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SMALL AND MEDIUM-SIZED ENTERPRISES DAMAGE ASSESSMENT:

YEMEN

(SANA'A CITY AND SUBURBS)



REGIONAL OFFICE FOR ARAB STATES

SMALL AND MEDIUM- SIZED ENTERPRISES DAMAGE ASSESSMENT: YEMEN

(SANA'A CITY AND SUBURBS)

By



Afcar for Consultancy

www.afcar.net

Sana'a, Republic of Yemen

International Labour Organization
Regional Office for Arab States

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The General Federation of Yemeni Chambers of Commerce (FYCCIA) and Sana'a Chamber of Commerce (SCC) have the pleasure to present the results of the Damage and Needs Assessment (DNA) on Small and Micro Enterprises (SMEs) in Sana'a city and the close suburbs. The overall objective of the assessment is to measure the extent of damage incurred to the SCC building, in addition to the most affected MSEs in Sana'a City and its suburbs.

The survey was carried out by the AFKAR Consultancy Firm, with the technical and financial assistance of the International Labour Office (ILO) – the Employers Activities (ACTEMP). The DNA Report generated representative data on damage occurred on SMEs sector, including physical and non-physical damage, as well as recovery plan for selected 100 enterprises. The survey also provides information on revenues, number of employees per enterprise, the coping strategy and urgent required support to recover and resume operational. In addition, the assessment results feeds into a wider-national/sub-national reconstruction plan.

FYCCIA and SCC would like to express their gratitude to the ILO whose technical and financial support was critical to the success of this survey. In particular, FYCCIA would like to thank the following individuals: Ms. Lama Oueijan, ILO Regional Specialist for Employers Activities in the Regional Office for Arab States; Mr Ali Dehaq, ILO National Coordinator in Sana'a, and the ILO ACTEMP Team in Geneva for providing assistance at all stages of the survey.

The FYCCIA and SCC would like to place on record its gratitude to Afkar Consultancy Firm, for their dedication and efforts to conduct the assessment and deliver the report.

The Assessment Team hope that the data from the survey and the findings presented in this report will be useful to policymakers, international organizations, academics, and civil society organizations concerned with recovery and reconstruction process, and will assist in formulating appropriate policies.

ACKNOWLEDGEMENTS

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As part of the ILO's response to urgent needs in Yemen, this assessment measured the extent of damage incurred by those small and medium-sized enterprises (SMEs) most affected by the ongoing conflict in Sana'a City and its suburbs. Damage refers to the destruction or loss of institutional, financial, or human capital.

The study was conducted between May and July 2017, using a mixed-methods approach. Further, a comprehensive desk review of secondary data included reports by UN agencies (e.g. the World Bank), as well as reports and data produced and collected by the Ministry of Trade and Industry, the Federation of Yemen Chambers of Commerce and Industry (FYCCI), the Sana'a Chamber of Commerce and Industry (SCC), small and micro enterprise promotion services (SMEPs) and various mass media. In addition, reports published by the ILO and World Bank (WB) related to damage to SMEs were searched.

The assessment was carried out in Sana'a city and its suburbs, and covered 460 enterprises (336 small and 124 medium-sized). Some 5 per cent of enterprises were owned by women. Sampling was performed using a pre-defined set of specific parameters, such as size of enterprise and areas directly affected by conflict. A number of SMEs most affected by conflict were selected randomly.

Following that, 18 interviews were conducted with relevant stakeholders in Sana'a, including representatives of the Ministry of Industry and Trade, the FYCCI, the SCC, SMEPs, UNDP, and the Yemen Business Club.

Findings

Since March 2015, SMEs have experienced various types of damage/loss, including physical damage to productive assets and infrastructure, loss of life and bodily injuries, a significant decrease in customer numbers, loss of skilled personnel, limited access to finance, and outages of electricity and other basic services. While the business environment has challenged most businesses, those businesses that suffered direct damage due to airstrikes have suffered the greatest.

Most of the enterprises were affected by coalition airstrikes in 2015. Nevertheless, 10 per cent of enterprises remained closed (8 per cent of small enterprises and 14 per cent of medium-sized enterprises), and 41 per cent were only partially open as of 2017. Among the enterprises that were closed, only one enterprise anticipated reopening within 30 days, but 98 per cent did not know when they will reopen.

The survey results show that 5 per cent of SMEs were totally destroyed, 22 per cent suffered major damage to human, physical and economic assets, and 58 per cent experienced minor damage. Moreover, 40 per cent of SMEs reported direct human losses: 15 workers were killed and 84 were injured. While 35 per cent experienced direct physical damage or loss to buildings, infrastructure, equipment, furniture, raw materials, final products, etc., 97 per cent suffered economic losses such as losses caused by business loss of earnings for workers during suspension, loss of sales revenue, and a decline in customers. Some 30 per cent of businesses lost more than half of their fixed assets, and 60 per cent of SME employees were laid off.

In addition, supply chains have been affected, and business owners have had to make difficult decisions regarding their businesses continuing. A lack of proper planning and risk-mitigation measures seems to have magnified the impact.

The average economic damage for affected businesses (calculated over 6 months) amounted to \$US36,844 for small businesses, and \$US98,534 for medium-sized

businesses. Around 10 per cent of businesses reported double these amounts. Only six businesses sampled had insurance; however, war damages were not covered for four of them.

In the aftermath of the war, just half of the sampled businesses had taken active steps to recover after two years, starting with removal of debris, replacing equipment, and rehiring workers. Recovery costs for the purpose of compensation are estimated at an average of around 15 million Yemeni rials (YER) (US\$40,541) per business, although small enterprises requested an average of 6.7 million YER (US\$18,108). The majority of funds was required for materials and inventory replacement. Small enterprises also borrowed money to recover. Medium-sized enterprises were more concerned with replacing equipment and holding working capital to recover operations.

Recommendations

Based on the findings of this damage assessment, the following priority recommendations are proposed in order to restore self-reliance and resilience to businesses in Yemen:

1. recovery initiatives should involve the creation and implementation of an integrated SME rehabilitation and development recovery programme, which would include:
 - a. skills training in business continuity planning skills and technical and vocational reconstruction skills;
 - b. the provision of small grants for the replacement and upgrade of lost productive assets (e.g. equipment and tools);
 - c. wage subsidies to allow damaged enterprises to retain their workers;
2. SMEs with the potential to return to operational capacity may be identified and selected for assistance according to the following criteria:
 - a. severely affected;
 - b. closed or partially open;
 - c. employing a large number of workers;
 - d. needing less support to return to business;
 - e. requiring equipment replacement;
 - f. holding damaged raw materials.

ABBREVIATIONS

ABBREVIATIONS

CCI	Chamber of Commerce and Industry
CSO	civil society organization
DNA	damage and needs assessment
ERRY	Enhanced Rural Resilience in Yemen Programme
FAO	Food and Agriculture Organization
FGDs	focus group discussions
FYCCI	Federation of Yemen Chambers of Commerce and Industry
GDP	gross domestic product
ILO	International Labour Organization
INGO	international non-governmental organization
KIIs	key informant interviews
LDC	least developed country
MENA	Middle East and North Africa
MOPIC	Ministry of Planning and International Cooperation
SMEs	small and medium-sized enterprises
SCC	Sana'a Chamber of Commerce and Industry
MSMEs	micro, small and medium-sized enterprises
MTEVT	Ministry of Technical Education and Vocational Training
NGO	non-governmental organization
SFD	Social Fund for Development
SMEPS	Small and micro enterprise promotion service
TEVT	Technical Education and Vocational Training
UN	United Nations
UNDP	United Nations Development Programme
USD	United States dollar
WFP	World Food Programme
YER	Yemeni Rial

I. INTRODUCTION

I.1. Background

Yemen is the poorest country in the Middle East and suffers high levels of poverty, unemployment and illiteracy with a geographically skewed infrastructure. Before conflict broke out, Yemen was ranked 154th out of 177 on the Human Development Index. For many years, Yemen has been subject to a fragile development process dislocated by numerous domestic conflicts, including political conflicts and civil wars. In March 2015, the Saudi-led coalition commenced military operations, which has since caused a significant loss of life, internal displacement and the destruction of infrastructure and service delivery across the main economic sectors, exacerbating what was a pre-existing humanitarian crisis.

According to the Office of the United Nations High Commissioner for Human Rights (OHCHR), at least 4,773 civilians have been killed and another 8,272 have been injured by the violence since March 2015.¹ For the last two years, the war has left 14 million people in a state of food insecurity, and around 2.8 million people have been displaced from their homes.² Moreover, 82 per cent of the population currently require some form of humanitarian assistance to meet their basic needs.³ Additionally, the violence disrupted much of the socio-economic structure, inducing even more poverty and negatively affecting social support mechanisms and intra-communal collaboration.

The current crisis has also significantly affected the Yemeni economy, leading to high inflation, macroeconomic instability and uncertainty, weakness in the Yemeni rial (YER), negative GDP, and an inability to pay government sector salaries, as well as limited credit and financial services. Past investment and development gains have been eroded, and economic activity has ground to a near standstill, compounded by a shortage of fuel, food and basic commodities due to the blockade on imports. The destruction of the socio-economic infrastructure and the effect of sustained conflict on lives and livelihoods implies grave consequences for the country's development over the longer term.

The Yemeni private sector consists predominantly of micro, small, and medium-sized enterprises (MSMEs).⁴ Over 97 per cent of firms (around 290,000 enterprises) have less than 2.06 employees each with total estimated employment of over 600,000 workers, including approximately 30,000 women.⁵ SMEs are generally considered as an engine of economic growth and important for promoting equitable development, as well as generating the highest rate of employment growth. However, according to a UNDP and SMEPS Rapid Business Survey (2015), more than 26 per cent of all businesses have closed since March 2015; some 35 per cent of medium-sized enterprises, 27 per cent of small businesses, and 24 per cent of micro businesses were forced to shut their doors, compared to 17 per cent of large firms. According to the *Yemen Damage and Needs Assessment* (ILO, 2016), employment declined by 11.6 per cent due to the impact of the current crisis,⁶ while the number of women in employment has declined by almost two-thirds since 2014.

The Sana'a Chamber of Commerce and Industry reports that private industrial and commercial institutions experienced massive damages with many deaths, as well as capital and material damages,

1) <http://www.ohchr.org/EN/NewsEvents/Pages/DisplayNews.aspx?NewsID=21444&LangID=E>

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

3) OCHA (2016). Humanitarian Needs Overview, Yemen: http://reliefweb.int/sites/reliefweb.int/files/resources/2016_HNO_English_per cent20FINAL.pdf

4) In Yemen, the government defines MSEs as "a firm having employees between 10 and 50 and a small-sized enterprise is a firm with between four and nine employees" (YMIT, 2014).

5) Assaf, Nabila. (2013). Stimulating business and employment in Yemen. MENA Knowledge and Learning Quick Notes Series, No. 91 (World Bank, Washington, DC). Available at: <https://openknowledge.worldbank.org/bitstream/handle/10986/16127/768120BR10QN910Box374389B00PUBLIC0.pdf?sequence=1&isAllowed=y>

6) ILO. 2016. *Yemen damage and needs assessment: Crisis impact on employment and labour market* (Lebanon). Available at: http://www.ilo.org/beirut/publications/WCMS_501929/lang--en/index.htm

estimated at \$39 billion. The Federation of Yemeni Chambers of Commerce and Industry published a statement to distance the private sector from violence and conflict actions after three fighter jets from the Saudi-led coalition targeted the Sana'a Chamber of Commerce and Industry in January 2016, resulting in the destruction of the entire building and internal equipment.

A preliminary damage and needs assessment (DNA) indicated that total employment in the Governorates of Sana'a, Aden and Hodeida declined by 132,000 (13 per cent) between March and December 2015. Additionally, across the country 41 per cent of TEVT institutions were destroyed, mostly by aerial bombardment. In 2015, MSMEs experienced a sharp decline in their customer base, a loss of skilled personnel, limitations in access to finance, interrupted energy supplies, and physical damage to productive assets and infrastructure. Between March and August 2015, 26 per cent of businesses closed due to the war. Enterprises owned by women were even less resilient with 42 per cent closing.⁷

As a result, MSMEs lost much of their customer base (75 per cent of those operating in the services sector experienced a loss of customers, 73 per cent in trade, and 69 per cent in manufacturing). Large companies reported a 60 per cent loss of customers and profits of MSMEs fell by an average of 79 per cent. One-third of companies surveyed across the country reported no profits, MSMEs in trade and services being the most affected (44 per cent and 43 per cent, respectively).⁸

1.2. Objectives of the assessment

The overall objective of this assessment was to measure the extent of damage incurred by the most affected SMEs in Sana'a City and its suburbs. The two specific objectives of the assessment included:

- (a) to identify and assess the most affected SMEs in Sana'a City and nearby suburbs, taking account of:
 - buildings, workshops and other infrastructure facilities;
 - equipment and internal materials inside the SMEs, including ICT-related material;
 - human capital, including skilled and unskilled workers, and administrative staff with competency profiles;
- (b) to identify 100 SMEs, based on scientific criteria, that may be able to return to operational capacity if provided with assistance.

2. METHODOLOGY

Given the scope of the assessment, a combination of quantitative and qualitative research methods was adopted. The data collection tools were based on the desk review, key informant interviews (KIIs), a survey of SMEs, and field observations.

2.1. Desk review

A comprehensive desk review was conducted on secondary data following a literature search on the effects of the current conflict on SMEs in Yemen, which included reports and studies carried out by UN agencies, the WB and other organizations, as well as documents relevant to SMEs in Sana'a City and articles from the media.

The other part of the desk research involved reviewing reports and data collected by the Ministry of Trade and Industry, the FYCCI, SCC, SMEPS and media, as well as reports produced by the ILO and

7) ILO, UN, WB, IDB and EU. 2016. *Yemen: Preliminary damage and needs assessment*.

8) ILO. 2016. *Ibid.*

WB related to SME damages. These documents were used as one of the key inputs in the assessment. A complete listing of the reviewed literature can be found in the bibliography.

2.2. Survey

The SME survey addressed the extent of damage of the institutional, financial and human capital of the most affected SMEs in Sana'a City and nearby suburbs. The survey covered all kinds of damage including: buildings, workshops and other infrastructure facilities; equipment and internal materials inside the SMEs, including ICT-related material; and human capital, including skilled and unskilled workers .

Prior to data collection, the enumerators received two days of training on the damage assessment objectives and were instructed on the data collection tool, the damage and loss assessment methodology, sampling methodology, and methods of collecting and recording evidence in the field. The questionnaire was translated into Arabic and revised and tested during the training workshop to ensure a common understanding among the assessment team members on the terms and concepts contained in the questionnaire.

There was general lack of background information regarding the number of SMEs that were most affected by the current conflict, as most of the information available referred only to large enterprises. Therefore, sampling was performed using a pre-defined set of specific parameters, such as size of enterprise. A number of SMEs most affected by conflict were selected randomly.

The assessment covered 460 enterprises (73 per cent small, employing 4–9 workers, and 27 per cent medium-sized, employing 10–50 workers). Only 5 per cent of the enterprises were owned by women.

Damage quantification

The process of damage and loss quantification broadly entailed the engagement of specialists and engineers. Therefore, two senior civil engineers have worked with other researchers to assess the cost of SMEs buildings, workshops and other infrastructure damages, as well as estimated the recovery cost.

2.3. Key informant interviews

To identify what has been done so far in assessing the damage to SMEs, 18 interviews were conducted with relevant stakeholders in Sana'a, including representatives of the Ministry of Industry and Trade, the FYCCI, SCC, SMEPs, UNDP, Yemen Business Club and other stakeholders. The interviewees are listed in Appendix 2.

Data entry and analysis

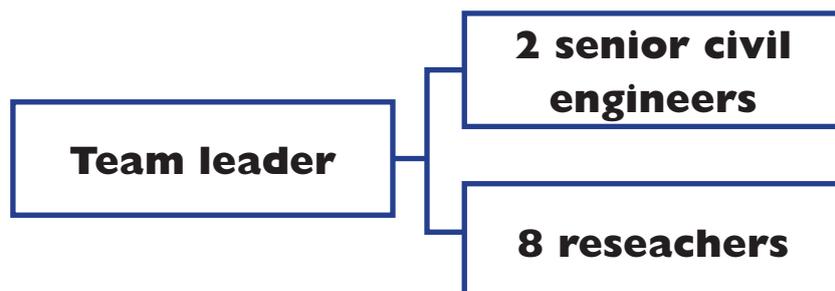
MS Excel was used to record and process the data. The qualitative data and literature review were summarized and used to support the interpretation of the results. All data were disaggregated by enterprise size and gender. The assessment also examined labour force data at the enterprise level.

The study followed a highly consultative and participatory approach with the ILO team engaged at all stages of the assessment. The study framework and tools were designed after extensive consultations with the ILO team. The fieldwork (primary data collection) commenced soon after approval of the data collection tools and field plan from the ILO.

2.4. Research team

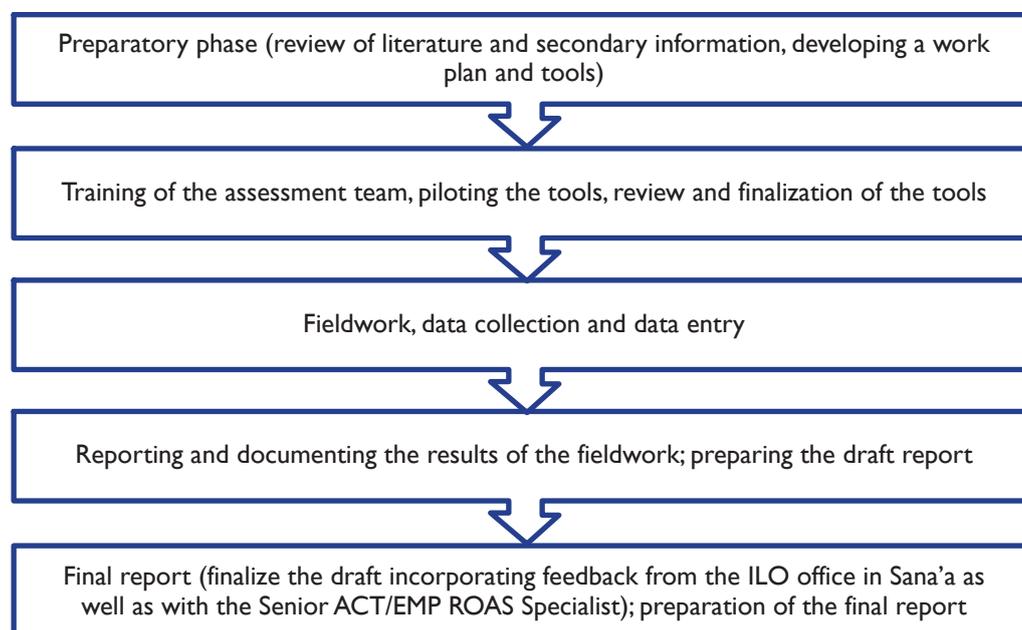
Given the qualitative, quantitative and participatory nature of the assessment and the context of the research areas, the team structure reflected a balance of skills, knowledge and experience in quantitative and participatory assessment. The team was comprised of the following members:

- one main consultant (team leader);
- one senior researcher;
- two senior civil engineers; and
- eight enumerators (six male and two female in each district).



2.5. Phases of the assessment development and implementation

The assessment was planned to be conducted within two months, phased in five steps including, but not limited to, the following:



2.6. Study limitations

The study aimed at surveying enterprises that were hit by airstrikes. Some business owners were not available to answer the survey. While the team tried to reach all businesses within such areas, there were businesses that were not obvious to the researchers, such as those inside buildings, or businesses owned by women operating out of the home.



3. FINDINGS

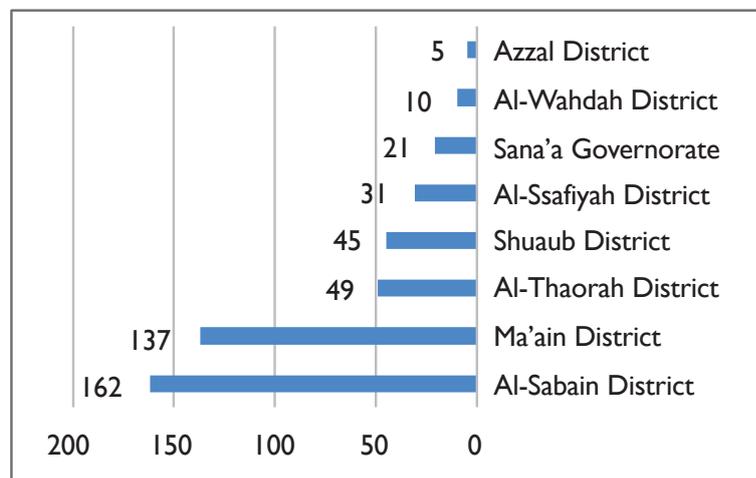
3.1. Profile of the respondents

This section presents a profile of SMEs respondents. The first part of the section describes the type of businesses. Subsequent sections explain the current operational status of SMEs.

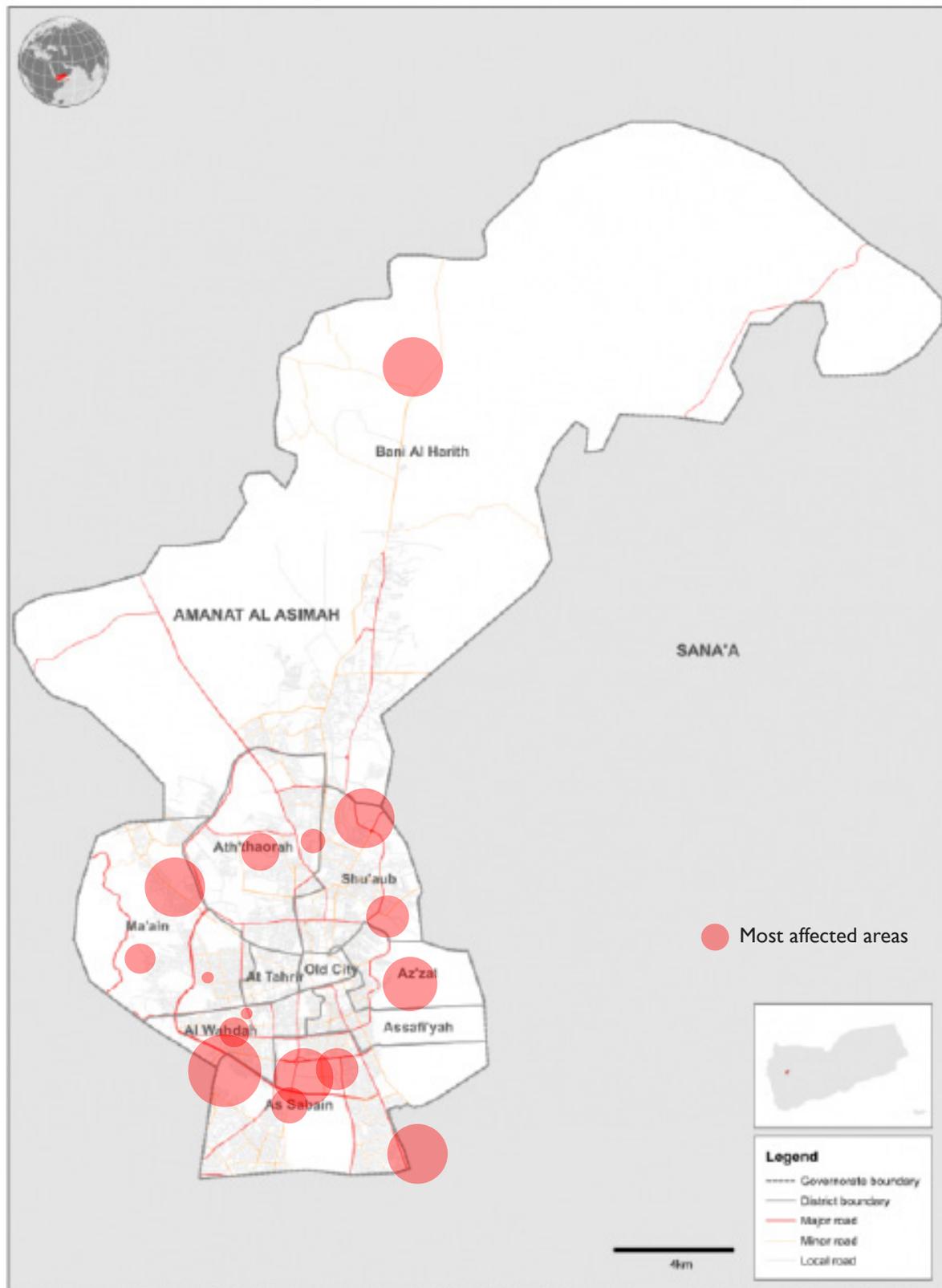
3.1.1. Geographic spread

The assessment was carried out in areas directly hit by airstrikes such as the Atan neighbourhood, Al-Giraf area, the presidential palace area and Nahdain area, Al-Sawad, Naqum, and Alsawad (see map below). The survey results indicate that 35 per cent of the respondents were from As-Sabain district (the most affected district in Sana'a), while 30 per cent were from Ma'ain district, 11 per cent from Al-Thaorah district, and 10 per cent from Shuaub district, mainly in Al-Giraf neighbourhood (see figure 1).

Figure 1: Number of affected enterprises by district

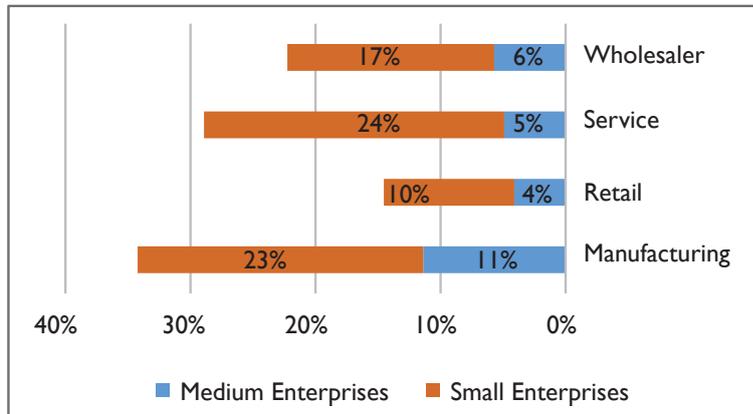


Map I. Map of Sana'a City showing the areas most affected by airstrikes



3.1.2. Type of business

Figure 2. Type of business by size

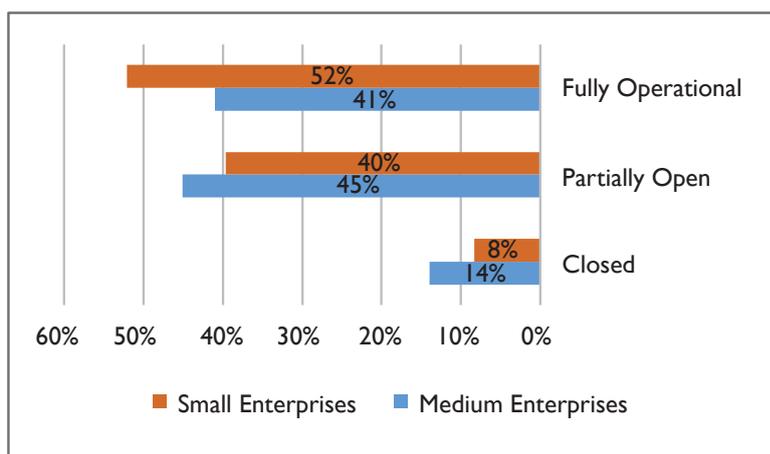


During the fieldwork, it was noted that most of the affected businesses were micro enterprises, which represent the majority of business entities in Sana'a, with only a few large factories, mainly in Sana'a suburbs. The study covered various types of businesses: 34 per cent of the enterprises were in manufacturing (e.g. factories and workshops), 29 per cent were retail (e.g. supermarkets and shops), 22 per cent were services (e.g. hotels, hospitals and restaurants), and 15 per cent were wholesalers (see figure 2).

3.1.3. Current operational status

Most of the enterprises affected by coalition airstrikes were damaged in 2015, and around 10 per cent of enterprises remain closed (8 per cent were small enterprises, 14 per cent were medium-sized), while 41 per cent have partially opened despite extensive damage and operating challenges (see figure 3). Among those that were closed, only one enterprise anticipated reopening within 30 days, while the majority (98 per cent) did not know when they would reopen again.

Figure 3. Operational status by size of business



Case study: Supermarket 24

“Supermarket 24” in As-Sabain district, which sustained extensive damages as a result of heavy bombardment against the Presidential Palace and the nearby Nahdain area. The business that once employed 20 staff is now closed with all staff laid off.

According to the interviews with the owners of the most affected enterprises, they waited in hope after their enterprises were damaged that the war would end and they could reopen their business. Due to the long duration of the war, they were forced to partially reopen to maintain livelihoods, despite all the associated risks and uncertainties.

Case study: Ms Lubna Al-Fayek

Ms Lubna Mohamed Al-Fayek was the owner of Girls Centre sewing lab in Al Jeraf area, Airport Street. Her business could not sustain the extensive damages it received from the airstrikes. She and her seven female employees have lost their source of income.



3.2. Damage/loss assessment

This section presents an analysis based on the damage/loss assessment. The first part of the section describes the size of the damage/loss. Subsequent sections explain the type of damage/loss which includes human, physical, and economic/indirect damages.

3.2.1. Level of damage/loss

The results indicate that 5 per cent of SMEs were totally destroyed (7 per cent of medium-sized enterprises and 4 per cent of small enterprises). At the time of assessment, 55 per cent of participating SMEs were still closed and 45 per cent had only partially reopened. While 22 per cent of enterprises received major damage to human, physical and economic assets, 58 per cent experienced minor damage. Damages and losses were mainly caused by airstrikes and their consequences, such as missiles from anti-aircraft, looting, and the subsequent economic situation.

9) A micro enterprise is defined as having 1–3 employees.

Figure 4: Size of damage/loss by business size

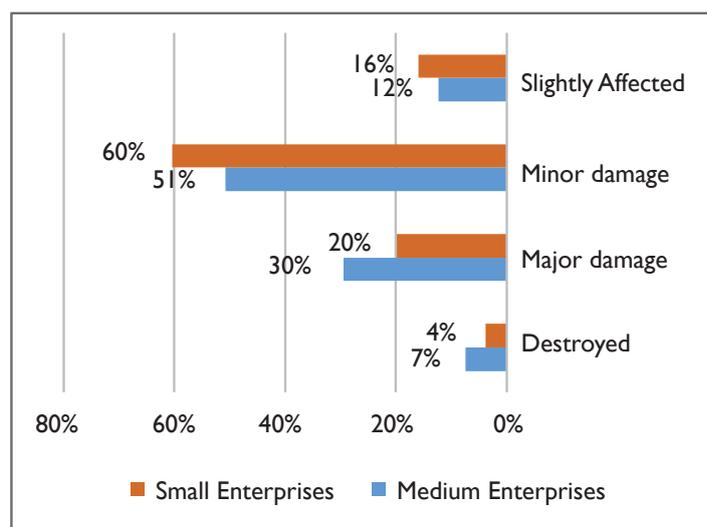
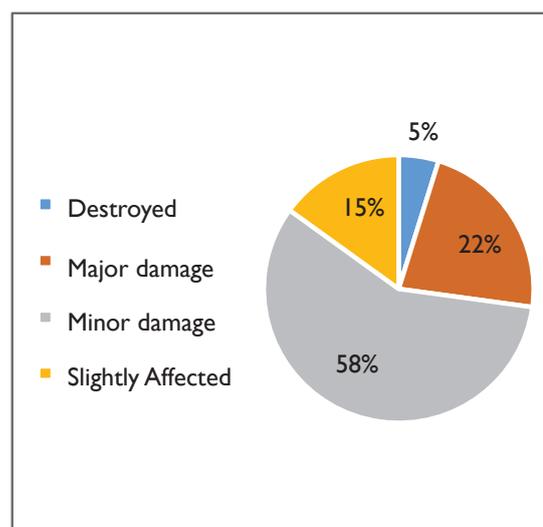


Figure 5: Size of damage/loss



Case study: Mr Mustafa Al Bakoor

Mustafa Hassan Al Bakoor, the owner of the Syrian-Yemeni Centre, located in the Al Nahdha zone in Al Thawra district, told us, “Around 01:30 after midnight on April, 2016, a rocket hit my centre, turning it into ashes and injuring one of my staff. The centre used to have 20 workers but, unfortunately, due to the incident, which I don’t know why it happened to me, I had to get rid of all the 20 workers. I resumed the business partially with fears that it might be attacked again. Anyway, we have no other option as it is imperative to feed my family.”

The survey results show that only 5 per cent of the enterprises have had an official report to document their damages. Most of the official reports that documented the damages were issued by the Criminal Evidence and Prosecution department, while some reports were issued by police stations.

3.2.2. Type of damage/loss

Since March 2015, SMEs experienced various types of damage/loss, including physical damage to productive assets and infrastructure, loss of life and bodily injuries, a significant decrease in their customer base, loss of skilled personnel, limited access to finance, and outages to electricity and other basic services. The assessment found that 40 per cent of SMEs suffered direct human casualties such as staff either killed or wounded (51 per cent of medium-sized enterprises and 36 per cent of small enterprises). While 35 per cent experienced direct physical damage/loss to buildings, infrastructure, equipment, furniture, raw materials, or final products, and so on, 97 per cent of all SMEs suffered economic losses such as suspension of trade, wages paid to workers during suspension, losses of expected revenue, and a decline in customers (see figure 6).

“On Friday evening in September 18, 2015, three rockets hit the showroom directly turning it into ashes, injuring nine of my staff.” Wasal Samir, owner of Al-Tashil Cars Showroom, Shuaub District.

Figure 6: Type of damage/loss by size of business

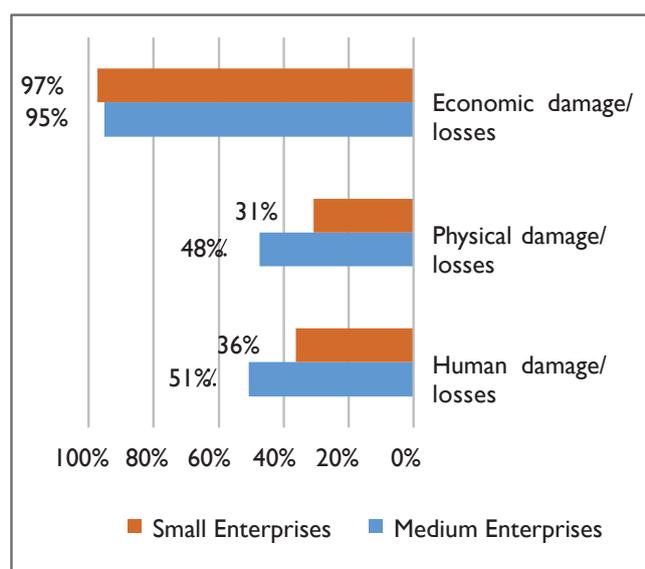
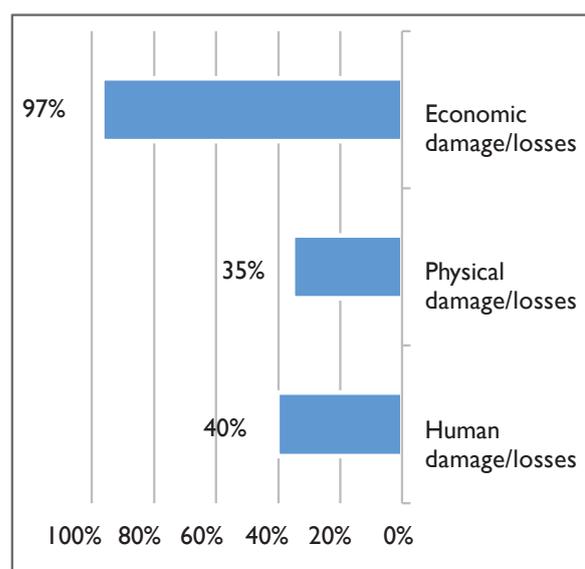


Figure 7: Type of damage/loss



Case study: Mr Mohammed Al-Karamani

Mohammed Sa'ad Al Karamani used to work in his grain mill in the Faj Attan area, As Sabain District, which received a high proportion of airstrikes. He still remembers every detail of the incident, and reported, "At 10 a.m. on a sunny Monday, 26 April 2015, the area saw the most powerful explosion in Sana'a since the war started. The incident left the whole area in ruins, including my shop. One of my workers died! The mill was fully destroyed, with all the 100 wheat sacks inside, along with some beverages. There were five workers in the mill, and all of them were dismissed after the incident. Given the relative stability in recent months, I have tried to recover what could be recovered, bought new equipment and reopened the shop. After all, I have to support my family, even though my mill is not running at full capacity."

3.2.2.1. Human capital damage

The current conflict has not only closed businesses, but also killed and injured many workers. The assessment found that, among the sample, 15 workers were killed (all male), and 84 were injured (6 female, 78 male) due to airstrikes and heavy bombardment.

In addition, many workers have been put out of work. The study found an average 60 per cent cut in employee numbers across all businesses. Table I shows the average number of employees before and after the conflict. The numbers include full-time and part-time employees. Part-time workers comprised only about 3 per cent, so they were added to the number of employees.

"On Saturday evening, 20 September 2015, airstrikes hit our project directly turning it into ashes. [They] killed my father and two workers and one was injured." Sharif Hassan Khamis, Al-Thaorah District.

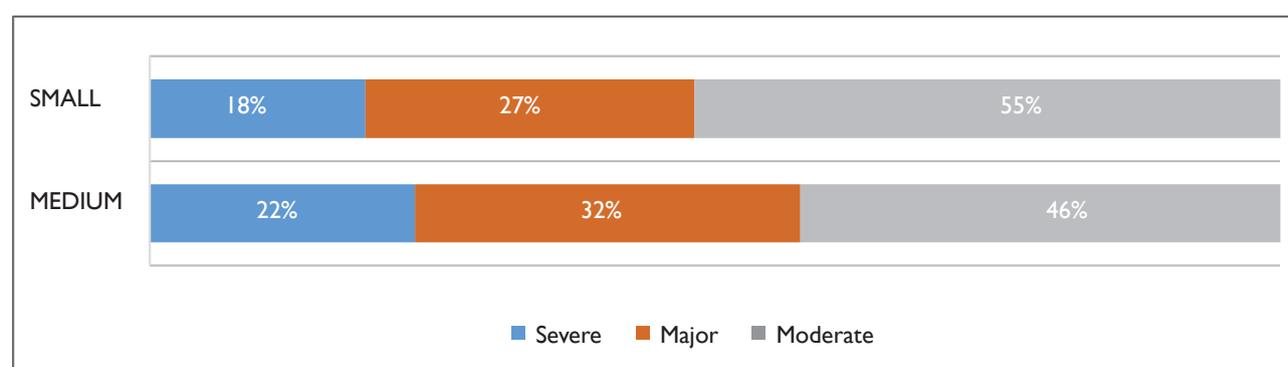
Table 1. Human capital damages (average number of workers) by business size

	Medium-sized	Small
Before conflict	15.93	6.10
(Standard deviation)	(8.55)	(1.38)
After conflict	9.52	3.42
(Standard deviation)	(6.71)	(1.68)
Total reduction	60%	56%

3.2.2.2. Physical damage

Among the sampled SMEs, 41 per cent of medium-sized enterprises and 25 per cent of small businesses reported building damage. Figure 8 shows the level of severity among small and medium-sized businesses that suffered building damages.

Figure 8: Building damage severity by business size



Case study: Mr Sarkis Krikoshahnian

Mr Sarkis Krikoshahnian is a Syrian national and owner of the Delux Metal workshop in the Faj Attan area. He employed eight workers before the workshop was seriously damaged by airstrikes. He and five workers were injured and the whole facility was ruined, bringing the business to a complete stop until now.

Other physical damages:

The survey also included a list of damages that SMEs may have incurred. One-third of medium-sized businesses lost around two thirds of their equipment, while a further third lost almost half of their finished goods.

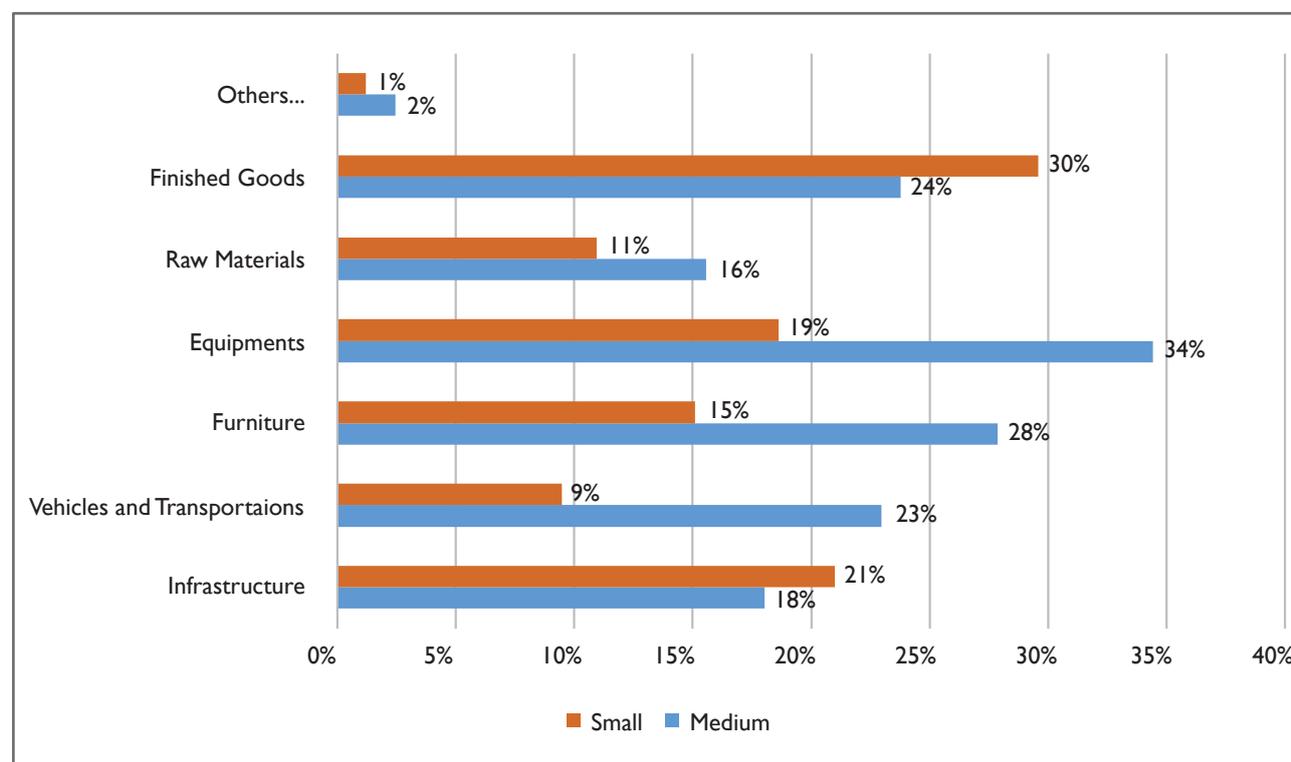
Table 2 provides a list of all other physical damages identified in the survey, and the extent of such damage. For example, 16 per cent of medium-sized businesses lost around 63 per cent of their total raw material.

Table 2: Extent of other physical damages by size of business

Other physical damages	Proportion of businesses with damage		Amount of loss	
	Medium-sized	Small	Medium-sized	Small
Raw materials	16%	11%	63%	58%
Finished goods	24%	30%	51%	43%
Equipment	34%	19%	64%	48%
Furniture	28%	15%	64%	52%
Infrastructure	18%	21%	68%	46%
Vehicles and transport	23%	9%	66%	57%
Others	16%	1%	53%	68%

Figure 9 provides a visual representation of the number of businesses that suffered each kind of physical damage other than to buildings and the percentage of these losses. The figure compares small and medium-sized businesses.

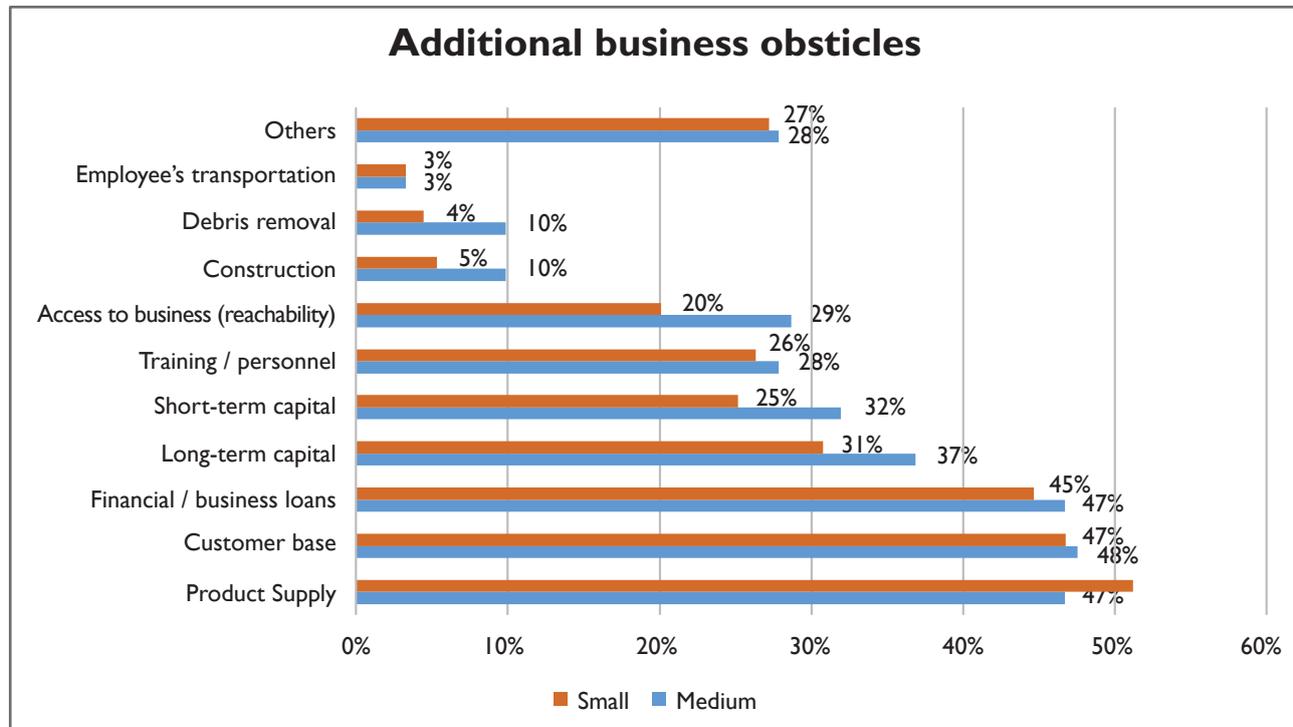
Figure 9: Percentage of businesses with damages (other than to buildings) by business size



3.2.2.3. Economic (indirect) damage/loss

Not only did businesses suffer physical damages but they also faced intangible difficulties that hindered their operations, such as disruptions involving suppliers, customers, investors, and employees, and incurred additional costs to recover. Figure 10 lists a range of hindrances along with their degree of impact on SMEs. Product supply, customer base and financial loans were most affected.

Figure 10. Additional business obstacles facing SMEs by size of business



The study attempted to evaluate the total cost of damages for businesses, but the range was large. Table 3 shows the average amount of damage and the standard deviations. It is important to note that these numbers take into consideration the averages of all businesses that participated in the study categorized by their size. Very large numbers were excluded for better representation of the data. The highest medium-sized enterprise claim was over 3 million dollars. The highest small enterprise claim was 2.8 million dollars¹⁰.

Table 3. Average total cost of damages by business size

	Average total damage (US\$)	Standard deviation	n
Medium-sized	98 534	393 655	107
Small	36 844	215 749	313

Table 4 includes a list of direct costs due to the conflict. Direct costs include salaries, building reconstruction, redecorations, costs of raw materials, goods, equipment, furniture, and vehicles. The average direct cost for medium-sized enterprises was 10 million YER (\$27,027), while small enterprises spent an average of around 3.5 million YER (\$9,459).

10) Exchange rate | USD = 370 YER

Table 4. Direct costs by size of business

	Average direct loss (YER)		n	
	Medium-sized	Small	Medium-sized	Small
HR	2 750 889	701 483	45	118
Building	11 775 786	3 302 500	28	52
Raw	4 218 192	1 047 553	13	38
Goods	11 270 000	1 594 535	24	86
Equipment	5 551 000	9 602 917	25	60
Furniture	4 781 000	2 756 765	25	34
Vehicles	7 313 619	3 453 889	21	27
Other direct cost	5 445 714	476 667	7	3
<i>Average total direct costs</i>	<i>10 072 414</i>	<i>3 538 556</i>	<i>122</i>	<i>338</i>

Indirect losses are those costs that businesses incurred due to an inability to function, such as opportunity costs. Opportunity costs include the missed profits that a business did not earn because of the loss of potential earnings during the period of conflict. Medium-sized business claimed an average total of 6 million YER (\$16,137) compared with around 3 million YER (\$8,563) for small businesses.

Table 5. Average indirect costs by size of business

	Average direct loss (YER)		n	
	Medium-sized	Small	Medium-sized	Small
Opportunity costs	28 484 757	9 279 308	67	215
Salaries paid with no work, hoping business will return	3 205 703	1 269 167	64	156
Customers switching to competitors	9 641 327	8 967 753	49	89
Expected revenues lost	3 390 000	1 524 927	15	49
<i>Average total indirect costs</i>	<i>5 970 820</i>	<i>3 168 170</i>	<i>122</i>	<i>338</i>

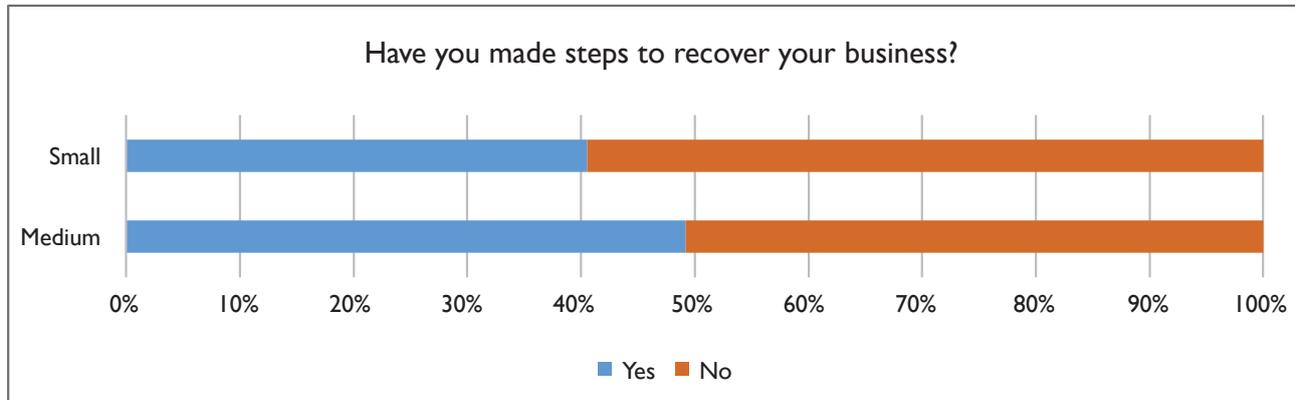
Case study: Mr Sadeq Al-Hamzi

Mr Sadeq Al-Hamzi is an owner of White Stone Cutting Saws in the Al Nahdha zone, Al Thawra district. His business sustained huge damages in the wake of intensified airstrikes that targeted the First Armor Brigade. Thus, his business activity stopped, and customers no longer used his services. However, he partly resumed business some time ago. Mr Sadeq mentioned that as many as 30 people used to work in his business compared to just 10 workers now.

3.3. Coping strategies and needs assessment

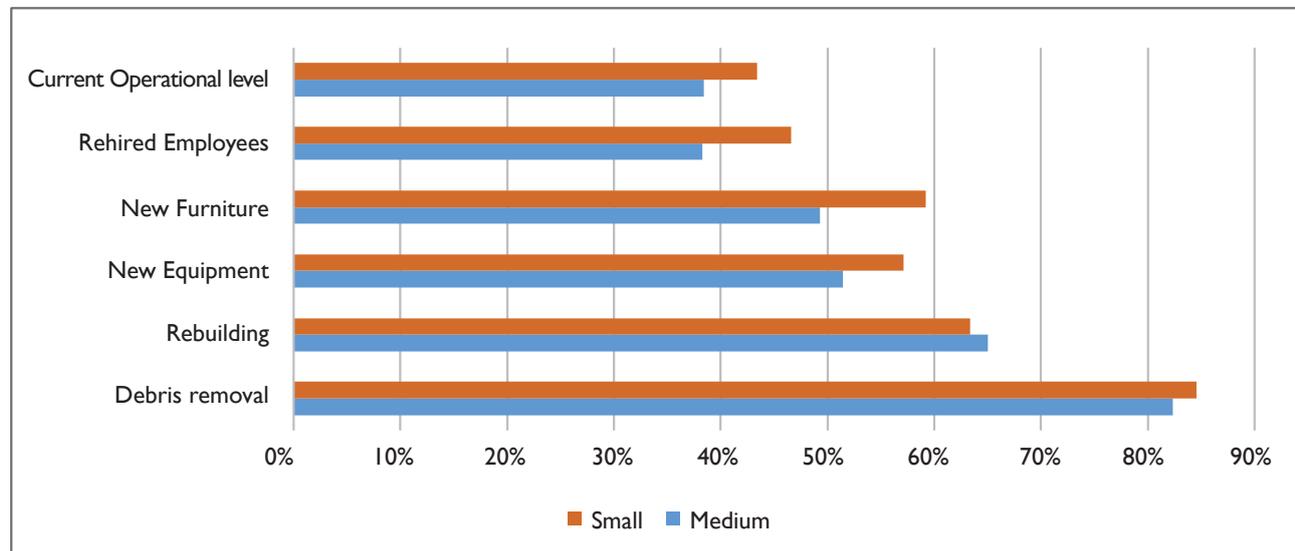
Only half of medium-sized businesses have attempted to recover their businesses, while around 40 per cent of small businesses have started to recover. Figure 11 shows the number of businesses that have taken steps to recover their businesses.

Figure 11. Taken steps to recover after two years of war



The team attempted to identify the level of recovery for those businesses that have taken steps. The main measure many had taken was the removal of debris. Businesses had to at least secure their remaining assets. Recovery typically began with building and infrastructure, followed by the required equipment to operate, and then furniture and employees. Figure 12 shows a series of recovery steps along with the extent of recovery achieved after two years of war.

Figure 12. Extent of recovery steps taken by size of business



It is important to note the number of businesses that have actually attempted to recover. Table 6 provides the level of recovery along with the number of businesses claiming these steps. While medium-sized businesses started to rebuild for the long run, small businesses rehired employees to recover operations in the short run.

Table 6. Extent of recovery with number of businesses claiming these steps

	Average direct loss (YER)		n	
	Medium-sized	Small	Medium-sized	Small
Debris removal	82 %	85 %	28	42
Rebuilding	65 %	63 %	33	48
New equipment	51 %	57 %	25	42
New furniture	49 %	59 %	21	31
Rehired employees	38 %	47 %	33	94
Current operational capacity	38 %	47 %	16	34

Insurance

Only six medium-sized companies made insurance claims, but four of them indicated that their insurance policies did not cover losses caused by war. At the time of survey only one enterprise had received insurance compensation; the remaining business had not yet received any compensation.

Other assistance

When asked whether they had received any type of assistance, two medium-sized and four small enterprises reported receiving assistance from relatives, “generous” friends, or landlords who waived property rents.

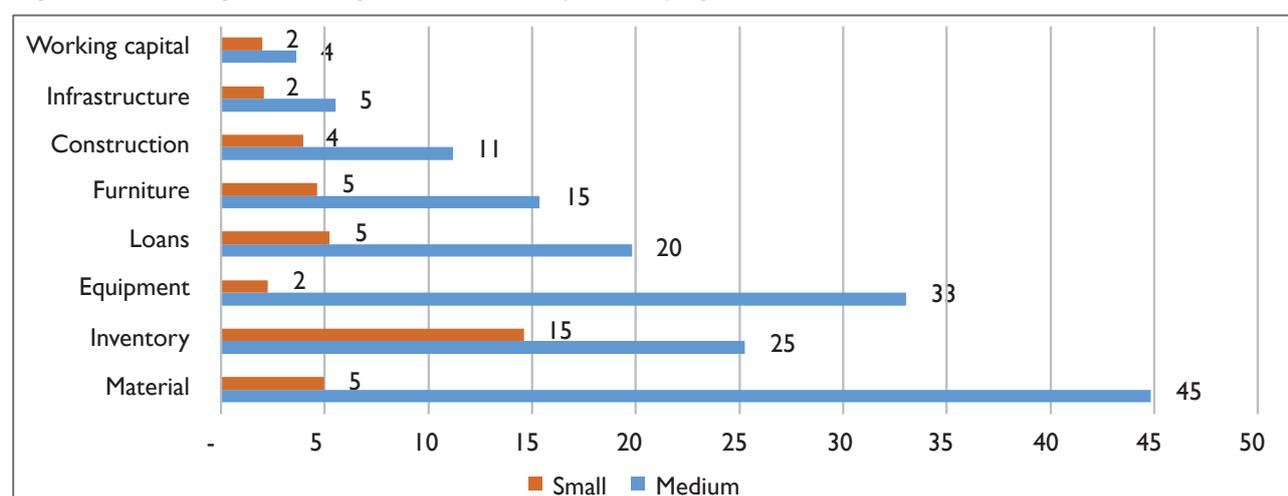
Needs assessment

The study evaluated the average monetary compensation a business needs to recover their operations. The average medium-sized business needs around 15 million YER (\$41,541) while small businesses need around 6.7 million YER

(\$18,108). The majority of funds are required for materials and inventory. Small businesses also need to borrow money to recover as well. Medium-sized businesses were more interested in equipment and working capital to recover operations. Figure 13 shows the monetary needs for businesses to recover. Table 7 provides the same information along with the sample size for each category to make sense of the relevant importance of each category.



Figure 13. Average recovery needs in YER (millions) by business size



4. CONCLUSIONS AND RECOMMENDATIONS

Since March 2015, SMEs have experienced various types of damage including physical damages to productive assets and infrastructure, loss of life and personal injury, a significant decrease in customers, loss of skilled personnel, limited access to finance, and outages of electricity and other basic services. While the business environment has proved challenging to most businesses, whether damaged or not, those that experienced direct damages due to airstrikes suffered even greater losses.

Most of the devastating effects of coalition airstrikes occurred in 2015. Nevertheless, as of 2017 some 10 per cent of enterprises were still closed (8 per cent of small enterprises, 14 per cent of medium-sized enterprises), while 41 per cent were only partially open. Among the closed enterprises, only one anticipated reopening within 30 days, while 98 per cent did not know when they will reopen.

The survey results show that 5 per cent of SMEs were totally destroyed, 22 per cent received major damage to human, physical and economic assets, and 58 per cent experienced minor damage. Moreover, 40 per cent of SMEs suffered direct human casualties: 15 workers were killed and 84 workers were injured in this sample alone. While 35 per cent experienced direct physical damage to buildings, infrastructure, equipment, furniture, raw materials, final products, and so on, fully 97 per cent suffered economic losses such as business stop losses, salaries, wages of workers during suspension, loss of expected revenues, and a decline in customers. In addition, supply chains have been affected and a lack of proper planning and risk-mitigation measures seems to have increased the impact on businesses. Around 30 per cent of businesses have lost at least 50 per cent of their fixed assets, and 60 per cent of employees have been laid off.

The total economic damage for affected businesses amounted to an average of \$36,844 among small business, and over \$98,534 for medium-sized business, based on only six months of lost opportunity. These numbers were almost double for those with major property damage – around 10 per cent of all businesses surveyed. The average monetary compensation required for a medium-sized enterprise to recover its business is estimated at around 15 million YER (\$40,541), and 6.7 million YER (\$18,108) for small businesses.

Recommendations

To support their early recovery, restore self-reliance and build resilience among businesses in Yemen, the following recommendations should be given priority consideration:

1. recovery initiatives should involve the creation and implementation of an integrated SME rehabilitation and development recovery programme, which would include:
 - a. skills training in business continuity planning skills and technical and vocational reconstruction skills;
 - b. the provision of small grants for the replacement and upgrade of lost productive assets (e.g. equipment and tools);
 - c. wage subsidies to allow damaged enterprises to retain their workers;
2. SMEs with the potential to return to operational capacity may be identified and selected for assistance according to the following criteria:
 - a. severely affected;
 - b. closed or partially open;
 - c. employing a large number of workers;
 - d. needing less support to return to business;
 - e. requiring equipment replacement;
 - f. holding damaged raw materials.

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APPENDIX

APPENDIX

APPENDIX I: LIST OF 100 SMES

What are the main needs for the recovery and rehabilitation of your business?																							
#	Cases	District	Owner Name	Type of Business	SME	What is your current operational status? 1. Closed 2. Partially Open 3. Fully Operational	What damage has your business suffered? 1. Human 2. Physical 3. Economic	How many employees did you have?	Home many employees do you currently have?	HR	Loans	Construction	Equipment	Furniture	Material	Infrastructure	Clean Up	Inventry	Training	Working cap	Others	Total Cost	
1	34 المركز الوطني	السبعين	عبد الرحمن الرياحي	4	Medium	1	3+2	15	10	360,000	450,000	5,000,000			100,000						1,200,000	7,110,000	
2	29 يمن ان جي	السبعين	يحيى فاضل عويضة	1	Medium	1	3+2	10	5	360,000		400,000			1,500,000		200,000	500,000			3,000,000	2,000,000	7,560,000
3	27 مركز بدي	السبعين	امجد عبد الغفور	4	Small	1	3+2+1	9	0	500,000		7,000,000	14,000		1,000,000						162,500		9,376,500
4	295 مركز بيلوكس	السبعين	سركيس كريكو شاهديان	اسمكة وروج	Small	1	3+2+1	8	4			1,500,000	5,000,000										6,500,000
5	3 الجحاشيات	شعوب	ناصر الريحاني	4	Small	1	3+2+1	6	4	120,000	2,000,000	900,000	160,000	340,000									3,520,000
6	76 مطاعم الشرحيب	السبعين	بسام احمد الشرحيب	4	Small	1	3+2+1	6	0	1,440,000	800,000		1,000,000	500,000									4,920,000
7	87 مؤسسة الشرفي للمقاولات	السبعين	علي احمد الشرفي	4	Small	1	3+2+1	6	2	13,000,000			2,000,000										15,000,000
8	102 ورشة علي الوطني للخطوات	السبعين	علي التيهاني	4	Medium	1	3+2	15	0	1,800,000	10,000,000	7,000,000	300,000								700,000		19,800,000
9	146 مصنع الوطني للخطوات	الثورة	حامس الكرنبي	1	Medium	1	3+2+1	10	1														
10	341 ورشة ابو زياد	معين	محمد رومان	1	Small	1	3+2	5	2	1,800,000		500,000									2,000,000		4,300,000
11	28 مجمع صيانة السيارات	السبعين	يحيى محمد الملاحي	4	Small	1	3+2+1	5	0	500,000		1,500,000	800,000	200,000	2,000,000	100,000		500,000			45,000		5,645,000
12	18 تيار حلالايات والمفوضيات	السبعين	ايار عبد السلام الجليلي	4+3	Small	1	3+2+1	8	1	1,500,000	2,000,000	5,000,000	1,500,000		200,000		1,400,000				900,000		12,500,000
13	152 سام عامر موري	بني الحارث	سام عامر	2	Small	1	3+2+1	5	5		2,000,000	150,000	6,000,000										26,150,000
14	391 بقالة	معين	يحيى احمد محمد رفيع	3	Small	1	3+2	4	2		2,000,000												2,000,000
15	389 بقالة عص	معين	عرفات صالح العديني	3	Small	1	3+2	4	4		2,000,000										480,000		2,480,000
16	7 فندق الاثير	شعوب	عثمان علي العثماني	4 (فندق)	Small	1	3+2+1	6	0	720,000	10,000,000	2,000,000	350,000	2,000,000		2,000,000							17,070,000
17	147 فارس نعمان للتصدير والاستيراد	الثورة	فارس عبد الله نعمان	2 (ايوان وتصدير)	Medium	1	3+2+1	13	5	840,000		1,000,000	300,000	1,000,000	200,000					1,000,000			4,340,000
18	32 مركز السوري اليمني	الثورة	مصطفى حسن البور	4	Medium	2	3+2+1	20	8			3,000,000	2,000,000				200,000				500,000		5,700,000
19	349 مشغل الخباز للخياطة والتطريز	التحرير	خلال عبد العزيز مقبل العامري	1	Medium	2	3+2+1	14	4	1,200,000			750,000		2,000,000					400,000			4,350,000
20	65 ورشة الصبري	السبعين	محمد احمد عبده مهيب	1	Medium	2	3+2	12	6	280,000	800,000	150,000	250,000								540,000		2,020,000
21	23 ورشة لحام البيت الرافي	السبعين	وليد قايد	1	Small	2	3+2	9	5	1,000,000		2,000,000	1,000,000		2,000,000			2,000,000					8,000,000
22	64 ورشة الاخوة	السبعين	عبد الحكيم الصلوي	1	Small	2	3+2+1	9	5	450,000		250,000	350,000								250,000		1,300,000

#	Cases	District	Owner Name	Type of Business	SME	What is your current operational status? 1. Closed 2. Partially Open 3. Fully Operational	What damage has your business suffered? 1. Human 2. Physical 3. Economic	How many employees did you have?	Home many employees do you currently have?	What are the main needs for the recovery and rehabilitation of your business?										Total Cost		
										HR	Loans	Construction	Equipment	Furniture	Material	Infrastructure	Clean Up	Inventory	Training		Working cap	Others
23	340 معمل الإصالة الرمادي	معين	صلاح ثابت الشوافي	1	Small	2	2+3	9	4	600,000										45,000		645,000
24	158 ورشة الرمادي	الثورة	احمد مهبوب	4	Small	2	2+3	8	5	600,000	100,000	200,000								120,000		1,020,000
25	26 غير مدخل	السبعين	عبدان حسن حنين	عملية جديري	Small	2	2+3	7	02	480,000	300,000		300,000,000						4,000	300,000		6,084,000
26	14 العنجر الجديد	الثورة	شهاب حسن خنيس	2 مرفقات	Small	2	1+2+3	6	2	360,000												360,000
26	212 شركة سويد	صغاء القديمة	محمد سويد	3	Small	2	1+2+3	6	4	600,000									20,000			620,000
27	49 محل الكحلاني الزجاج	المحافظة	صلاح محمد الكحلاني	1	Small	2	2+3	6	3	290,000	60,000									300,000		730,000
28	1 طاجون القرماني	السبعين	محمد سعد سعد القرماني	4	Small	2	1+2+3	5	1	1,000,000	210,000											1,210,000
29	13 صالون الاثير	شعوب		4 صالون ملاحة	Small	2	1+2+3	5	5	850,000	100,000											950,000
30	22 الجادري بن عقلا	السبعين	بشرو محمد عقلا	4	Small	2	2+3	5	2	360,000	1,000,000											5,360,000
31	39 الخزيري لمواد البناء		سعيد علي العزيمي	3	Small	2	1+2+3	5	5	1,000,000												1,000,000
32	43 بقالة الابهيم		محمد عبيد محمد الغريبي	3	Small	2	2+3	5	2	1,200,000	90,000									50,000		1,350,000
33	61 مركز الحسن للسكينة والرفح	الثورة	عبد محمد السامعي	1	Small	2	1+2+3	5	5	300,000	140,000	500,000								280,000		1,990,000
34	165 التجاشي لاصلاح التراك	الثورة	عبد الوهيد التجاشي	1	Small	2	2+3	5	2	360,000	400,000	150,000										1,810,000
35	171 مركز صغاء للخدمات	الثورة	جازع ناصر	4	Small	2	2+3	5	3	70,000	300,000	200,000	100,000							135,000		1,155,000
37	390 بقالة	معين	محمد الجعدي	3	Small	2	2+3	4	3	150,000												150,000
38	98 عيادة نساء وولادة	السبعين	د/ امان الشوافي	4 عيادة	Medium	2	2+3	11	6	720,000		1,900,000	625,000									3,245,000
39	80 سوبر مارك	السبعين	ناصر الرويشان	3	Medium	1	1+2+3	20	18	1,500,000										2,400,000		5,900,000
40	30 ورشة سيف الصلوي	السبعين	سيف علي سيف يحي الصلوي	1	Small	1	1+2+3	5	2	500,000	5,000,000	3,000,000								30,000		8,530,000
41	348 الخياطة الفرنسي	معين	عبدالله محمد قاسم الديهي	1	Medium	2	1+3	25	10	3,000,000										1,400,000		4,400,000
42	241 ابو توح التجارة	التحرير	يوسف القادري	2	Medium	2	1+3	12	6	1,440,000	1,200,000									3,000,000		15,640,000
43	454 ورشة الراداعي للسكينة والرفح	السبعين	معاد الراداعي	1	Medium	2	1+3	10	4	450,000	300,000		250,000							400,000		1,400,000
44	48 بهارات سبائسي	السبعين	علاء صالح الموقفي	3	Small	1	1+3	9	1	1,080,000	600,000									750,000		3,930,000

What are the main needs for the recovery and rehabilitation of your business?																						
#	Cases	District	Owner Name	Type of Business	SME	What is your current operational status? 1. Closed 2. Partially Open 3. Fully Operational	What damage has your business suffered? 1. Human 2. Physical 3. Economic	How many employees did you have?	Home many employees do you currently have?	HR	Loans	Construction	Equipment	Furniture	Material	Infrastructure	Clean Up	Inventory	Training	Working cap	Others	Total Cost
45	69 مصانع للاصطياد	السبعين	مختار سيف علي القوي	1	Medium	1	2	11	2	600,000		300,000			700,000		500,000					2,100,000
46	136 ناجي للاصطياد	السبعين	طله ناجي	1+4	Small	2	1+3	7	3	2,000,000		300,000					700,000			1,500,000		4,500,000
47	131 بنشر الخايمري	الصفافية	انور الخايمري	4	Small	2	1+3	6	3	45,000			200,000		100,000					400,000		745,000
48	169 ورشة نعر	الثورة	عبد صالح محمد	ارشة لحام جديد	Small	2	1+3	5	2	100,000	1,000,000				1,000,000							2,100,000
49	183 مركز الفتيات للخياطة	الثورة	لين محمد علي القايق	1 خياطة	Small	1	1+3	7	7	600,000			800,000				150,000			1,000,000		2,550,000
50	6 معمل ضمائر للاصطياد	شعوب	فزام معزم	اروشة لاصطياد	Small	2	1+2	7	7		5,000,000			2,000,000								7,000,000
51	345 عبايات السعادة	معين	طاهر عبدالله	3	Small	1	3	6	4											1,000,000		1,000,000
52	384 ورشة البناني	معين	ابراهيم عبد عبدالله الساعدي	1	Small	1	3	6	4				2,000,000			300,000				1,440,000		3,740,000
53	420 ورشة البشري	السبعين	وضاح عبد محفل	1	Small	1	3	4	0							3,000,000					3,000,000	6,000,000
54	67 مطعم بواي حضرموت	معين	عبد الرزاق بادمدنف	4	Medium	3	1+3	13	5	960,000	700,000		300,000				200,000			1,000,000		3,960,000
55	55 سرويوس وضاح	السبعين	وضاح عبد	4	Small	3	1+3	9	3	1,000,000	1,000,000		800,000				300,000			1,000,000		4,300,000
56	442 محلات علي ناصر الثوري استيراد الطائرات	السبعين	علي ناصر	2	Small	3	1+3	5	2	350,000			450,000		400,000					300,000		1,500,000
57	143 معرض التسهيل	شعوب	واصل سمير	3 (معرض سيارات)	Medium	1	1+2+3	15	8	1,000,000			10,000,000	2,000,000								13,000,000
58	222 ورشة النفي	شعوب	علي النفي	1	Medium	1	3+2+1	5	5	750,000	7,000,000	2,000,000	3,000,000				1,000,000			1,920,000		15,670,000
59	285 مصنع بنك	معين	احمد علي المرجعي	1 (مصنع بنك)	Medium	1	3	10	0											2,500,000	12,000,000	14,500,000
60	11 كار رنت	الثورة	حسين احمد	3 (تاجر سيارات)	Small	1	1+2+3	6	6		1,200,000		500,000	350,000				30,000,000	10,000,000			42,050,000
61	54 بي كوكول	السبعين	نبيل يحيى الصرمي	3	Small	1	2+3	5	0					300,000						200,000	2,500,000	3,000,000
62	220 محلات نهشل	شعوب	صلاح نهشل	3 (تجار سيارات)	Small	1	3	5	0	1,800,000	2,000,000									3,000,000	20,000,000	26,800,000
63	351 مركز السوري اليمني	معين	محمد عبدالكريم الاثري	1	Small	1	1+2+3	4	1	750,000			2,000,000			1,000,000				1,200,000		4,950,000
64	44 يمن جبل	السبعين	بشير عادل	3+4	Small	1	1+3	5	0	360,000	400,000			100,000		100,000				250,000		1,210,000
65	150 محلات العسة	الثورة	محمد فرح	2	Medium	2	1+2	25	7	2,160,000			250,000					50,000,000			7,000,000	59,410,000
66	37 مطعم العوايز	السبعين	ياسر سلطان	4	Medium	2	1+2+3	20	8	1,200,000		1,000,000		1,500,000	2,500,000			1,500,000		2,400,000	700,000	10,800,000

#	Cases	District	Owner Name	Type of Business	SME	What is your current operational status? 1. Closed 2. Partially Open 3. Fully Operational	What damage has your business suffered? 1. Human 2. Physical 3. Economic	How many employees did you have?	Home many employees do you currently have?	What are the main needs for the recovery and rehabilitation of your business?															
										HR	Loans	Construction	Equipment	Furniture	Material	Infrastructure	Clean Up	Inventory	Training	Working cap	Others	Total Cost			
67	167 سيني ستورت سوبر ماركت	الثورة	مشير محمد سيف	3	Medium	2	2+3	15	12	15,000,000				10,000,000				10,000,000						35,000,000	
68	237 المركز الرياضي للصالة المتكاملة	السبعين	احمد جنش	4	Medium	2	1+3	10	8	1,800,000			350,000					800,000			2,000,000				4,950,000
69	369 للاعب توميز	معين	عبدالجليل هراغ الشيباني	3 ألعاب	Small	2	2+3	8	1	5,000,000															5,000,000
70	103 العربية لتشكيل الالمنيوم	السبعين	جابر علي الزبيدي	1	Small	2	2+3	7	3	290,000	5,000,000				1,500,000		1,000,000				1,500,000				12,290,000
71	66 طاير للتجارة	السبعين	طاير محمد طاير	2+3	Small	2	1+2+3	5	2	3,000,000				100,000				4,000,000			2,000,000				9,100,000
72	148 محلات الناصر	الثورة		2	Small	2	1+2	5	5					5,000,000				10,000,000							15,000,000
73	38 نيار الامير المغرورشات	السبعين	محمد علي عززي الامير	3	Medium	2	2+3	14	5	750,000	2,500,000			200,000				5,000,000			4,000,000				18,450,000
74	151 محلات سيلان	الثورة	فايز سيلان	2 خردوات	Small	2	1+2+3	6	2	50,000,000			12,000,000							4,000,000					66,000,000
75	224 عادل غرسان	المحافظة	عادل غرسان	2	Small	2	3	6	3	360,000						3,000,000					240,000				4,600,000
76	40 نجيب جبار الله لريشة السيارات	السبعين	نجيب محمد علي جبار الله	3+4	Small	2	2+3	5	2	180,000	500,000		170,000							300,000					3,750,000
77	47 محلات القيادة	السبعين	ناصر القيادة	3	Small	2	2+3	5	2						300,000						200,000				1,300,000
78	361 ريدا	السبعين	علي ناصر	2	Small	3	1+3	5	2	350,000			450,000		400,000						300,000				1,500,000
79	60 معلم التارنج	السبعين	رفعت عبد الرؤوف الاحام الجاسري	4	Medium	2	2	40	10	3,600,000			500,000					500,000			2,600,000				7,200,000
80	239 مركز الوحدة الهياجر	السبعين	محمد الجاسري	1	Medium	2	1+3	20	5	750,000	2,000,000		3,000,000				1,000,000				1,920,000				15,670,000
81	81 ورشة الوصي	المحافظة	سعد فرحان الوصي	1	Small	2	3	6	6	200,000															200,000
82	91 بنشر الحرني	الضافية	علي الحرني	4	Small	2	1+3	6	1		200,000			300,000							400,000				900,000
83	153 محلات بن داوود	الثورة	محمد صالح داوود	2	Medium	2	1+2+3	15	12									30,000,000			15,000,000				45,000,000
85	15 مصنع الامست	الثورة	اسماعيل المحلافي	اصنع لمنصع	Medium	1	1+2+3	50	50	12,000,000	100,000,000		100,000,000		400,000,000						200,000,000				812,000,000
86	366 هوم هامور	معين	عمر صالح مرم	1 ديكرات	Medium	2	2+3	25	7	5,000,000															27,000,000
87	71 ورشة الاذيب	السبعين	اديب صالح حسن	1+4	Medium	2	1+2+3	15	5	11,450,000											250,000				1,210,000
88	350 مشيل زين للخباطة	التحرير	عمار ناجي عزالدين	1	Medium	2	1+2+3	15	5	1,200,000															1,350,000
89	73 مطعم القفة	السبعين	بهاء الدين احمد محمد الحجابي	4	Medium	1	1+2+3	14	5	1,680,000															1,680,000

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										HR	Loans	Construction	Equipment	Furniture	Material	Infrastructure	Clean Up	Inventory	Training	Working cap	Others	Total Cost		
90	79 الاصصحي للسراييك	السبعين	زهيل الاصصحي	3	Medium	1	1+2+3	12	6	2,000,000	3,000,000									1,500,000			6,500,000	
91	443 صالح عجلان للتجارة والتوكيلات	السبعين	صالح عجلان	2	Medium	1	1+3	11	0	1,320,000												30,300,000		31,320,000
92	68 شركة الفرج للتجارة والخشب	السبعين	احمد محمد النجار	1+4	Medium	2	1+2+3	11	4															
93	77 الاسكندر للقرينات	المحافظة	سمير اسكندر	1	Medium	2	2+3	10	3	245,000											600,000			2,345,000
94	173 مصنع النجاشي لاصلاح التوتاك	المحافظة	جميل النجاشي	1	Medium	2	1+3	10	3	420,000	100,000													645,000
95	5 معرض نصر الله	شعوب	حيدر منصور علي جياش	3	Medium	2	1+2+3	10	5	50,000,000														50,000,000
96	104 باصصحي لقطع الغيار	السبعين	مصطفى باصصحي	2+3	Medium	2	2+3	10	4	720,000		1,000,000										400,000		3,620,000
97	359 جلا مود للالبسة النسائية	الوحدة	هيلم عبدالعزي علي مكره	3	Small	2	2+3	6	2															
98	53 عيادة جراحة عامة	السبعين	د عادل غرسان	4	Medium	2	2	12	7	750,000	100,000	1,250,000	196,000								600,000			5,396,000
99	334 المخبز اليمني الرافي	السبعين	ايهان اسماعيل قاسم التور	1 المخبز	Medium	2	1+2+3	45	10	8,880,000	600,000	1,000,000	2,000,000	3,000,000	60,000						600,000			20,140,000
100	47 مزارع سيلان	بني الحارت	خالد علي سيلان	2 (دواجن)	Medium	2	1+2+3	15	15	1,000,000												24,000,000		25,000,000

APPENDIX 2: LIST OF INTERVIEWEES BY ORGANIZATION

No.	Organization name	Interviewed person's name	Position	Address	Contact information
1	ILO	Mr Ali Dehaq	ILO National Coordinator		+967 71 1353437 dehaq@ilo.org
2	SCC	Mr Mohammed Mohammed Salah	Vice President of the Sana'a Chamber of Commerce	Al-Zubairi Street, Sana'a PO Box 1957	+967 777779495 Fax: +967 1 282416
3	SCC	Mr Khaled Ali Al-Alafi	Executive Manager	Al-Zubairi Street, Sana'a PO Box 1957	+967 770082812 Kalld7700@gmail.com
4	SCC	Mr Mohammed Saba Al-Jabri	International Cooperation Officer	Al-Zubairi Street, Sana'a PO Box 1957	+967 773939515 Mhammed.aljabri@gmail.com
5	SCC	Mr Tamim Faris Al-Suqaf		Al-Zubairi Street, Sana'a PO Box 1957	+967 773551851
6	SCC	Ms Nahal	Human Resource Department Manager	Al-Zubairi Street, Sana'a PO Box 1957	
7	FYCCI	Mr Mohammed Mohammed Qafah	General Manager	Al-Zubairi Street, Sana'a	+967 733203477 +967 1 261269 Qafah49@yahoo.com
8	FYCCI	Ms Fadhilah Gubari	Information Centre Director	Al-Zubairi Street, Sana'a	+967 711430226 fadhilah.gubari@fycci-ye.org
9	FYCCI	Ms Amal Abdullah Al-Kuhali	SMEs Unite Manager	Al-Zubairi Street, Sana'a	+967 772888280 amalalkohali@yahoo.com
10	FYCCI	Mr Asam Mohammed Al-Zubairi		Al-Zubairi Street, Sana'a	+967 733779989 Al-zubairi@fycci-ye.org
11	Ministry of Industry and Trade	Mr Abdalalialh Shiban	Deputy of Ministry of Industry and Trade	Al-Hasab, Sana'a	+967 777311917
12	Ministry of Industry and Trade	Ms Ensaf Al-Ariqi	SMEs Department	Al-Hasab, Sana'a	+967 771360477 ensaf.j.h@gmail.com
13	Ministry of Industry and Trade	Mr Mahmoud Al-Naqib	Ministry of Industry and Trade Advisor	Al-Hasab, Sana'a	+967 777815155
14	SMEPS	Mr Fekry Muafa	Business Development Manager	Haddah Street, Sana'a	+967 734613630 fsaleh@smeps.org.ye
15	SMEPS	Ms Buthaina Al-Subahi	Project Officer		
16	UNDP	Mr Ali Al-Rafaei	Entrepreneurship Specialist	Sana'a	+967 712221952 ali.al-refaei@undp.org
17	Yemen Business Cub	Dr Mohammed Hamanah	Executive Manager	Sana'a	+967 712341535 Tel.: +967 1 440360
18	Social Fund for Development	Mr Osama Al-Sami	Head of the SFD Small and Micro-enterprises Development Unit	Sana'a	+967 711159692 oshami@sfd-yemen.org osama.alshami@gmail.com

APPENDIX 3: TERMS OF REFERENCE

Proposal to assess the crisis effects on micro and small enterprises in Sana'a City and surrounding suburbs in Yemen

Background:

Yemen continues to face daunting political social and economic challenges since reunification of the two Yemen's (North and South) in May 1990. Over the last twenty five years, these challenges such as a lack of access to justice, real political participation, equal development, real freedom, citizenship, as well as a lack of access to quality basic social services and equity in the distribution of resources have continued to adversely affect any progress in human development that the country has striven to make. In February 2011, mass popular demonstrations started in Yemen with clear demands for a more transparent, responsive and legitimate government, and since then the Yemen's transition has tragically spiralled downwards.

The Saudi-led coalition's military operations, and the war that has taken over Yemen for the past 18 months, is affecting all the country. Yemeni citizens – men, women, and children – are bearing the brunt of the casualties and suffering of war. The state, economy and security apparatus has for the most part collapsed. More than half of the 25 million Yemeni population were already below the poverty line before the war. Eight million Yemenis were already receiving humanitarian assistance. Development and public services had already stalled in the aftermath of the 2011 crisis. According to the UN Office of the High Commissioner for Human Rights (OHCHR), the total numbers of civilians killed and injured, since 26 March 2015, is 3,436 and 8,426, respectively. During the same period 56 public vocational training institutions were completely destroyed as a result of the armed conflict. Over 3 million people have fled their homes. A staggering 80 per cent of the population need humanitarian assistance – over 21 million people.¹¹

According to the Sana'a Chamber of Commerce and Industry, the private industrial and commercial institutions experienced massive damages with heavy losses of human lives as well as capital and material damages, estimated at 39 billion USD. The Federation of Yemeni Chambers of Commerce and Industry published a statement to distance the private sector from violence and conflict actions (three fighter jets from the Saudi-led coalition targeted – beginning of January 2016, the Sana'a Chamber of Commerce and Industry, resulted in mass destruction of the entire building and internal equipment.¹²

ILO response to urgent needs in Yemen:

Despite the protracted conflict, ILO continues to work in Yemen to strengthen the population's resilience by creating jobs and income opportunities, enhancing employability and strengthening institutional capacity in conflict-affected areas.

a) Enhanced resilience and job creation in rural communities

Currently, the ILO is implementing, along with other three UN Agencies, a joint programme to enhance rural resilience in Yemen, specifically to: (1) upgrade informal apprenticeship in two targeted governorates and; (2) support entrepreneurship training in the same governorates. In addition, the ILO is supporting social constituents by providing analytical research and training skills on child

11) Yemen Damage and Needs Assessment: crisis impact on employment and labour market, ILO/CSO; http://www.ilo.org/beirut/publications/WCMS_501929/lang--en/index.htm.

12) http://alfjergalgaaded.com/news_details.php?lng=arabic&sid=11312

labour/soldiers, prospects of decent work in conflict settings and envisaged actions of transition from war to peace.

b) Damage and needs assessment:

In December 2015, the ILO within a joint UN/WB assignment have conducted a Preliminary Damage and Needs Assessment (DNA), in which the ILO conducted two sector-based assessments, for Employment and Technical Education and Vocational Training (TEVT). Between March and December 2015, the total employment in three governorates of Sana'a, Aden and Hodeida declined by 132,000 (13 per cent). On the other hand, 41 per cent of TEVT Institutions were destroyed all over the country, mostly because of the aerial bombing. In 2015, MSMEs experienced a sharp decline in their customer base, loss of skilled personnel, limitations in access to financing, interrupted energy supplies, and physical damage to productive assets and infrastructure. Between March and August 2015, 26 per cent of businesses closed due to the war. Women-owned enterprises were even less resilient with 42 per cent closing.

As a result, MSMEs lost much of their customer base (75 per cent of those operating in the services sector experienced a loss of customers, 73 per cent in trade, and 69 per cent in manufacturing). Large companies reported a 60 per cent loss of their customer base. Profits of MSMEs fell by an average of 79 per cent. One-third of companies surveyed across the country reported no profits, MSMEs in trade and services being the most affected (44 per cent and 43 per cent, respectively).¹³

Scope of the consultancy

Based on the requests received from the Federation of Yemeni Chamber of Commerce and Industry (FYCCIA) as well as the consultations undertaken with the Sana'a Chamber of Commerce (SCC), the overall objective of this project activity (the assessment) is to measure the extent of damage incurred to the SCC, in addition to the most affected SMEs in Sana'a City and its suburbs.

Specifically, the consultant will:

- undertake a desk review of existing reports and UN agency documents;
- utilize available aerial World Bank footage and data;
- document and make use of available information previously collected by FYCCI, SCC, SMEPS, ...etc.;
- analyse the extent of damage to the Institutional, financial, and Human capital of Sana'a Chamber of Commerce and Industry, and recommend a recovery plan;
- identify and assess the most affected SMEs in Sana'a City and close suburbs;
- identify 100 SMEs, based on scientific criteria, that may be able to return to work if provided with assistance.

The assessment will also look at:

- buildings, workshops and other infrastructure facilities;
- equipment and internal materials inside the SMEs, including ICT related material;
- human capital, including skilled and unskilled workers, administrative staff with competency profiles.

13) ILO. 2016. Yemen damage and needs assessment: *Crisis impact on employment and labour market* (ILO/CSO). Available at: http://www.ilo.org/beirut/publications/WCMS_501929/lang--en/index.htm.

The assessment will feed into a wider-UN recovery plan strategy for the reconstruction and recovery program in the target area. This exercise is therefore very timely as it will be undertaken prior to the envisaged Yemen peace agreement. It is hoped that this activity will also serve as pilot success story to be repeated in other affected areas in Yemen.

The assessment aims to provide sufficient details with possible gender disaggregated data as well as labour force micro-data at enterprise level, so as to allow for a menu approach for interested donors.

Implementation mechanism:

To achieve the assessment goals and to obtain the needed information from the field regarding the extent of damages and potential opportunities, the following actions are foreseen:

- contract a company to undertake the research and data collection in the targeted districts as well as to assess physical and infrastructural damages of enterprises through a civil engineer contracted through the company for that purpose; and
- establish a coordination team composed of Ministry of Planning and International Cooperation (MoPIC), Ministry of Industry and Trade (MoIT), FYCCI, and SCC to support and facilitate data collection including coordination with local authorities.

Deliverables and reporting:

The expected assessment report should be presented into two sections:

Section 1: Detailing the situation of MSMEs in Sana'a and suburbs and identifying 100 SMEs (based on scientifically developed criteria) that may be able to return to work if provided with assistance (i.e. potential recovery with some kind of assistance);

Section 2: Analysing the extent of damage to the institutional, financial, and human capital of Sana'a Chamber of Commerce and Industry and recommending a recovery plan.

First Deliverable

A draft report on the results of the assessment including:

- baseline review derived from available secondary data about the situation and registered assets before the crisis;
- raw tabulated data resulting from specialized questionnaires used to conduct interviews with stakeholders (FYCCI, SCC, MoIT, MoPIC, enterprise owners, etc...)
- detailed prescribed measures, actions and types of needed assistance (with cost implication per enterprise) for restoration and regaining production capabilities.

The draft report shall be presented to and discussed with the ILO office in Sana'a as well as with the Senior ACT/EMP ROAS Specialist.

Second deliverable: A final report incorporating comments based on discussions with ILO and relevant stakeholders.

APPENDIX 4: DATA COLLECTION TOOLS

Questionnaire: Business owners

Introduction:

Hello, my name is [Enumerator name] and I am working with Afcar for Consultancy, a consulting firm. We are undertaking an assessment to measure the extent of damage incurred to the most affected small and medium-sized enterprises (SMEs) in Sana'a City and its suburbs, On behalf of ILO and Sana'a Chamber of Commerce and Industry.

We are going to ask you some questions about your enterprises situation before and after the damage, as well as to capture the extent of the damage caused by the current conflict, and assess the damage of buildings, equipment, human capital and other things.

Your participation is voluntary and completely confidential and you do not have to answer any questions that you do not want to answer. You may end this interview at any time you want. We would greatly appreciate your help in responding to this survey. It will take about 30 minutes to complete. Would you be willing to participate?

Enumerator Name: Enumerator Code:

Date:

Section I: General information

1. Business name	
2. Location name or identifier	District:
3. Address	
4. Owner name	
5. Owner gender	<input type="checkbox"/> Male <input type="checkbox"/> Female
6. Contact/owner phone No.	
7. Contact email	
8.	<input type="checkbox"/> Manufacturing <input type="checkbox"/> Wholesaler <input type="checkbox"/> Retail <input type="checkbox"/> Service <input type="checkbox"/> Transportation <input type="checkbox"/> Agriculture <input type="checkbox"/> Other, specify.....
9. What is your current operational status?	<input type="checkbox"/> Closed <input type="checkbox"/> Partially open <input type="checkbox"/> Fully operational <input type="checkbox"/> Other, specify
10. If closed, when do you anticipate reopening?	<input type="checkbox"/> Within 30 days <input type="checkbox"/> 30-60 days <input type="checkbox"/> More than 60 days <input type="checkbox"/> Don't know

Human capital damage					
17. Did you have any human losses?	<input type="checkbox"/> Yes <input type="checkbox"/> No				
18. If yes, how many?	Status	#	Gender		Nationality
			Male	Female	
	Dead				
	Wounded				
	Other				
19. How many employees (full time, part time) did you have?	Full time		Part time		
	Male	Female	Male	Female	
20. How many employees (full time, part time) do you currently have?	Full time		Part time		
	Male	Female	Male	Female	
21. Did you lay off employees?	<input type="checkbox"/> Yes <input type="checkbox"/> No				
22. If yes, how many?					

Physical damage				
23. Did you have building damage?	<input type="checkbox"/> Yes <input type="checkbox"/> No			
24. If yes, what was the level of damage and losses?	<input type="checkbox"/> Building destroyed: all or most of the building structure is collapsed (75–100 per cent of structure destroyed). <input type="checkbox"/> Building severely damaged: a significant part of the building structure is collapsed (30–75 per cent of structure destroyed). <input type="checkbox"/> Building moderately damaged: limited damage observed to the building structure (5–30 per cent of structure damaged).			
25. What other physical damage did your business suffer?	Damage	Yes	No	If yes, percentage
	Raw material			
	Final product			
	Equipment			
	Furniture			
	Infrastructure			
	Vehicles and transport			
	Other,specify.....			
	Other,specify.....			
Other,specify.....				

26. What other key factors hindering business operations?	<input type="checkbox"/> Access to business (customers could not reach business) <input type="checkbox"/> Debris removal <input type="checkbox"/> Product Supply <input type="checkbox"/> Financial / business loans <input type="checkbox"/> Short-term capital <input type="checkbox"/> Long-term capital <input type="checkbox"/> Training / personnel <input type="checkbox"/> Employees' transportation <input type="checkbox"/> Customer base <input type="checkbox"/> Construction <input type="checkbox"/> Other, specify..... <input type="checkbox"/> Other, specify.....		
27. Do you have an estimate of cost of the damage/loss?	<input type="checkbox"/> Yes <input type="checkbox"/> No		
28. If yes, how much?]Please, if you do not have the real cost, estimate the cost[.	Damage/losses	Estimated cost (YER)	Estimated cost (US\$)
	Human capital		
	Building		
	Raw material		
	Final product		
	Equipment		
	Furniture		
	Infrastructure		
	Vehicles and transport		
	Other, specify		
	Other, specify		
29. What economic/indirect damage/ losses have your business suffer?	Damage/losses	Estimated cost (YER)	Estimated cost (US\$)
	Stop work losses		
	Salaries and wages of workers during the stop		
	Substitution the product		
	Expected revenues losses		
	Other, specify.....		

Section 3: Coping strategies and need assessment:

<p>30. Have you made steps to recover your business?</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No	
<p>31. If yes, what steps or improvements have you made to recover your business?</p>	<p>Step</p>	<p>Percentage of repairs completed</p>
	<p>Debris removal</p>	
	<p>Construction</p>	
	<p>Equipment</p>	
	<p>Furniture</p>	
	<p>Re-hire workers to work</p>	
	<p>Operation</p>	
	<p>Other, specify</p>	
	<p>Other, specify</p>	
<p>32. Does your business have insurance?</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No	
<p>33. If yes, how much insurance recovery have you received or anticipate from property damage?</p>	<p>.....YER or US\$</p>	
<p>34. Have you had any kind of assistance?</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No	
<p>35. If yes, what kind of assistance have you received?</p>	<input type="checkbox"/> Financial assistance <input type="checkbox"/> Equipment <input type="checkbox"/> Furniture <input type="checkbox"/> Raw material <input type="checkbox"/> Training <input type="checkbox"/> Other, specify <input type="checkbox"/> Other, specify <input type="checkbox"/> Other, specify	
<p>36. If yes, who is provided this assistance?</p>		

37. What are the main needs to have recovery and rehabilitation for your business?		Quantity	Estimated cost
	Human capital (salaries)		
	Financial / business loans		
	Construction*		
	Equipment*		
	Furniture *		
	Raw material *		
	Infrastructure		
	Debris removal		
	Stock		
	Human capital (Training)		
	Operation cost (i.e. rent)*		
	Other, specify		

*** Please, specify:**

Thank you for answering these questions, it is much appreciated.

