 55 percent of the population is now food insecure and around 2.8 million people are currently displaced from their homes⁴.

This study covered four districts in Hajjah and Hodeidah Governorates. Hajjah Governorate is located in northwestern Yemen and the majority of population lives in rural areas. It has 31 districts, two of which were covered by the study: Abs and Aslam. Hajjah is unique in both its topography and climate diversity

1 UNDP, Human Development Index 2014. <http://hdr.undp.org/sites/default/files/hdr14-report-en-1.pdf>

2 The Central Statistical Organization (2013). Statistical Year Book.: <http://www.cso-yemen.org/content.php?lng=arabic&cid=131>

3 OCHA (2016), Humanitarian Needs Overview, Yemen: http://reliefweb.int/sites/reliefweb.int/files/resources/2016_HNO_English_%20FINAL.pdf

4 UN OCHA (2016) <http://www.unocha.org/yemen>

and has a distinct commercial business in transport and trade through the port of Haradh, which is one of the most important customs ports in Yemen (although it is currently closed due to ongoing conflict). The economy of Hajjah is agriculture-based, with nearly 80 percent of jobs generated by farming activities. The governorate produces various types of cereals, fruits, cash crops and vegetables. Other sectors such as trade, livestock, bee keeping and fishing are also common. This diversification suggests there is more economic opportunity here than in other governorates. However, 55 percent of the population is poor and food insecure. Around 77 percent of the Hajja population needs some form of humanitarian assistance to meet their basic needs⁵. Unemployment stands at 65 percent according to local council estimates, most of whom are youth. Very poor education, plus a lack of skills, work experience and employment services are the main employment challenges facing youth in Hajjah.

Hodeidah Governorate is located in western Yemen and constitutes part of Tehama Coastal Plains. It is the seventh-largest governorate by area with 26 districts and population of 2,861,305, of whom over 65 percent live in rural areas. Most of Hodeidah falls within the Tehama Coastal Plains and along the Red Sea Coast of Yemen, although some parts occupy the mountainous highlands towards the interior. Its extended coastline and vast plains makes it the most important agricultural location in Yemen, offering huge potential in terms of agricultural investments, livestock, and fisheries. More than 75 percent of jobs in this region are linked to farming. The governorate is an important port for exporting coffee, cotton, dates and hides. In addition, it produces various types of cereals, fruits, cash crops and vegetables. Handicrafts, meanwhile, represent an important industry in Hodeidah i.e. pottery, ceramics, textiles and straw.

According to the Humanitarian Needs Overview (2016), 89 percent of the population in Hodeidah is in need of some form of humanitarian assistance to meet their basic needs⁶. Unemployment is high (60%) according to local council estimates; most of whom are youth. Poor education and a lack of skills, work experience and employment services are the main employment challenges facing youth in Hodeidah.

Consumer Demand

The market assessment found that the most in-demand goods and services in target districts include food commodities, clothing and footwear, handicrafts, electronic devices, agriculture toolkits, restaurants and coffee shops, tailoring, repairs and maintenance, hairdressing, motorcycling and medical services. Most goods and services rendered in the target districts are below the satisfaction standards due to lack of supply, poor quality, high costs and poor customer service.

These causes of dissatisfaction with goods and service activities could be addressed by providing entrepreneurship skills training in project development, marketing and customer service skills to make graduates more competitive in the market place. Moreover, the findings suggest there is opportunity to develop the market for most services to provide micro-business opportunities, especially for youth.

Market Supply

Findings indicate that agriculture-based economy exists primarily in all target districts. The present market structure in most target districts comprises generally of micro, small and medium sized enterprises, mainly in trade, services and handicrafts which account for 71 percent, 22 percent and seven percent respectively.

5 OCHA (2016), Humanitarian Needs Overview, Yemen: http://reliefweb.int/sites/reliefweb.int/files/resources/2016_HNO_English_%20FINAL.pdf

6 OCHA (2016), Humanitarian Needs Overview, Yemen: http://reliefweb.int/sites/reliefweb.int/files/resources/2016_HNO_English_%20FINAL.pdf

All markets in target districts share almost the same characteristics. Food and meat commodities, clothing and footwear, furniture and household goods, equipment and machinery, handicrafts, electronic products and pharmaceuticals were the most common goods in all markets. Restaurants/coffees and fast food, repair services, animal rearing, transportation services, motorcycles, tailoring and embroidery, hairdressing and beauty shops, craftsmen and medical services were the main services.

Consumer survey/interview findings were analysed with Market Opportunities Survey/interview findings and qualitative research to determine which goods and services were both absent from and flooding markets. Those almost absent were financial services, solar energy system maintenance, laundering, locally processed food, computers, business services, internet services and local handicraft exhibition centres. Those flooding the markets included vegetables, fruit-picking or vegetable workers, wood, sand or straw collectors and construction laborers. This indicates that most sectors are still expandable.

The business sector overall faces many challenges including: a weak enabling environment; insecurity; and lack of basic infrastructure, financial services, information and skilled workers. Most businesses operate informally without licensing or registration. Optimistically, most traders/vendors planed to expand their business in the future to: generate more income, meet customer demand, create job opportunities for family members and to be more competitive.

Loans are an important source of ongoing capital in most markets; most business in target districts had taken out loans from parents, family members, husband/wife or friends, although only eight percent had obtained a loan from microfinance institutions (MFIs) or banks. Reasons for obtaining a loan included expanding business, buying material and goods stock and buying equipment.

Research results found that few MFIs were operating in Abs and Bajil districts; there were none in Aslam and Al-Zuhrah districts. MFIs provide a variety of financial and non-financial services including lending, savings, deposits, current accounts, money transfer, micro-leasing, training and technical assistance to SMEs. Reasons for not obtaining a loan from MFIs or banks included absence of MFIs, inability to afford interest payments, not having the required documents to apply for financing, not meeting eligibility requirements for lending, a lack of knowledge on how to apply for financing, fear of being denied a loan and geographic barriers.

Most entrepreneurs did not have entrepreneurship skills training. For young females, barriers included limited mobility, lack of access to business support services (such as financial, marketing and consulting services), socio-cultural factors that continue gender stereotypes and a lack of requisite skills set (business development skills, marketing, financial literacy knowledge and skills). For young males barriers included a lack of requisite entrepreneurship skills and capital to start or grow a business.

Youth

Youth unemployment in Hajjah and Hodeidah is high, and the level of engagement in entrepreneurial activities is low. Most youth respondents expressed their willingness to start up a business, believing it to be good a way to ensure sustainable economic opportunities, particularly in the present context. A lack of appropriate funding, high financial risk, economic barriers, lack of access to skills training and a lack of support services were reported as the main constraints preventing youth from starting a business. Respondents also felt Yemen's education system was not adequate to equip youth with the skills needed for self-employment.

The majority of youth enterprises in target districts included trade and services, as well as some handicrafts and agriculture-based enterprises. Based on respondent feedback, the most in-demand and preferred enterprises for youth in target districts in trade included selling: foodstuffs, clothing and shoes, electronic devices, fuel and water, sweets, incense and perfume). Most in-demand services were: rural clinics, restaurants/coffee shops, mechanical workshops, computer and business services, solar maintenance workshops, hairdressing and beauty shops, tailoring and embroidery, patterns and henna, and rural pharmacies. In handicrafts and agriculture, the most popular areas were pottery making, frond weaving, sweet making, ice making, recycling and incense and local perfume making, and agriculture (livestock, fisheries and bee keeping). Most businesses required between YR 100,000 (USD 400) to YR 300,000 (USD 1,200) to be established and start generating income.

It is recommended that youth be encouraged to diversify their projects to align better with market demand: around 30 percent of new youth business should be trade, 24 percent should be services, 18 percent agri-business, 18 percent handcraft business and 10 percent in production.

Providing youth and women with entrepreneurship knowledge and skills and supporting them to establish their own businesses in different sectors including trade, services, production, handicrafts, agriculture and social entrepreneurship, will have a positive social and economic impact in their local communities. An increase in the number of micro businesses will have a positive impact on local economic growth, contribute to reducing poverty and unemployment, and promote social integration and cohesion in target districts, providing alternatives for youth from joining terrorist groups and armed militias.

Women's micro enterprises offer many advantages for rural women including flexible hours, and having the business located in or near their homes. This provides autonomy, independence and a reduced need for social support. In this way, entrepreneurship stands as a means to improve the quality of life for individuals, families and communities and to sustain a healthy economy and environment.

Evidence also indicates that social enterprises contribute to building sustainable rural communities, and youth-specific social enterprise opportunities were identified, such as adult education and youth centres.

The assessment identified the following agriculture and non-agriculture sectors as underdeveloped: sesame oil, clay and ceramic pottery, honey and Arabian jasmine. If these sectors were to be developed and supported, a significant number of job opportunities could be created.

Support services that enable entrepreneurship are very limited or almost absent in most target districts. Some INGOs, NGOs and local agencies have provided support services such as mentoring, coaching, microfinance and technical assistance, but on a very limited scale (this was also the case even before the conflict).

Potential pitfalls for new micro businesses in the targeted districts included difficulty in obtaining appropriate funding and trying to start up a business in deteriorated security conditions and challenging circumstances (particularly in Abs and Aslam districts). Economic barriers included high poverty levels in target districts, high inflation, market volatility and high competition the traditional business activities, lack of support from family local communities and lack of access to a reliable infrastructure (transportation, storage, electricity).

Training needs included: 1) life skills (self-confidence, self-awareness, communication, time management, self-marketing, leadership, influencing, creativity and innovation, social inclusion and self-planning); 2) entrepreneurship skills; 3) financial literacy; 4) vocational skills (for females: tailoring, hairdressing and beauty, sweet making, incense and perfumes making; and for males: motorcycle repair, solar power system maintenance, electric wiring and recycling).

Recommendations

Based on the findings of this market assessment, the following recommendations are made:

1. Create and implement an integrated project including:
 - Support services linking target youth to microfinance, mentoring and advisory service providers;
 - Entrepreneurship enabling environment: enhancing the link between youth entrepreneurs and stakeholders and creating a youth entrepreneurship network in target districts;
 - Integrated 3X6 approach to improve effectiveness and efficiency. For instance, some cash-for-work activities could have been implemented in marketplaces, to generate awareness and recognition of the project among vendors.
2. Develop rigorous selection procedures, including an independent selection committee, ensuring that the most vulnerable people such as women, unemployed and youth and *Muhamasheen* benefit from the intervention;
3. Entrepreneurship training focusing on youth micro-business opportunities. Emphasis should be given to customer service and improving the quality of goods and services provided by youth;
4. Build on what already exists. Findings show curricula/training manuals have been designed and developed by international organizations and NGOs for youth entrepreneurship, including by ILO, CARE, GC and SOUL. Review these and identify what, if any, additional curricula needs to be developed;
5. Partner with government, local councils, community leaders and the private sector, to build on what these actors can offer to assist and coordinate the work of the project team and implementing partners;
6. When designing and implementing training courses and support services, take into consideration the sensitivity of women's situations, particularly the type of cash-for-work, venue of training and duration of the training program;
7. To ensure sustainability of interventions, enhance linkages between youth entrepreneurs and stakeholders, and create youth entrepreneurship networks in target districts. This encourages informal learning and provides the collective power that may be required to reach out to new markets.
8. Provide gender-sensitive capacity building for project staff, trainers, mentors and implementing partners to better understand gender-based differences in approaching entrepreneurship and self-employment. Women are an integral part of project activities and are beneficiaries. For example, women's entrepreneurial activities are often home-based and grow at a slower pace than men's. Women may require additional market and entrepreneurship skills training compared to men, as they may not have undertaken any business activities previously.
9. Develop apprenticeships and build links with the private sector for youth to practice their skills in the real market, enhancing their professional confidence and competitiveness for self-employment;
10. Establish a peer education mechanism that encourages youth who benefited from training and support services to share their knowledge, skills and experience among their peers;

11. To enhancing the sustainability of the project, engage the whole range of stakeholders, including community members, local and national government, MFIs and private sector;
12. Encourage local production of goods that are currently being imported, particularly fruits and vegetables. This would also reduce the price and the expense of transportation, which would, in turn, make local products more competitive and improve food security within the target districts;
13. Allocate adequate time to promote project activities in order to enhance the quality of selection and identify most in-need target groups;
14. Conflict sensitivity and prevention capacity building for stakeholders, including participants, project team and implementing partners to ensure the success of the project;
15. Further to point 14, a training of trainers (TOT) workshop on conflict sensitivity and prevention for targeted individuals to ensure sustainability and transfer of knowledge;
16. Consider extending project's preparatory phase to carry out a robust outreach activity in target districts for orientation on the project objectives and 3X6 approach, as well as mobilizing community support for the intervention;
17. Encourage youth to use social media, such as creating Facebook or WhatsApp groups to networking or promote their goods and services.



Introduction

1. Background and Objectives

The Enhanced Rural Resilience in Yemen Programme (ERRY) is a joint programme funded by the European Union and implemented by four UN agencies: UNDP, ILO, WFP and FAO. It seeks to enhance the self-reliance of rural people and communities to better cope with crises, risks and shocks. This will be achieved through a complementary approach building on participating agencies' comparative advantages through the following two outcomes:

- **Outcome 1:** Communities are better able to manage local risks and shocks for increased economic self-reliance and enhanced social cohesion;
- **Outcome 2:** Institutions are more responsive, accountable and effective to deliver services, build the social contract and meet identified community needs.

Within its two-year timeframe, the following results/outputs will be achieved:

- **Output 1.1:** Community livelihoods and productive assets are improved to strengthen resilience and economic self-reliance;
- **Output 1.2:** Communities benefit from improved and more sustainable livelihood opportunities through better access to solar energy;
- **Output 1.3:** Informal networks promote social cohesion through community dialogue and delivery of services;
- **Output 2.1:** Functions, financing and capacity of local authorities enabled to deliver improved basic services and respond to public priorities;
- **Output 2.2:** Increased capacity of local actors and strengthened partnership with the private sector to enhance collective actions, delivery of aid and economic recovery.

The ERRY Programme will be implemented in four governorates: Hajjah, Hodeidah, Lahj and Abyan. Within each governorate, two districts will be targeted. The target group covers the most vulnerable people such as women, unemployed, youth, *Muhamasheen*, internally displaced persons (IDPs) and stressed host communities, using inclusive, participatory and conflict-sensitive tools to involve them in the proposed activities.

As part of UNDP's contribution to the ERRY joint Programme under livelihoods interventions, this market assessment was conducted to identify gaps and opportunities in micro-business start-ups and highlight potential threats or opportunities relating to business operations in target districts with a special focus on women and youth.

The objective of market assessment as described in the Term of References (*Annex 1*) is as follows:

- Review available secondary data;
- Identify goods and services demanded most in the target districts;
- Identify sub-sectors conspicuously absent from the market;
- Identify sub-sectors for which micro-businesses have already flooded the market;
- Identify micro-business opportunities, especially those appropriate for women and youth, with a focus on social entrepreneurship;
- Identify business opportunities for a working capital of USD 900; and
- Identify potential pitfalls in new micro-businesses.

2. Methodology

In order to best meet the programme objectives, a quantitative/qualitative mixed approach was adopted. The participatory methodology was used to capture data and information on the views and perceptions of unemployed youth, Bazaar/Souq, Yemen Business Club, Chambers and Commerce, employers, recently employed youth, service providers, CSOs, government authorities, private sector and microfinance institutions (MFIs). Data collection included a desk review of existing reports and studies, key informant interviews (KII), focus group discussions (FGDs), observations, a Consumer Demand Survey, a Market Opportunity Survey and a Youth Survey, which are summarized in *Table 1* below.

Table 1: Data distribution, data sources and number of participants

Method		Hajjah		Hodeidah		Total
		Abs	Aslam	Bajil	Al-Zuhrah	
Key Informant Interviews		16	14	16	13	59
Focus Group Discussion		72	54	96	56	278
Interviews	Interviews with consumers	16	12	14	15	57
	Interviews with suppliers	12	15	14	15	56
Questionnaire	Consumer Demand Survey	23	28	31	31	113
	Market Opportunity Survey	28	30	28	28	114
	Youth Survey	64	50	72	49	235
Observation		2	2	2	4	10
Total		233	205	273	211	922

The study followed a consultative and participatory approach, with UNDP's programme team engaged at all stages of the assessment. The study framework and tools were designed following extensive consultations with UNDP's programme team. The fieldwork-based primary data collection commenced soon after approving data collection tools and field plan by UNDP. Field activities were also carried out with support from UNDP and research teams in Hajjah and Hodeidah.

Desk Review

A desk review was done to inform data collection tools, perform critical market analysis and review youth and women's current livelihoods situation in Yemen, mainly in target governorates. Reviewed documents include: project documentation, previous market assessments conducted in Yemen by CARE, UNDP and the World Bank. Desk research also involved a revision of available literature, reports and research studies specific to the issue. A complete listing of the secondary literature reviewed can be found in the *References* section of this report.

Qualitative Tools

Qualitative interviews complemented the quantitative survey, providing context for the quantitative data as well as a more in-depth evidence base.

Observation

To understand goods and services being supplied and demanded in the community, 10 observation visits were made to central business districts, local markets and key transportation/trading hubs, interacting with local sellers and producers (see *Table 2*). Observations sought to identify: goods and services most and least in demand, most successful district businesses and most competitive sectors, imported goods, and local goods being exported to other districts, regions and governorates. Observations took place at different points throughout the day (morning and midday) and during interviews with the consumers and businesses.

Table 2: Number of observations

Governorate	Districts	No. of observations	Location
Hajjah	Abs	2	- Abs City Market (daily market) - Shafer Market (daily market)
	Aslam	2	- Tuesday Market (weekly market) - Aslam Alsham Market (daily market)
Hodeidah	Bajil	2	- Central Market (daily market) - Wednesday Market (weekly market)
	Al-Zuhrah	4	- Thursday Market (weekly market) Al-Waeithat - Al-Zuhrah Market (daily market) - Al-Maras Market (weekly market) - Al-Materth Market (daily market)
Total		10	

Key Informant Interviews

A total of 80 key informant interviews were conducted with government institutions, local councils, Chambers of Commerce, Yemen Business Club, industry associations, local implementing partners, international organizations, microfinance institutions, banks, CSOs, NGOs and other stakeholders from the target governorates and districts. This helped to identify the following: key stakeholder policy and/or supportive environments for youth and women, market gaps and opportunities for micro-business start-ups, a more detailed assessment of market challenges and successes. A list of organizations interviewed is presented in *Annex I* while types of organizations interviewed are summarized in *Table 3* below.

Table 3: Number of key informant interviews (KII)

Group	Sana'a and the capital of target governorate	Hajjah		Hodeidah		Total
		Abs	Aslam	Bajil	Al-Zuhrah	
Government institutions	5					5
Local councils		3	3	3	2	11
Local partners			1	1		2
Chamber of Commerce	1			1		2
Yemen Business Club	1					1
INGOs	5	1	1	1	2	10
LNGOs	3	2	1	2	1	9
Local community		4	3	3	4	14
CSOs			1			1
Banks and MFIs	1	2	1	2	1	7
Service providers	5	4	3	3	3	18
Total	21	16	14	16	13	80

Interviews

To complement the quantitative data and reach a better understanding of the demand and supply sides in target districts, 113 qualitative interviews were conducted with consumers and businesses.

Interviews with consumers:

To determine the extent of availability and satisfaction with goods and services currently provided in target districts and understand which goods and services are most in demand, 57 interviews were conducted with consumers (32% female and 68% male; 49% in Hajjah and 51% in Hodeidah), (see *Table 4*).

Interviews with businesses/vendors:

In order to understand reasons behind shortfalls and consumer dissatisfaction according to business owners and service providers, gain an in-depth picture about the performance of existing businesses (income, size of customer base), and to identify sub-sectors conspicuously absent from the market and those flooding markets in target districts, 56 interviews were conducted with businesses, vendors/producers (34% female and 66% male; 48% in Hajjah and 52% in Hodeidah) (see *Table 4*).

The objective of the interviews with consumers and businesses was to gain an understanding of the gap in the market in target districts and identify micro-businesses opportunities most appropriate for women and youth. The sample was selected using a pre-defined group with specific parameters such as geographical cluster sampling combined with random sampling considering gender parameters.

Table 4: Number of interviews with consumers and businesses

Governorate	Districts	Consumers			Businesses		
		Male	Female	Total	Male	Female	Total
Hajjah	Abs	11	5	16	7	5	12
	Aslam	8	4	12	10	5	15
Hodeidah	Bajil	10	4	14	10	4	14
	Al-Zuhrah	10	5	15	10	5	15
Total		39	18	57	37	19	56

Focus Group Discussions

To complement quantitative data and gain a better understanding of youth entrepreneurship, micro-business opportunities, rural employment preferences, challenges to seeking employment opportunities and to validate questionnaire findings, 17 focus group discussions (FGDs) (eight in Hajjah, and nine in Hodeidah) were organized with youth aged 18–40 in selected districts. A total of 278 participants (54% female, 46% male) took part in the FGDs. The number of FGD participants by district and gender are summarized in *Table 5* below.

Table 5: Number of FGDs and number of participants

Governorate	Districts	No. of FGDs	Businesses		
			Male	Female	Total
Hajjah	Abs	4	25	47	72
	Aslam	4	28	26	54
Hodeidah	Bajil	5	54	42	96
	Al-Zuhrah	4	21	35	56
Total		17	128	150	278

Quantitative Tools

Prior to data collection, researchers and local enumerators received training which provided an overview of the market assessment objectives and data collection tools (quantitative surveys, sampling methodology, respondent selection, collecting and recording documented evidence from the field).

Three quantitative surveys were conducted: the Consumer Demand Survey (CDS), Market Opportunity Survey (MOS) and Youth Survey (YS). Data gathered from these surveys was disaggregated by gender and location. The surveys were developed and tested in Hajjah with 10 respondents for each survey, and then carried out in the four selected districts: Abs and Aslam in Hajjah and Bajil and Al-Zuhrah in Hodeidah. The number of respondents for each survey is summarized in *Table 6* below.

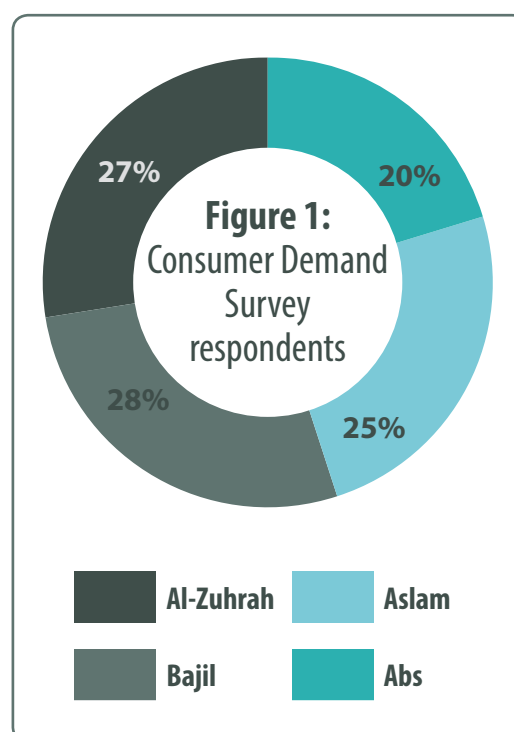
Table 6: Number of survey respondents

Governorate	Districts	Consumer Demand Survey			Market opportunity survey			Youth survey		
		Male	Female	Total	Male	Female	Total	Male	Female	Total
Hajjah	Abs	10	13	23	18	10	28	45	19	64
	Aslam	15	13	28	20	10	30	30	20	50
Hodeidah	Bajil	18	13	31	18	10	28	37	35	72
	Al-Zuhrah	20	11	31	18	10	28	29	20	49
Total		63	50	113	74	40	114	141	94	235

Consumer Demand Survey:

The Consumer Demand Survey (CDS) aimed to determine the extent to which goods and services in markets in target districts were available and satisfactory, and which were most in demand. The survey identified areas in the market with unfulfilled demand and those likely to improve with support or training.

A sample was selected using a pre-defined group with specific parameters, such as geographical cluster sampling combined with random sampling considering gender parameters. The actual sample surveyed exceeded the plan. 113 observations were randomly selected from marketplaces in target districts (44% female and 56% male; 45% in Hajjah and 55% in Hodeidah) (see *Table 6* above).



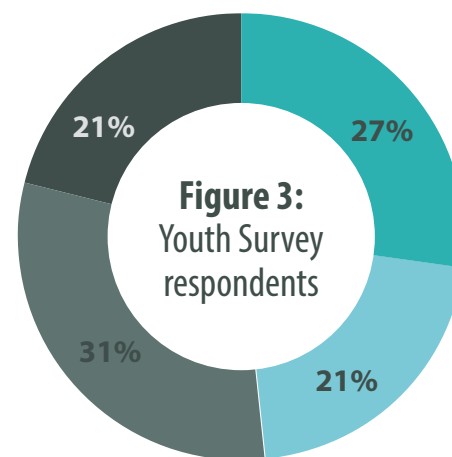
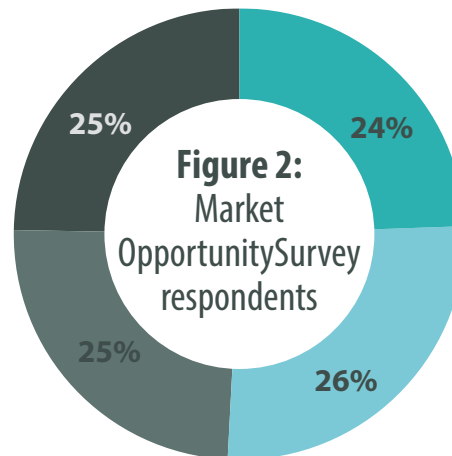
Market Opportunity Survey:

The Market Opportunity Survey was conducted to understand reasons behind shortfalls and consumer dissatisfaction according to business owners and service providers; to come up with an in-depth picture about the performance of existing businesses (income and size of customer base), and to identify sub-sectors conspicuously absent from the market and those already flooding markets of target districts. It aimed to identify micro-business opportunities more suited to women and youth. Data collectors targeted vendors and producers working in the markets of the targeted districts using systematic random sampling. 114 observations took place (35% female and 65% male; 51% in Hajjah and 49% in Hodeidah) (see *Table 6* above).

Youth Survey:

The Youth Survey assessed the current level of skills, interest and desire among youth to access training and support. It captured key trends in micro-business opportunities vis-a-vis UNDP's 3X6 approach, rural employment preferences and challenges in seeking employment in the entrepreneurship and in accessing skills development and financing services.

Sample selection was made using a pre-defined group with specific parameters, such as geographical cluster sampling method combined with random sampling considering gender parameters. 235 youth participated in the survey (40% female and 60% male; 49% in Hajjah and 51% in Hodeidah) (see *Table 6* above).

**Conflict sensitivity approach**

Considering the current situation in Yemen, a quick analysis of key drivers of conflict, dynamics and actors in target governorates and districts was conducted to have a better understanding of the best way to conduct the market assessment and achieve its objectives in this context. Field researchers were trained on communicating with different actors and working in a conflict sensitive manner, and one female was included in the team in each district.

Data entry and analysis

A spreadsheet was used to enter quantitative data, which was then coded, processed and analyzed using the STATA 11 statistical analysis software. Graphs used in this report were prepared using Microsoft Excel and based on STATA outputs.

Limitation of the research

Some business owners as well as consumers interviewed in the course of the study expected some sort of support from the enumerators. This meant enumerators had to spend some time explaining the purpose of the study and how the outcomes would be utilized. This explanation appeared satisfactory to those who were interviewed.



Context

1. Yemen's Economy

1. Yemen is a Least Developed Country, and one of the poorest in the world. Before conflict broke out, Yemen ranked 154 out of 177 in the Human Development Index⁷. It has the highest levels of poverty, unemployment and illiteracy among Arab States countries, a population of nearly 26 million and population growth rate nearing three percent⁸. Yemen is a young country: 75 percent of its population is below the age of 30. Population settlements are widely scattered and 75 percent of the total population live in rural areas.
2. The main challenges faced by Yemenis are: significant population growth, political tensions and conflicts, sluggish economic development, depleting water resources, poor standard of public health and education, widespread poverty, poor governance and insecurity.
3. Yemen's economy has been significantly affected by the conflict. In addition to the direct impact of fighting, a shortage in fuel and electricity supply has affected every aspect of the economy. According to the Ministry of Planning and International Cooperation (MOPIC), Yemen's GDP contracted nearly 35 percent in 2015. This is largely driven by a 75 percent decline in oil and gas revenues, which represents more than 75 percent of the total public budget expenses. The foreign reserves at Central bank of

7 UNDP, Human Development Index 2014. <http://hdr.undp.org/sites/default/files/hdr14-report-en-1.pdf>

8 The Central Statistical Organization (2013). Statistical Year Book.: <http://www.cso-yemen.org/content.php?lng=arabic&cid=131>

Yemen decreased rapidly to worrying levels, and Yemeni Rial (YR) has significantly depreciated, losing 45 percent of its value. Inflation rose 36 percent in 2015⁹, leading to rising food prices and a weakening of household purchasing power and access to food.

4. Investments and development gains from the past are evading. Due to the crisis, economic activities have ground to a near standstill and are negatively impacted by a shortage of fuel, food and basic commodities due to the blockade on imports. The massive destruction of socio-economic infrastructure and the impact of the escalating conflict on lives and livelihoods will also have grave consequences for longer-term development.
5. Yemen suffers from high unemployment, recorded at 40 percent in 2014 (World Bank, 2014). Among youth, it is estimated to be as high 60 percent, and is expected to reach 65 percent in 2016 due to investment project crashes and the laying off of many private sector employees. A UNDP and SMEPS Rapid Business Survey (2015) indicated that more than 26 percent of all businesses have closed since March 2015: 35 percent of medium enterprises, 27 percent of small business and 24 percent of micro businesses were forced to shut their doors, compared to 17 percent of large firms. According the Yemen Damage and Needs Assessment (2016) conducted by ILO, employment declined in Abyan by 11.6 percent due to the impact of the current crisis¹⁰, while the number of women in employment has declined by almost two-thirds since 2014.
6. Unemployment will remain a major problem facing development in Yemen due to the impact it has on social, security, and economic spheres. Of particular risk is unemployed youth joining militia or terrorist groups as a source of income.
7. Entrepreneurship training is considered as a way to support these at-risk youth to pursue sustainable self-employment opportunities. The education system in Yemen did not sufficiently prepare youth to be self-employed. Access to the necessary knowledge and skills for enterprise is very limited, and absent in all target districts.
8. Yemen is the poorest in the Middle East and North Africa (MENA) region, with more than half of its 26 million population already below the poverty line. Thirteen million are in need of immediate help, and 82 percent of the population requires some form of humanitarian assistance to meet their basic needs¹¹. Furthermore, more than 55 percent of the population is now food insecure, and around 2.8 million people are currently displaced from their homes¹².
9. The political instability is fueled by conflict and widespread insecurity, large-scale displacement, internal and international population movement, civil strife, endemic poverty and a breakdown of social and public services.

9 MOPIC (2016). Yemen Socio-economic Update. Issue (16) Jul. 2016: file:///C:/Users/E440/Downloads/YSEU16_%D9%90English_FinalFinalFinal.pdf

10 Yemen Damage and Needs Assessment, Crisis Impact on Employment and Labour Market, ILO 2016

11 OCHA (2016), Humanitarian Needs Overview, Yemen: http://reliefweb.int/sites/reliefweb.int/files/resources/2016_HNO_English_%20FINAL.pdf

12 UN OCHA (2016). <http://www.unocha.org/yemen>

2. Overview of Hajjah and Hodeidah

Hajjah Governorate

Hajjah Governorate is located in northwestern Yemen, 127 kilometers northwest of Sana'a, at an altitude of about 1800 metres. According to the Central Statistical Organization (2015), Hajjah Governorate has a population of 1,945,969, which represents 7.5 percent of the total population of Yemen, with an annual growth rate of three percent. Males and females represent 52 percent and 48 percent of the population respectively. More than 91 percent of the population lives in the rural areas.

Hajjah is unique for its topography and weather diversity, ranging from mountainous, plains and coastal areas to small islands. Hajjah is the cross-trading border with Saudi Arabia, so it has distinct commercial business in transport and trade through the port of Haradh, which is one of the most important customs ports in Yemen (although it is currently closed due to conflict). Despite this, 55 percent of the population is poor and most are food insecure. According to Humanitarian Needs Overview (2016), 77 percent of people in Hajjah require some form of humanitarian assistance to meet their basic needs¹³. Unemployment is high; according to local council, it is estimated at 65 percent, most of whom are youth. Poor education levels, plus a lack of skills, work experience and employment services are the main employment challenges facing youth in Hajjah.

Hajjah is an agriculture-based economy with nearly 80 percent of jobs generated by farming activities. The governorate produces various types of cereals, fruits, cash crops and vegetables in addition to other sectors like trade, livestock, bee keeping and fishing. Hajjah Governorate consists of 31 districts. The market assessment covered two districts: Abs, and Aslam (see *Table 7*).

Table 7: Population for selected districts in Hajjah

	Abs	Aslam
Population	179,848	66,157
Male	52%	51%
Female	48%	49%
Area km2	285.9	666.5
Population Density	634.71	94.05

Source: Central Statistics Organization, 2015.



**Figure 4:
Hajjah Governorate Map**

¹³ OCHA (2016), Humanitarian Needs Overview, Yemen: http://reliefweb.int/sites/reliefweb.int/files/resources/2016_HNO_English_%20FINAL.pdf

Hodeidah Governorate

Most of Hodeidah Governorate, located in western Yemen, falls within the Tehama Coastal Plains and along the Red Sea Coast, although some parts occupy the mountainous highlands towards the interior. It is the seventh largest governorate by area, composed of 26 districts. According to the Central Statistical Organization (2015), Hodeidah Governorate has a population of 2,861,305, which represents 11 percent of the total population of Yemen, with an annual growth rate of three percent. Males represent 51 percent and females 49 percent of the population. More than 65 percent of people live in rural areas.

Due to its long coastline and vast plains, is the most important agricultural location in Yemen, offering huge potential in terms of investments in agriculture, livestock, and fisheries. More than 75 percent of jobs are generated by farming activities. The governorate is an important port, exporting coffee, cotton, dates and hides. In addition, it produces various types of cereals, fruits, cash crops and vegetables. Handicrafts, including pottery, ceramics, textiles and straw, represent an important industry in Hodeidah. For instance, pottery and ceramic articles, such as plates, pots, earthen vessels, and jars are still popular in some districts, such as, such as, Al-Zuhrah.

According to Humanitarian Needs Overview (2016), 89 percent of the population in Hodeidah requires some form of humanitarian assistance to meet their basic needs¹⁴. Likewise, unemployment is high; according to the local council, it stands at 60 percent, most of whom are youth. Very poor education levels, plus a lack of skills, work experience and employment services are the main employment challenges facing youth in Hodeidah.

Hodeidah Governorate consists of 26 districts. The market assessment covered two districts: Bajil and Al-Zuhrah (see *Table 8*).



Table 8:
Population for selected districts in Hodeidah

	Bajil	Al-Zuhrah
Population	238,603	180,758
Male	51%	51%
Female	49%	49%
Area km2	1,645	776
Population Density	145.05	232.94

Source: Central Statistics Organization, 2015.

14 OCHA (2016), Humanitarian Needs Overview, Yemen: http://reliefweb.int/sites/reliefweb.int/files/resources/2016_HNO_English_%20FINAL.pdf



Findings

1. Consumer Demand

This section presents an analysis based on the consumer demand assessment in target districts in Hajjah and Hodeidah Governorates. The first part of the section describes the consumer market satisfaction or dissatisfaction with current goods and services offered within their area. Subsequent sections explain the unmet demand and market gaps in goods and services. The main findings of the Consumer Demand Survey regarding goods and services are analysed in this section.

1.1. Goods Demand

Figure 6 shows that only two goods enjoy high levels of market satisfaction: ice and fruit (imported), as reported by more than 50 percent of the respondents. All other goods have low levels of market satisfaction. Comparing results between Hajjah and Hodeidah, seafood and fresh juice have higher levels of satisfaction at 43 percent and 41 percent respectively in Hodeidah, while in Hajjah prepared/processed food products have a lower level of satisfaction at 31 percent. *Figure 7* Shows that market dissatisfaction is substantial for locally made metal goods and furniture, locally made tools, toiletries and beauty items, cloth and sewing items, accessories, imported clothes and footwear. Comparing results between Hajjah and Hodeidah, toiletries and beauty items, accessories and local fruit goods have higher levels of satisfaction at 21 percent, 23 percent and 20 percent respectively in Hodeidah. Findings indicate there are potential business opportunities to improve consumer satisfaction.

Among the bottom 15 goods, locally made metal goods and furniture, locally made tools, toiletries and beauty items, cloth and sewing items, accessories and imported clothes and footwear are to less prone to spoiling, whereas several of the top 15 goods such as ice, fruit (imported), juice (fresh) and vegetables are likely to spoil rapidly.

High costs is the leading cause of dissatisfaction among most of the bottom 15 goods.

Figure 6: Market satisfaction top 15 goods

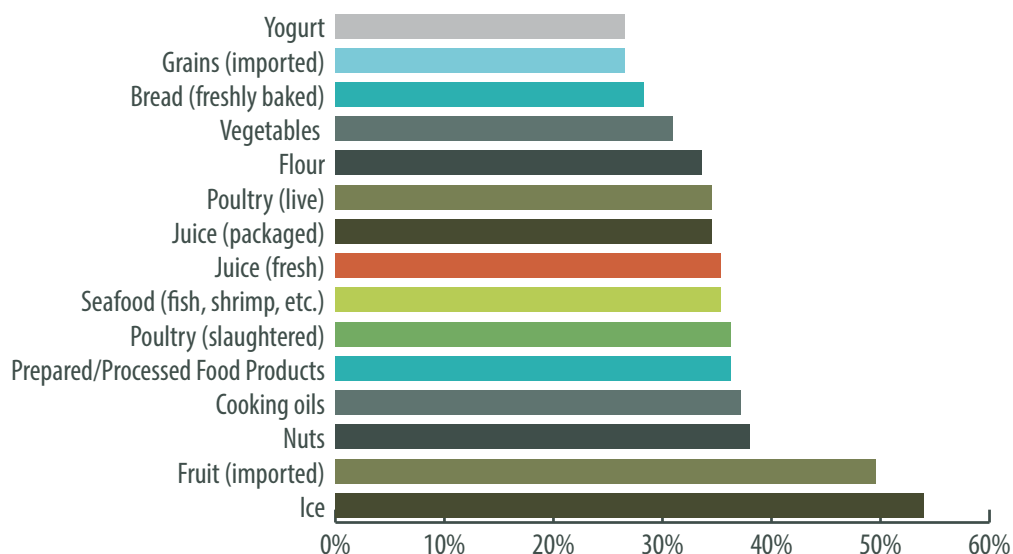
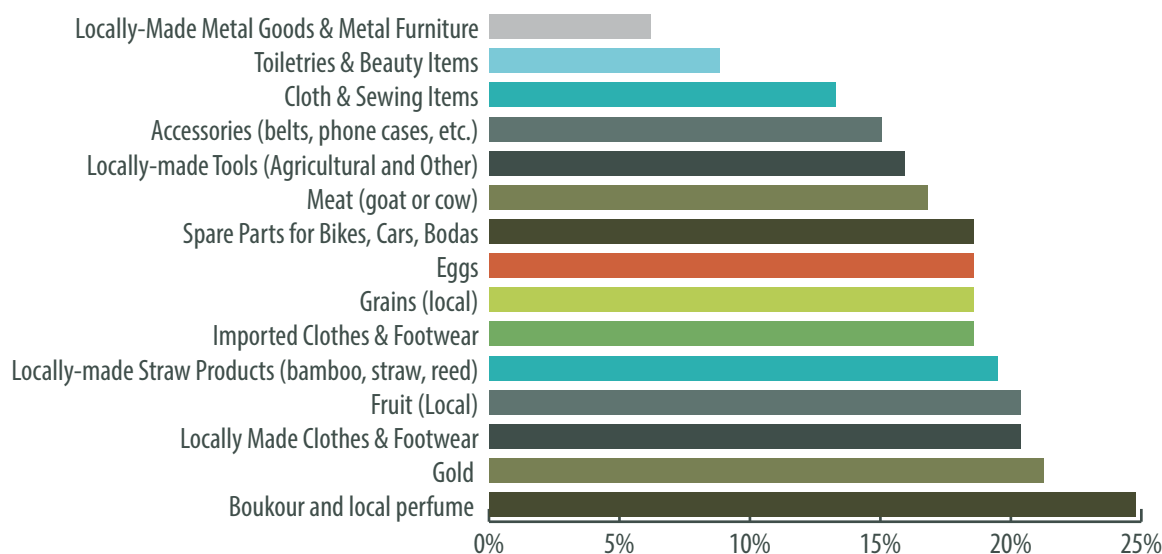


Figure 7: Market dissatisfaction bottom 15 goods (goods with low level of satisfaction)



Among those that are dissatisfied, expense is the most frequent cause of dissatisfaction for 12 of the bottom 15 goods, while a lack of supply is cause of dissatisfaction for the remaining three goods (toiletries and beauty items, eggs and imported clothes and footwear), as seen in *Table 9*. The second-most cited reason for dissatisfaction was lack of supply, while others cited poor quality as a second or third reason. This result was confirmed by observation and consumer interviews.

These causes of dissatisfaction with goods can be addressed through training to make graduates more competitive in the marketplace. Results suggest there is a good opportunity to develop the market for most products, or to improve the quality of goods, creating potential micro-business opportunities for youth.

Table 9: Goods: Causes of goods dissatisfaction by order of frequency

Goods	% of satisfaction	Causes of goods dissatisfaction				
		1st	2nd	3rd	4th	5th
Incense and local perfume	25%	Too expensive (67%)	Poor quality (24%)	Lack of supply (5%)	Poor customer service (3%)	
Gold	21%	Too expensive (41%)	Lack of supply (26%)	Poor quality (24%)	Not good match (7%)	Poor customer service (2%)
Locally made clothes and footwear	20%	Too expensive (74%)	Lack of supply (10%)	Poor quality (8%)	Not good match (8%)	
Fruit (local)	20%	Too expensive (72%)	Lack of supply (18%)	Poor quality (9%)		
Locally-made straw products (bamboo, straw, reed)	19%	Too expensive (45%)	Lack of supply (25%)	Not good match (18%)	Poor quality (7%)	Poor customer service (4%)
Imported clothes and footwear	19%	Lack of supply (47%)	Too expensive (40%)	Not good match (9%)	Poor customer service (4%)	
Grains (local)	19%	Too expensive (58%)	Not good match (15%)	Lack of supply (13%)	Poor quality (8%)	Poor customer service (6%)
Eggs	19%	Lack of supply (38%)	Too expensive (23%)	Poor quality (21%)	Not good match (12%)	Poor customer service (6%)
Spare parts for bikes, cars, bodas	19%	Too expensive (33%)	Lack of supply (31%)	Not good match (23%)	Poor quality (8%)	Poor customer service (5%)
Meat (goat or cow)	17%	Too expensive (71%)	Poor quality (12%)	Do not trust vendor (8%)	Lack of supply (5%)	Not good match (2%)
Locally-made tools (agricultural and Other)	16%	Too expensive (49%)	Lack of supply (27%)	Not good match (16%)	Poor quality (9%)	
Accessories (belts, phone cases, etc.)	15%	Too expensive (62%)	Lack of supply (16%)	Poor quality (9%)	Not good match (9%)	Poor customer service (5%)
Cloth and sewing Items	13%	Too expensive (38%)	Poor quality (10%)	Lack of supply (17%)	Poor customer service (15%)	Not good match (13%)
Toiletries and beauty items	9%	Lack of supply (39%)	Too expensive (32%)	Not good match (26%)	Poor quality (3%)	
Locally-made metal goods and furniture	6%	Too expensive (49%)	Not good match (25)	Lack of supply (17)	Poor customer service (8)	Do not trust vender (2)

1.2. Services Demand

According to the Consumer Demand Survey, interviews and observations, most services in target districts had low levels of satisfaction. Barbers and masons/bricklayers had the highest level of satisfaction among the top 10 of services with 42 percent and 35 percent respectively, while motorcycle transport and tailors came next with 31 percent satisfaction (see *Figure 8*). Comparing results between Hajjah and Hodeidah, in Hodeidah electricians and tailors had lower levels of satisfaction at 12 percent and 23 percent respectively. Market dissatisfaction (services with low level of satisfaction) was substantial for technical and maintenance services such as plumbers, phone technicians, refrigeration installation/repairs, computer technicians and appliance repair men. In addition, food or drinks in a restaurant/coffee shop, photographer/videographers and beauticians had high levels of dissatisfaction (see *Figure 9*). Comparing results between Hajjah and Hodeidah, beauticians had higher levels of dissatisfaction at eight percent in Hodeidah.

Figure 8: Market dissatisfaction bottom 10 services (services with low level of satisfaction)

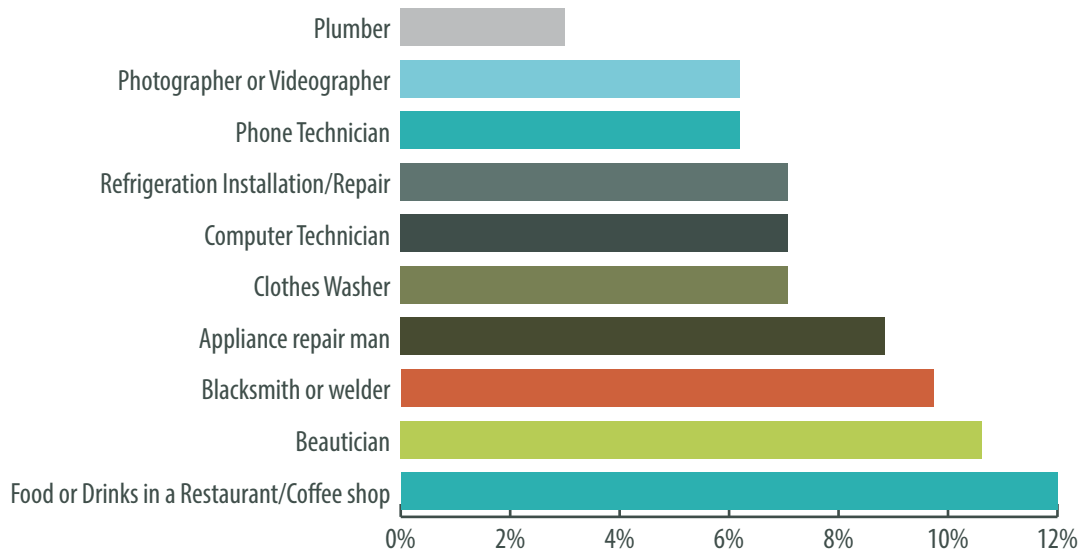


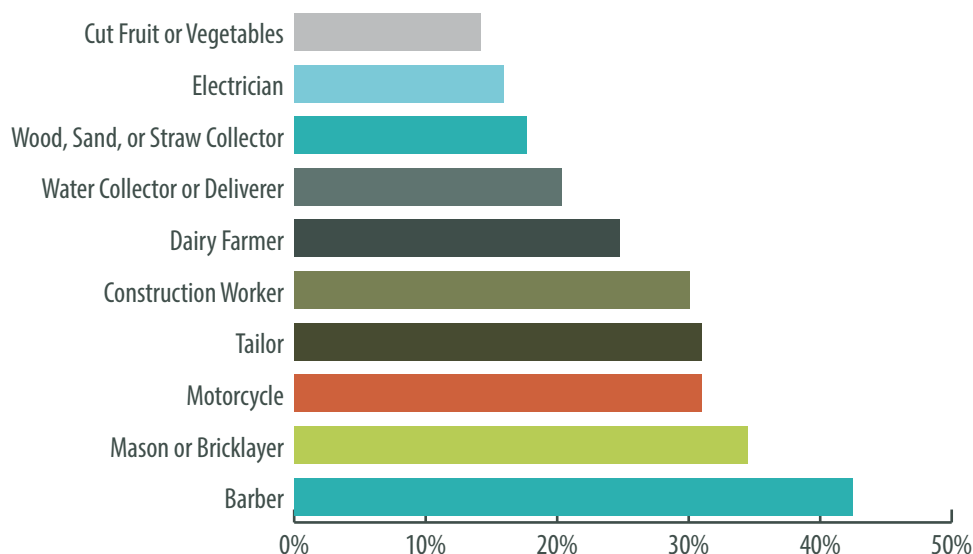
Figure 9: Market satisfaction top 10 services

Table 10 breaks down the causes of service with the highest levels of dissatisfaction. Lack of supply, poor quality and high costs were the leading causes of dissatisfaction among the bottom 10 services. For technical and maintenance services such as phone technicians, refrigeration installation/repairs, computer technicians and appliance repair-men, lack of supply was the most- or second-most cited cause of dissatisfaction. It was also the cause for 57 percent of those dissatisfied with clothes washers, 49 percent of those dissatisfied with computer technicians, 29 percent for refrigeration installation/repairing, and 33 percent for those dissatisfied with photographer/videographers. Poor quality appears several times as a powerful barrier to satisfaction with services, and is frequently the first- or second-most cited cause of dissatisfaction, such as for food or drinks in restaurant/coffee shops, phone technicians and plumbers. Expense appears several times as an influential barrier to satisfaction with services and is the first- or second-most cited cause of dissatisfaction with beauticians, blacksmith/welders, appliance repair-men, clothes washers and photographer/videographers. Other cited causes of dissatisfaction were poor customer service, service not matching customer needs and customer not trusting the vendor.

These causes of dissatisfaction with service activities can be addressed with entrepreneurship skills training to make graduates more competitive in the market place, mainly through teaching marketing and customer service skills. Results suggest that there are opportunities to develop the market for most services, providing potential micro-business opportunities for youth.

Table 10: Services: Causes of services dissatisfaction by order of frequency

Services	% of satisfaction	Causes of services dissatisfaction					
		1st	2nd	3rd	4th	5th	6th
Food or drinks in a restaurant/ coffee shop	12%	Poor quality (34%)	Lack of supply (28%)	Poor customer service (18%)	Not good match (10%)	Too expensive (7%)	Do not trust vendor (3%)
Beautician	11%	Too expensive (49%)	Lack of supply (21%)	Not good match (17%)	Poor customer service (6%)	Do not trust vendor (4%)	Poor quality (2%)
Blacksmith or welder	10%	Too expensive (36%)	Not good match (20%)	Lack of supply (18%)	Poor quality (16%)	Poor customer service (9%)	
Appliance repair man	9%	Too expensive (30%)	Lack of supply (29%)	Poor quality (16%)	Poor customer service (13%)	Do not trust vendor (7%)	Not good match (5%)
Clothes washer	7%	Lack of supply (57%)	Too expensive (16%)	Do not trust vendor (11%)	Poor quality (7%)	Not good match (7%)	Poor customer service (2%)
Computer technician	7%	Lack of supply (49%)	Not good match (23%)	Poor quality (15%)	Too expensive (8%)	Poor customer service (3%)	Do not trust vendor (3%)
Refrigeration installation/ repair	7%	Lack of supply (29%)	Too expensive (26%)	Not good match (26%)	Poor quality (14%)	Poor customer service (3%)	Do not trust vendor (3%)
Phone technician	6%	Poor quality (35%)	Too expensive (29%)	Lack of supply (24%)	Poor customer service (10%)	Not good match (2%)	Do not trust vendor (2%)
Photographer or videographer	6%	Lack of supply (33%)	Too expensive (25%)	Poor quality (25%)	Not good match (10%)	Poor customer service (6%)	
Plumber	3%	Poor quality (31%)	Poor customer service (31%)	Lack of supply (25%)	Not good match (12%)	Do not trust vendor (3%)	

1.3. Most in-demand goods and services

According the consumer and business surveys, interviews, observations and key informant interviews with local councils and community leaders, the most in-demand goods and services in target districts were identified as follows:

Table 11: Most in-demand goods and services in target districts

Governorate	District	Goods	Services
Hajjah	Abs	<ul style="list-style-type: none"> - Food commodities: Vegetables, grains and flour, fish, poultry and meat (goat or cow), cooking and sesame oil, rice and sugar, fruit - Pottery - Clothes and footwear - Ice - Fuel - Agriculture toolkits - Electronic devices (cellphone, T.Vs, radios, solar, etc) - Qat 	<ul style="list-style-type: none"> - Food or drinks in a restaurant/coffee - Tailor - Barber - Electronic appliance maintenance - Transportation: car, bus, motorcycle - Medical - Mechanic - Hairdressing and beauty - Patterns and henna
	Aslam	<ul style="list-style-type: none"> - Food commodities: Vegetables, grains and flour, poultry and meat (goat or cow), fish, cooking and sesame oil, rice and sugar, fruit - Pottery - Clothes and footwear - Ice - Fuel - Weaving and textiles - Agriculture toolkits - Electronic devices (cellphone, T.Vs, radios, solar, etc) - Qat 	<ul style="list-style-type: none"> - Food or drinks in a restaurant/coffee - Transportation: motorcycle - Tailor - Medical - Electronic appliance maintenance - Motorcycle or vehicle mechanic - Hairdressing and beauty - Patterns and henna
Hodeidah	Bajil	<ul style="list-style-type: none"> - Food commodities: Vegetables, fish, grains and flour, cooking oil, rice and sugar, canning, fruit, poultry and meat (goat or cow) - Clothes & footwear - Ice - Fuel - Arabian jasmine - Agriculture toolkits - Electronic devices (cellphone, T.Vs, radios, solar, etc) - Wood products and furniture - Qat 	<ul style="list-style-type: none"> - Food or drinks in a restaurant/coffee - Tailor - Electronic appliance maintenance - Transportation: cars, buses, motorcycle - Medical services - Motorcycle and vehicle mechanic - Hairdressing and beauty - Exchange and transfer money - Patterns and henna - Veterinary services
	Al-Zuhrah	<ul style="list-style-type: none"> - Food commodities: Vegetables, grains and flour, drinking water, seafood (fish), canning, rice, fruit, poultry and meat (goat or cow) - Clothes and footwear - Pottery - Ice - Fuel - Weaving and textile - Medicines - Electronic devices (cellphone, T.Vs, radios, solar, etc) - Toiletries and beauty items - Qat 	<ul style="list-style-type: none"> - Food or drinks in a restaurant/coffee - Transportation: motorcycle - Tailor - Medical services - Electronic appliance maintenance - Motorcycle mechanic - Hairdressing and beauty - Patterns and henna

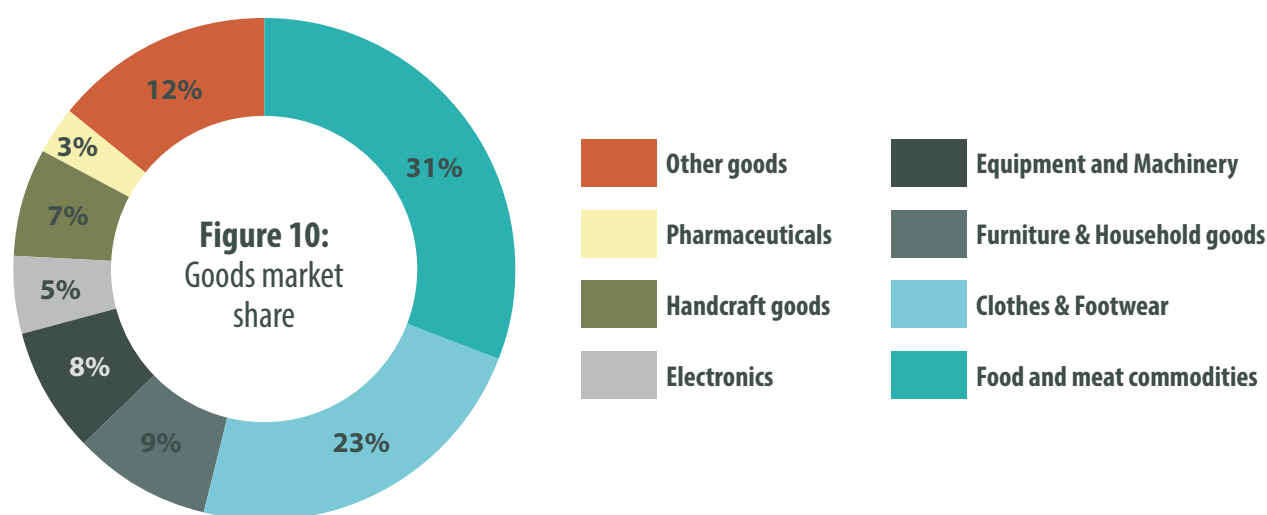
The study also found the following goods and services almost absent from the market: financial services, solar power maintenance, clothes laundering, locally processed food, computer and business services, internet services, display centres for local handicrafts, entertainment services and packaging/marketing services.

2. Market Supply

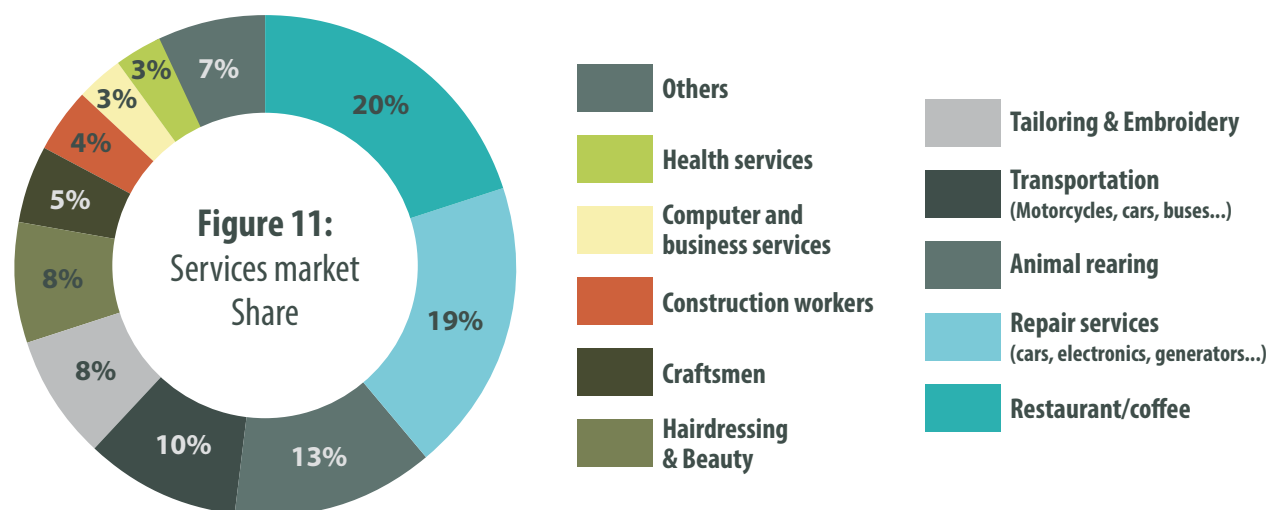
This section the analysis based on the Market Opportunity Assessment in target districts in Hajjah and Hodeidah Governorates. The first part of the section describes the major characteristics of the present markets in the selected districts. Subsequent sections explain market gaps and opportunities.

2.1. Understanding the market

Findings show that at the local level in target districts, the economy is heavily reliant on informal agriculture and livestock sectors. The present market structure in most target districts mostly comprises of micro, small and medium sized enterprises mainly in trade, services and handicrafts. The survey and interviews found that 73 percent of respondents have trade enterprises, and 27 percent have services enterprises. Within trade sector, food and meat commodities represents 31 percent of the market, while clothes, footwear and related goods represent 23 percent, furniture and household goods represent nine percent, equipment and machinery represent eight percent, handicraft goods represent seven percent, electronic products represent five percent, pharmaceutical represents around three percent and other goods represent 14 percent (see Figure 10).



In the service sector, restaurant/coffee and fast food services represent 19 percent, repair services represent 19 percent, animal rearing represents 13 percent, transportation services (mostly motorcycles) represent 10 percent, tailoring and embroidery services represent eight percent (75% female, 25% male), hairdressing and beauty represent eight percent, (80% female, 20% male), craftsman services represent five percent, construction workers represent eight percent, computer and business services represent three percent, health services such as clinics and nurses represent three percent, and other services represent seven percent.



The market assessment found that among women's businesses, most producers or services providers are home based, and working in informal sector, which represents around four percent of the market.

In observing the markets in target districts, it was noted that food commodities and clothes were the most common goods brought in to the markets, and food commodities and livestock were the most common ones being brought out of the market. Restaurants/coffee, repair services and motorcycle transportation were the most common services. There was very few medical, mechanic, hairdressing and beauty and computer and business services.

The majority of market trader respondents sold their products directly to customers (92%), while only eight percent sold products to other retail shops or traders, most of them in Bajil districts. This indicates that the vast majority of trade in target districts market is customer based. Survey results showed that 59 percent of traders buy their goods and raw materials from the same district's markets or from neighboring district's markets (for example, Aslam district traders buy from Abs district), while 24 percent of traders purchase goods from big markets in the capital of the governorate or other governorates, and 17 percent purchase from big markets in the capital Sana'a.

2.2. Goods and services absent or flooding markets

Consumer survey/interviews findings are combined with those of Market Opportunities Survey/interviews and qualitative research to determine the goods and services absent from or flooding the market. Those almost absent included: financial services, solar power system maintenance, clothes laundering, local processed food and computer and business services, internet services, display centres for local handicrafts, entertainment services and packaging/marketing services. Those flooding the market were vegetables, cut fruit or vegetable workers, wood, sand or straw collectors and construction workers. This indicates that most sectors are still expandable.

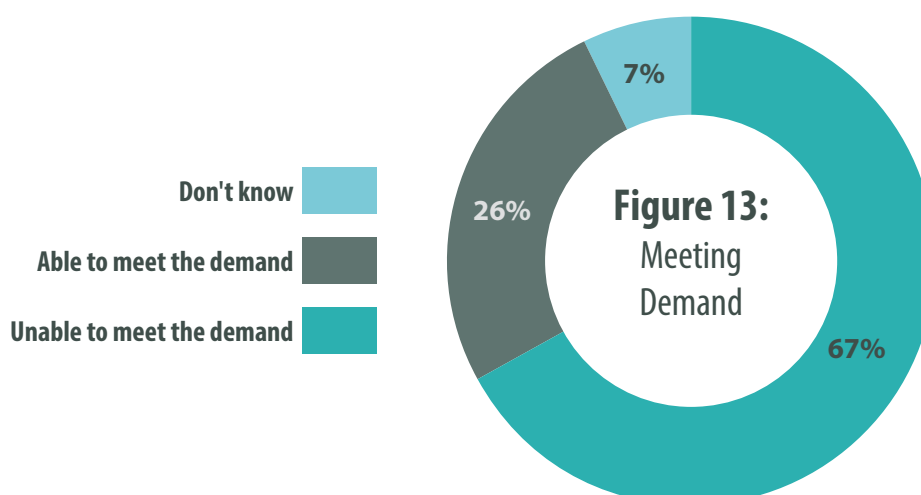
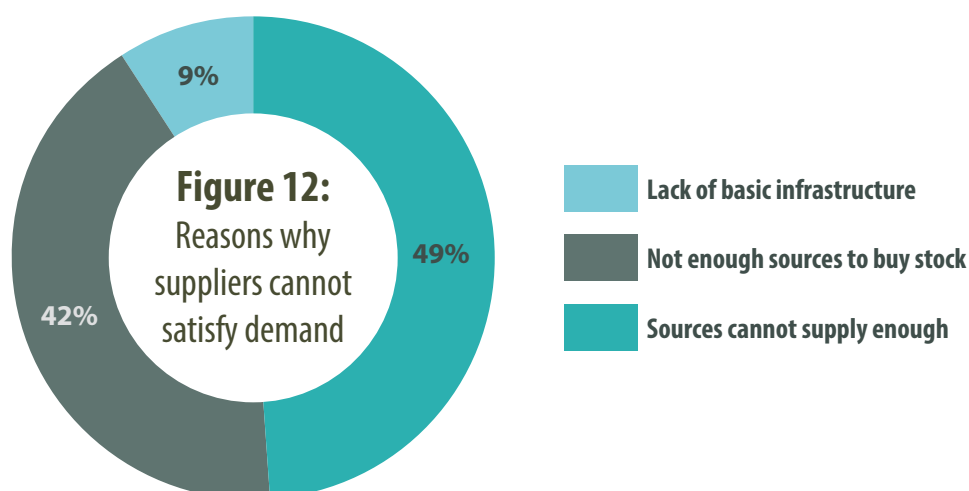
2.3. Source of products or raw materials

Traders do have to buy their products or raw materials from other wholesalers. When asked, the majority of respondents (46 %) were satisfied with the traders that supplied them, while 54 percent were dissatisfied

for different reasons including not enough traders, unprofessional traders, poor quality and being too expensive. These results were confirmed during interviews. Other reasons given included lack of credit services, lack of confidence and lack of sharing market information.

2.4. Meeting demand

The study found that 67 percent of traders felt they were sometimes unable to meet the demand of their current customers, while 26 percent felt they were able to meet demand, and seven percent said they did not know (see *Figure 13*). Traders indicated four main reasons for inability to satisfy demand: 1) insufficient suppliers/sources (49%); 2) insufficient money/sources to buy more goods or stock (42%); and 3) lack of infrastructure such as electricity, fuel and water (9%) (see *Figure 12*). These figures were confirmed by interviews and other reasons were identified including lack of security and cost of transport. These findings indicate that financial limitations are the greatest barriers to meeting demand and expanding businesses. The limited number of suppliers indicates a gap in the market for wholesale businesses or new transport/distribution business.

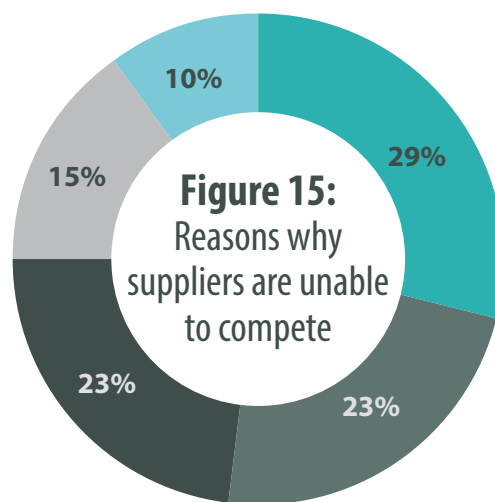
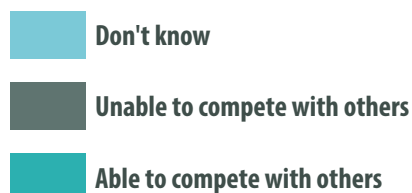
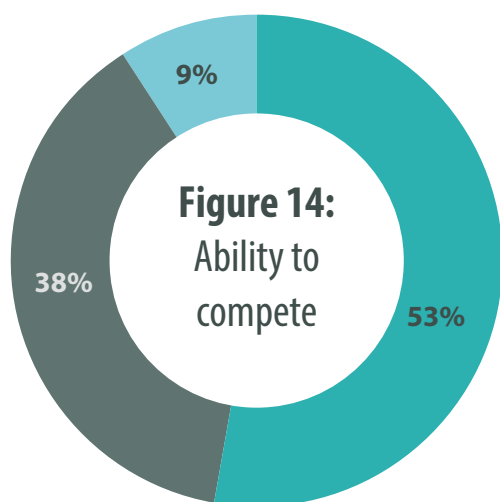


2.5. Business environment

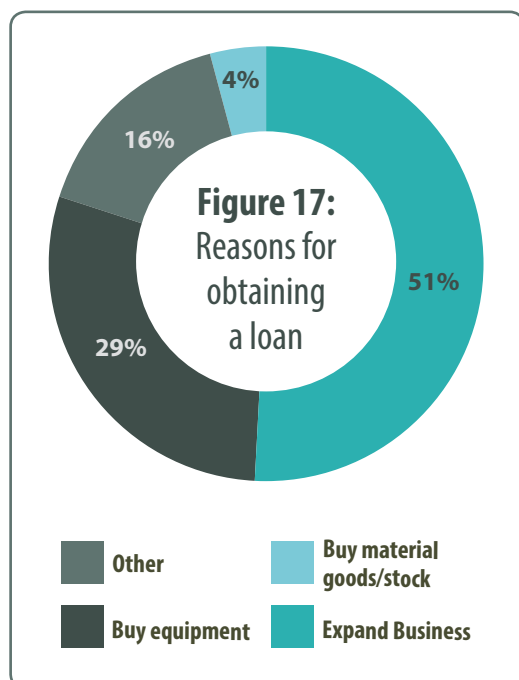
The study found that the business sector faces many challenges including a weak enabling environment, lack of credit, lack of information, lack of skilled workers and insecurity.

Registration: Most businesses operate informally without licensing or registration. According to the Market Opportunity Survey and interviews with businesses, three percent of respondents said they had an officially registered business.

Competition: More than 38 percent of traders said they were unable to compete with other traders selling similar goods or providing similar services for several reasons including: 1) having less goods (29%); 2) lack of customer service skills (23%); 3) less variety of goods or services (23%), goods or services not matching with needs of consumers (15%), and 4) high operation costs and lack of electricity (10%). These are therefore potential areas to establish new micro business, as the market is not saturated. Entrepreneurship skills training specifically addressing these challenges would provide a competitive advantage for youth in establishing new micro-businesses. More than 68 percent of traders said receiving training in entrepreneurship and marketing training would make them more able to compete.

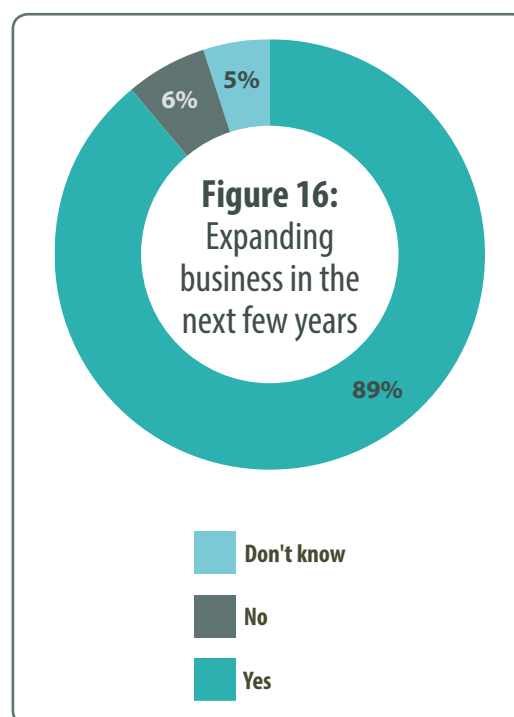


Future: When asked if they planned to expand their business in the next few years, the majority of traders (89%) said yes (see *Figure 16*). Motivations included: 1) generating more income; 2) meeting customer demand; 3) creating more job opportunities for family members; and 4) being more competitive.

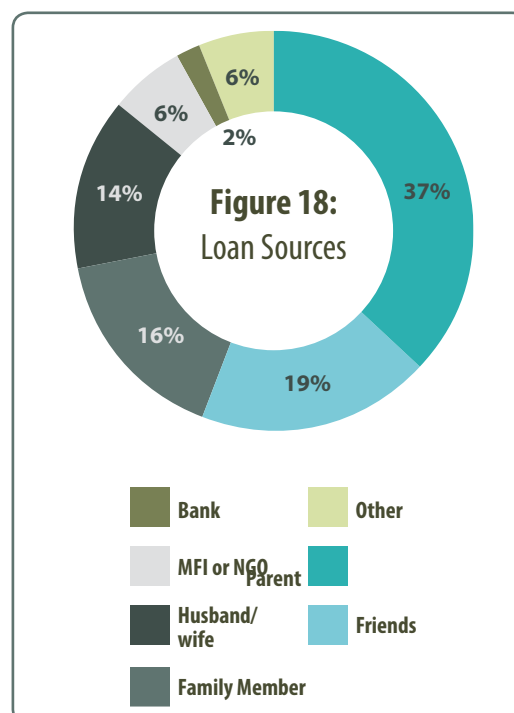


family member, while 14 percent had taken out money from their husband/wife, six percent from a MFI or NGO, two percent had obtained a loan from a bank and six percent had taken a loan from sources such as suppliers and community leaders (see *Figure 18*).

Reasons for obtaining a loan: Primary reasons given were: to expand business (51 %), to buy material and goods stock (20%), to buy equipment (16 %), and other (4%) (see *Figure 17*). This data, combined with the intention to expand outlined above, indicates that businesses are looking hopeful in target districts' markets. However, there is little access to credit. Most of the businesses consulted (37%) said they were unable to afford interest payments, while 24 percent said a lack of MFIs or banks was an obstacle to finding funding, 15 percent said they did not know how to apply for financing, 13 percent did not meet eligibility



Access to financial services: Loans are an important source of ongoing capital in most markets. Of the traders, 56 percent had taken out loans for their business in the last year. Of those, 37 percent had borrowed money from parents, 19 percent had obtained a loan from friends, and 16 percent had taken a loan from a



requirements for lending, and 11 percent did not have the required documents to apply for financing. During the interviews, other reasons identified included: fear of being forbidden (for religious reasons) and fear of being unable to repay loan due to security unrest.

The assessment results found few MFIs operating in target districts (see *Table 12*). Interviews with MFIs showed they provided a variety of financial and non-financial services including lending, savings, deposits, current accounts, money transfer, micro-leasing, training and technical assistance to SMEs. Most MFI products complied with Islamic principles: *Murabahah* (Mark-up sale), *Mudorabah* (manipulation) and *Musharakah* (joint venture) are key Islamic products; *Murabahah* is the most common in Yemen.

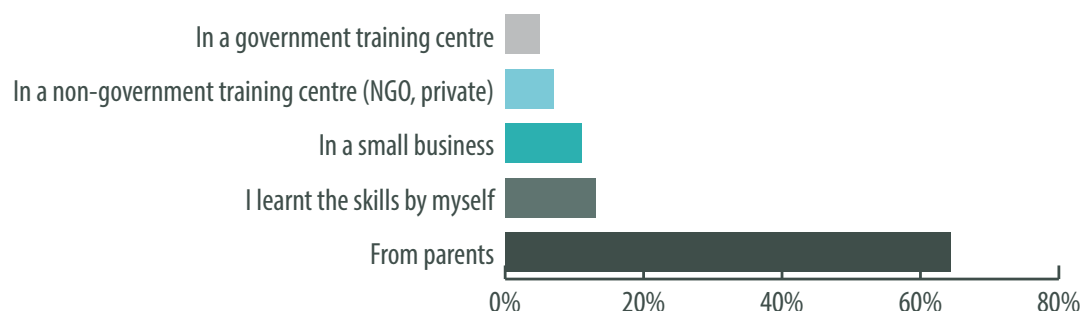
Table 12: MFIs operating in target districts

Governorate	District	MFI	Services
Hajjah	Abs	Al-Amal Microfinance bank	Loans, saving, and transferring money
		Al-Kuraimi Microfinance Bank	Loans, saving, and transferring money
		National Microfinance Foundation	Loans, saving
	Aslam	---	---
Hodeidah	Bajil	Al-Kuraimi Microfinance Bank	Loans, saving, and transferring money
		Al-Amal Microfinance bank	Loans, saving, and transferring money
	Al-Zuhrah	---	---

2.6. Access for training for the entrepreneurs

According to the interviews and Market Opportunities Survey, 72 percent of entrepreneurs revealed they did not have entrepreneurship skills (28% female, 72% male). For young females, various factors contribute to this: limited mobility, lack of access to business support services (such as financial, marketing and consulting services), socio-cultural factors that maintain gender stereotypes, and a lack of the requisite skill set, such as business development, marketing, financial literacy knowledge and skills. Similarly, for young males, a lack of requisite entrepreneurship skills and capital seem to be the key reasons limiting business growth and potential.

For those who had training, 64 percent acquired the knowledge and skills from their parents, 13 percent learnt skills by themselves, 11 percent from work experience in small business, seven percent acquired skills from NGOs, and only five percent learnt skills from a government training centre (see *Figure 19*). Among who have training, 72 percent thought the training was useful for their current business.

Figure 19: Sources of acquiring knowledge and skills

3. Youth Survey

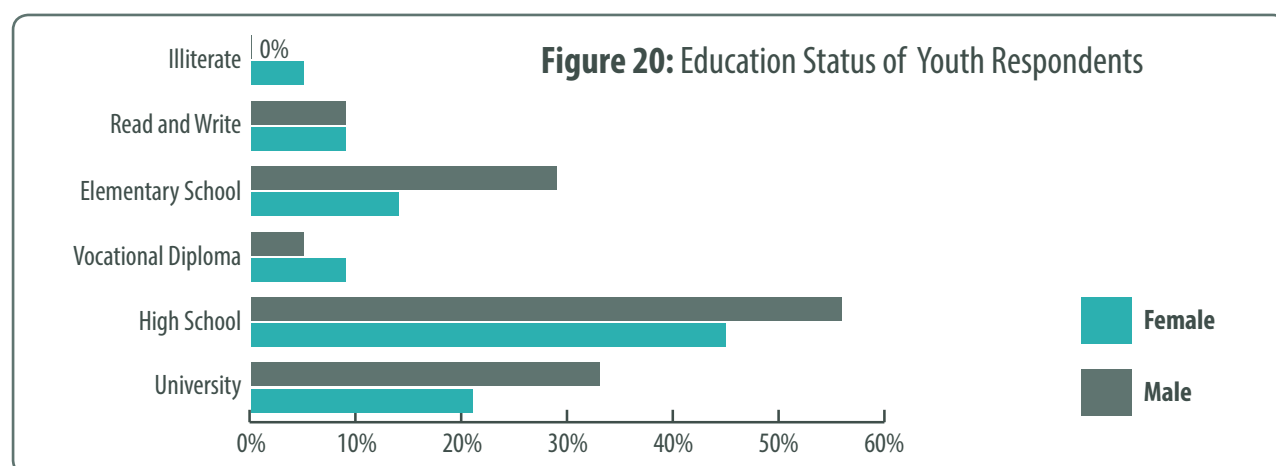
3.1. Demographic Characteristics

Age: As shown in *Table 12* below, under 18s represent four percent, 18-24 year olds represent 49 percent, 25-34 year olds represent 39 percent and 35-44 year olds constitute eight percent of respondents. Regarding marital status of the survey youth respondents, 71 percent of respondents were single (80% female, 66% male) while 25 percent were married (16% female, 32% male).

Table 13: Age, marital Status and Education for the youth respondents

Age	Gender		Row Total (n=235)
	Male (n=182)	Female (n=125)	
Less than 18	3%	5%	4%
Between 18 to 24	49%	50%	49%
Between 25 to 34	39%	39%	39%
Between 35 to 44	8%	7%	8%
Marital Status			
Single	66%	80%	72%
Married	32%	16%	25%
Divorced	2%	5%	3%
Widowed	1%	0%	0%
Education			
University	25%	20%	23%
High School	42%	44%	43%
Vocational Diploma	4%	9%	6%
Elementary School	22%	14%	18%
Read and Write	7%	9%	8%
Illiterate	0%	5%	2%

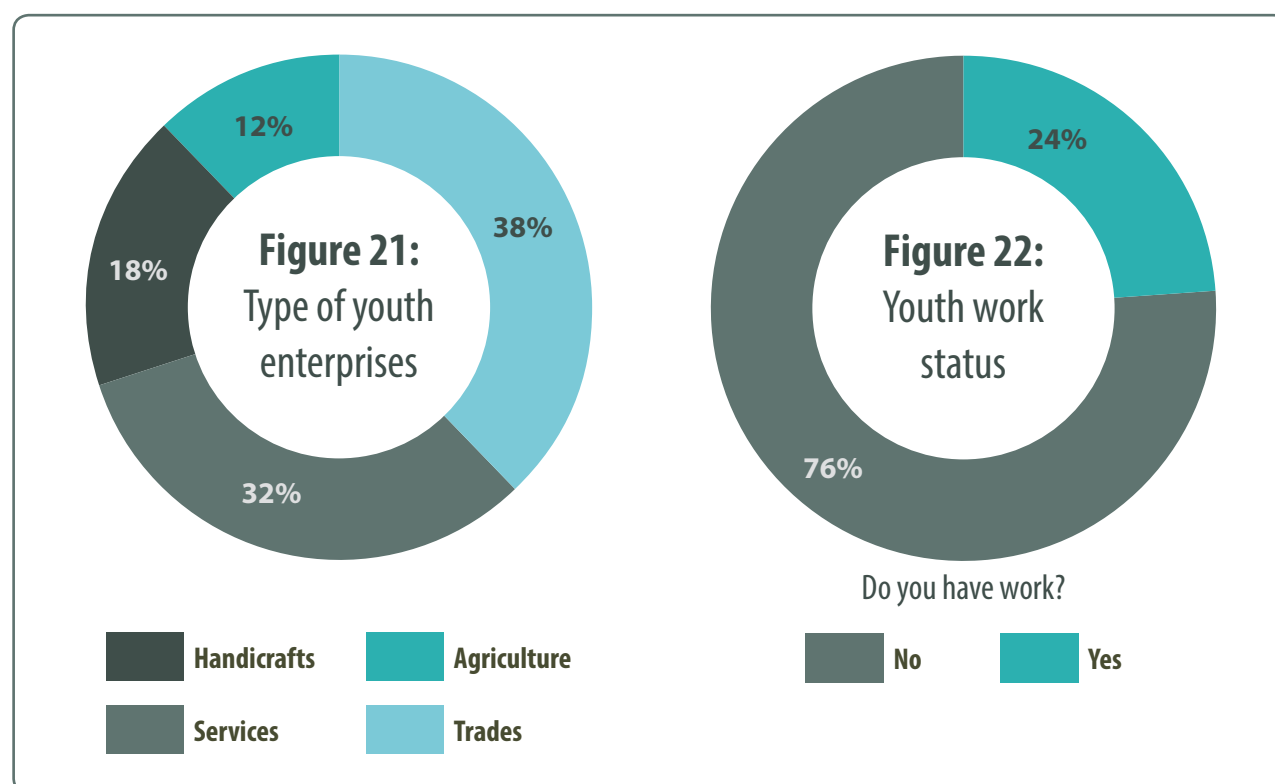
Education: As one of the determining variables for one's economic performance, the study found that 43 percent of respondents were high school graduates (46% in Hajjah, 54% in Hodeidah), 23 percent were university degree holders or studying at university (31% in Hajjah, 69% in Hodeidah), 18 percent attended elementary school, eight percent could read and write, six percent had vocational diplomas (36% in Hajjah, 64% in Hodeidah), and two percent were illiterate (see *Figure 20*). This illustrates the increase in education in Yemen in the last three decades. Target age groups for in this study (18-45) had greater access to education, and had a lower level of illiteracy than the older age groups.



Similar results were also found in the FGDs: 45 percent of FGDs participants completed high school, 28 percent had or were studying at university, 24 percent attended elementary school, and three percent could read and write.

3.2. Youth Entrepreneurship

Study findings showed only 24 percent of the youth respondents had work, while 76 percent did not (see *Figure 21*). Among youth respondents who had work, 34 percent had their own enterprises (21% female and 79% male; 27% in Hajjah and 63% in Hodeidah). The majority of the youth enterprises were trades (38%) including such as retail, grocery, clothing, electronic devices, vegetables and fruits shops. Services amounted to 32 percent of youth enterprises, including tailoring, repair workshops and motorcycle drivers, handicrafts represented 18 percent (mainly female) and agriculture enterprises such as beekeeping amounted to 12 percent (see *Figure 22*).



Small and micro business sectors in Hajjah and Hodeidah were mostly retail trading grocery stores and repair workshops according to FGDs. Most self-employed women were engaged in stitching, tailoring and hairdressing and beauty. They mostly received work orders from neighbors, family and friends.

According to the observations, Market Opportunities Survey, Youth Survey and FGDs, the majority of youth enterprises in target districts were trades and services, with some business in handicrafts and agriculture enterprises. *Table 14* shows type of youth businesses in target districts.

Table 14: Type of businesses run by young entrepreneurs

Governorate	District	Business Group	Type of business		
			Male		Female
Hajjah	Abs	Trade	<ul style="list-style-type: none">- Grocery shops- Vegetables and fruits shops- Fish and meat selling- Clothing and shoes shops- Retail shops- Cellphone shop	<ul style="list-style-type: none">- Electronic devices shop- Selling fuel- Ice selling- Honey and sesame oil selling- Qat selling	<ul style="list-style-type: none">- Clothing selling- Incense and perfume selling
		Services	<ul style="list-style-type: none">- Restaurants- Cafeterias- Repair workshops- Carpentry workshop	<ul style="list-style-type: none">- Mechanic workshop- Taxi/bus/ motorcycle driver- Hair salon	<ul style="list-style-type: none">- Tailoring- Hairdressing and beauty- Patterns and henna
		Production & Handicrafts	<ul style="list-style-type: none">- Pottery making- Making sweets and cakes- Bakery	<ul style="list-style-type: none">- Sesame oil- Ice making- Weaving fronds	<ul style="list-style-type: none">- Making sweets and cakes- Incense and local perfume making- Weaving fronds
		Agriculture	<ul style="list-style-type: none">- Livestock (goats and sheep)- Vegetable and fruit cultivation	<ul style="list-style-type: none">- Cereals- Fisheries- Beekeeping	<ul style="list-style-type: none">- Livestock (goats and sheep)- Cereals- Vegetable and fruit cultivation- Beekeeping

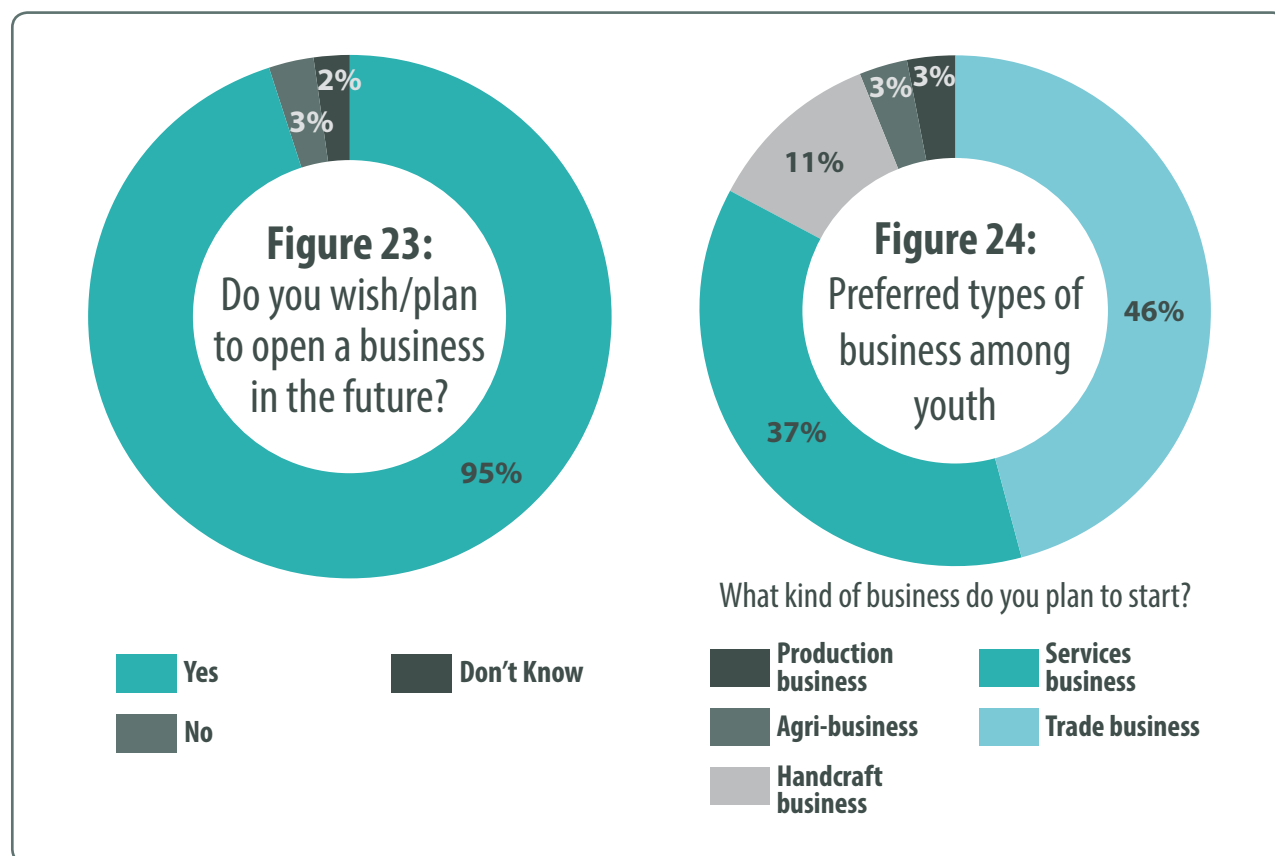
Governorate	District	Business Group	Type of business		
			Male		Female
Hajjah	Aslam	Trade	<ul style="list-style-type: none">- Grocery shops- Vegetables and fruits shops- Clothing and shoes shops- Fuel selling	<ul style="list-style-type: none">- Ice selling- Honey and sesame oil selling- Qat selling- Fish and meat selling	<ul style="list-style-type: none">- Clothing selling- Incense and perfume selling
		Services	<ul style="list-style-type: none">- Restaurants- Cafeterias, repair workshops- Carpentry workshop	<ul style="list-style-type: none">- Mechanic workshop- Motorcycle driver- Hair salon	<ul style="list-style-type: none">- Tailoring, hairdressing and beauty- Patterns and henna
		Production & Handicrafts	<ul style="list-style-type: none">- Pottery making- Bakery	<ul style="list-style-type: none">- Ice making- Weaving fronds	<ul style="list-style-type: none">- Incense & local perfume making- Weaving fronds
		Agriculture	<ul style="list-style-type: none">- Livestock (goats and sheep)- Cereal	<ul style="list-style-type: none">- Vegetable and fruit cultivation- Beekeeping	<ul style="list-style-type: none">- Livestock (goats and sheep)- Cereal- Vegetable and fruit cultivation- Beekeeping

Governorate	District	Business Group	Type of business		
			Male		Female
Hodeidah	Bajil	Trade	<ul style="list-style-type: none">- Grocery shops- Vegetables and fruits shops- Clothing and shoes shops- Retail shops- Cell phones shop- Electronic devices shop	<ul style="list-style-type: none">- Fuel selling- Ice selling- Qat selling- Fish and meat selling- Arabian jasmine selling- Snacks selling	<ul style="list-style-type: none">- Selling Clothing- Incense and perfume selling- Arabian jasmine selling
		Services	<ul style="list-style-type: none">- Restaurants- Cafeterias- Repair workshops- Carpentry workshop- Taxi/bus/motorcycle driver	<ul style="list-style-type: none">- Mechanic workshop- Hair salon- Internet café- Generator repair- Plumber- Porter/attendant	<ul style="list-style-type: none">- Tailoring- Hairdressing and beauty- Patterns and henna- Nurse
		Production & Handicrafts	<ul style="list-style-type: none">- Pottery making- Sweets and Cakes making- Bakery	<ul style="list-style-type: none">- Ice making- Organizing collars of Arabian jasmine- Blacksmithing	<ul style="list-style-type: none">- Sweets and cakes making- Incense and local perfumes making- Weaving fronds- Organizing collars of Arabian jasmine
		Agriculture	<ul style="list-style-type: none">- Livestock (goats and sheep)- Cereal	<ul style="list-style-type: none">- Vegetable and fruit cultivation- Beekeeping	<ul style="list-style-type: none">- Livestock (goats and sheep)- Cereal, vegetable and fruit cultivation

Governorate	District	Business Group	Type of business		
			Male		Female
Hodeidah	Al-Zuhrah	Trade	<ul style="list-style-type: none">- Vegetables and fruits shops- Clothing and shoes shops- Fuel selling	<ul style="list-style-type: none">- Grocery shops- Ice selling- Qat selling- Fish and meat selling	<ul style="list-style-type: none">- Clothing selling- Incense and perfume selling
		Services	<ul style="list-style-type: none">- Restaurants- Cafeterias- Repair workshops- Carpentry workshop	<ul style="list-style-type: none">- Mechanic workshop- Motorcycle driver- Hair salon	<ul style="list-style-type: none">- Tailoring, hairdressing and beauty- Patterns and henna
		Production & Handicrafts	<ul style="list-style-type: none">- Pottery making- Bakery	<ul style="list-style-type: none">- Ice making- Weaving fronds	<ul style="list-style-type: none">- Incense and local perfume making- Weaving fronds
		Agriculture	<ul style="list-style-type: none">- Livestock (goats and sheep)- Beekeeping	<ul style="list-style-type: none">- Cereal, vegetable and fruit cultivation	<ul style="list-style-type: none">- Livestock (goats and sheep)- Cereal- Vegetable and fruit cultivation- Beekeeping

3.3. Micro-business opportunities for youth

The study findings revealed that 95 percent of young respondents wished/planned to start a business (64% males and 36% females) (see *Figure 24*). Among youth who wished/planned to start a business, 46 percent wanted to start a trade, 37 percent wanted to start a service, 11 percent wanted to start handicraft businesses, three percent wished to start agri-business, and two percent wished to start production business (see *Figure 23*).



Based on the analysis of the quantitative data including Consumer Demand Survey, Market Opportunities Survey and Youth Survey, and qualitative data including FGDs, key informant interviews and observations, the most in-demand and preferred youth enterprises in target districts are trade, services, handicrafts and agriculture, as in *Table 15* below.

Table 15: Micro-business opportunities for youth

Governorate	District	Business Group	Type of business	
			Male	Female
Hajjah	Abs	Trade	<ul style="list-style-type: none"> - Grocery shop - Vegetables and fruit shop - Clothing and shoes shop - Books and stationery shop - Phones shop - Electronic devices shop - Fuel selling - Cold water and ice selling - Toys and accessories shop 	<ul style="list-style-type: none"> - Entertainment center - Textiles and sewing items shop - Spare parts for motorcycles shop - Tools and equipment for apiaries - Ice-cream shop - Sweet shop - Firewood selling
		Services	<ul style="list-style-type: none"> - Rural clinic - Laboratory - Restaurants - Cafeterias - Motorcycle repair workshops - Mechanic workshop - Motorcycle drivers - Hair salon 	<ul style="list-style-type: none"> - Computer and printing services - Solar maintenance workshop - Music, movies, computer games and apps download centre - Adult Education Center - Community based gym
		Production & Handicrafts	<ul style="list-style-type: none"> - Weaving fronds - Making sweets and cakes - Producing sesame oil - Ice making - Drilling water wells for drinking 	<ul style="list-style-type: none"> - Pottery making - Recycling (plastic, clothing and shoes) - Agriculture tools producing - Jam jelly making
		Agriculture	<ul style="list-style-type: none"> - Livestock (goats and sheep) - Fisheries (fishing, fish marketing, tool selling and boat maintenance) - Beekeeping 	<ul style="list-style-type: none"> - Boutique for women's clothing - Sweet shop - Incense and perfume selling - Beauty tools selling - Housewares shop - Rural pharmacy - Sale of calling cards - Firewood selling

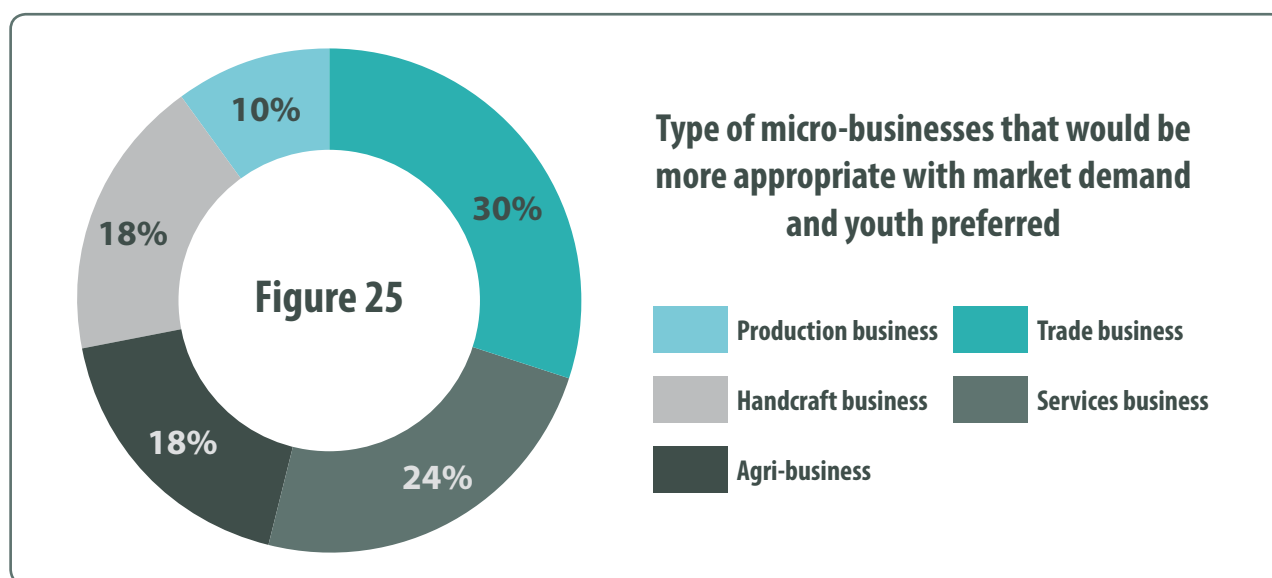
Governorate	District	Business Group	Type of business		
			Male		Female
Hajjah	Aslam	Trade	<ul style="list-style-type: none">- Grocery shop- Vegetables and fruits shop- Clothing and shoes shop- Books and stationery shop- Electric shop- Electronic devices shop- Fuel selling	<ul style="list-style-type: none">- Cold water and ice shop- Honey and sesame oil shop- Cement shop- Motorcycle spare parts shop- Sweet shop- Firewood selling	<ul style="list-style-type: none">- Clothing and accessories shop- Incense and local perfume selling- Housewares shop- Beauty tools selling- Sale of calling cards
		Services	<ul style="list-style-type: none">- Sport club- Restaurants- Cafeterias- Cellphone repair workshops- Mechanic workshop- Motorcycle driver- Water desalination plant	<ul style="list-style-type: none">- Solar maintenance workshop- Veterinary clinic- Adult education centre- Music, movies, computer games and apps download centre- Community based gym	<ul style="list-style-type: none">- Tailoring- Hairdressing and beauty- Patterns and henna- Embroidery- Adult education centre- Music, movies, computer games and apps download centre- Electronic and solar maintenance workshop
		Production & Handicrafts	<ul style="list-style-type: none">- Pottery making- Producing sesame oil- Recycling (plastic and clothes)	<ul style="list-style-type: none">- Weaving fronds- Agriculture tools producing	<ul style="list-style-type: none">- Making incense and local perfumes- Weaving fronds- Recycling (plastic and clothes)- Jam jelly making
		Agriculture	<ul style="list-style-type: none">- Livestock (goats and sheep)- Vegetables growing- Beekeeping- Veterinary clinic	<ul style="list-style-type: none">- Poultry- Growing high value crops such as medicinal plants, spices and essential oils	<ul style="list-style-type: none">- Livestock (goats and sheep)- Growing and selling vegetables- Beekeeping- Poultry

Governorate	District	Business Group	Type of business	
			Male	Female
Hodeidah	Bajil	Trade	<ul style="list-style-type: none"> - Grocery shop - Vegetables and fruit shop - Clothing and shoes shop - Books and stationery shop - Cellphone shop - Electronic devices shop - Fuel selling - Cold water and ice selling - Accessories shop - Textiles and sewing items shop - Fish selling - Arabian jasmine selling - Fertilizer and pesticide shop - Pharmacy - Motorcycle spare parts shop - Tools and equipment for apiaries - Firewood selling - Entertainment centre 	<ul style="list-style-type: none"> - Women clothing selling - Sweet shop - Arabian jasmine selling - Incense and perfumes selling - Books and stationery shops - Housewares selling - Beauty tools selling - Rural pharmacy - Sale of calling cards
		Services	<ul style="list-style-type: none"> - Rural clinic - Advertisement service centre - Laboratory - Restaurants - Cafeterias - Motorcycle repair workshops - Mechanic workshop - Motorcycle driver, hair salon - Computer and printing services - Studio photography - Training centre - Rural park - Education services centre - Internet centre, Internet network - Solar maintenance workshop - Training centre for youth - Electric wiring and solar power systems - Adult education centre - Music, movies, computer games and apps download centre - Community based gym 	<ul style="list-style-type: none"> - Tailoring - Hairdressing and beauty - Rural clinic for women and children - Patterns and henna - Rural pharmacy - Training centre for women - Internet cafe for women - Photography studio for women - Small private school - Translation centre - Women's centre - Embroidery - Adult education centre - Music, movies, computer games and apps download centre - Electronic and solar maintenance workshop
		Production & Handicrafts	<ul style="list-style-type: none"> - Pottery making - Weaving fronds - Sweets and cake making - Ice making - Recycling (plastic and clothes) 	<ul style="list-style-type: none"> - Sweets and cake making - Incense and local perfume making - Weaving fronds - Organizing collars of Arabian jasmine - Jam jelly making
		Agriculture	<ul style="list-style-type: none"> - Livestock (goats and sheep) - Beekeeping - Flower growing - Agriculture service centre - Veterinary clinic - Henna growing - Growing high value crops such as medicinal plants, spices and essential oils 	<ul style="list-style-type: none"> - Livestock (goats and sheep) - Poultry - Flowers growing - Growing high value crops such as medicinal plants, spices and essential oils

Governorate	District	Business Group	Type of business		
			Male		Female
Hodeidah	Al-Zuhrah	Trade	<ul style="list-style-type: none">- Grocery shops- Vegetables and fruits shop- Clothing and shoes shop- Books and stationery shop- Electric shop- Veterinary clinic- Electronic devices shop	<ul style="list-style-type: none">- Fuel selling- Cold water and ice shop- Honey and sesame oil shop- Cement shop- Pharmacy- Motorcycle spare parts shop- Firewood selling	<ul style="list-style-type: none">- Clothing and accessories shop- Selling incense and local perfumes- Selling housewares- Books and stationery shop- Beauty tools selling- Sale of calling cards
		Services	<ul style="list-style-type: none">- Sport club- Restaurants- Cafeterias- Cellphone repair workshops- Mechanic workshop- Motorcycle drivers- Water desalination plant- Studio photography- Internet centre, Internet network	<ul style="list-style-type: none">- Solar maintenance workshop- Youth training centre- Electric wiring and solar systems- Adult education centre- Music, movies, computer games and apps download centre- Community based gym	<ul style="list-style-type: none">- Tailoring- Embroidery- Hairdressing and beauty- Patterns and henna- Internet cafe for women- Photography studio for women- Small private school- Women and children’s centre- Electronic and solar maintenance workshop
		Production & Handicrafts	<ul style="list-style-type: none">- Pottery making- Sweets and cake making	<ul style="list-style-type: none">- Recycling (plastic and clothes)	<ul style="list-style-type: none">- Incense and local perfume making- Sweets and cake making- Weaving fronds- Jam jelly making
		Agriculture	<ul style="list-style-type: none">- Livestock (goats and sheep)- Growing and selling vegetables- Beekeeping- Flower growing- Agriculture service centre	<ul style="list-style-type: none">- Veterinary clinic- Henna growing- Growing high value crops such as medicinal plants, spices and essential oils	<ul style="list-style-type: none">- Livestock (goats and sheep)- Poultry- Beekeeping- Henna growing- Growing high value crops such as medicinal plants, spices and essential oils

Distribution of micro-business opportunities among sectors

According to the analysis above, it is recommended to encourage youth to diversify their projects to meet market demand and preferences according to the following ratio: 30 percent of the new youth business should be trade, 24 percent should be services, 18 percent agri-business, 18 percent handicrafts and 10 percent production businesses (see *Figure 25*).



Providing youth and women with entrepreneurship knowledge and skills, and supporting them to establish their own business in these different sectors will have a positive social and economic impact in local communities. An increase in the number of micro-businesses will positively impact local economic growth and consequently help to reduce poverty and unemployment, and will promote social integration and cohesion in target districts, and provide an alternative to youth joining terrorist groups and armed militias.

Micro enterprises for women offer a number of particular advantages for rural women including flexible hours, and an employment opportunity close to their homes, which provides autonomy, independence and a reduced need for social support. In this sense, entrepreneurship stands as a vehicle to improve the quality of life of individuals, families and communities and to sustain a healthy economy and environment.

Table 15 above shows social enterprises opportunities that are most appropriate for youth and their communities, such as adult education and youth centres. Recent evidence indicates that social enterprises contribute to building sustainable rural communities. For example, youth economic empowerment clubs take an integrated approach to helping disadvantaged youth develop the skills, behavior and attitudes through group-based training and support services necessary to find work and contribute positively to their communities. Other models include business facilitation, which supports youth who want to start or strengthen their small business, by delivering business training and coaching, and supporting collective efforts to create an enabling local business environment.

Some Example of Social Enterprises:

Market Connector: The social enterprise facilitates trade relationships between beneficiaries (local producers) and new markets.

Market Intermediary: The social enterprise acts as an intermediary, or distributor, to an expanded market. The beneficiaries are the suppliers of the product and/or service that is being distributed to an international market.

Build small water purification stations in communities using off-the-shelf products. Initial funds to build it can come from communities themselves using cooperative business model or from NGO. While, ongoing costs to maintain and staff the water station come from sale of purified water to its beneficiaries, but at near break-even levels, costing almost nothing for the beneficiaries.

Efficient wood or solar stoves: Most of the women in the rural areas use firewood as main cooking fuel, which has negative affect of their health as a direct result of breathing in wood smoke on a daily basis. Therefore, build more efficient stove (wood or solar stoves) to attempt to solve this problem. Sell the stoves at or above market rate to those who can afford it, and use the money from the sale of the stoves to partly subsidize the cost for those who cannot afford it.

Market bundle: This social enterprise will empower local farmer groups and provides them with agricultural education, loans for planting materials, market training and marketing, as well as crop solidarity insurance.

Handcraft Enterprise: This social enterprise will work in the rural communities with female craft makers in particular to help them gain economic stability through the development of high quality, contemporary craft products. The enterprise is responding to a lack of mid to high-end contemporary craft products. It will work with female craft makers from rural communities to explore, develop and prototype new products with a product designer. The crafts will be marketed and sold to local and international consumers, and may would supporting by SMEPs. The profits will be shared with rural communities to provide women and their communities with economic stability. The enterprise will also aim to ensure the preservation of traditional skills and knowledge.

Seed funding: When asked how much money they would need to start up their business, 38 percent of youth said they needed between YR 200,000 (USD 800)⁽¹⁵⁾ to YR 300,000 (USD 1,200), while 22 percent needed more than YR 300,000 (USD 1,200), 22 percent needed YR 100,000 (USD 400) to YR 200,000 (USD 800), and 18 percent needed less than YR 100,000 (USD 400). In FGDs, some youth said they had some assistance and saving money, which would help them to start up their business when they were ready.

Most businesses listed in *Table 14* above required between YR 100,000 (USD 400) to YR 300,000 (USD 1,200) to establish and generate income. However, some businesses would need more, such as drilling water wells for drinking, squeezing and producing sesame oil and small private schools. In FGDs and interviews some youth confirmed they were willing to create a partnership to establish their business.

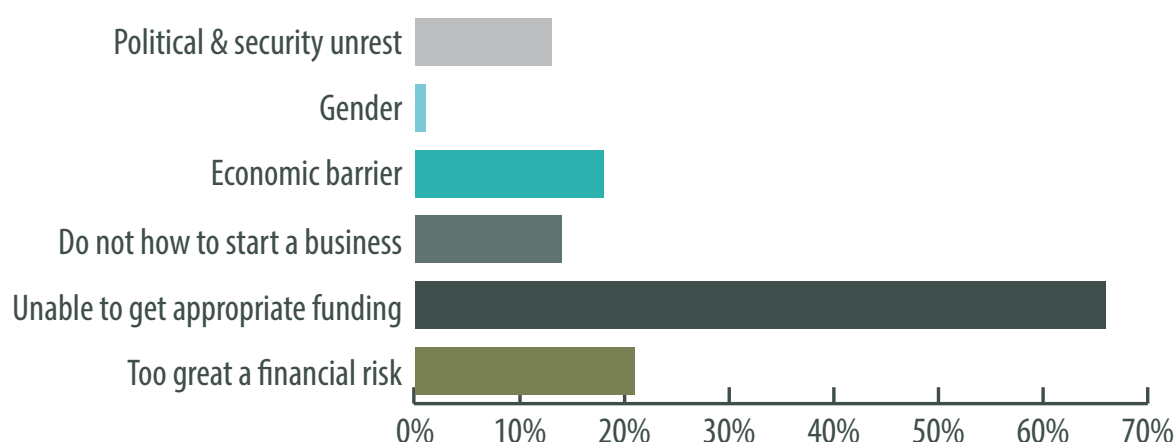
15 USD 1 = 250 Yemeni Riel

Value Chain Development: Assessment results found that some agriculture and non-agriculture sectors were underdeveloped. If they were developed and supported, they would generate good income for local people and create many job opportunities. These included: sesame oil, clay and ceramic pottery and Arabian jasmine sectors. For instance, sesame grows well in Aslam districts, and most of it goes to Abs city for squeezing and producing, as farmers in Aslam do not have resources or skills to do it in their area. Currently, even sesame oil producers in Abs are not benefitting because sesame oil is being squeezed and produced using old and inefficient technology, despite having a good market. If the value chain of these sectors were developed, they would have a positive impact for the all involved in target districts including farmers, producers and unemployed youth (new job opportunities), and consumers.

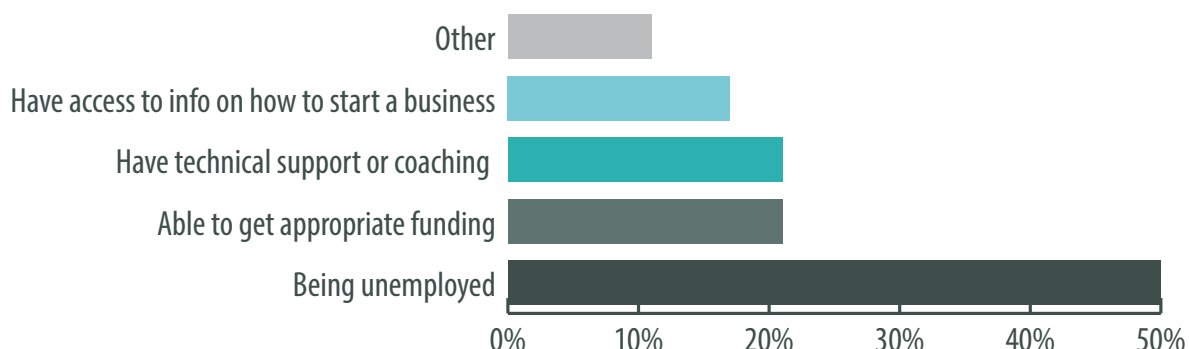
3.4. Potential pitfalls for new micro-businesses

Although many youth said they wanted to start a business, they had not done so for the following reasons: inability to obtain appropriate funding (66%: 41% female, 59% male), financial risk (21%: 33% female, 67% male), economic barriers (18%: 37% female, 63% male), do not know how to start a business (14%: 69% female, 31% male), political and security unrest (13%), or gender considerations (1%) (see *Figure 26*). Other reasons included lack of support from family, friends and local community, lack of access to information and market, and lack of confidence.

Figure 26: Reasons preventing youth from starting a business



Reasons motivating people to start a business included: unemployment (50%), appropriate funding (21%), technical support or coaching (21%), access to information on how to start a business (17%), and other reasons including good investment opportunity and family support (11%) (see *Figure 27*).

Figure 27: Factors encouraging youth to start a business

The assessment results found that 58 percent of respondents thought it would be difficult to start their own business; 22 percent thought it would be very difficult, and 20 percent thought it would not be difficult at all. When asked how easy they thought it would be to find capital for starting a business, 58 percent of respondents said it would not be easy at all, 33 percent thought it would be somewhat easy and nine percent thought it would be very easy.

According to FGDs, interviews and observation results, several potential pitfalls for new micro businesses in the targeted districts were identified: 1) inability to obtain appropriate funding; 2) deteriorated security conditions and challenging circumstances, mainly in Abs and Aslam districts; 3) economic barriers including high poverty and high inflation; 4) market volatility and high competition in traditional business activities; and lack of support from families and local communities, and 5) lack of access to reliable infrastructure (transportation, storage, electricity, etc.)

3.5. Entrepreneurship education

Availability of entrepreneurship education opportunities

This assessment found that 23 percent of youth respondents had received some sort of entrepreneurship skills training (52% in Hajjah and 48% in Hodeidah; 41% female and 59% male), while 77 percent had not.

Among those who had received training, vocational and technical skills training came first (41%), entrepreneurship skills training was second at 28 percent (20% female, 80% male), followed by life skills training (19%), marketing skills (17%), financial skills training (11%), and other training (4%). As for youth, 18-24 year olds had access to vocational and entrepreneurship training (54%), as did 41 percent of 25-34 year olds and five percent of 35-44 year olds. Analysis of the qualitative data (FGDs and key informant interviews involving youth and other stakeholders) reveals that a few youth received entrepreneurship-training skills Abs and Aslam districts conducted by CARE International.

In Hajjah, there are six government vocational training centres (including two in Abs). Hodeidah also has six government vocational training centres (including one in Bajil), which are used to provide training courses in mechanics, electricity, tailoring, computer and accounting. However, most of them have been affected by the conflict. There are a modest number of private sector and NGOs skills training providers offering training programs, particularly in computers, accounting, human resource management and

some soft skills in Abs and Bajil districts. According to interviews with MFIs who have activities in target districts, they conduct some short courses in hairdressing, tailoring, food processing, henna engraving and embroidery for their clients. Some international organizations such as CARE International have conducted training in entrepreneurship skills, life skills and vocational skills, and provided support services for youth and established youth hub centres in Abs and Aslam districts.

Training curriculum: In-depth interviews indicate that most entrepreneurship training curricula were developed and developed by international organizations (see *Table 16*).

Table 16: Organization and entrepreneurship training modules

Organization	Training Modules	Targeted group	Location
ILO	"Know About Business" (KAB) Entrepreneurship training	Students in vocational institutes	Different governorates
	"Mubadara" Entrepreneurship training	Graduate students in universities	Sana'a, Aden, Hadramaut, Hodeidah
UNDP Youth Economic Empowerment Project	"My First Business" Entrepreneurship skills (short courses)	Youth (18-30) Different levels of education	Sana'a, Aden, Taiz
CARE International	Soft skills, entrepreneurship	Youth (18-24)	Sana'a, Hajjah
CHF (Global Community) MENA YES Project	Vocational training (cosmetology, guarding, barber, cooking, nursing) Entrepreneurship, financial Literacy Soft-skills (short courses)	Youth (19-29) Low education levels	Sana'a
SOUL	Soft skills, entrepreneurship, computer (short courses)	Youth (15-24) Different levels of education and marginalized group	Sana'a, Aden, Taiz
IFC/World Bank	Business edge (SMEs training courses) Marketing, finance and accounting, soft skills, human resource management, Quality management (short courses)	SMEs owner and staff	Sana'a, Aden, Taiz, Hadramaut, Hodeidah
GIZ	Financial literacy (Short courses)	Youth Different levels of education	Sana'a, Aden, Taiz
Silatech	Entrepreneurship skills "Build Your Business program" (short courses)	Youth (15-30) who want to start up a business Different levels of education	Sana'a, Aden, Taiz, Hodeidah

Sources: Key Interviews.

Private sector training providers, especially in Abs and Bajil districts, are more market-oriented, and updated and adopted new curricula developed by international education centres, INGOs or local trainers.

Trainers: There is a shortage of qualified trainers in the financial literacy and entrepreneurship skills in all target districts. It is recommended that comprehensive Training of Trainers (TOT) programs be conducted for potential trainers who have good training experience.

Access barriers to skills training

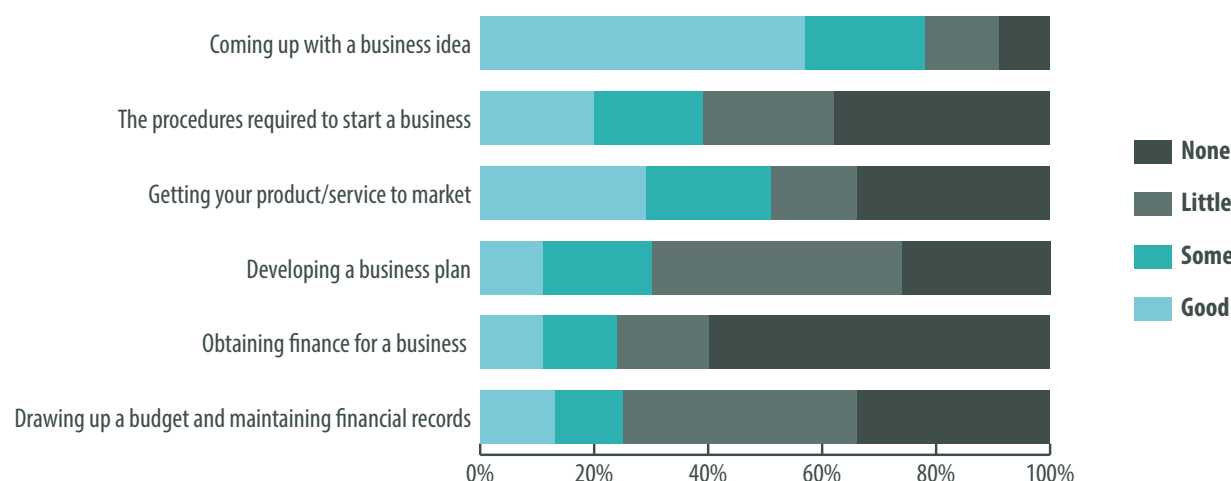
The study found among those who had never received any training, 65 percent attributed this to lack of opportunity, 24 percent cited economic barriers, 21 percent said it was due to lack of information, 17 percent said training needed was not available, eight percent cited political and security unrest, six percent said they lacked time and four percent cited ethnic barriers preventing them from receiving any kind of training.

During FGDs and in-depth interviews, the following barriers to entrepreneurship skills training were identified: poor financial capability among young people, affordability of training fees and travel costs; lack of encouragement by family and the local community (due to culture); lack of entrepreneurship awareness; and geographic barriers, especially for women living in Aslam and Al-Zuhrah districts, where most of them were unable to go to a city to participate in education or training.

Among the most vulnerable groups, such as marginalized group *Muhamasheen*, the key access barriers to entrepreneurship skills training were the same as were mentioned above plus: extreme poverty; discrimination; unequal access to training opportunities; and lack of motivation.

3.6. Business and financial skills and knowledge among youth

Figure 28 shows that 57 percent of youth respondents believed that they had “good” skills to come up with business ideas (41% female, 59% male); 21 percent said they had “little or none”. When disaggregated by education level groups, 86 percent of respondents who had a vocational diploma were optimistic about their ability to come up with business ideas, 78 percent with university degrees also believed they had good skills to generate a business ideas, 57 percent of high school graduates felt they had good skills, while most respondents with elementary school level education, those who could read and write and those who were illiterate believed they had low or no skills to generate business ideas. However, the majority of respondents (60%) believed they had “none” or “little” knowledge about the actual procedures required to start a business. The majority of respondents also said they had “some”, “little” or no knowledge of how to get a product/service to the market, develop a business plan, budget, keep financial records and obtain finance. This shows that there is a lack of business skills across all age groups where business functions are concerned (see *Figure 28*).

Figure 28: Business knowledge and skills among youth

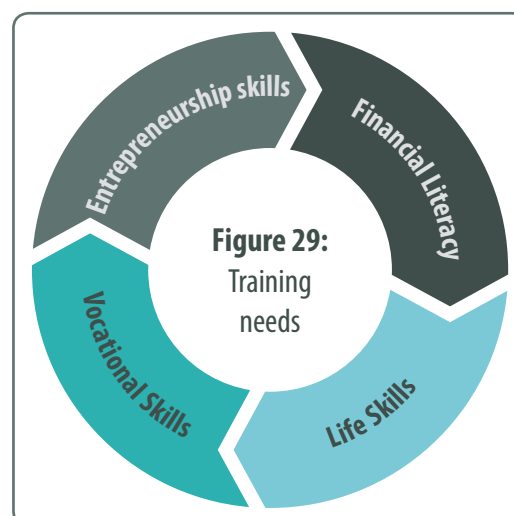
3.7. Training needs

More than 91 percent of youth respondents expressed a desire to have training to start up their enterprises if given the opportunity (46% female, 54% male). This was echoed in FGDs; all participants said they wished to have a training opportunity to enhance their knowledge and skills to establish a business.

Respondents were asked what type of training they would need to start up their businesses (they could select more than one training need). Among those who wished to have training, 74 percent wanted entrepreneurship skills training, 43 percent requested marketing skills training, 25 percent wanted life skills and leadership training, 23 percent requested financial literacy training, and 16 percent listed vocational skills training.

During FGDs and in-depth interviews, training needs identified were almost the same in all target districts:

- **Life skills:** self-confidence, self-awareness, communication, time management, self-marketing, leadership, influencing, creativity and innovation, social inclusion and self-planning;
- **Entrepreneurship skills:** introduction to entrepreneurship, marketing (using social media), finance skills, planning;
- **Financial literacy;**
- **Vocational skills:** for females: tailoring, hairdressing and beauty, sweet making, incense and perfume making, food processing, as well as solar PV systems installing and maintenance, while for males: motorcycle repair, solar PV systems installing and maintenance, electric wiring and recycling.



During interviews with trainers, SFD, international NGOs and local NGOs providing support to youth, it was felt that people in rural areas (mainly youth) lacked life skills, such as self-confidence, self-awareness, communication skills, time management, self-marketing, leadership, influencing, creativity and innovation skills. They recommended that before any entrepreneurship training or any other intervention, target youth should undergo to special training in life skills to help them build confidence and start thinking positively.

Recent evidence indicates that life skills training has a positive impact on target youth, including in gaining a better understanding of themselves; increasing their sense of responsibility towards putting what they have learnt into practice; being more positive about the future; an improved ability to face and solve problems and placing greater value in self-employment. In addition, entrepreneurship skills training also encourages youth to establish their own sustainable businesses that provide products, services and livelihood opportunities for low-income communities in target districts.

3.8. Support Services that enable entrepreneurship

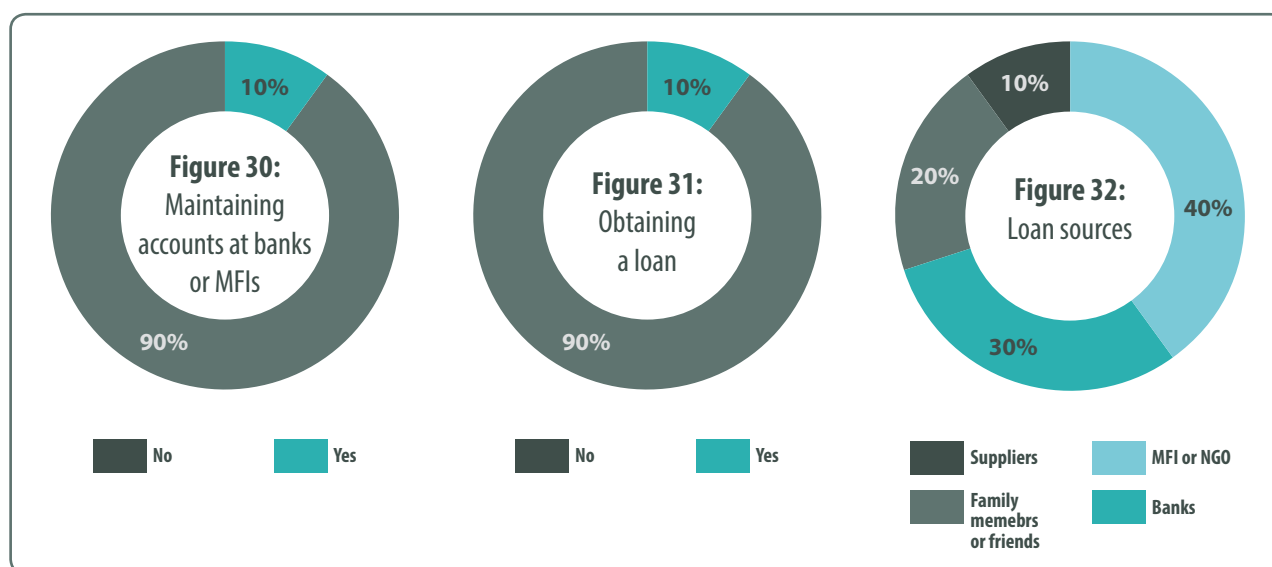
Support services that enable entrepreneurship in Yemen are very limited. There have been some attempts by INGOs, NGOs and local agencies to provide support services, however it is happening at a very small scale. In Abs and Aslam districts there are youth entrepreneurship hubs, which were established and supported by CARE International in 2015, but they are not active due to lack of financial resources and insecurity. This assessment did not find any support services that enable entrepreneurship in Bajil and Al-Zuhrah.

3.9. Seed funding accessibility

Survey findings indicate that only 10 percent of youth respondents maintain accounts at banks or MFIs (30% female and 70% male; 80% in Hodeidah and 20% in Hajjah), while 90 percent do not (see *Figure 31*). This ratio suggests that most young people have no dealings with the financial sector.

Access to loans: Based on the assessment findings, 10 percent of respondents had loans (55% in Hajjah, 45% in Hodeidah), while 90 percent did not (see *Figure 32*). Among those who had loans, females represented 30 percent and males 70 percent. More than 55 percent of borrowers fell within the 25-34 age group, 30% were between 18-24 and 15% were between 35-44. Over 65 percent of those who had loans were either university or high school graduates, compared to less than 20 percent of elementary school graduates or those could only read and write. Based on this analysis, young people who are better education and older in age seem more willing to seek loans compared to others.

Loan Sources: Among those who had loan, 40 percent obtained theirs from MFIs or NGOs (38% female, 62% male), 30 percent from a bank (20% female, 80% male), 20 percent had informal loans from family members or friends (50% female, 50% male), and 10 percent were provided by suppliers or other local people (see *Figure 30*).



Above ratios reflect the status of the financial sector in Yemen, where the vast majority of people do not use formal financial services (6%) (CBY, 2014). However, the microfinance sector has witnessed rapid growth over the last five years, from around 30,000 active borrowers in 2007 to over 85,312 active borrowers end of May 2015¹⁶. Ratios also reflect that Yemeni females prefer to obtain loans from their family members and friends rather than approaching banks or MFIs.

The study found that there are three MFIs operative in Hajjah Governorate: two have branches in Abs district (Al-Amal Microfinance Bank and the National Microfinance Foundation), while there were no MFIs in Aslam district. In Hodeidah Governorate there were four MFIs: two had branches in Bajil district (Al-Amal Microfinance Bank and Tadhamon Microfinance Program), while there were no MFIs in Al-Zuhrah. They provide different microfinance services such as loans, saving, and transferring money. In addition, almost all MFIs offer Islamic microcredit services, *Murabahah*, which offers conventional microcredits.

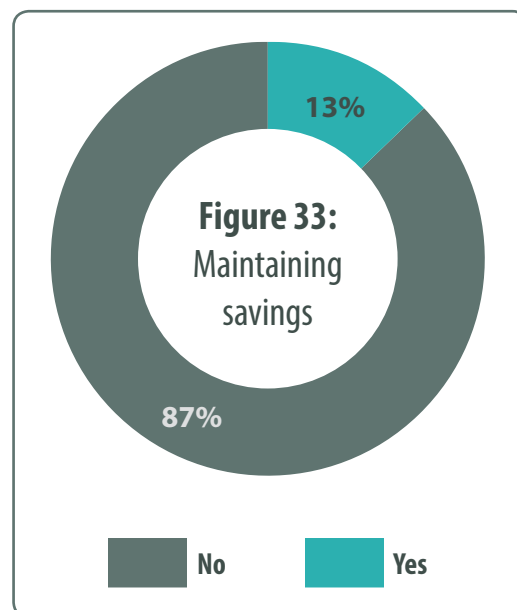
Al-Amal bank provides micro loans in rural areas but it faces many challenges, such as high operation costs, poor infrastructure (roads network), and financial illiteracy among people live in rural areas.

In depth interviews and FGDs identified many reasons why youth could not obtain loans to start up their own businesses. The most common reasons were lack of appropriate collateral, lack of information, interest rates and religion-based barriers. Only Al-Amal bank provided loans for small scale start-up enterprises, Other MFIs avoided giving loans for start-up enterprises due to the high risk, lack of appropriate collateral and the current political and security unrest.

Saving: Only 13 percent of respondents maintained savings (50% female, 50% male), while 87 percent did not. Of those who had savings 67 percent were in Hodeidah and 33 percent in Hajjah, particularly in Abs district (see Figure 33). During FGDs and interviews, the main reasons given for low levels of saving were lack of income, high unemployment, high inflation and having too many other needs, particularly in the last year due to deteriorated security conditions and challenging circumstances.

16 Yemen Microfinance Network (2015), Microfinance in Yemen, Hopes vs. Reality: https://www.microfinancegateway.org/sites/default/files/publication_files/microfinance_in_yemen_-_impact_of_war_ymn_july_2015.pdf

The finding indicates that 57 percent of respondents preferred home saving (47% female, 53% male), 23 percent preferred banks (50% female and 50% male; 17% in Hajjah and 83% in Hodeidah), 13 percent preferred MFIs and six percent had savings with their friends or family members. Based on the interviews and FGDs, youth preferred home savings; most of them avoided having savings in banks or MFIs due to lack of access to banking and MFIs services and a lack of financial literacy, particularly in Aslam and Al-Zuhrah districts. MFIs interviewed offered compulsory and optional savings. MFIs and banks were accessible only in big districts such as Abs and Bajil, and absent in Aslam and Al-Zuhrah.



3.10. Policy/supportive environment for youth entrepreneurship

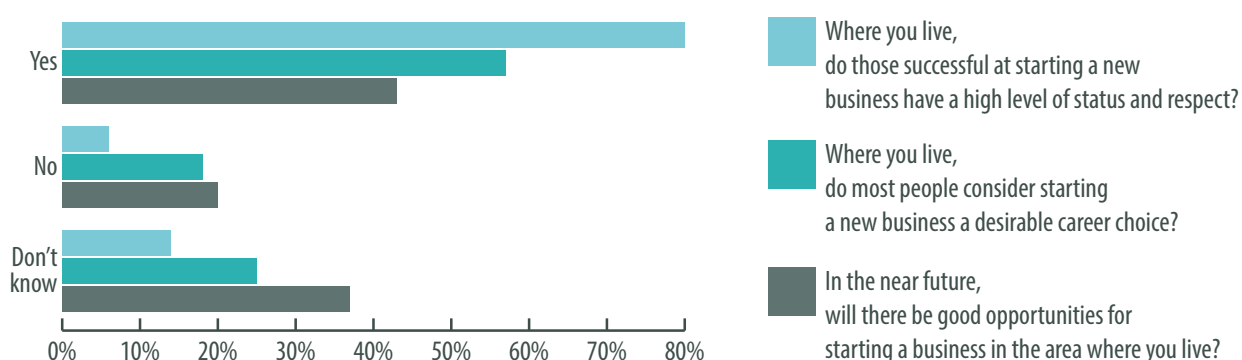
Based on in-depth interviews with official government and local council members as well as FGDs on the role of the government to support youth, most respondents believed that government support was very limited or non-existent. However, some government representatives said that one of the objectives of the National Youth Employment Action Plan 2014-2016, set up in 2013, was to foster entrepreneurial culture among youth by targeting 2,000 young people annually. The plan also focuses on small and medium projects from selected sectors (agriculture, fisheries, building and construction, food processing, quarrying), providing institutional support and negotiating skills, and seeks to increase access to funding and business development services affected by conflict.

Moreover, Hajjah governorate has developed a Youth Strategy 2014-2018, supported by CARE and approved by the Governor in the end of 2015, which aims to enhance the capacity among young people to start up enterprises.

3.11. Perceptions and attitudes around youth entrepreneurship

The private sector in Yemen is made up primarily of micro and small enterprises and is underdeveloped, poorly diversified with a predominantly male presence. The assessment finding indicated that 43 percent of respondents were optimistic and expected that in the near future, there would be good opportunities to start a business in their district (42% female, 58% male), whereas 56 percent were not optimistic or did not know.

Almost 57 percent of respondents thought that most people in their area considered starting an enterprise a desirable career choice (40% female, 60% male), while 80 percent believed that youth who were successful at starting their businesses enjoyed a high level esteem and respect (44% female, 56% male) (see *Figure 34*).

Figure 34-1: Perceptions and attitudes around youth entrepreneurship

Furthermore, 55 percent of respondents said it was more difficult for youth in Yemen to start a business compared to older persons. A considerable majority of the respondents (75%) believed that most youth who started their own businesses had to work too hard for little in return. More than 78 percent believed that earning a good income required having a formal education, while 67 percent felt that even with a good educational background, it was difficult to earn a decent living. Interestingly, 51 percent believed that working for the government was the best way to earn a good living, which reflects the dominant culture among Yemenis, who prefer to work for the public sector because they think it is more secure and less stressful. Nevertheless, this percentage was less as was expected. Moreover, 63 percent of respondents thought young men were more likely to start a business compared young women; 51 percent did not believe that young men and women were equally successful when it comes to starting up a business. Sixty-five percent felt young women in Yemen were disadvantaged in starting a business due to religious/cultural beliefs (see *Figure 35*).

Figure 35-2: Perceptions and attitudes around youth entrepreneurship

Conclusions and Recommendations

The market assessment results found that the most in-demand goods and services in target districts were food commodities, clothes and footwear, handicrafts, electronic devices, agriculture toolkits, restaurants and coffee shops, tailoring, repairing and maintenance, hairdressing, and motorcycle and medical services. The majority of goods and services in target districts had low levels of satisfaction for different reasons including lack of supply, poor quality, high costs and poor customer service.

The findings note that an agriculture-based economy exists in all target districts. The present market structure in most of target districts mostly comprises of micro, small and medium sized enterprises, mainly in trade, services and handicrafts, which represent 71 percent 22 percent and seven percent respectively. All markets in target districts have almost the same characteristics. Food and meat commodities, clothes and footwear, furniture and household goods, equipment and machinery, handicrafts, electronic products and pharmaceuticals were the main goods in the markets. The main services were restaurant/coffee shops and fast food, repair services, animal rearing transportation services motorcycles, tailoring and embroidery services, hairdressing and beauty, craftsmen's services and medical services.

Findings from the consumer survey/ interviews were combined with market opportunities survey/ interviews and qualitative research to determine the goods and services that are absent from or flooding markets. Those almost absent included financial services, solar energy system maintenance, clothes laundering, locally processed food and computer and business services, internet services and display centres for local handicrafts. Those flooding markets were vegetables, cut fruit or vegetables workers, wood, sand or straw collector and construction workers.

The business sector overall faces many challenges including insecurity, a weak enabling environment, and a lack of basic infrastructure, financial services, information and skilled workers.

Youth unemployment in Hajjah and Hodeidah is high, and the level of engagement in entrepreneurial activity is low. The majority of youth respondents in the study expressed a willingness to start up a business as a way to create sustainable economic opportunities, especially in current context. The main constraints faced by youth in starting up a business and securing sustainable self-employment are lack of appropriate funding, high financial risk, economic barriers, lack of access to skills training and a lack of support services. Education in Yemen is not adequate to prepare youth with the skills required to be self-employed, and access to the necessary knowledge and skills for enterprise is very limited and absent in all target districts.

The majority of youth enterprises in target districts were trade and services, with some business in handicrafts and agriculture. The study results indicated that the majority of in-demand and preferred youth enterprises in target districts were trade (selling food commodities, clothing and shoes shops, selling electronic devices, selling fuel and water, sweet shops and selling incense and perfume), services (rural clinics, restaurants/coffee shops, mechanic workshops, computer and business services, solar energy maintenance workshops, hairdressing and beauty, tailoring and embroidery, patterns and henna, and rural pharmacy), handicrafts and agriculture (pottery making, weaving fronds, making sweets, making ice, recycling and making incense and local perfume), and agriculture (livestock, fisheries and beekeeping). Most businesses required between YR 100,000 (USD 400) to YR 300,000 (USD 1,200) to be established and generate income.

The assessment results found that some agriculture and non-agriculture sectors are underdeveloped, such as sesame oil, clay and ceramic pottery, honey and Arabian jasmine sectors. If developed and supported, they could generate good income for people and create job opportunities.

Several potential pitfalls for new micro businesses in target districts included: inability to obtain appropriate funding; deteriorated security conditions and challenging circumstances, mainly in Abs and Aslam districts; economic barriers including high poverty levels in target districts and high inflation; market volatility and high competition in traditional business activities; and lack of support from family and local communities and lack of access to a reliable infrastructure (transportation, storage, electricity).

Training needs identified included life skills (self-confidence, self-awareness, communication, time management, self-marketing, leadership, influencing, creativity and innovation, social inclusion and self-planning), entrepreneurship skills and financial literacy, and some of vocational skills (solar power system maintenance, motorcycle repairs, making incense and local perfume, tailoring and embroidery, making sweets and cakes, and recycling).

Recommendations

Based on the findings of this market assessment, the following recommendations are made:

1. Create and implement an integrated project including:
 - Support services linking target youth to microfinance, mentoring and advisory service providers;
 - Entrepreneurship enabling environment: enhancing the link between youth entrepreneurs and stakeholders and creating a youth entrepreneurship network in target districts;
 - Integrated 3X6 approach to improve effectiveness and efficiency. For instance, some cash-for-work activities could have been implemented in marketplaces, to generate awareness and recognition of the project among vendors.
2. Develop rigorous selection procedures, including an independent selection committee, ensuring that the most vulnerable people such as women, unemployed and youth and *Muhamasheen* benefit from the intervention;
3. Entrepreneurship training focusing on youth micro-business opportunities. Emphasis should be given to customer service and improving the quality of goods and services provided by youth;
4. Build on what already exists. Findings show curricula/training manuals have been designed and developed by international organizations and NGOs for youth entrepreneurship, including by ILO, CARE, GC and SOUL. Review these and identify what, if any, additional curricula needs to be developed;
5. Partner with government, local councils, community leaders and the private sector, to build on what these actors can offer to assist and coordinate the work of the project team and implementing partners;
6. When designing and implementing training courses and support services, take into consideration the sensitivity of women's situations, particularly the type of cash-for-work, venue of training and duration of the training program;
7. To ensure sustainability of interventions, enhance linkages between youth entrepreneurs and stakeholders, and create youth entrepreneurship networks in target districts. This encourages informal learning and provides the collective power that may be required to reach out to new markets.
8. Provide gender-sensitive capacity building for project staff, trainers, mentors and implementing partners to better understand gender-based differences in approaching entrepreneurship and self-employment. Women are an integral part of project activities and are beneficiaries. For example, women's entrepreneurial activities are often home-based and grow at a slower pace than men's. Women may require additional market and entrepreneurship skills training compared to men, as they may not have undertaken any business activities previously.
9. Develop apprenticeships and build links with the private sector for youth to practice their skills in the real market, enhancing their professional confidence and competitiveness for self-employment;
10. Establish a peer education mechanism that encourages youth who benefited from training and support services to share their knowledge, skills and experience among their peers;
11. To enhancing the sustainability of the project, engage the whole range of stakeholders, including community members, local and national government, MFIs and private sector;
12. Encourage local production of goods that are currently being imported, particularly fruits and vegetables. This would also reduce the price and the expense of transportation, which would, in turn, make local products more competitive and improve food security within the target districts;

13. Allocate adequate time to promote project activities in order to enhance the quality of selection and identify most in-need target groups;
14. Conflict sensitivity and prevention capacity building for stakeholders, including participants, project team and implementing partners to ensure the success of the project;
15. Further to point 14, a training of trainers (TOT) workshop on conflict sensitivity and prevention for targeted individuals to ensure sustainability and transfer of knowledge;
16. Consider extending project's preparatory phase to carry out a robust outreach activity in target districts for orientation on the project objectives and 3X6 approach, as well as mobilizing community support for the intervention;
17. Encourage youth to use social media, such as creating Facebook or WhatsApp groups to networking or promote their goods and services.

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