

Syria Non-Food Item (NFI) Market Assessment and Environmental Analysis: Executive Summary

March 2024

The goal of the Syria Non-Food Item (NFI) Market Assessment and Environmental Analysis was to provide decision-makers with the feasible scale and geographic scope of potential cash-based interventions for critical NFI items in key governorates of Syria. The assessment provides insights into which NFI items can be significantly or partially scaled up through cash-based interventions, and those that cannot without complementary interventions in support of market capacities.

The assessment evaluated the feasibility of scaling up cash-based response with a strong focus on environmental implications. Specifically, it examined the carbon footprint and life cycle cost of priority items in the current response package, considering factors such as the reuse, recycling, and disposal of provided items.

Although this project was designed to support the Syria NFI Sector with these outputs, it should be noted that the methodology used was a pilot intended to develop ways to integrate environmental considerations into market assessment and analysis, therefore various tools were developed, with a view that they can be adapted for use in other contexts.

The **Market Assessment** in Syria was conducted between July and November 2023. It was conducted in two phases, the first focused on understanding the NFI preferences and priorities of households; modalities and accessibility of markets; gathered through 88 Focus Group Discussions (FGDs) and 137 Key Informant Interviews (KIIs) with the affected populations in 11 governorates¹. Households consulted were primarily previous recipients of NFI assistance, which was intentional so they could comment on the quality of distributed NFIs and compare with those available in local markets.

The second phase of the assessment collected information from supply-side market actors, specifically 448 vendors across 10 governorates², to evaluate the current market conditions for NFIs. This included availability, supply, price trends, market structure, and potential supply response if cash were provided to participants for NFI purchases. The NFIs assessed in this phase were informed by the priorities expressed by households during FGDs and KIIs in phase 1, as well as the NFI sector's priorities.

In addition to market information, the assessment gathered information for conducting **environmental impact analyses** of both in-kind items sourced by UNHCR and other partners, as well as for locally available alternatives. The Project developed a carbon assessment tool, and an environmental scorecard in order to assess different factors that impact the environmental footprint of different NFI items. The scorecard considered a range of factors including carbon footprint assessment; lifespan; cost; possibility of re-use and re-purposing; possibility of environmentally sound disposal at end of life; number of individuals who would benefit from the use of the item; possibility of repair; and possibility for sustainable energy use (for heaters only). Environmental scorecards were produced for four items – Mattresses, Blankets, Plastic Sheets, and Heater – though the methodology can be replicated to other items. Data for the scorecard was gathered through a) direct consultation with UNHCR and partners on in-kind items, b) FGDs conducted during the market assessment to understand quality, durability, re-use and re-purposing practices and c) vendor survey during the market assessment to enable calculation of the carbon footprint for locally available alternatives in local markets. The intention of the scorecard was to provide a 'good enough' idea

¹ Aleppo, Al-Hassakeh, Ar-Raqqa, As-Sweida, Dar'a, Hama, Homs, Lattakia, Quneitra, Rural Damascus, Tartous

² Aleppo, Al-Hassakeh, Ar-Raqqa, As-Sweida, Dar'a, Hama, Homs, Lattakia, Quneitra, Tartous

of the drivers of environmental footprint with a view to identifying potential impact-reducing measures depending on the modality of assistance implemented.

The assessment results should be considered with the following **limitations** in mind: 1) Household respondents had previously received mostly in-kind NFI support, and this may have influenced their responses regarding priorities and preferences for NFI assistance; 2) the assessment was conducted after a number of years of large scale NFI assistance which has undoubtedly impacted market capacities due to reduced need to respond to demand; 3) the assessment was originally intended to be piloted in 1 or 2 locations, before replication, but due to various reasons was simultaneously rolled out across 11 governorates – this meant the planned resourcing for the assessment was not in line with what was required, resulting in delays and the consultants leading the assessment having to mobilize additional resources to support analysis; 4) the assessment covered only a sample of market places in targeted sub-districts, and therefore cannot be considered representative at country level – NFI partners should still consider localized rapid assessments to validate results and planned modalities prior to any intervention; 5) the assessment was managed remotely by a team of consultants which was not time efficient and further impacted ability to analyze data having not participated in the data collection directly.

The following is a summary of the **Key Findings** of the assessment, and recommendations for the NFI sector going forward:

Based on the assessment results, the scale up of cash assistance for NFIs in Syria appears feasible. No significant issues were identified that would prevent the use of cash-based approach to meet NFI needs. However, there are a few caveats that should be considered. For some items, such as solar lamps procured by UNHCR, there are no suitable alternatives available on the market. The value of cash transfers should be sufficient and based on the sector guidance on minimum cash transfer values for individuals/ HHs to purchase items of equivalent quality locally. Additionally, transfer values should account for transportation costs, which are especially significant for bulkier items such as mattresses or more remote locations. Lastly, it is crucial to establish consistent market price monitoring to allow transfer values to adjust with seasonal or inflationary price changes.

The assessment also revealed other interesting insights. The responses about needs, gaps, concerns, and preferences were very disparate across different demographics, while responses about market conditions did not differ so much. The differences were influenced by the living arrangements of respondents, that is, whether they live in camp settings, tents or housing, their proximity to the markets, and if they live in urban or rural areas.

This variability affected how people used NFIs they received in-kind and has contributed to the observed tendency to repurpose items to fit varied needs (e.g., use of blankets to insulate tent walls instead of for the intended objective of “enhancing personal warmth”).

These findings suggest that market-based programming could be an effective strategy to address diverse needs, as opposed to a standardized in-kind package.

In addition to addressing immediate needs, in the long run, market mechanisms, such as price signals, work to allocate resources to where they are most needed, thus contributing to resilience and sustainability.

The **priorities for Non-Food Items** (NFIs) are not significantly different based on gender or vulnerability group. Respondents prioritized items such as mattresses, blankets, kitchen items, solar lamps, and plastic sheets. The needs and priorities were often influenced by the living arrangements. For example, the needs of those living in tents, or camp settings vary from those who are renting or living in partially damaged

housing. Respondents, especially FGD participants, focused on primary intended uses of products requested, rather than specific discreet products specified by the NFI Sector.

When it comes to the **modality of assistance**, most respondents expressed a preference for in-kind assistance, except for clothing where cash assistance was preferred. However, a significant minority still prefer cash across all priority items. The generally acceptable quality of items distributed in-kind, juxtaposed with the inconvenience of transportation (especially for bulky items) and concerns about affordability in the local market, were the main reasons for the preference for in-kind. The unique nature of some items distributed in-kind, such as UNHCR's solar lamps, was also cited as a reason. Very few households expressed a preference for vouchers, as they remove the convenience of in-kind assistance (transportation, price stability), while not fully extending the benefits (flexibility) of cash assistance.

Market access is not considered a significant issue for household respondents, including elderly and disabled individuals. All households are accessing markets to meet their needs, and all reported accessing multiple marketplaces. However, affordability and transportation costs were identified as obstacles to access, especially for larger and bulkier items such as mattresses. This indicates that financial (affordability, transportation) rather than physical obstacles are the main barriers to access.

Availability of NFIs does not appear to be a major concern, based on the responses of both households and vendors. Only a very small number of vendors reported shortages in the last year for some items, and only in some sub-districts. Vendors did not indicate any issues with maintaining sufficient stocks, and for those that reported having reduced stocks, this was related to low demand due to affordability rather than supply issues.

Quality of items available in local markets is generally considered acceptable, though for items such as UNHCR's solar lamps, respondents expressed there is no equivalent on the local market. Across all items, 61% of vendors were observed by enumerators to be selling items that are equivalent to the NFI cluster specification.

Prices were generally considered high, with seasonal price increases across most items, particularly during winter.

Market actors are generally considered to have the **capacity** to meet increased demand for NFIs, if cash assistance was to be provided to the affected population. Vendors believe they can increase their supplies, and they do not foresee any major challenges in doing so.

Environmental impact:

- There are multiple alternative types of each NFI available on local markets, making the environmental calculation for locally available alternatives limited in use when informing modality decisions (as ultimately, if cash is provided households can purchase any of these available types, each of which will have a different environmental footprint).
- However, the environmental assessment of the four items considered (mattress, blanket, plastic sheet, and heater) did reveal a varied picture in terms of whether the overall environmental footprint was higher for in-kind items sourced by UNHCR vs locally available alternatives.
- Component materials have the biggest impact on carbon footprint of NFI items. Transport contributes to a relatively small proportion, regardless of whether it is imported or produced locally. (Note: None of the NFI items in this study uses air freight.)
- At country level or field level, it may not always be possible to control the supply of the NFI items, but it may be possible to manage the impact. With information from the scorecard, it is possible to identify where the impacts can be managed. For example, to improve the score of an NFI item,

the specifications can be changed to extend the usable life, or if the repair or re-use of a particular type of plastic sheet can be promoted through bringing in tools and skills.

- Generally, the environmental analysis should not be considered as the main driver of modality decisions but can be used as a tool to identify potential ways that environmental impacts can be mitigated with each modality of assistance.
- The environmental assessment was done remotely by the GSC Consultant without adopting the recommended panel approach to the scorecard rating process. Due to challenges during market assessment, there were limitations on what information could be collected. These factors should be taken into consideration when adapting the tools and findings into NFI environmental assessment in other contexts.

Conclusions and Recommendations

The study provides valuable insights into the preferences of the affected population in Syria and the capacity of market actors to maintain functioning markets for non-food items (NFIs). It reveals that there are no significant barriers to market access in terms of availability, security, or physical access. Instead, the main issue is affordability due to lack of income and high and rising prices.

Uncertainty due to ongoing conflict and sanctions significantly influences the preferences of the affected population, particularly their preference for in-kind modality. They express concerns about cash assistance not keeping up with volatile price changes or additional costs such as travel or transportation of bulkier items.

However, the study also shows the existence of functioning markets that can meet the needs of the affected population. These markets are negatively impacted by in-kind intervention, which could potentially harm and distort the markets, reduce resilience and sustainability.

Given these findings, the study **recommends** NFI actors in Syria should consider using cash assistance to address priority NFI needs of households. It emphasizes that markets are functioning and are sufficiently developed to respond to increased demand from potential cash interventions for NFIs. It also recommends a switch to a cash-based intervention to address the diverse needs across various demographics and to fuel growth and strengthening of market capacities.

The study also suggests that NFI partners providing cash assistance should continue to undertake market monitoring to understand any potential impact of cash assistance in local markets, and to inform transfer values. Furthermore, coordinating with other actors to ensure other basic needs are covered alongside NFI needs would support households to fully utilize cash assistance for the intended purposes.

Lastly, the study encourages NFI partners in Syria to conduct localized rapid market assessments to confirm the availability of priority NFIs in their target areas prior to making any modality decisions.

Key Takeaways

1. The following items can be monetised at the governorate level with key limitations on the inference being: the table below does not reflect complete list of items prioritised by households and sampling for household and market survey is not representative. Thus, conclusion is, scope for scaling up of NFIs monetisation exits subject to further assessment to understand the availability of quality items and preference on modality i.e., either cash or in-kind provision, of vulnerable population in targeted locations.

#	Governorate	Potential items for monetisation	
		Group 1 [Items prioritised by HH and available at recommended ³ quality and scale in local marketplace]	Group 2 [Items prioritised by HH but prefer to receive as in-kind. Local vendors note availability of sufficient alternatives at recommended ³ quality]
1	Al-Hasakeh	Sleeping mat	Mattress and winter clothing
2	Aleppo	Cooking/ kitchen set	Solar lamp
3	Ar-Raqqa	Winter clothes	High thermal blankets
4	As-Sweida	Winter clothes, jackets, and cooking/ kitchen set	Solar lamp
5	Dará	Winter clothes, jackets, and heater	
6	Hama	Mattress, cooking/ kitchen set and solar lamp	Sleeping mat, winter clothes, heater and
7	Homs		Mattress, sleeping mat, heater, and cooking/ kitchen set
8	Lattakia	Winter clothes, jackets, and cooking/ kitchen set	High thermal blankets, heater, and plastic sheet
9	Quneitra		Heater and solar lamp
10	Tartous	Winter clothes and jackets	Mattress, sleeping mat and high thermal blanket

2. Affordability, not availability, is the main barrier to market access for the affected population in Syria.
3. Uncertainty due to conflict and sanctions influences the preference for in-kind modality.
4. Functioning markets exist that can meet the needs of the affected population but are negatively impacted by in-kind interventions.
5. The study recommends the use of cash assistance to address priority NFI needs and to fuel growth in market capacities.
6. Regular market monitoring, coordination with other actors, and localised rapid market assessments are recommended for effective NFI assistance.

³ As per the standards defined in the sector guidelines and their alternatives.