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European Union



socioeconomic and damage assessment report: unrwa microfinance clients in syria (report of the situation in june 2013)

march 2014

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Disclaimer:

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Executive Summary

UNRWA microfinance clients in Syria, like the vast majority of people throughout the country, have seen their lives, households and businesses devastated by armed-conflict. In order to gauge just how widespread the turmoil of armed-conflict has impacted on the lives, households and enterprises of its clients, UNRWA undertook a field survey in June 2013. The findings provide detailed empirical evidence of the social, economic and humanitarian well-being (or lack thereof) of its clients at this time. This information provided a wealth of data, which is already being used by UNRWA to develop plans, strategies and new initiatives to help mitigate the financial situation and basic economic needs of its clients, while at the same time enabling the programme to rebuild its portfolio to return it to self-reliance and long-term sustainability. These findings relate to the conditions of clients in four branch offices in Damascus and one branch office in Aleppo.¹ While the results cannot be interpreted as providing a general picture of the national situation in Syria, nor of the general situation of people in Damascus and Aleppo, they do provide a straightforward statistical illustration of the suffering that the armed-conflict in Syria has wrought on the clients of UNRWA's microfinance programme. It is a valuable case study insofar as it exemplifies the tragic reality facing most people in the areas of Damascus and Aleppo where UNRWA's branch offices are located.

The main findings of this assessment study were as follows:

Displacement: The majority of UNRWA's microfinance clients in Syria were displaced from their residence during the conflict, with more than two-thirds (71.3%) fleeing their homes to seek more secure places to live. Clients in Yarmouk area of Damascus recorded the highest rate of enforced mobility with 89 per cent of them dislodged from their residences.

Looting and closure of business: By June 2013 only 13.3 per cent of the businesses of clients were able to continue operations, with only three per cent functioning in the Saida Zeynab and Yarmouk areas of Damascus. Almost half of all enterprises (44.2%) had been closed by the owners and another two-fifths (39.9%) had been robbed or looted. Looting was most widespread in conflict zones with 72 per cent of businesses looted in Douma, 50 per cent in Saida Zeynab and 45 per cent in Yarmouk. One per cent of businesses switched locations to continue operations, most commonly in Bustan al-Basha (Aleppo) where 3.5 per cent of businesses moved their operations to other areas. More than half (61%) of all businesses were damaged.

Destruction and loss of housing stock: Over half of clients' homes (55.7%) were damaged, with the residences of 14 per cent of clients completely destroyed. Housing damage was widespread in the outlying areas of Damascus where over 70 per cent of client housing in Saida Zeynab (78.9%), Douma (72%) and Yarmouk (71.2%) was damaged. A fifth of damaged houses (19.7%) were completely destroyed in Yarmouk, followed by 17 per cent in Bustan al Basha and 16.7 per cent in Douma.

Income and expenditure: The vast majority of clients (82.5%) suffered from a fall in their monthly income, while the costs of basic commodities have doubled in price. This has pushed many families to the brink of survival, with almost half of all clients (45.1%) living on income from day-to-day, with almost a fifth of clients (16.4%) without any source of income. Only 10.5 per cent of families said they only had financial resources sufficient for several months, while 4.9 per cent indicated that had sufficient, savings assets and income to enable them to survive for a year or more.

Coping strategies: The ability of client households to meet their basic needs have been squeezed, with 87.4 per cent of the clients reducing household expenditure on food, together with a 90.1 per cent reducing clothing purchases and an 86.3 per cent reduced expenditures on housing needs. Households have also reduced expenditures on education, transportation and health to try to cope with significant loss of income. The coping strategies of clients in Yarmouk and Saida Zeynab have been

¹ Subsequent to the completion of the survey, UNRWA expanded its operations to safer regions of the country, opening three new branch offices in Latakia, Tartous and Sweyda.

most stressed, where over 90 per cent of households have reduced their expenditures on food, clothing, housing needs, health and transportation costs.

Hardships of clients and their households: Almost half of all clients (48%) suffered from a lack of shelter, while just under a third of client households in Bustan al-Basha (29.5%) and Saida Zeynab (29.2) and a fifth in Yarmouk hosted other family and friends in their homes, often in new areas to which they had been displaced. With 66.4 per cent of families losing or facing a fall in their main source of income, 43.5 per cent suffered from a shortage of food, while 56.3 per cent experienced shortage of medicine and medical treatment and 35 per cent faced a lack of clean water. Some, 8.9 per cent of clients indicated that they had no access to food and another 23 per cent claimed that food was rarely available. Some 2.2 percent of client household members were killed or injured during conflict, while almost one per cent (0.7%) disappeared.

Humanitarian assistance: The above summary indicates that a very significant proportion of UNRWA's microfinance client households faced severe hardship and deprivation, with 85.7 per cent indicating that they needed assistance if they were to survive. This need was especially felt in Saida Zeynab, Yarmouk and Bustan al-Basha, where over 90 per cent claimed they needed humanitarian assistance if their families were to live. However, as just 38 per cent of households indicated that they had received such assistance, a huge humanitarian assistance gap remains.

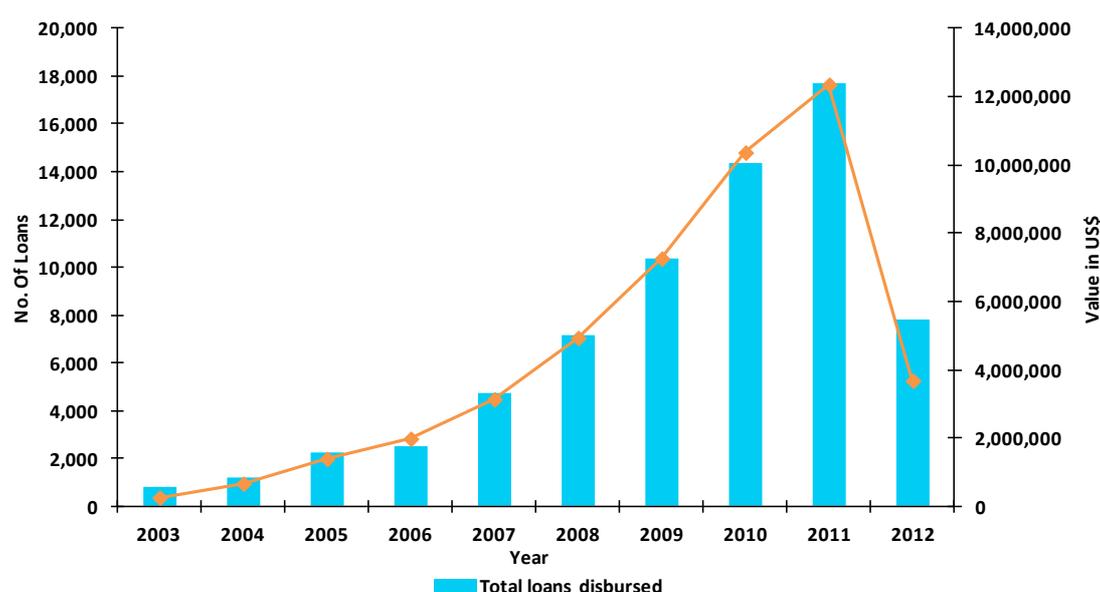
Introduction

The Syrian population and business community has been devastated by the armed-conflict that began in March 2011. This resulted in an economic catastrophe that saw the economy lose a total of USD 84.4 billion over the first two years of the conflict, with loss of USD 34.8 billion in GDP and USD 41.2 billion in lost capital stock, while private investment slumped by 81 per cent. Even if the conflict ceased now and GDP grew at an average rate of five per cent each year, it is estimated that it would take the Syrian economy 30 years to return to the economic level of 2010.

By June 2013 the population of Syria was hollowed out by over eight per cent as over a third (36.9 per cent) of the population had left their normal place of residence, with 1.73 million refugees fleeing the country, another 1.37 million departed the country as migrants and a further 4.8 million persons were displaced from their homes and communities. This calamity affects all aspects of people's well-being since it was often accompanied by the loss of income and livelihoods with families struggling to meet their basic needs. The outcomes are clearly attested in recent socioeconomic indicators in Syria which show that 2.33 million jobs have been lost, creating hardship for almost 10 million dependents, while 48.8 per cent of the workforce is unemployed. Also, more than half the Syrian population are living in poverty, with some 4.4 million (or more than a fifth of the population) living in abject poverty.

The impact of the armed-conflict on UNRWA's microfinance clients in Syria has been overwhelming and traumatic. How the conflict has affected these microfinance clients provides a concrete case study of how a specific group of enterprises and households, composed of — among others — Palestine refugees, women, youth, and poor people have been directly affected by surging violence and destruction. The immediate result of the conflict is seen in the sharp decline in the programme's outreach in 2012 compared to previous years. The chart below shows the outreach in Syria for the period 2003-2012. There was deep regression in outreach between 2011 and 2012, when the number and value of loans fell by 57 per cent, and 69 per cent, respectively. To understand the factors behind this in greater detail UNRWA undertook a statistical assessment of the impact of the Syrian armed-conflict upon the socioeconomic conditions of clients and their households. While UNRWA's microfinance programme has faced a number of significant crises due to violence and political unrest in the West Bank and Gaza in the past, the current crisis in Syria is the deepest and most destructive of people's lives and livelihoods that the programme has encountered over the past two decades.

Chart 1: Annual Microfinance Outreach in Syria 2003-2012



UNRWA Microfinance in the Context of the Armed-Conflict

Reflecting the current state of the socioeconomic conditions in Syria, the data from the UNRWA study of its microfinance clients shows that the vast majority are among the throng of people-in-movement trying to escape from violence and warfare engulfing the country. As they have fled their homes many have lost their livelihoods and face increasing hardship and deprivation. The initial displacements of the programme's clients first began in the area around the Douma branch office in Rif Damascus in June 2012 when the area was taken over by opposition forces. Located to the north-east of Damascus, the conquest of Douma resulted in it becoming one of the early military frontlines between opposition and government forces. This directly affected clients in the centre of Douma and the adjacent neighbourhoods of Harasta, Saqba, Hamoryah, Ein Tarma, Barza, Irbin, Andraa, Zamalka and Jobar. In response to increasing confrontations between opposing forces, UNRWA was forced to relocate staff to the Ameen Branch Office in central Damascus. While it was safe to do so, UNRWA moved most of the branch office furniture and equipment to Ameen. But subsequently, as clashes between the warring parties intensified, the remaining equipment was looted and the building badly damaged. (See the photographic appendix)

Shortly thereafter, in Aleppo, the Bustan al-Basha branch was enveloped within the immediate frontlines of heavy armed engagements between opposition and government forces. This necessitated the relocation of staff in August 2012 to the UNRWA area offices, where they continued to work but were no longer able to serve clients in the neighbouring areas of Sheikh Maksoud, al-Hulk, Sheikh Fares, Sheikh Hader, al-Ashrafia and al-Midan. Because of the intensity of the conflict and danger to transport, it was too dangerous to attempt to secure the equipment from the branch, which was subsequently looted, its equipment stolen and the building housing the branch office devastated by blast damage.

Following this, in October 2012, the Saida Zeynab Branch Office in the Shia'a pilgrimage area south of Damascus, which attracts pilgrims from Iraq, Iran, Lebanon and Syria, was also affected by the conflict as the opposition forces targeted this area, which also includes the areas of Husseinayah, Qabr e-Sit, Zeiabia, Akraba, Babbliia, Beit Sahm, Hajerah, Ghouta, Sbeneh and Alboulyda. As this region was effectively cut-off from the rest of Damascus, the staff of Saida Zeynab who lived outside the area were also relocated to the Ameen branch. While the Saida Zeynab still remains structurally intact, it was ransacked and most of the equipment, infrastructure and utilities stolen.

Most affected by the armed-conflict was the Yarmouk branch office, which also hosts the regional management of the programme in Syria. It is located immediately south of the city centre and is home to the largest concentration of Palestine refugees in Syria. The branch also serves the neighbouring districts of Hajjar al-Aswad, Palestine Camp, Yalda, Tadhamon, al-Shagour, al-Zahera, al-Qadam, Nahr Eshe and Darayya. The Yarmouk branch and regional office were the central hub of UNRWA's microfinance operations in Syria until December 2012, when opposition forces entered the Yarmouk area and soon thereafter the branch office was openly and publicly looted by Jabhat al-Nusra despite interventions from the neighbours to try to prevent this. By then all but a few staff from Yarmouk had been relocated to the Ameen branch office.

Thus, by the beginning of 2013 all staff in Damascus were relocated and worked directly from the Ameen Branch Office in the Old City area of Damascus. As a result, the branch is extremely overcrowded with the staff from the other three Damascus branch offices now working from the programme's smallest branch, which also houses the regional management team and staff. While it has so far been safer from the direct effects of the armed-conflict, clients in the immediate eastern neighbourhoods of Jaramana and Ghouta have been harmed as opposition forces move within these areas.

The economic consequences of the armed-conflict were universal, dislocating and impoverishing the lives of clients, while disrupting UNRWA microfinance through undermining its financial viability and operational sustainability. Thus, in 2012 the programme made a significant loss of USD 3.64 million due to exchange rate losses, escalating provisioning expenses for doubtful loans and declining

portfolio. During this period the programme wrote off 1,111 loans valued at SYP 18.94 million. In order to reduce losses, in 2013 the programme also reduced its workforce by 20 per cent. Moreover, in order to ensure the future sustainability of the programme, management developed a contingency plan to open three new branch offices in safer areas of country in Tartous, Latakia and Sweyda. Together with ongoing outreach through the Ameen branch office, these new branches commenced operations in June 2013 and began to compensate for the loss on the Bustan al-Basha branch in Aleppo and the Douma, Saida Zeynab and Yarmouk branch offices in Damascus. However, despite these actions the sustainability of the programme remains in crisis and its short-term survival through 2014 has only been secured through a grant of EUR 1.66 million from the European Union to support the UNRWA microfinance operations through its Instrument for Stability (Ifs). This has provided the programme with a financing bridge over the critical period needed to rebuild the portfolio. Thus, during 2014 the programme will extend its outreach into new areas of Syria with the aim of once more achieving operational self-sufficiency and medium-term stability. However, this will require a further injection of approximately USD 5 million during 2014-2015 to ensure that the programme has sufficient capital to expand and serve an increasing number of clients during this period.

Impact of the armed-conflict on client business and households

Displacement

One of the most harrowing events that can occur in a person or family's life is the loss their home and habitat. But this is an especially traumatic experience if such loss occurs in the midst of the violence and bombardment of warfare, when everyone around you is bereft of any sense of security, safety or protection. Tragically, the vast majority of UNRWA microfinance clients in Syria were displaced from their homes and businesses as a result of the armed-conflict, with 71.3 per cent of clients leaving their residence; either because they were internally displaced, migrated to seek safety and economic security in other counties or fled the country as refugees. Many of the families that remained in Syria were living with relatives and friends or in the most extreme cases sheltering in public parks.

Displaced clients	Branch				
	Ameen	Bustan al-Basha	Douma	Saida Zeynab	Yarmouk
Percentage	32.8%	77.5%	80.0%	82.4%	88.8%

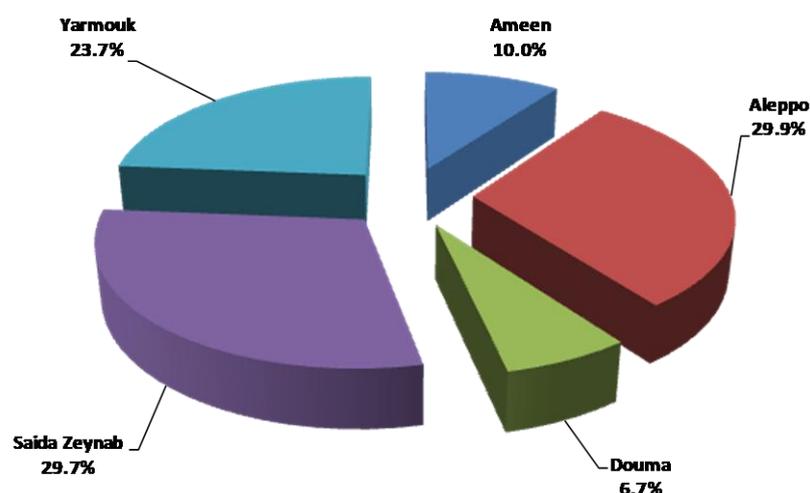
None of the areas in which the UNRWA microfinance programme operates were spared from the impact of this life-changing drama. Few UNRWA clients in the Yarmouk suburb of Damascus — which is home to the largest concentration of Palestine refugees in Syria — were spared this loss, with 88.8 per cent displaced from their homes and enterprises. Clients in the Shia'a pilgrimage area of Saida Zeynab were the next most affected group, with 82.4 per cent of clients from this neighbourhood and surrounding areas displaced from their homes and businesses. In Douma, on the north-eastern outskirts of Damascus, where the conflict arrived much earlier than in other parts of the city, 80 per cent of clients and their families were displaced from their homes. The clients least affected were those served by the Ameen Branch Office in central Damascus, where less than a third (32.8%) were dislodged.

In Aleppo, the area around the Bustan al-Basha branch office was the scene of some to the most intense fighting during the conflict and was one of the first regions to be affected, some 77.5 per cent of clients and their families living in proximity to the office were displaced.

Thus, with the exception of the Ameen branch, the majority of UNRWA's microfinance clients were displaced from their regular place of residence, with clients in Bustan al Basha in Aleppo accounting for 29.9 per cent of displaced clients, closely followed by Saida Zeynab which accounted for 29.7

percent and Yarmouk with 23.7 per cent. Clients from Ameen accounted for 10 per cent of displaced clients, while Douma accounted for just 6.7 per cent.²

Chart 1: Distribution of Displaced Clients by Branch Office



When viewed through the prism of gender, the results show that slightly more women clients and their households were displaced than men, with 51 per cent of female clients and their families displaced from their homes during the crisis, compared to 49.2 per cent of male client and their families. The highest percentages of displaced females and their families were recorded at Saida Zeynab, Bustan al-Basha, and Yarmouk branches, where 33.6 per cent, 31.3 per cent and 22.7 per cent, respectively, were displaced.

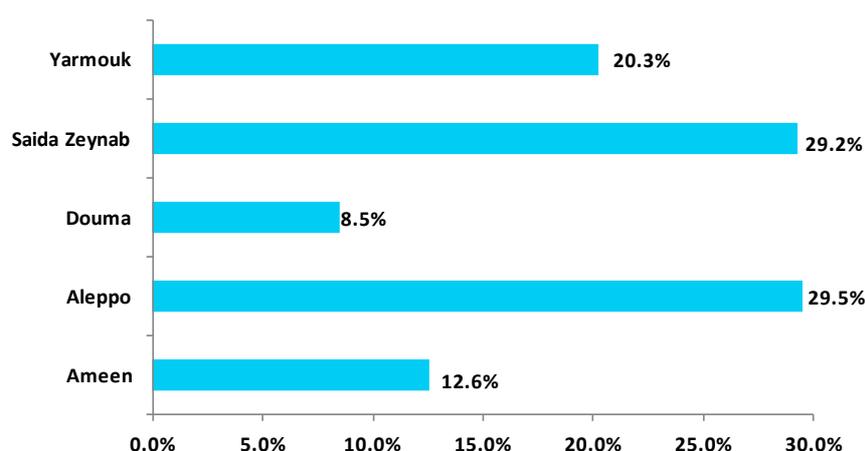
Table 1: Distribution of Displaced Clients by Branch Office and Gender

Branch	Gender	
	Female	Male
Ameen	9.9%	10.2%
Bustan al-Basha	31.3%	28.5%
Douma	2.6%	10.8%
Saida Zeynab	33.6%	25.8%
Yarmouk	22.7%	24.7%
Total	50.8%	49.2%

Paradoxically, displacement strengthened and created new relations of dependency, support and solidarity among friends and families, with many clients hosting other families or individuals, most often in new areas to which they had fled and set up new homes. This was particularly common in Bustan al-Basha and Saida Zeynab, where 29.5 per cent and 29.2 per cent of clients, respectively, hosted others. In Yarmouk a fifth of clients (20.3%) hosted other people in addition to their nuclear family. Some 12.6 per cent of clients from the Ameen area hosted displaced persons in their household, while just 8.5 per cent of clients from the Douma area hosted others. Such familial and friendship support networks have been important in helping many people, including those that are most marginalised and least able to find shelter and sustenance in the midst of the conflict. While many clients found shelter or new accommodation in other areas Damascus and Aleppo, 13.6 per cent of clients and their families travelled abroad to escape the maelstrom.

² The low portion in Douma is due to the fact that the active clients in Douma were much less than in other areas as the branch was the last to be established.

Chart2: Distribution of Clients Hosting other People by Branch Office



Results of the damage assessment survey in Syria

Business Situation

During the first two-and-a-half years of armed-conflict, the Syrian economy has experienced massive de-industrialisation, dilapidation and degradation as a result of business closure and bankruptcy, capital flight, looting and destruction. As GDP contracted by 34.3 per cent in the first quarter of 2013 and by a further 36.9 per cent in the second quarter, compared to the parallel quarters in 2012, the total GDP loss to the economy since the start of the conflict was USD 47.9 billion. Across the economy 2.33 million jobs were lost, with the welfare of almost 10 million dependents jeopardised after losing their primary economic support. As businesses closed and jobs were shed, the unemployment rate reached 48.6 per cent, with more and more households falling into poverty. An estimated 13.9 million Syrians (or two-thirds of the population) were now poor. Among these are the new working-poor, who have become poor and unable to meet the basic needs of their families as their salaries and wages have not kept abreast of rising prices that have been pushed upward by scarcity and significant devaluation of the Syrian pound.

Table 2: Business Situation of Clients by Branch Office

Business Situation of clients	Branch					Total Share
	Ameen	Bustan al-Basha	Douma	Saida Zeynab	Yarmouk	
Continues to operate	40.0%	10.0%	6.0%	2.8%	3.1%	13.3%
Moved enterprise	1.1%	3.5%	0.0%	1.9%	0.0%	1.0%
Temporarily closed	15.8%	18.2%	20.0%	2.8%	15.0%	13.2%
Permanently closed	15.3%	35.5%	2.0%	42.6%	35.6%	31.0%
Exposed to fire	1.1%	1.7%	0.0%	0.0%	1.3%	1.0%
Looted/Stolen	25.7%	31.2%	72.0%	50.0%	45.0%	39.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

The tragic situation that has befallen the Syrian business community is reflected in the business situation of UNRWA microfinance clients. As a result of the armed-conflict, a significant proportion of client businesses (39.9%) were looted or had equipment stolen, while only 13.3 per cent of clients continued to operate their enterprises in June 2013. A further one per cent of clients moved the location of their enterprises in order to stay in business, while another one per cent of enterprises had been exposed to fire. Some 44 per cent of businesses had been closed either temporarily (13.2%) or permanently (31%) by their owners. Thus, as a direct result of the conflict that vast majority of the businesses owned by clients were no longer operating.

While all clients were affected by current conflict, the businesses owned by clients in the Said Zeynab and Yarmouk branch offices were more seriously affected than other areas, with only three per cent (2.8% and 3.1%, respectively) of clients continuing their business operations in these areas. In Douma only six per cent of clients were able to maintain their businesses, while 10 per cent were able to do so in Bustan al-Basha. Least affected were clients in Ameen, where 40 per cent continued to run their enterprises, within the “green zone” of central Damascus. A small segment of clients in a few areas were able to continue their work through moving their enterprise, with 1.1 per cent of clients in Ameen moving their enterprises to safer locations, compared to 1.9 per cent in Saida Zeynab and 3.9 per cent in Bustan al-Basha.

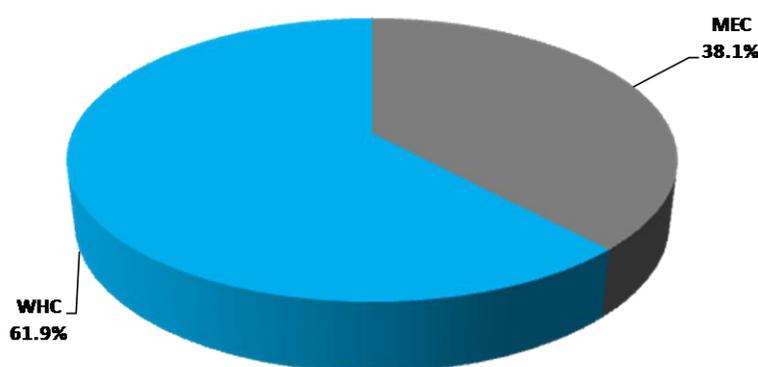
Many clients responded to the deteriorating economic situation and increasing violence by shuttering their enterprises either permanently or temporarily, with 53.7 per cent of clients in Bustan al-Basha closing their enterprises, followed by 50.6 per cent of clients in Yarmouk, 45.4 per cent in Saida Zeynab, 31.1 per cent in Ameen and 22 per cent in Douma. While clients in Douma were least affected by the choice to close their businesses, they were most affected by business collapse due to looting and theft, with 72 per cent of clients in Douma losing their enterprises to a combination of action by militia and criminal acts, compared with 50 per cent in Saida Zeynab, 45 per cent in Yarmouk, 31.2 per cent in Bustan al-Basha and 25.7 per cent in Ameen.

Like the rest of the country where unemployment and poverty was rising, the businesses of clients’ rapidly shed labour during the crisis compared to the pre-crisis period, with a 73.5 per cent decline in the number of workers employed in clients businesses by June 2013.

Business Damage

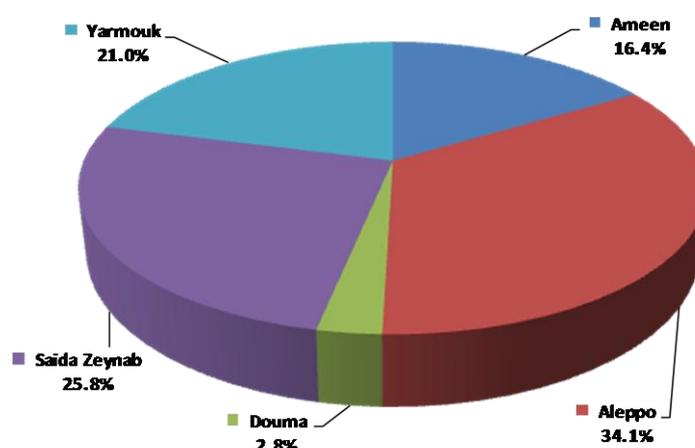
The survey results show that 61 per cent of businesses were damaged during the conflict, with women-owned enterprises most affected as almost two-thirds of damaged businesses (61.9%) belonged to women who were financed through the women’s household credit (WHC) product, whereas 38.1 per cent of damaged businesses belong to both men and women with microenterprise (MEC) loans. In terms of the extent and type of damage, a third (33.8%) of enterprises were completely destroyed, while 60 per cent were damaged by robbery, theft and looting and 5.3 per cent were damaged by blast and fire. Some 8.4 per cent of enterprise affected by theft had their complete assets stolen, including machines, inventory, and furniture, while almost half (48.7%) lost their inventory, a third (32.8%) lost machinery and equipment, 4.2 per cent had their vehicles and transport stolen and 1.7 per cent lost furniture.

Chart 3: Distribution of Damaged Businesses by Loan Type



More than a third (34.1%) of clients whose business were damaged were concentrated in Bustan al-Basha in Aleppo, next was Saida Zeynab where a quarter (25.8%) were located, followed by Yarmouk where a fifth (21%) of damaged businesses were located, Ameen at 16.4 per cent and finally Douma at just 2.8 per cent. Thus, most damaged businesses were centred in Damascus where 65.9 per cent of damaged businesses were located.

Chart 4: Distribution of Damaged Businesses by Branch Office



Consumer Clients

In addition to its business clients, the programme financed consumer loans to working-class and low-income middle-class households. Less than a quarter of the portfolio (23%) was composed of consumer loans. Just under a fifth of consumer clients (17.2%) worked in the private sector, while the vast majority (82.8%) worked in the public sphere, e.g. in schools, hospitals, clinics, municipalities, police and other public sector institutions. These loans enabled them to build household assets and to meet the costs of education, healthcare and other services. As the enterprises and institutions of employers were affected by the armed-conflict, 22 per cent of consumer clients lost their jobs and many were unable to repay their debt to UNRWA. The place of work of more than a quarter (29.2%) of these clients was damaged during the conflict, with the greatest ratio in Bustan al-Basha where the workplaces of almost two-thirds of consumer clients were damaged. This was followed by Saida Zeynab where over a third (34.8 per cent) of clients had their work places damaged, compared to a fifth in Yarmouk. A much lower share of consumer clients from Douma and Ameen faced damage to their workplace with only 5.9 per cent and 9.1 per cent affected by such damage.

Table 3: Consumer Clients with Workplace Damage by Branch Office

Branch	Did the place of work face any damage?	
	Yes	No
Ameen	9.1%	90.9%
Bustan al-Basha	63.6%	36.4%
Douma	5.9%	94.1%
Saida Zeynab	34.8%	65.2%
Yarmouk	20.0%	80.0%
Total	29.2%	70.8%

Damage to Habitat and Housing

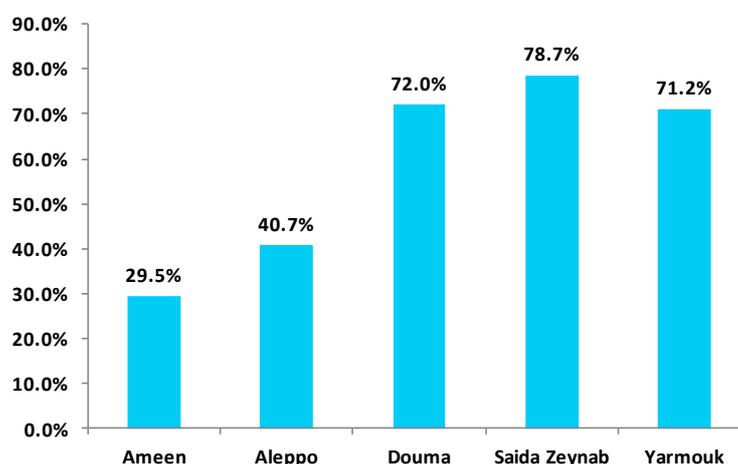
Urban fighting, bombardment, criminal ransacking and property seizure had a significant impact on the habitat, tenure and housing situation of clients across Syria, with more than half of all UNRWA's microfinance clients (55.7%) suffering damage to their homes. Damage to client housing stock was very pronounced in Saida Zeynab, Douma and Yarmouk, where 78.7 per cent, 72 per cent and 71.2 per cent of the clients' homes were damaged, respectively. Although less widespread, damage was very common in Bustan al-Basha where two-fifths (40.7%) of client housing was damaged, although less common but still frequent 29.5 per cent of client housing stock in Ameen suffered damage. Thus, damage to client housing was much more widespread in Damascus than in Aleppo.

Table 4: Damage to Client Housing by Branch Office

Was your house damaged?	Branch					Total
	Ameen	Bustan al-Basha	Douma	Saida Zeynab	Yarmouk	
Yes	29.5%	40.7%	72.0%	78.7%	71.2%	55.7%
No	70.5%	59.3%	28.0%	16.7%	21.2%	41.7%
Don't know	-	-	-	4.6%	7.5%	2.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Of those clients who reported damage to their homes, overall some 13.7 per cent indicated that their homes were totally destroyed, while 54 per cent indicated that they were partially damaged. 20 per cent indicated that their homes had been damaged by exposure to fire, while 8.9 per cent indicated that they suffered theft and/or ransacking. A small number (0.2%) claimed that their homes had been seized and appropriated by other persons or gangs, although this appeared only to have taken place in Yarmouk where just under one per cent of client properties had been seized. 3.2 per cent of clients indicated that they did not know the state of their properties at the time they were interviewed as they had not been able to visit them.

Chart 5: Distribution of Damaged Houses by Branch Office



Clients in Yarmouk suffered the greatest degree of total destruction with almost a fifth (19.2%) of clients indicating that their houses had been totally destroyed. This was closely followed by clients in Bustan al-Basha and Douma were respectively 17 per cent and 16.7 per cent, of clients indicated that their habitat was completely destroyed. Total destruction to client housing was less significant, although not uncommon in Saida Zeynab and Ameen, where respectively 9.4 per cent and 7.4 per cent of client homes were completely destroyed. However, more than two-thirds (68.8%) of the homes of clients in Ameen suffered partial damage compared to 63.5 per cent in Saida Zeynab, 50 per cent in Douma, 49.2 per cent in Yarmouk and 38.3 per cent in Bustan al-Basha. Damage through fire was also common with a fifth of all clients houses exposed to fire damage, which was most significant in Bustan al-Bash in Aleppo which was the scene of fierce fighting. It was also common in the outlying areas of Damascus and least common in Ameen, where only 5.6 per cent of clients housing had been exposed to fire damage. Just over a fifth of client Ameen faced damage to their habitat through theft and ransacking, which was least common in Yarmouk and Saida Zeynab.

Thus, damage to the housing properties of clients was extensive and widespread, compounding their experience of trauma and deprivation. As the habitat of most client households was damaged, many families lost their most valuable asset, which in most cases would have taken decades to finance and complete. As very few clients held insurance policies, which would in any case not be recognised, most families will be unable to replace their accommodation very easily. And many will never be able to do so. As most clients have also lost their means of livelihood, they have no or limited resources to

invest in the reconstruction and repair of their damaged properties. When the conflict is over it will require major financial investments over many years before most clients will be able to re-establish the living conditions, no matter how meagre these were for many poor households, that they possessed before the conflict began in early 2011.

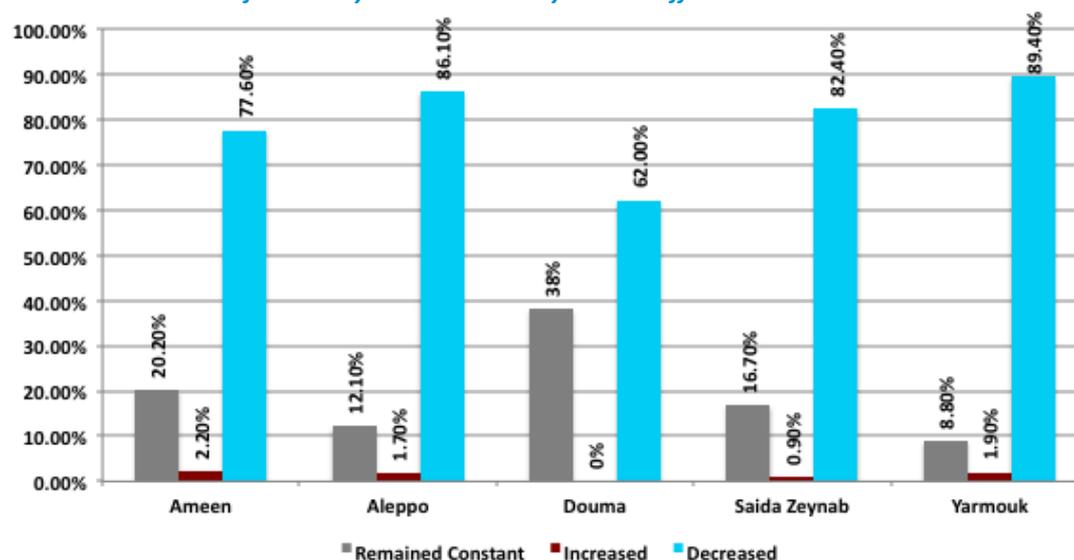
Table 5: Type of Damage to Client Housing by Branch Office

Type of Damage	Branch					Total Share
	Ameen	Bustan al-Basha	Douma	Saida Zeynab	Yarmouk	
Total destruction	7.4%	17.0%	16.7%	9.4%	19.2%	13.7%
Partial damage	68.8%	38.3%	50.0%	63.5%	49.2%	54.0%
Exposed to fire	5.6%	29.8%	22.2%	21.2%	16.7%	20.0%
Theft/ransacking	20.4%	10.6%	11.1%	4.7%	7.5%	8.9%
Seizure	-	-	-	-	0.8%	0.2%
Don't know	1.9%	4.3%	-	1.2%	6.7%	3.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Living Conditions and Livelihoods

Financial Struggles

Chart 7: Distribution of Clients by Income Status by Branch Office



As a result of the conflict, the vast majority of clients (82.5%) faced a decrease in their monthly income, compared to 16 per cent whose income remained constant (most of who were consumer clients living on fixed-incomes from public sector employment), while a small group of 1.5 per cent of the clients improved their revenues during the crisis. At the same time as their income was falling consumer prices were skyrocketing by an average of 200 per cent. The data shows that the pattern of decline was generalized, with some variations between different areas. Clients of the Yarmouk branch recorded the highest percentage of clients facing income reduction, with 89.4 per cent of its clients suffering from reduced earnings, while 86.1 per cent of clients in Bustan al-Basha where similarly squeezed. This was repeated in Saida Zeynab and Ameen, where 82.4 per cent and 77.6 per cent of clients, respectively, saw a reduction in their monthly income. The lowest ratio of reduction was in Douma where 62 per cent of clients saw their incomes squeezed, while a third of client there indicated that their income levels had remained constant. A very small portion of clients indicated that their incomes had risen during this period, with 2.2 per cent in Douma, 1.9 per cent in Yarmouk, 1.7 per

cent in Bustan al-Basha and 0.9 per cent in Said Zeynab claiming that their earning had improved during the conflict.

The generalized reduction in income experienced by the vast majority of clients was accompanied by substantial increases in the cost of living with the consumer-price index rising three-fold during the first two years of the conflict, while the cost of basic commodities doubled in price by the end of the period. Thus, the combination falling income and rising prices have pushed many families to the brink of survival. Almost half of all clients (45.1%) are living day-by-day on a daily income, while 16.4 per cent where no longer able to manage financially as they have no source of income. Deeply troubling for clients and their households was that fact that a fifth of families in Saida Zeynab, Bustan al-Basha and Douma no longer have any source of income. A worrisome anxiety for almost a quarter of clients was that they did not know how they and their households would manage in the future.

Table 6: Ability to Manage Financially by Branch Office

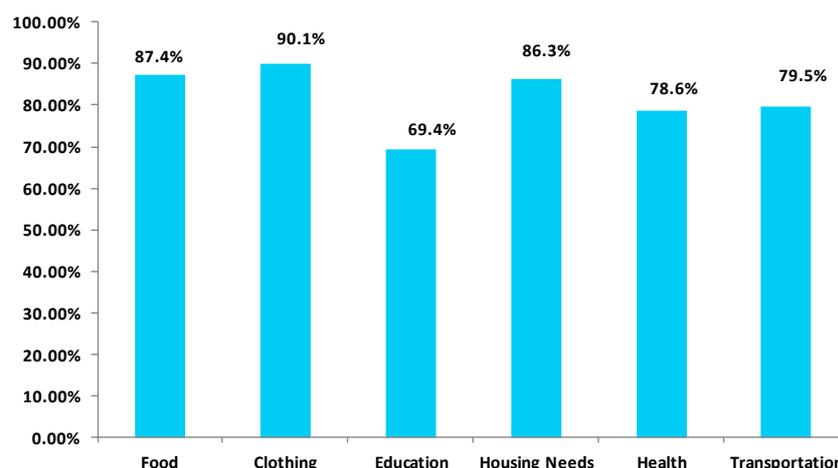
Branch	Duration of ability to manage financially					
	More than one year	One Year	Several Months	I don't know	Not able	Day-by-day
Ameen	5.5%	7.1%	13.1%	26.8%	6.6%	41.0%
Bustan al-Basha	3.5%	0.0%	13.9%	27.3%	21.6%	33.8%
Douma	12.0%	0.0%	6.0%	6.0%	20.0%	56.0%
Saida Zeynab	0.0%	0.0%	11.1%	19.4%	23.1%	46.3%
Yarmouk	0.6%	1.9%	3.1%	23.1%	10.0%	61.2%
Total	3.0%	1.9%	10.5%	23.1%	16.4%	45.1%

At the time of the survey, the majority of clients did not have the financial ability to sustain themselves and their families in either the short or medium-term. Just over 10 per cent of clients had the financial resources to manage for several months, while less than five percent had the ability to survive for one year or more on savings, fixed-incomes or other assets. Clients in Yarmouk had the least capacity to survive financially for several months or more, with only 3.1 per cent of clients having the income to survive for several months or more and just 2.5 per cent having the resources to sustain themselves and their families for a year or more. Most financially resilient were clients in Ameen and Bustan al Basha, with 13.1 per cent of clients in Ameen able to sustain their households for several months and a further 12.6 per cent able to cope financially for a year or more. In Bustan al-Basha 13.9 per cent of clients had the resources to manage for a few months and just 3.5 per cent had the ability to survive for a year or more. No clients in Saida Zeynab had the resources to survive for a year or more, while 12 per cent in Douma claimed they did.

Coping strategies

Thus, in view of the limited financial resources available to the vast majority of clients and their households, together with the hardship that many of them are now facing, it is not surprising that many families are now cutting back on basic expenditures to manage the household budget. While there has been a significant cutback on all basic household expenditures, this has been highest with food, clothing and housing needs; whereby 90.1 per cent of clients have cutback on the purchase of clothing as prices increased by just over 200 per cent according to CPI assessments. With food prices rising by between 200-250 per cent, 87.4 per cent of clients reduced their expenditure on food, while 86.3 per cent reduced their expenditure on housing needs. With more than half of clients' children unable to access their schools, it is not surprising that 69.4 per cent of clients have cutback on educational expenditures even as educational costs have risen by 175 per cent. Moreover, 79.5 per cent of clients cutback on transportation expenditures, as transport costs jumped by just under 250 per cent. At the same time, 78.6 per cent of clients reduced their expenditure on health and healthcare related expenditure.

Chart 8: Categories of Client Expenditures Reduction by Branch Office



While there was widespread expenditure cutback by clients everywhere, this was especially marked in Saida Zeynab and Yarmouk, where 90 per cent or more curtailed their expenditure on food, clothing, housing needs, transportation and health. At the same time families struggled to maintain investments in education, but not very successfully as only 38 per cent in of clients in Yarmouk and 23 per cent in Saida Zeynab managed to maintain their educational expenditures during this period. This was even starker in Bustan al-Basha where client cutbacks on educational needs by 86.1 per cent as only 25 per cent of school-age children were able to access schools.

Table 7: Decrease in Monthly Expenditure of Clients by Branch Office

Items of expenditure	Branch				
	Ameen	Bustan al-Basha	Douma	Saida Zeynab	Yarmouk
Food	77.0%	84.4%	82.0%	95.4%	94.4%
Clothing	84.7%	86.1%	94.0%	95.4%	93.8%
Expenditure on Education	45.9%	86.1%	70.0%	76.9%	61.9%
Housing Needs	74.9%	86.1%	74.0%	96.3%	90.0%
Health cost	59.6%	76.2%	78.0%	88.9%	90.0%
Transportation	48.1%	82.7%	94.0%	91.7%	90.0%

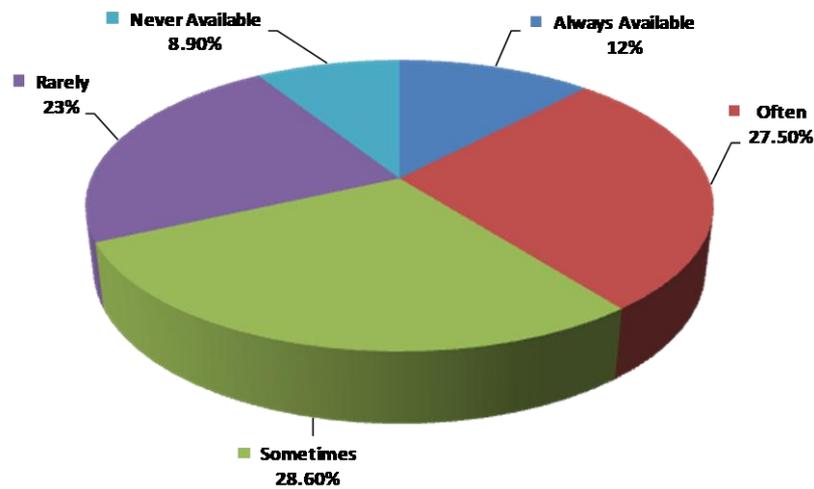
Scarcity and Shortages

With the degradation of the economy, rising unemployment and poverty, and destruction of the urban fabric, trade linkages and supply chains have been severely disrupted throughout the country causing scarcity and shortages of basic goods and services, which even when available are increasingly unaffordable by households whose lives are in turmoil. The absence or shortage of basic needs has reached a chronic state in many households. While food, which is the most basic human need, is regularly available in most areas, the growing population of abject poor is increasing unable to find the means to procure basic provisions, which is clear from increasing incidence malnutrition and starvation in besieged communities.

Gaining access to food has become a primary concern for an increasing number of clients and indicative of the burgeoning humanitarian disaster facing Syria. Only a minority of clients (39.5%) indicated that they had access to food which was always and often available. Almost a tenth of clients (8.9%) claimed that food was never available for their households, while 23 per cent claimed it was rarely available and 28.6 per cent claimed that its only was sometimes available. Thus, more than half of all clients (60.5%) indicated problems with access to foodstuffs, while 43.5 per cent suffered from an insufficient quantity of food for their households. Moreover, almost half of all clients (46.7%) reported that the food they were able to find was or poor or bad quality, while 40 per cent reported

that it was of acceptable quality and only 15 per cent indicated that they could access good quality food.

Chart 6: Client Access to Food during the Crisis



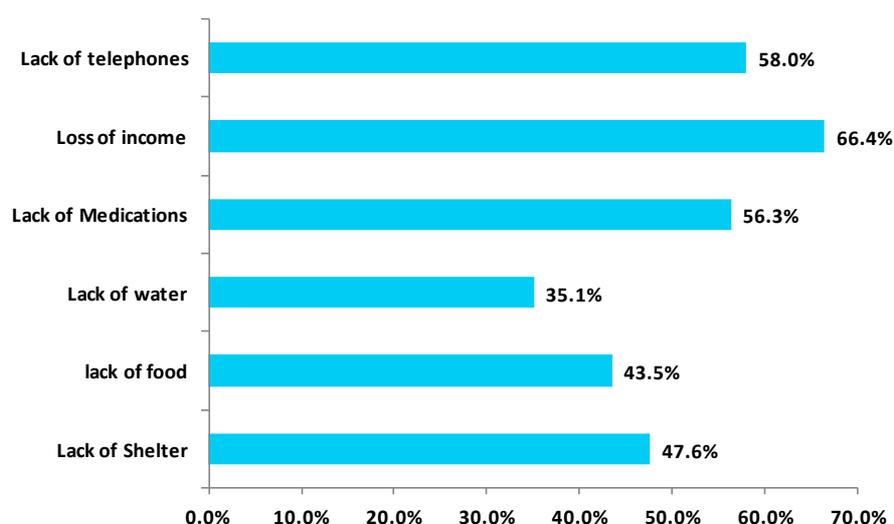
About a third (32.03%) clients and their families suffered from shortage of drinking water which was never or rarely available, while just 30.71 per cent of families had continual access. More than half of client households (57.74%) never or rarely had fuel for cooking, while 60 per cent never or rarely had fuel for heating and just over a third (37.14%) had no access or rare access to electricity. While not recognized as a basic need, but an increasingly important aspect of modern life, more than two-fifths client households (43.57%) had no or rare access to a telephone. Access to transportation was also a problem for many clients, with 31.19 having no or rare access to transportation.

Table 8: Availability of Basic Needs

Basic needs	Availability				
	Always available	Often	Sometimes	Rarely	Never available
Electricity	15.12%	20.48%	13.81%	24.76%	12.38%
Telephones	23.57%	8.93%	10.48%	20.24%	23.33%
Water	30.71%	11.07%	12.74%	20.48%	11.55%
Fuel for cooking	9.52%	6.31%	12.98%	37.38%	20.36%
Fuel for heating	8.81%	5.71%	11.55%	35.00%	25.48%
Transportation	21.67%	20.00%	13.69%	24.17%	7.02%

One of the means for any household to obtain its basic needs is to have a stable and reliable source of income to obtain the primary means of life, but among UNRWA’s microfinance clients two-thirds (66.4%) of them lost or faced a reduction in the income they needed to meet the basic needs of their families. Almost half (47.6%) lacked shelter as a result of the conflict, while more than half of client households (56.3%) suffered from a shortage of medicine and medical treatment. Over a third (35.1%) suffered from a lack of clean drinking water.

Chart 9: Lack of Basic Needs and Essentials



The level of clients' ability to acquire basic needs and essential services varied between the different branch offices, with those in the significant conflict zones facing the highest incidence of deprivation. Thus, the vast majority of clients in the Saida Zeynab, Bustan al-Basha and Yarmouk had a greater rate of lost or reduced income than elsewhere at 87 per cent, 75.7 per cent and 70.6 per cent, respectively. Most client households in Saida Zeynab, Yarmouk and Bustan al-Basha lacked sufficient food, with 56.5 per cent, 55.6 per cent and 49.8 per cent of households, respectively, suffering from food shortages. This compared to just 16 per cent in Douma and 16.9 per cent in Ameen. The majority of client households in Yarmouk, Saida Zeynab and Bustan al-Basha lost or lost access to their homes at a rate of 61.2 per cent, 58.3 per cent and 51.5 per cent, respectively, compared to 36 per cent in Douma and just 21.3 per cent in Ameen.

Table 9: Clients Lacking Basic Needs and Essential Services by Branch Office

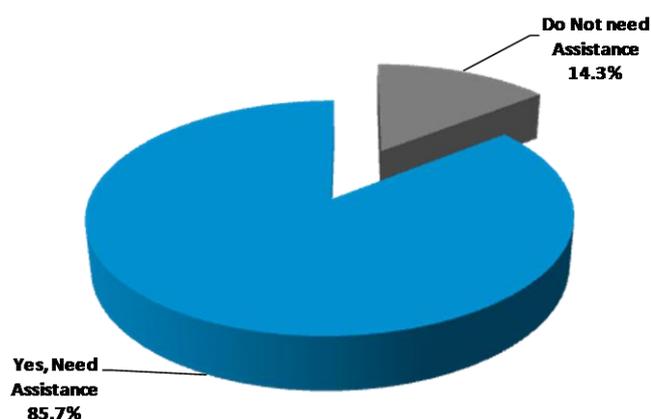
Item	Branch				
	Ameen	Bustan al-Basha	Douma	Saida Zeynab	Yarmouk
Lack of Shelter	21.3%	51.5%	36.0%	58.3%	61.2%
lack of food	16.9%	49.8%	16.0%	56.5%	55.6%
Lack of water	15.9%	56.2%	20.0%	29.6%	38.7%
Lack of Medications	24.0%	69.7%	24.0%	73.1%	61.2%
Loss of income	31.7%	75.7%	48.0%	87.0%	70.6%
Lack of telephones	17.5%	70.5%	38.0%	75.0%	69.3%

A significant majority of client households in Saida Zeynab, Bustan al-Basha and Yarmouk faced a shortage of medicines and medical treatment at a rate of 73.1 per cent, 69.7 per cent and 61.2 per cent, respectively, compared 24 per cent of clients in both Douma and Ameen. It was only in Bustan al-Bash that a majority of clients lacked access to clean water, but the problem was very common for many client households in other branches, with 38.7 per cent of clients in Yarmouk, 29.6 per cent in Saida Zeynab, 20 per cent in Douma and 15.9 per cent in Ameen suffering from a lack of clean water. The ability to communicate with others was significantly constrained in Saida Zeynab, Bustan al-Basha and Yarmouk where 75 per cent, 70.5 per cent and 69.3 per cent of client households, respectively, lacked access to telephones, compared to 38 per cent in Douma and just 17.5 per cent in Ameen.

Humanitarian Assistance

All of the above data indicates that the clients of UNRWA's microfinance programme, like the vast majority of the Syrian population, are enmeshed by a humanitarian crisis which is destroying their ability to provide for their families and care for themselves. Thus, 85.7 per cent of all clients claimed that they and their households required assistance to survive, with 98.1 per cent in Saida Zeynab, 95 per cent in Yarmouk, 91.3 per cent in Bustan al-Basha, 64 per cent in Douma and 62 per cent in Ameen. Just 14.3 per cent of clients said they did not require such assistance.

Chart 10: Percentage of Clients and their households according the need of assistance



While the great majority of clients expressed a need for such assistance, only 38 per cent of client households indicated that they had received some assistance from a humanitarian agency. Thus, indicating the extent of the humanitarian service gap in these regions. The Gap was less wide in the Damascus area, where 56 per cent of clients in Yarmouk, 46 per cent in Saida Zeynab and 45 per cent in Douma indicated they had received some humanitarian assistance, but this was invariably not enough.

Summary

Like millions of other Syrians, UNRWA's microfinance clients in Aleppo and Damascus continue to face the psychological distress of living with constant fear and violence that has affected them, their families and their neighbours. With their businesses in ruin, their homes damaged or destroyed, displaced from their communities and their lives now blighted with unemployment and poverty, they continue to try to survive under conditions of economic degradation, enduring anguish and constant trauma, with fear of bereavement in a setting where the risk violence and violation seems perpetual and uncontrollable.

Methodological Appendix

This report describes and narrates the main socioeconomic results of the department's damage assessment survey of its clients in Syria. The study looks at the condition and life situation in June 2013 of those clients and former clients who had loans outstanding with UNRWA at the end of December 2012. The study was undertaken in June 2013, a time when the armed-conflict was intensifying and it was already clear from reports from the field that many clients were fleeing conflict zones and businesses were closing down, while economic crime and looting were on the rise.

The Questionnaire:

The client-situation and damage-assessment survey questionnaire consisted of nine sections, which included:

- General identifying information on each client, e.g. client name, gender, client number, loan type, branch name, nationality, household size and number of dependents.
- Sections dealing with client status, housing characteristics and financial status of the household. The survey also considered the food, health, and educational situation of client households.
- A specific section of the questionnaire focussed on the direct impact of the armed-conflict on client's businesses.
- Another separate section focussed on clients with consumer loans and the impact of the conflict on their households.
- A separate group of 10 poverty scorecard questions were enumerated to determine the level of client poverty (which will be presented in a separate report).

Sample and Sampling Frame:

The target population used to develop this survey was all of UNRWA microfinance clients in Syria that held active loans at the end of December 2012. This sampling frame consisted of 7,965 clients, distributed amongst the department's branch office network in Syria; including the four branch offices in Damascus, i.e. Ameen, Douma, Saida Zeynab, and Yarmouk branches, in addition to the Bustan al-Basha branch office in Aleppo.

The sample size and sample design was based on a calculated sample size of 840 clients, which produced a ± 5 per cent precision level (margin error).³ The sample was designed as a stratified random sample to produce reliable socio-economic statistics on the target population by:

- Branch office (region) to provide statistics according to the area in which each of the five branch offices are located;
- Loan type to provide results by the three different loans products retailed in Syria, which included microenterprise (MEC) loans, women-only household enterprise (WHC) loans and consumer (CLP) loans.
- Gender was used to provide results by men and women to see if there were any significant differences.

³ The questionnaire enumeration was undertaken under difficult and fraught security conditions that included ongoing armed clashes and bombing in the areas of some branch office, with many clients fleeing their communities to seek shelter elsewhere. A total of 541 questionnaires were completed out of 840 and these were re-weighted to compensate for incomplete or missing questionnaires. Because enumerators were unable to find many clients, additional randomly selected clients were chosen to replace those that could not be found. In total 737 clients who were selected for the original or replacement sample could not be found during the enumeration period as they had fled the country or moved to other areas.

Field operations and data processing:

Data enumeration and collection was conducted by loan officers from the department in Syria through telephone interviews (95 per cent of the enumeration was conducted in this manner) and face-to-face interviews with clients (five per cent of the enumeration). As the conflict intensified during this period, this mixture of telephone and in-person interviews was undertaken as the only safe way to carry out the study under intensifying conflict conditions. With confrontation taking place in many regions on a daily basis there was little security for staff in most areas where clients were located.

The data processing, verification and cleansing were done by the programme's social performance management (SPM) unit in East Jerusalem, where data entry and tabulation were performed using SPSS. Data entry was organized in one file, with a data entry template designed to reflect an exact image of the questionnaire. Data cleansing include logical checks, range checks, consistency checks and cross-validation.



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department of microfinance

syria

images from the field
destruction of branch offices



national office

Destroyed Yarmouk branch / national office.





aleppo branch

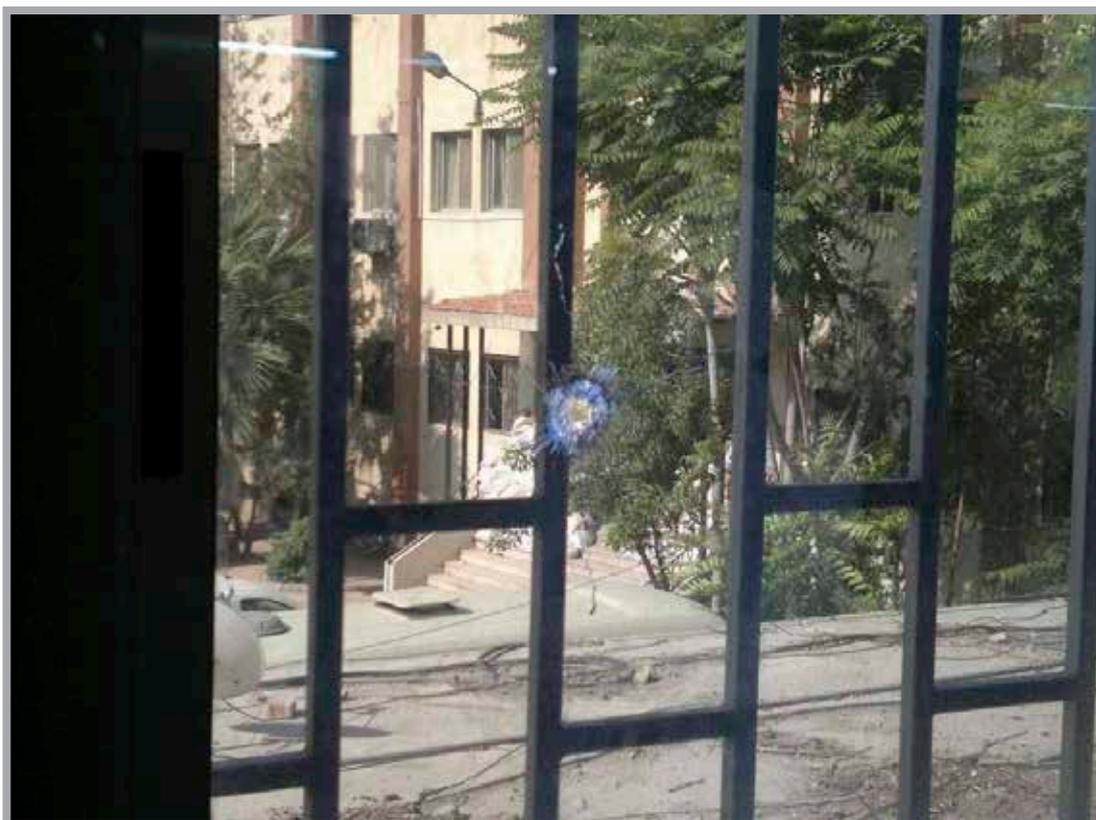
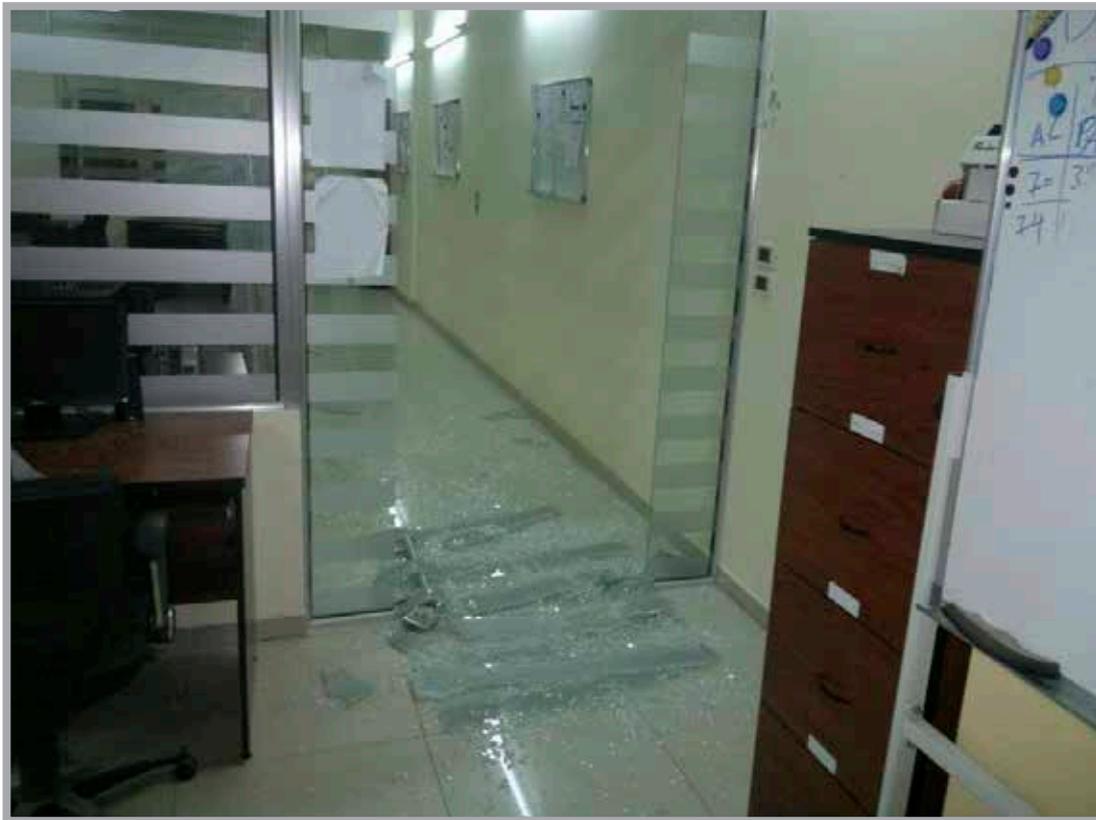
Destroyed aleppo branch.





Douma branch

Early war images of gunshot damage to Douma branch. (Note that the branch is now looted but standing)





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