The Project of Resilient Livelihoods & Gender-Responsive Economic Opportunities for Women, Youth &Communities in Abyan and Lahj Governorates

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Labor and Market Assessment for Identifying Suitable Income Generating Activity (IGA) and Skills Development Opportunities for Women, Youth & Communities in Lahj Governorate

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1. Executive summary

This Labor and Market Assessment (LMA) was conducted to generate a clear, evidence-based understanding of economic conditions, labor dynamics, skill gaps, and viable income-generating opportunities for women, youth, and vulnerable communities in Lahj Governorate. The assessment supports the "Resilient Livelihoods & Gender-Responsive Economic Opportunities Project," providing actionable insights to guide program design and strengthen market-responsive interventions.

A mixed-methods approach was used, integrating 292 market surveys, 22 labor market surveys, Focus Group Discussions (FGDs) and Key Informant Interviews (KIIs). Data analysis was conducted using SPSS, Excel, and Power BI. The triangulation of data ensured a comprehensive understanding of both market behavior and local labor needs.

Key Findings:

The economic landscape of Lahj is characterized by a high dependence on small-scale trade, agriculture, livestock production, and home-based enterprises particularly those led by women. Essential goods, especially food products, solar energy services, and household items, remain in high demand. However, purchasing power among households is declining, and consumer behavior is highly price sensitive.

Businesses face several major constraints including high input costs, lack of access to finance (98%), weak market linkages (81.8%), and limited access to tools, workspace, and reliable supply chains. Operational challenges such as transportation barriers, fluctuating input prices, and low product quality reduce profitability and restrict business growth.

Skill gaps remain one of the most significant barriers to improved livelihoods and employment. Deficits are most severe in business management (87%), technical production skills (62.8%), and digital competencies (53.4%). Employers also report difficulties finding qualified workers for roles requiring accounting, management, and specialized technical skills.

Women encounter additional constraints that limit their economic participation. These include restrictive social norms (69.6%), household responsibilities (66.4%), mobility limitations, and reduced access to capital and resources. As a result, many women prefer or are restricted to home based income opportunities, despite having strong motivation to engage in productive economic activities.

Proposed Livelihood Activities and Community Enterprise Opportunities

Most of the Proposed Livelihood Activities and Community Enterprise Opportunities that received top ranking in three locations from the survey are:

I. For men: crop-based agriculture integrated with solar power, livestock breeding, beekeeping, cheese and dairy industry

2. For Women: livestock breeding, incense and perfume production, sewing and embroidery, food industries sweets and pastries production, cheese and dairy industry(and henna packaging.

2. Identified Opportunities for Community Enterprise, it was found that:

- Top-Ranked Opportunities: processing of local food products / food industries), Agriculture & Beekeeping, and Solar Energy Services.
- Community-Identified Opportunities (from FGDs and KIIs): livestock breeding, henna packaging, food processing, tailoring, and beauty services.

Key Recommendations:

The assessment recommends a multi-layered approach to support livelihood resilience and inclusive economic development:

1. Implement market-driven vocational training aligned with identified skill gaps.
2. Strengthen business management skills through coaching and practical training.
3. Improve access to finance through microgrants, revolving funds, and low-risk lending.
4. Enhance value-chain linkages and facilitate access to inputs and markets.
5. Provide tailored support for women including home-based enterprise models, mobile training, and safe transportation options.
6. Promote digital skills and facilitate online marketing and e-commerce opportunities.
7. Establish post-training follow-up and mentorship mechanisms to improve sustainability.

Overall Conclusion

Lahj Governorate presents significant opportunities for livelihood development despite ongoing economic challenges. With targeted support addressing skill shortages, financial barriers, gender constraints, and weak market linkages, communities especially women and youth can expand their economic participation and build sustainable pathways to income generation.

The assessment concludes that Lahj Governorate presents a mix of urgent needs, systemic constraints, and strong livelihood opportunities. Women and youth the priority groups of the project demonstrate willingness to work and engage in income-generating activities, but require: market-aligned technical training, business and digital skills, access to capital and tools, supportive social and institutional environments, improved market linkages and value chain integration, Interventions that respond to these needs will be well-positioned to enhance, household resilience, stimulate local economic development, and promote sustainable, gender-responsive livelihood opportunities across Lahj.

2. Introduction & Background

2.1. Introduction

Yemen continues to face one of the world's most complex humanitarian and economic crises, marked by prolonged conflict, institutional fragmentation, widespread poverty, and the collapse of essential public services. These challenges have severely undermined household resilience, restricted access to basic economic opportunities, and disrupted traditional livelihood systems across rural and urban areas alike. Communities in project targeted regions, particularly women and youth, experience heightened vulnerability due to limited income sources, weak market structures, and inadequate access to skills development.

Within this fragile context, the "Resilient Livelihoods & Gender-Responsive Economic Opportunities for Women, Youth & Communities Project" aims to address critical socio-economic gaps by enhancing self-reliance, improving income-generation capacities, and supporting community-level recovery. The proposal highlights that affected households suffer from restricted access to productive assets, diminishing livelihood options, and reduced purchasing power conditions that collectively demand targeted, market driven interventions.

Women and youth face disproportionate barriers to economic participation, including limited mobility, weak access to finance, cultural constraints, and reduced access to training or employment pathways. These groups often depend on informal or low-income activities, making them highly vulnerable to market shocks. At the same time, local markets show signs of resilience and untapped potential, particularly in sectors such as food production, agriculture, livestock, crafts, and small-scale services areas where targeted support can generate sustainable livelihood opportunities.

In response to these conditions, a comprehensive assessment of labor and market dynamics is essential to ensure that livelihood interventions are relevant, feasible, and aligned with real economic demand. A strong evidence base is required to inform program design, guide vocational training priorities, and identify viable income-generating activities (IGAs) suited to local conditions and beneficiary capacities.

This report draws and provides a detailed analysis of market systems, labor trends, skill gaps, gender barriers, and sector-specific opportunities in the targeted communities. The findings offer a strategic framework for designing effective, inclusive, and market-responsive programming that enhances resilience and expands economic participation among vulnerable groups.

2.2. Rationale of the Study

A market-driven approach is essential to ensure that livelihood interventions are sustainable and capable of generating meaningful economic benefits. In Lahj, emerging trends such as growing demand for food products, increasing interest in renewable energy services, and resilience of agricultural and home-based sectors create opportunities for inclusive economic advancement.

However, without accurate data on supply gaps, consumer behavior, gender-based limitations, and skill deficits, interventions risk failing to align with market realities. This assessment bridges that information gap by delivering a comprehensive evidence base for strategic planning.

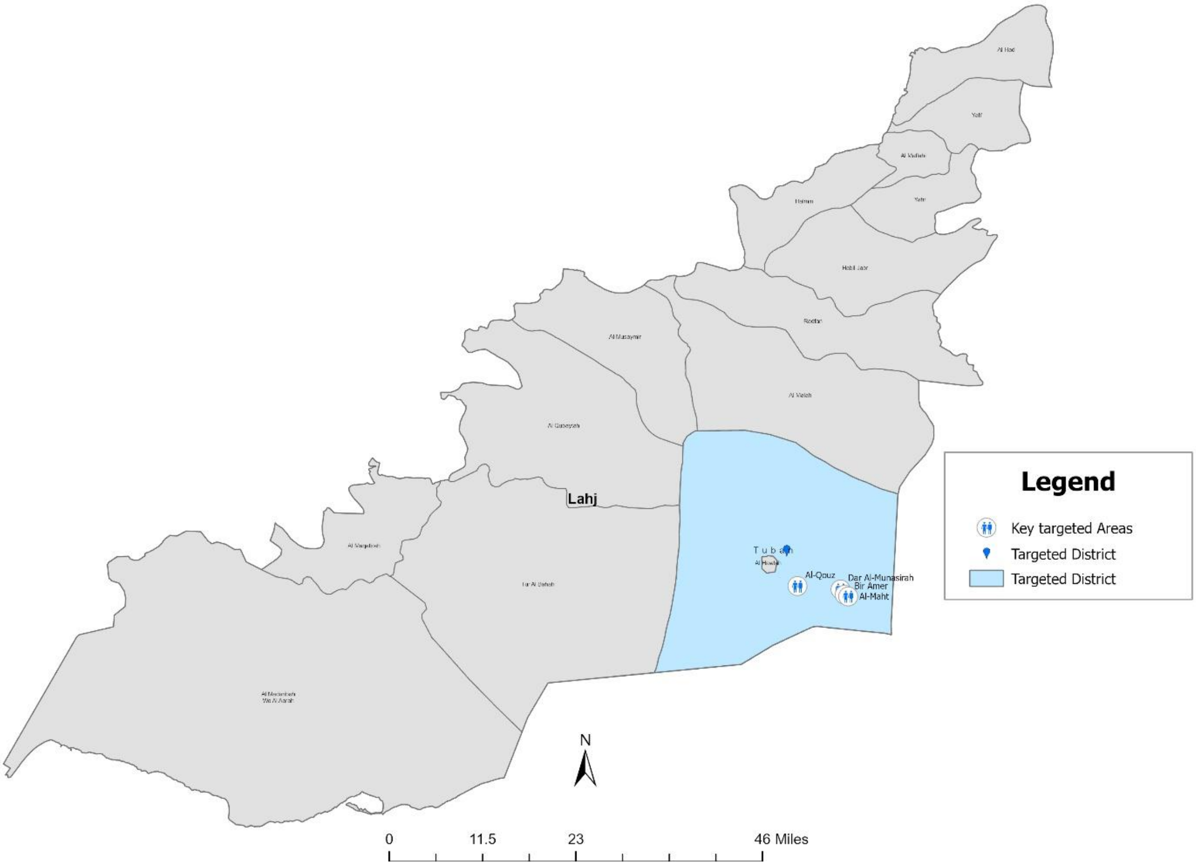
2.3. Purpose of the Assessment

The primary purpose of the assessment is to generate a nuanced understanding of the market systems, labor force characteristics, and livelihood opportunities within the targeted regions of Lahj Governorate. Specifically, the assessment aims to:

1- Identify high-potential economic sectors suitable for women, youth, and vulnerable groups.
2- Analyze market demand and supply dynamics, including price trends, product availability, and consumer behaviors.
3- Assess labor market requirements, focusing on skills in demand, recruitment challenges, and workforce readiness.
4- Identify key skills gaps limiting employability and entrepreneurial success.
5- Examine gender-specific barriers affecting women’s participation in economic activities.
6- Explore challenges faced by micro and small enterprises, including access to finance, inputs, markets, and infrastructure.
7- Provide actionable, market-aligned recommendations to guide program design and intervention planning.

2.4. Geographic Coverage

The assessment was conducted across 4 key areas of Lahj Governorate: Al Kuz, Bir Amer, AL- Mahat and Dar Al-Munasara.



These areas were selected based on:

- Concentration of project beneficiaries.
- Presence of active markets
- Economic relevance and diversity
- Accessibility for data collection
- Representation of rural and peri-urban dynamics

2.5. Target Population

The study targeted diverse groups to ensure comprehensive representation of market actors and community perspectives: micro and small business owners, market vendors and producers, women entrepreneurs and home-based workers and youth (unemployed, underemployed, or informally engaged)

This diversity enabled a holistic view of market functioning, labor capacity, and socio-economic constraints.

3. Methodology of the Study

3.1. Market assessment approach Overview

The study/market assessment was focused on analyzing the market and identifying market-based and resilient micro & small IGAs including livelihood opportunities for women and exploring the barriers for accessing business finance options, access to skill training, market linkages etc. available for women. To meet these objectives, an in-depth structured study/market assessment was conducted.

The study has followed the mixed method approach, which consisted of both qualitative and quantitative methods. Use of both qualitative and quantitative methods have brought a greater opportunity to analyze the local market and identify market-based and resilient livelihood opportunities for women, youth and communities and explore the barriers for accessing business finance options available for the target beneficiaries on one hand and on the other hand compared to the traditional approaches, also the study aims to capture a comprehensive picture of market dynamics, labor force characteristi0cs, skill gaps, and socio-economic barriers within Lahj Governorate. The methodological framework ensured triangulation of findings, enhanced reliability, and allowed for a nuanced understanding of livelihoods and economic opportunities across diverse population groups.

3.2. Sampling and Data Collection Method Strategy

The assessment was conducted across 4 key areas of Lahj Governorate: Al Kuz, Bir Amer, AL- Mahat and Dar Al-Munasara0. In order to understand the economic profile of a sample beneficiary, all the beneficiaries' profiles were analyzed. A total of 314 respondents participated in the quantitative component (Table 1):

- 292 Market Assessment respondents (producers, vendors, business agents, and service providers).
- 22 Labor Market Assessment respondents (micro-enterprise owners, home-based workers employers).
- To obtain primary information, 5 FGDs with around 35 beneficiaries

Data was collected through 2 Market Assessment Survey, Labor market survey and FGDs surveys conducted as part of the "Resilient Livelihoods & Gender-Responsive Economic Opportunities" project. The survey was designed to gather quantitative data on demographics, labor market trends, skills assessments, and business challenges. Both tools (Labor and market assessment survey) were digitized and deployed using KoBo Toolbox, enabling real-time data entry, monitoring, and validation.

Table 1: Sample Distribution by Region

Region Name	Sample Size	
	Questionnaire	FGDS
Al Kuz	29	15
Bir Amer	42	13
AL- Mahat	41	0
Dar Al-Munasara	180	7
Total	292	35

A combination of purposive sampling and convenience sampling was used:

- Purposive sampling ensured inclusion of active market actors, employers, women entrepreneurs, and youth.
- Convenience sampling allowed for rapid data collection in high-traffic market areas where respondents were readily available.

This approach maximized relevance while acknowledging logistical constraints common in crisis-affected contexts.

3.3. Data Processing.

Data has been entered through online data entry platform called KoBo Toolbox. Supervisor has checked data at the field level by real time checking, spot checking and sudden checking mechanisms. On the other hand, the Data Management Expert made sure real time checking at the central level. The data generated by FGDs and KIIs and have been recorded through questionnaire after take the verbal permission of the respondents.

3.4. Data Analysis

Quantitative data from questionnaires survey was analyzed using SPSS, excel and power BI programs by which measures of frequency, cross tabulation, mean etc. were done and graphical presentation were used. Qualitative data from KII and FGDs were transcribed, coded and then interpreted in line with the ToR of the assessment. To ensure validity and allow for generalization, data were triangulated across all quantitative and qualitative data collection tools, in order to build consensus on the logical findings that were carried forward to formulate recommendations. Tables, graphs and charts will also be generated for analysis.

The analysis was strictly based on the data provided in the assessment file. The process involved:

1. Systematic Extraction: Each figure and table were systematically reviewed, and all numerical data (percentages, frequencies, rankings) was extracted.
2. Variable-by-Variable Examination: Each variable was analyzed individually to understand its core result before exploring relationships with other findings.
3. Cross-Variable Analysis: Connections between different data points were identified (e.g., linking "skills gaps" with "difficulty filling positions" and "business challenges").
4. Trend Identification: Patterns across sectors (before/after crisis) and consensus on challenges/opportunities were analyzed to identify robust conclusions.
5. Recommendation Formulation: Every proposed recommendation was directly derived from and linked back to specific data findings to ensure they are evidence-based and actionable.

4. The Main Findings

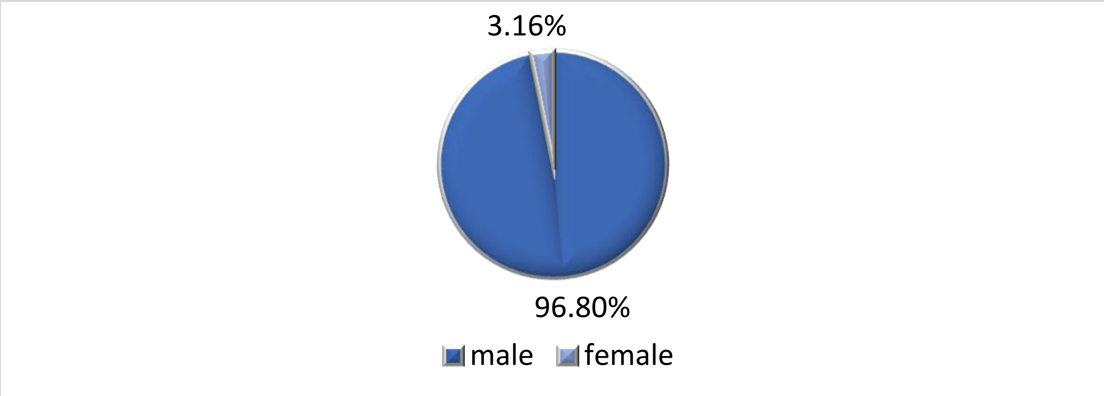
4.1. Labor Market Assessment

The Labor market assessment was carried out to find out the areas of micro and small businesses, and opportunities with the most promising growth potential for women, youth and communities to successfully contribute to sustainable livelihoods. while not undermining the natural resource base. It also attempted to explore the barriers which affect them to access into the finance or credit. This section presents the findings of our comprehensive Labor Market Assessment (LMA), shedding light on the critical dynamics, challenges, and opportunities within Lahj Governorate's economy. Through a rigorous analysis of quantitative and qualitative data, we uncover the key trends, gaps, and insights that shape the livelihoods of women, youth, and vulnerable communities.

4.1.1. Demographic profile

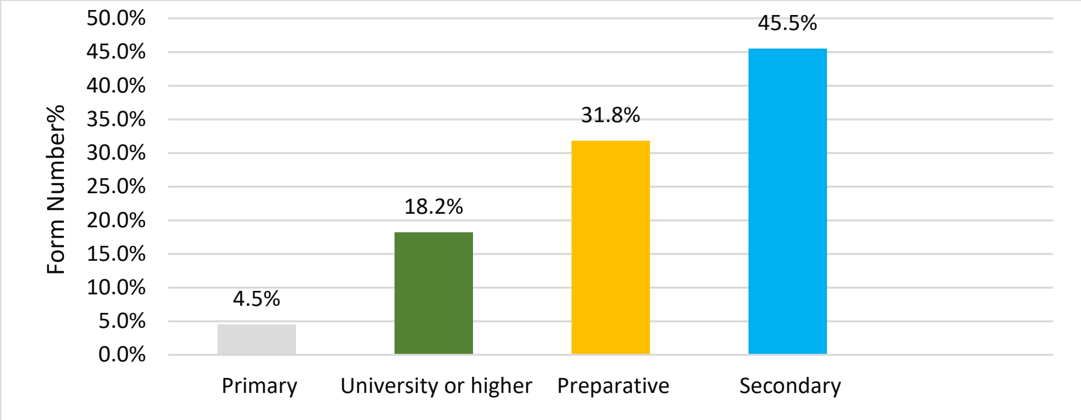
The analysis of general respondent information reveals distinct characteristics of the participants in the labor market assessment .Figure 1 shows the gender groups of beneficiaries, most of the respondents (98.8%) of respondents are male, while 3.2% are female. This gender skew is critical for contextualizing all subsequent data, suggesting that the findings are particularly relevant for designing gender-responsive programs. This data also, solidifies the conclusion that women face significant, systemic barriers to participating in the formal, public labor market. This distribution indicates a clear male dominance in the Market assessment sample, suggesting that conclusions regarding specific women's opportunities or barriers should be made cautiously without complementary data.

Figure 1: distribution of LMA respondent by Gend



For labor assessment, figure 2 illustrates the educational background of respondents: 45.5% have a secondary education, 31.8% have a preparatory education, and 18.2% have a primary education. The concentration in the Secondary and Preparatory levels indicates that a significant portion of the surveyed workforce possesses a mid-to-high level of education, which is relevant for targeting effective training and required skill types. The data also, reveals a population with a solid foundational education, as over 77% have attained at least a preparatory level. This indicates a strong baseline capacity for participants to engage in and benefit from further skills development and vocational training programs.

Figure 2: distribution of LMA respondent by Educational Level



It is noted that the illiteracy rate is large for women, this result trend, which represent the diversity of the population segments according to the educational level in the target area, indicating the urgent need to adapt training and access tools to suit this category.

Table 2 shows the age groups of beneficiaries, most of the respondent (81.82%) are between 31-40 years old, while 18.18% are between 18-30 years old. The report highlights that the more experienced group (31-40) is the most represented, providing insights from established business leaders. The lower representation of youth (18-30) suggests that youth-specific needs may require further targeted investigation .The majority of the sample consists of mature adults. This age group likely carries significant household responsibilities and may have prior work experience. Interventions should, therefore, be designed to be practical and accessible for individuals who may have limited time flexibility and require immediate income generation.

Table 2: distribution of respondent by Age

Age Category	Frequency	Percentage %
18-30	4	18.2%
31-40	18	81.8%

4.1.2. Business and economic profile

This section provides an in-depth view of the nature and scale of the businesses surveyed; the profiling has been prepared to understand the market that women and youth should be engagement in economic activity/productive.

Among the total responded majority (90.1%) are shop owner while 9.9% respondents are worker are engaged with different work. The data predominantly reflects the perspective of business ownership and management, thereby focusing the analysis on strategic challenges and opportunities figure 3.

Figure 3: Distribution of respondent by Position

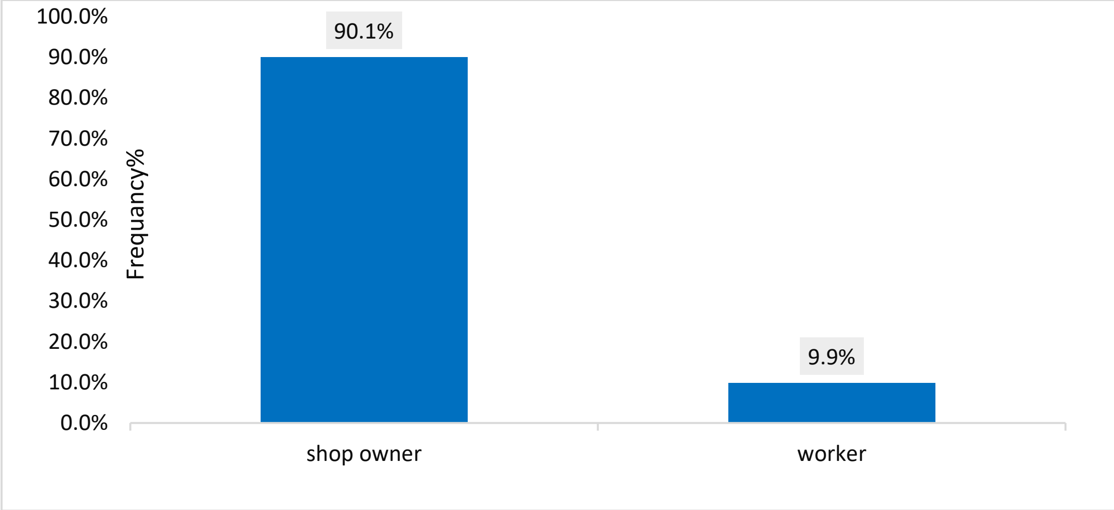
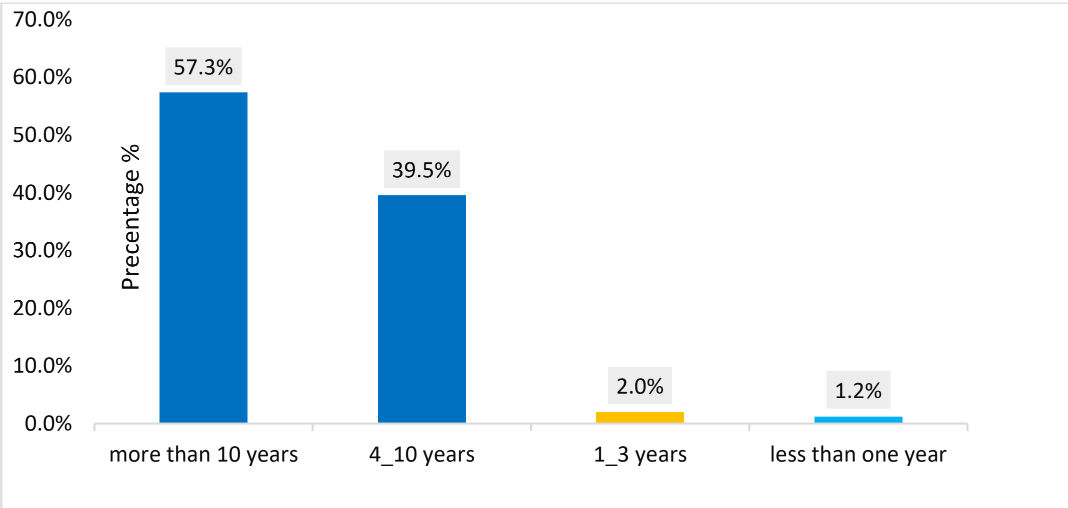


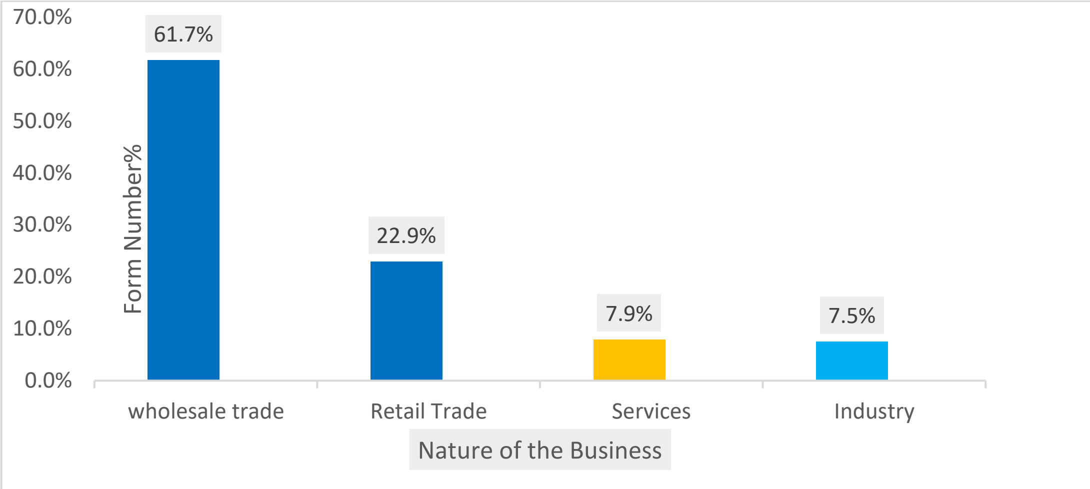
Figure 4 also reveals that most of the businesses are primarily established and experienced more than 10 years (57.3%): and from 4-10 years (39.5%), newer businesses (1-3 years and less than 1 year) make up only (3.2%). The surveyed businesses exhibit a high degree of stability, with approximately (96.8%) operating for four years or more, providing reliable data on long-term market conditions.

Figure 4: Distribution of respondent by Business Duration



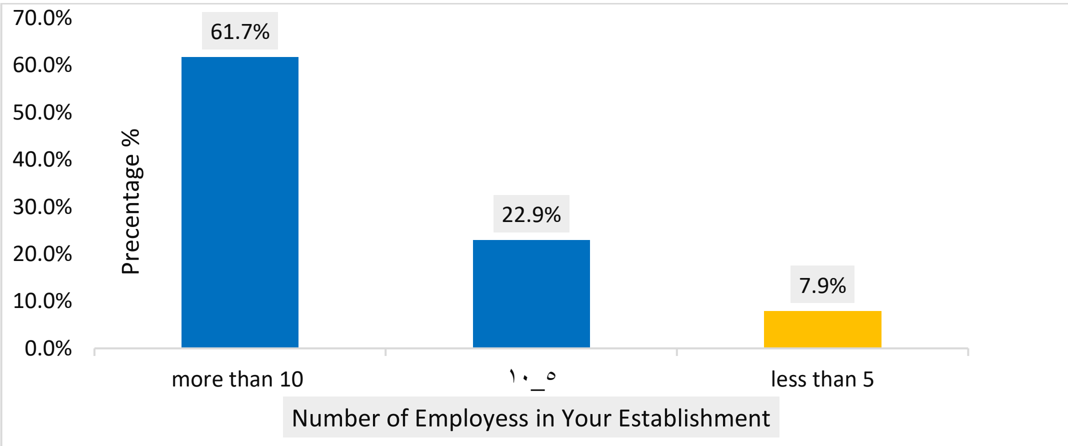
According to the results in figure 5 which, shows the distribution of respondent by nature of business, the most prevalent type of business is wholesale trade at (61.7%), followed by retail trade at (22.9%), while services and Industry represent only (7.9%) and (7.5%) respectively form a minority. The market is highly commercial (totaling 84.6% in trade), suggesting that service or industrial projects may hold untapped potential but face distinct challenges.

Figure 5: Distribution of respondent by Nature of Business



The figure 6 also demonstrates the distribution of respondent by Number of Employee, most establishments are medium to large in size more than 10 employees (51.4%). While the other 35.2% employ about 5-10 employees. Also 13.4% mentioned that their business can takes less than 5 employees constitute. The sample includes a significant proportion of larger establishments, indicative of a relatively established organizational structure in the surveyed area.

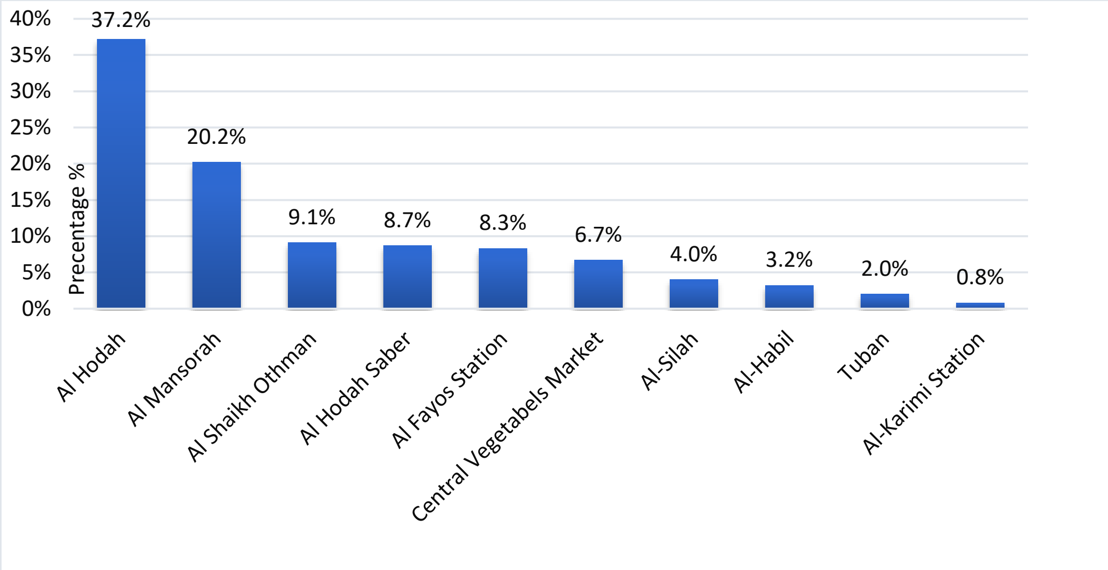
Figure 6: Distribution of respondent by Number of Employees



4.1.3. Market Information and System

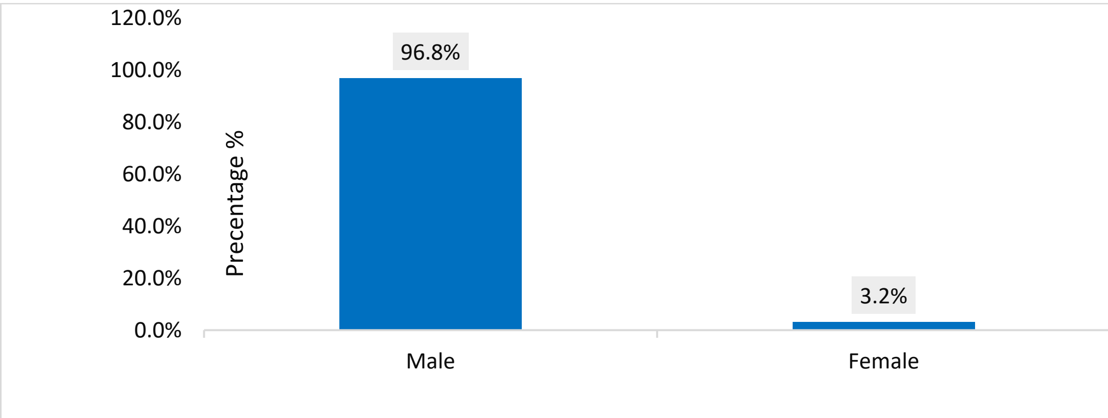
This section details the market's geographical reach and economic structure. The study findings in figure 7 show that market activity is concentrated in Al-Hawta (37.2%) and Al-Mansoura (20.2%). Al-Hodah and Al-Mansoura are confirmed as the primary commercial centers, where supportive activities should be focused for maximum impact.

Figure 7: Distribution of respondent Market Location



Also, the data in figure 8 reveals gender disparities in market participation, aligning with the broader pattern of gendered economic engagement in the governorate, However, the market workforce is overwhelmingly male at (96.84%), where only (3.16%} reported a workforce of both genders figure 8. This reinforces the absolute male dominance in the local labor market, highlighting a major structural barrier to women's economic participation.

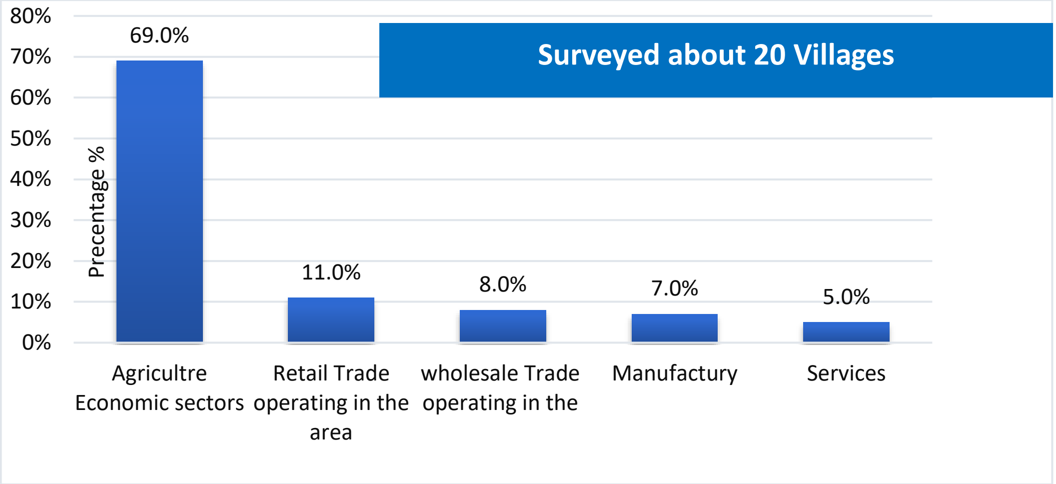
Figure 8: Distribution of Workforce in the Market by Gender



For economic sectors analysis, the results in (figure 9) illustrates the diversity of sectors operating within the local market system, with variations in their relative prominence and employment capacity. The most prominent sector is agriculture at (49%), followed by retail trade (11%) and wholesale (8%).

Despite the trade focus of the respondents (figure 5), agriculture is the most dominant economic sector in the overall market system, underscoring its importance as a fundamental source of economic activity.

Figure 9: Economic Sectors Operating in the Market System

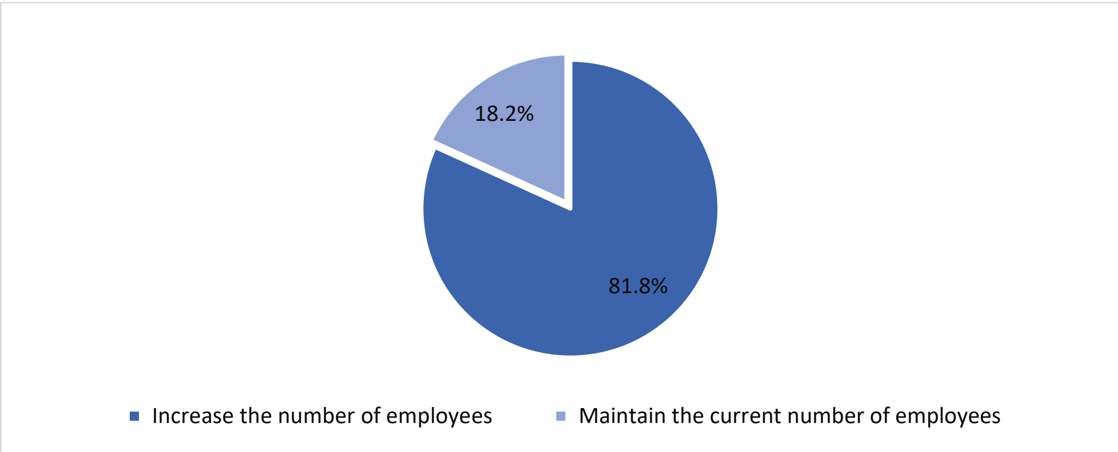


The surveyed markets possess a wide reach, acting as vital economic centers for approximately 20 villages on average.

4.1.4. Labor demand and skills gap

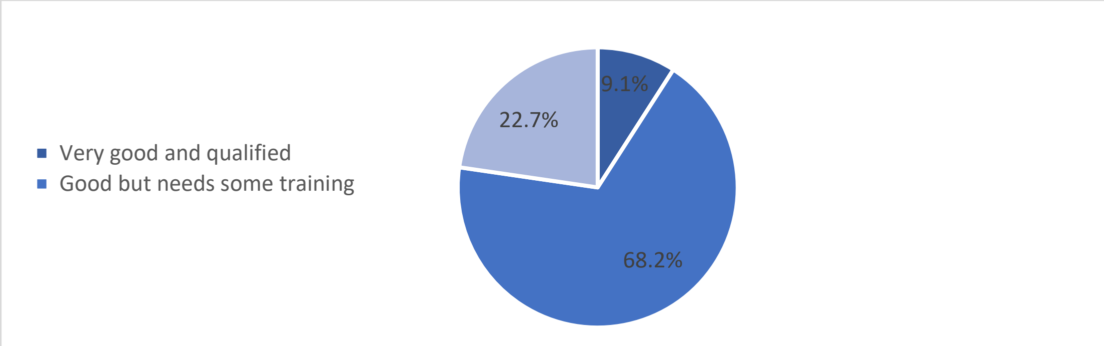
The labor demand outlook is largely positive. Figure 10 (employment trend) reveals that a majority of businesses (81.8%) are reporting a trend of increasing their staff numbers, demonstrating a growing, robust market demand for labor. Conversely, only 18.2% plan to maintain current staff levels. Market optimism is moderate, with over 4 in 10 respondents anticipating hiring, which presents an opportunity for growth and targeted vocational training.

Figure 10: Employment Trend in the Market



However, a need for targeted training is evident. figure 11 (skills Level assessment) shows that while 65.2% of the workforce is rated as "very good/qualified," a substantial minority (34.8%) is categorized as "good but needs Training" or "poor and needs training." This indicates a high potential for upskilling and reskilling programs.
Since most of the workforce is already qualified, training initiatives should focus on upskilling for specific, high-demand areas rather than extensive foundational training.

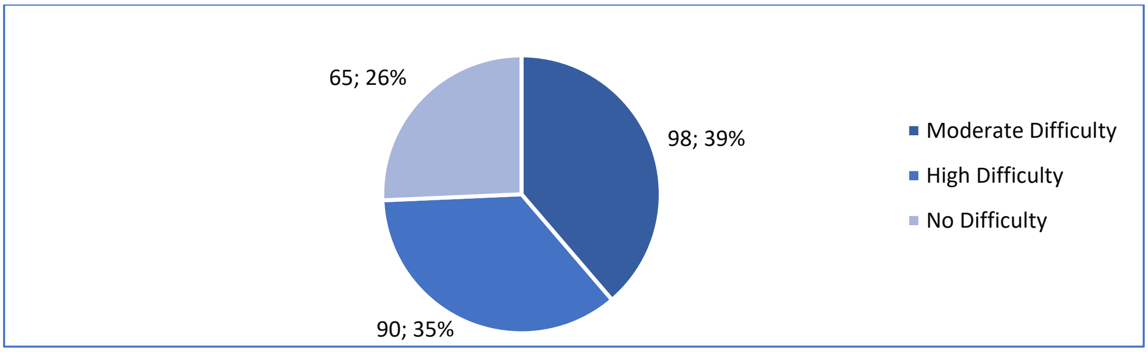
Figure 11: Labor market Skills Level Assessment



4.1.5. Positions Difficulty

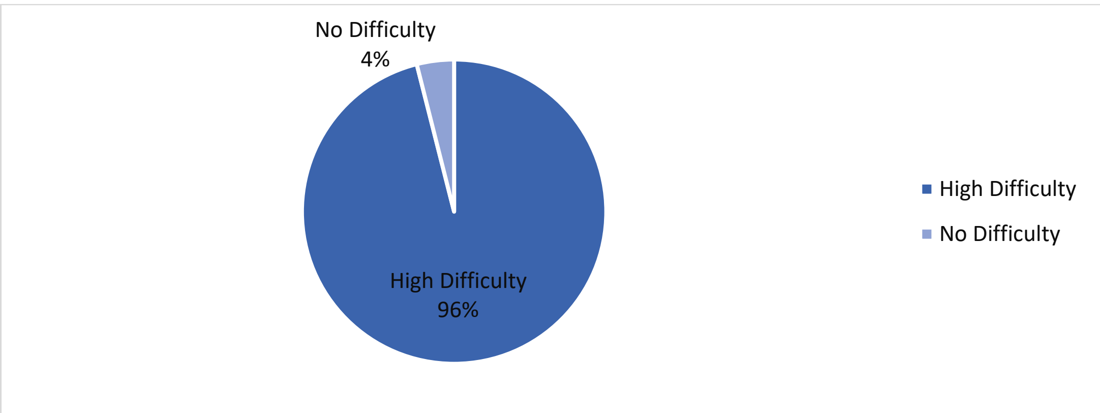
The assessment then scrutinized the difficulty in recruiting for key positions: administrative and financial positions: figure 12 highlights that these roles are the most challenging to fill, with 38.7% and 35.6% of respondents reporting moderate or high difficulty. This points to a severe lack of qualified personnel in management, accounting, and professional business operations.

Figure 12: Difficulty level of Administrative & Financial Position



Marketing and Sales Positions: In contrast, figure 13 shows almost high difficulty (96%) in recruiting for these positions, suggesting an ample supply of general sales staff .

Figure 13: Difficulty level of Marketing & Sales Position



Technical and skilled trade Positions as showing in figure 15 confirms a major difficulty in this area, with ٤٢%. and 26% reporting moderate or high difficulty in recruitment. This strongly validates the necessity of high-quality vocational training to meet industrial and service demands.

Figure 14: Difficulty level of Customer services Position

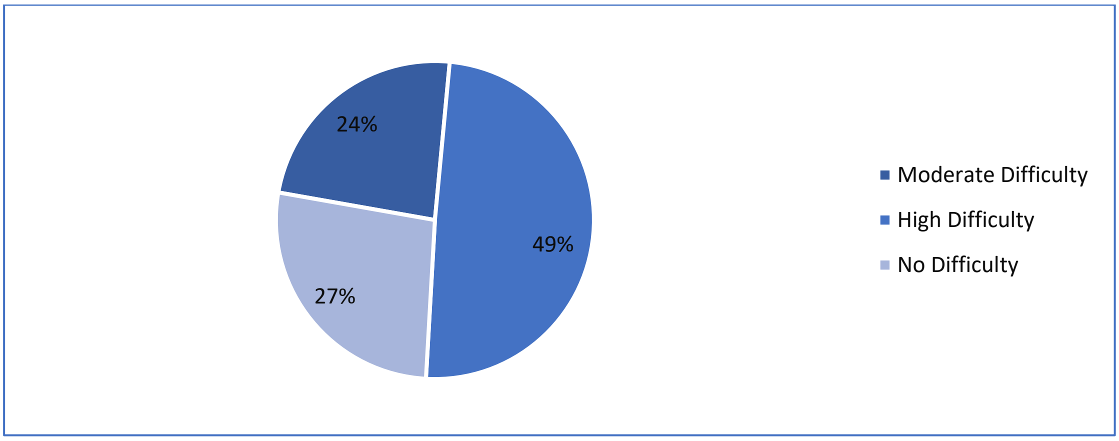
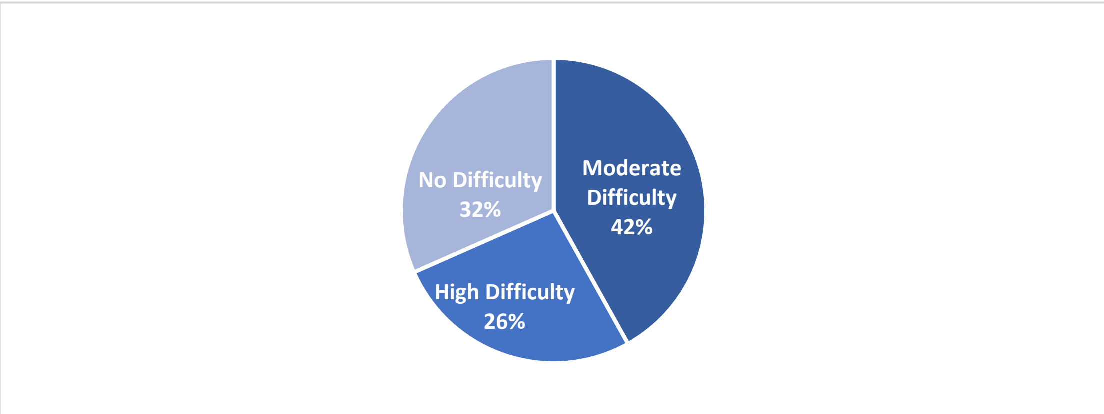


Figure 15: Difficulty level of Technical & Skilled Trade Position



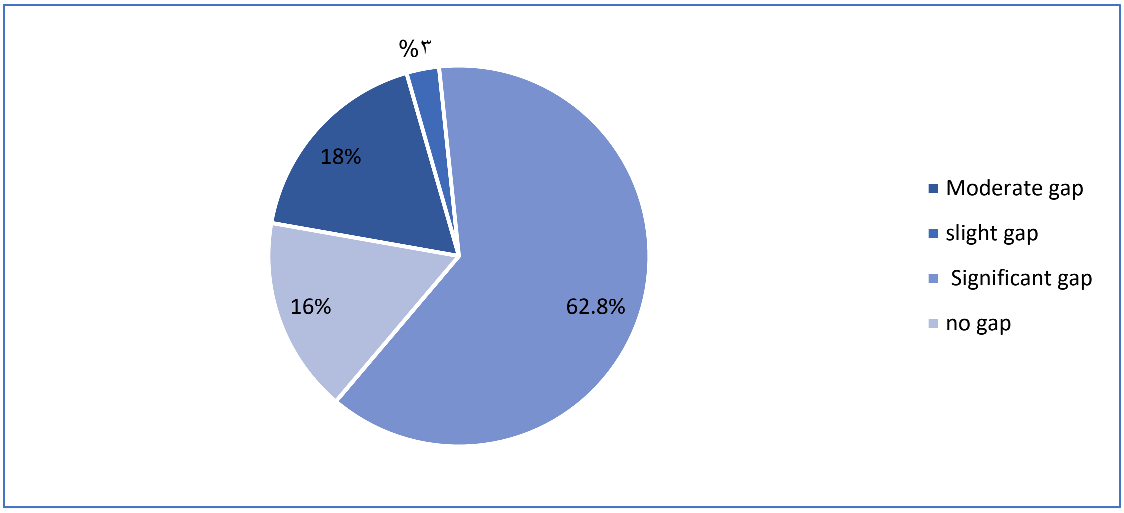
Specific skills gaps when asked about specific skills gaps, employers consistently reported significant deficiencies

There is a clear and pronounced difficulty in recruiting for key business functions, with marketing/sales roles being the most challenging. This directly correlates with the skills gaps identified later and underscores a critical constraint on business growth and sustainability.

4.1.6. Training Required and Skills Needed

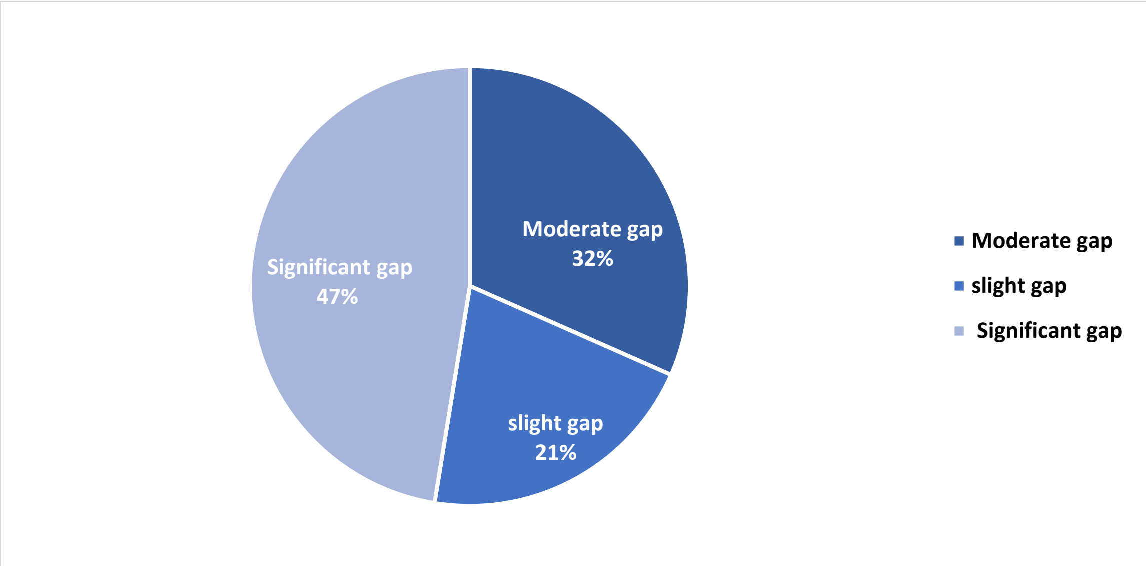
Youth and women's empowerment is a key goal in its own right and is central to all other development goals, particularly in the area of economic empowerment and access to markets. To assess the technical skill needs of youth and women, a study was conducted that revealed different opinions about the skill gap needs in the market. The results showed a significant gap in job-specific technical skills, with 62.8% of employers reporting a significant gap, as illustrated in figure 16.

Figure 16: Job-specific technical skills Needs



This indicates that technical training should be a core focus of interventions. Regarding communication skills, nearly half (47%) of the participants reported a significant gap, as shown in figure 17. This finding emphasizes the need to integrate essential soft skills into technical training to enhance the communication abilities of youth and women.

Figure 17: Communication skills Needs



Moreover, a significant deficit in digital literacy was reported, with 53.4% of participants citing a significant gap in basic computer skills. This highlights the importance of this skill in modern business operations. These findings underscore the importance of developing comprehensive training programs that target technical, communication, and computer skills for youth and women, with the goal of enhancing their capacities and increasing their opportunities in the labor market.

Figure 18: English language skills Needs

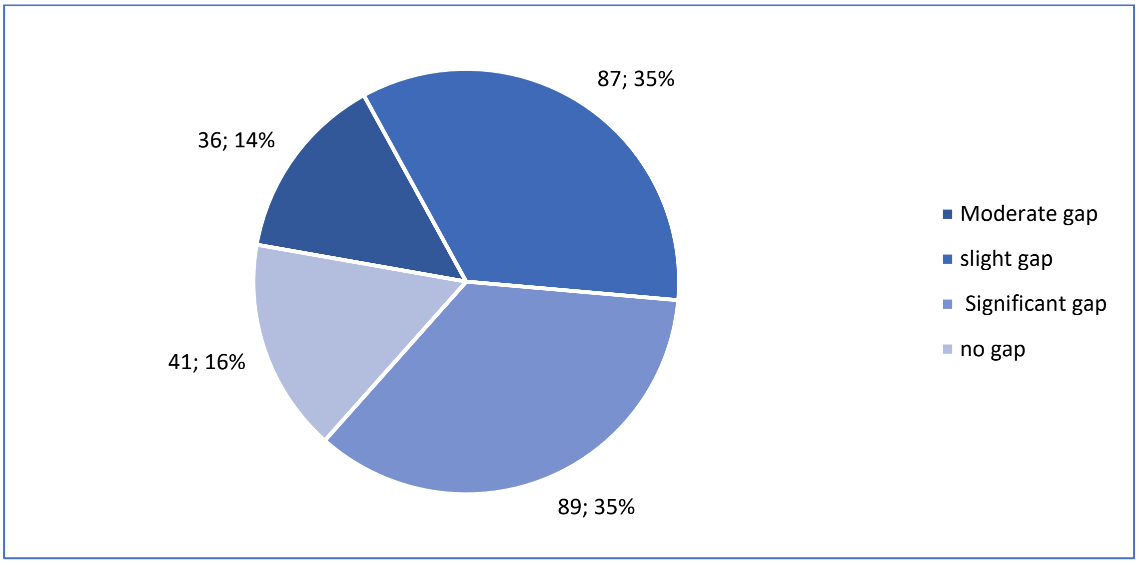
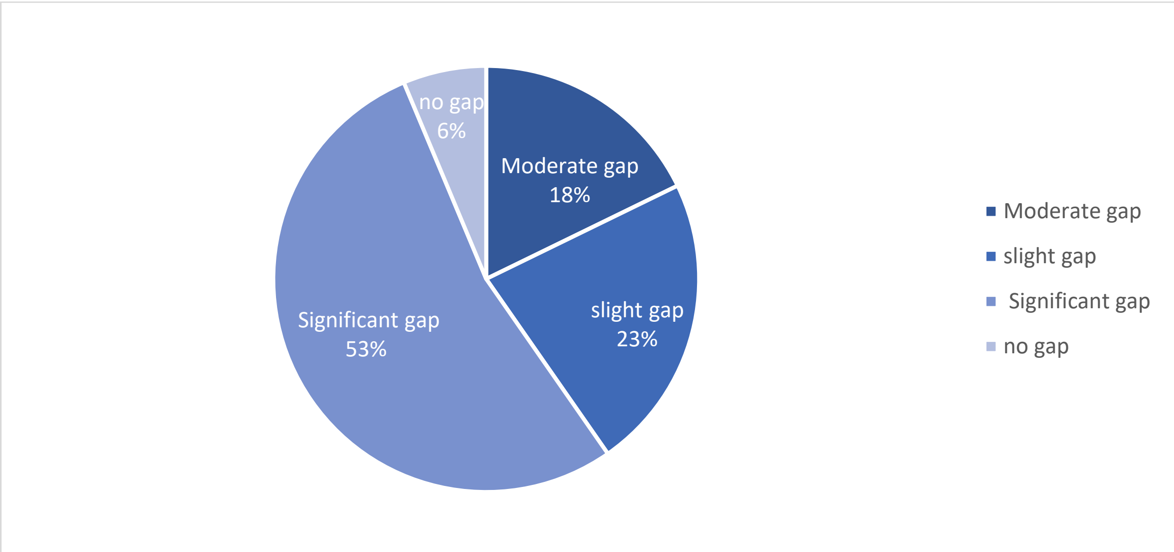


Figure 19: Basic computer skills Needs



Regarding business management skills the survey data in figure 20 represents the single most critical gap, with an astonishing 87.0% of respondents reporting a significant gap. This finding makes business and management training paramount for fostering MSME growth .Marketing and Sales Skills as appear in figure 21, despite the ease of recruitment figure 13, 76.3% of employers report a significant gap in the actual quality and proficiency of these skills, particularly in modern techniques like e-commerce. These results quantify the severe skills deficits in the local market. The exceptionally high gaps in business management and marketing/sales skills provide a clear explanation for the reported difficulty in filling these positions and represent a primary bottleneck for entrepreneurial success.

Figure 20: Business management skills Needs

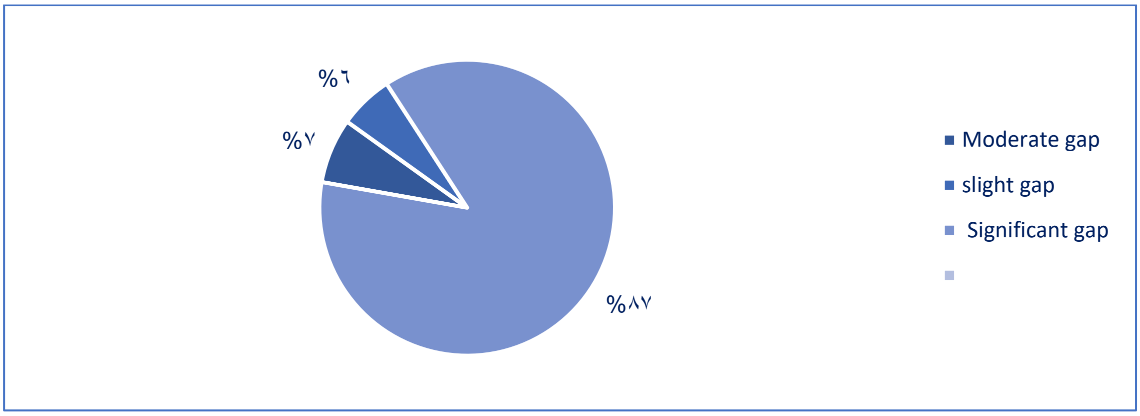
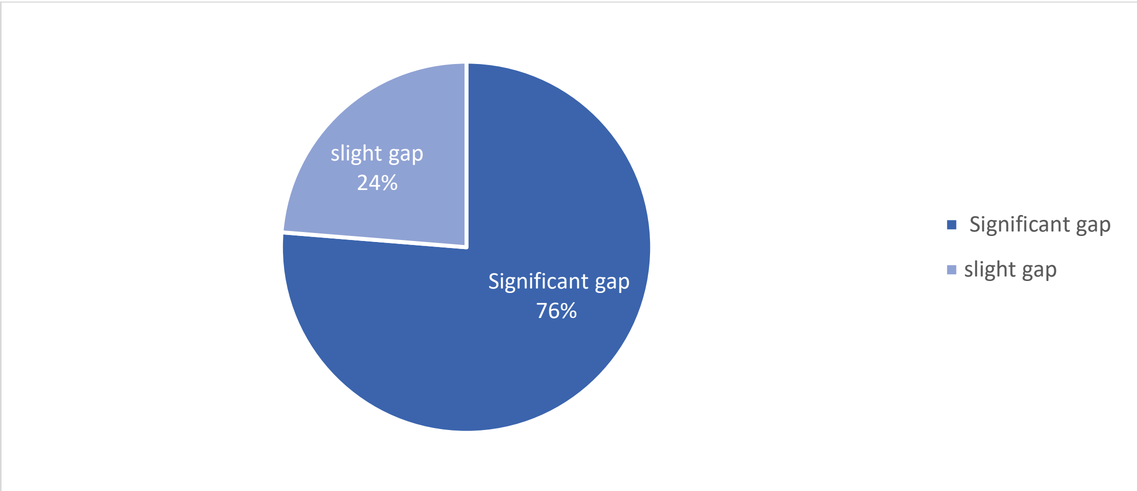


Figure 21: Marketing and Sales skills Needs



The findings in table 3 from FGDs and the survey data reveal that there is also need for providing training on Leadership and Financial Skills, e.g., how to put together business plans and making proposals for financing their micro and small business/IGAs. There is a considerable gap in sustainable business management skills .Communities acknowledge the importance of digital marketing and product development.

Table 3: The training needs for Support the success small businesses.

Training Needs	Rank Propriety	Region
Food industry	1	Al Kuz, Bir Amer, Al-Maht and Dar Al Munasara
women's Sewing	2	Al Kuz, Bir Amer, Al-Maht and Dar Al Munasara
Marketing skills	1	Al Kuz, Bir Amer, Al-Maht and Dar Al Munasara
Leadership and Financial Skills	2	Al Kuz, Bir Amer, Al-Maht and Dar Al Munasara
Improving Products Quality	2	Al Kuz, Bir Amer, Al-Maht and Dar Al Munasara

4.1.7. The current labor market trends

The study's findings indicate that labor market trends are characterized by significant shifts in skill demand. According to table 4, trends were rated on a scale from "Low" to "Very High". Key trends with a "Very High" rating include demand for sales, marketing, and e-commerce skills (68.6%) and increased demand for skilled labor in agriculture (58.1%). Trends with a "High" rating include growing need for digital skills (41.5%) and rising demand for managerial skills (36.8%).the results in Table 4 (Labor Market Trends) could be summarizes and prioritizes as this key findings, ranking the highest demand areas: Sales, Marketing, and E-commerce (73.4% High/Very High Demand), Digital and Technical Skills (73.5% High/Very High Demand), and Skilled Labor in Agriculture/Food Production (70% High/Very High Demand). These findings suggest that the market requires a combination of modern commercial skills (marketing, e-commerce, digital) and enhanced traditional sector skills (agriculture, management). This points to an evolving economy that demands a blended skillset for future income-generating activities.

The market is signaling a strong demand for a combination of modern commercial skills (marketing, e-commerce, digital) and enhanced traditional sector skills (agriculture, management). This points to an economy that is evolving and requires a blended skillset for future income-generating activities.

Table 4: The current labor market trends

The trend	Low %	Moderate %	High %	Very High %
Increased demand for skilled labor in agriculture and food production	0	30	11.9	58.1
Growing need for digital and technical skills	8.3	18.2	32	41.5
Rising demand for managerial and small business management skills	12.2	23.3	27.7	36.8
Demand for handicrafts and traditional trades	17.7	39.1	22	21.2
Need for sales, marketing, and ecommerce skills	21.8	4.8	4.8	68.6
Increasing importance of language and communication skills	27.8	25.3	18.6	28.2

From the survey data presented in table 5, it was revealed that the agreement levels on various challenges. The most severe challenges, with the highest "Strongly Agree" percentages, are: weak follow-up after training (74.3%), lack of incentives or support to continue training (60.1%), and Lack of resources (61.7%). A significant majority also agree or strongly agree that training is not aligned with labor market needs (42.3% and 43.9%, respectively).

These findings highlight systemic failures in the current training ecosystem. The primary issues are not only the content but also the supporting structure, specifically the lack of post-training support, resources, and relevant market alignment, which collectively undermine the effectiveness of skills development initiatives.

Table 5: The current challenges that face trainees

The challenges	Agree %.	Strongly Agree %	Disagree %	Neutral %
Lack of resources	24.1	61.7	14.2	0
Weak trainers	12.3	49.8	24.1	13.8
Limited opportunities for practical application	24.9	45.5	29.6	0
Lack of incentives or support to continue training	18.9	60.1	21	0
Weak follow-up after training	13.8	74.3	5.6	6.3
Training not aligned with labor market needs	42.3	43.9	13.9	0

4.1.8. Growth Sectors and New Opportunities

The assessment result in table 6 revealed that the top sectors were agriculture (91%, Rank 1), manufacturing (68.2%, Rank 2), and wholesale trade (77.3%, rank 3). But after crisis as showing in table 5 (the top sectors shifted to services (91%, rank 1), with agriculture and manufacturing tied (81.8%, rank 2). A notable decline was observed in Education (dropping to 9.1%). Most of the opportunities in the near future that received top ranking from the survey are agriculture (91%, rank 1) and manufacturing (77.3%, rank 2) are again ranked highest, showing their resilience.

The data provides a clear strategic direction for sectoral focus, however data in table 6 (Growth Sectors in the Near Future) identifies the top three sectors with consistent potential: agriculture (91%), manufacturing (77.3%), and wholesale trade (72.7%). This stability reinforces the long-term viability of interventions focused on value chains within these sectors. Agriculture and manufacturing demonstrate consistent strength and resilience across all timeframes, making them stable sectors for investment. The rise of services post-crisis may indicate adaptive strategies, while the collapse of the education sector requires investigation and potential support.

Table 6: The growth sectors and new opportunities before and after the crisis and nearby future

The sectors	Before Crisis			After Crisis			Nearby Future		
	Frequency	Percentage	Rank	Frequency	Percentage	Rank	Frequency	Percentage	Rank
Retail Trade	11	50	4	11	50	5	12	54.4	6
Wholesale Trad	17	77.3	3	14	63.6	4	16	72.7	3
Agriculture	20	91	1	18	81.8	2	20	91	1
Fisheries	11	50	4	11	50	5	10	45.5	7
Manufacturing	15	68.2	2	18	81.8	2	17	77.3	2
Services	9	41	5	20	91	1	14	63.6	5
Hotels &Restaurants	9	41	5	4	18.2	8	2	9.1	11
Education	11	50	4	2	9.1	9	3	13.6	10
Handicrafts	3	13.6	7	6	27.3	7	5	22.7	9
Health	11	50	4	11	50	5	8	36.4	8
Contracting	11	50	4	16	35.2	6	15	68.2	4
Transportation	4	18.2	6	15	68.2	3	14	63.6	5

4.1.9. The factors effect on Products and services demand

The consumer demand landscape, detailed in figure 22 (most demanded products/services), strongly supports this focus, showing that food items (57.3%) are the most demanded product. The second most demanded service is Solar Power (23.3%), followed by vocational training (9.1%) and agriculture Products (6.3%), these results highlighting a critical infrastructure gap and a new economic opportunity.
The study data in Figure 23 identifies price as the dominant factor affecting demand (60.9%), followed by quality (30.4%) and availability (8.7%).
The extreme price sensitivity of the market suggests that successful IGAs must prioritize cost-effective production and competitive pricing strategies to meet consumer purchasing power. Demand is concentrated on essential goods (food) and capacity building (vocational training). This aligns with the growth sectors identified and highlights opportunities in food production, processing, and skills training itself.

Figure 22: the most demanded products/services in the local market

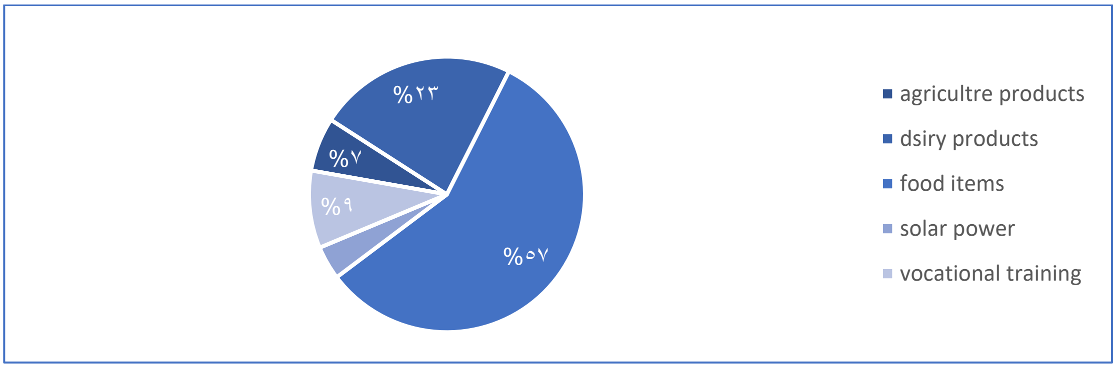
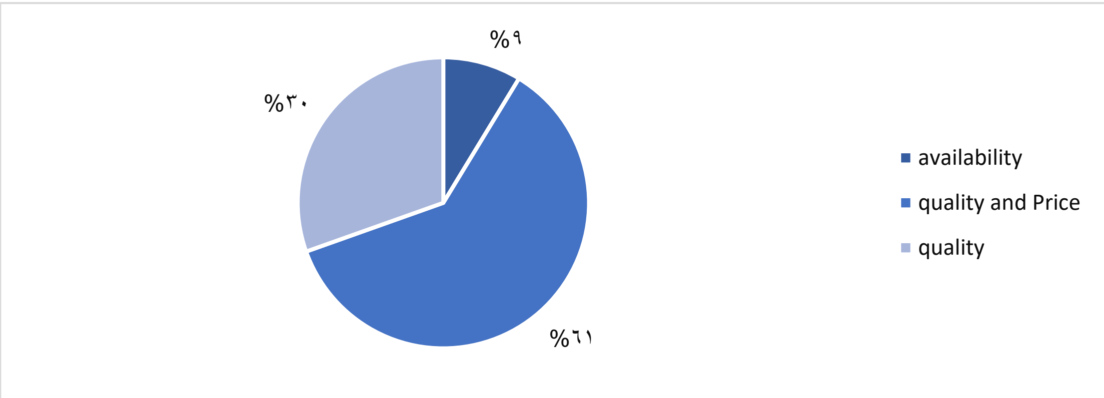


Figure 23: the factors affect demand for products and services



4.1.10. The current small and medium enterprise

The study team conducted mapping of available small and medium enterprise as well as the ability to access to finance/credit and inputs resources through KII and FGDs. The collected data in table 8 shows a variety of ongoing economic activities, including: henna preparation and packaging, incense and perfume production, sewing and tailoring, food industries, livestock and beekeeping, solar energy services, beauty services, and small shops. Most of these businesses are collective projects, the vast majority of projects in the table are collective (2 out of 16), indicating the importance of cooperation and sharing burdens in the work environment and rely on personal savings, livestock selling, or NGO and DRC as cash assistance. The support from organizations such as DRC (a cash amount of 1,500,000 for each person who attended the training) and FAO (for "Dairy Production. The businesses are active but suffer from weak management and marketing. There is a strong dependence on external markets (Al-Fuyush, Aden, Lahj), which increases which increases transportation costs and lowers profit margins. Communities show readiness for collective work and the creation of joint ventures.

Table 7: The current small and medium business (enterprise) in Lahj

Project Type	Region	Number of Owners/P00artners	Capital Source	Operating Duration (Years)	Primary Marketing Channel
Henna Packing	Al Kuz village	3 (Collective)	Livestock Sealing and Cooperative	10	Local markets (Al-Fuyush, Lahj, Aden, Taiz, Sana'a) and export outside Yemen.
Tailoring/Sewing	Al Kuz village	6 (Collective)	Livestock Sealing	10	Village and neighboring villages, Al-Fuyush Market
Incense and Perfume Industry (Bakhoor)	Al Kuz village	2 (Collective)	Loan	10	Village and neighboring villages, Al-Fuyush Market
Food Industries (Cakes, Pizza, etc.)	Al Kuz village	2 (Collective)	personal savings and private resources	6	Village and neighboring villages, Al-Fuyush Market
Solar Energy (Installation and Wiring)	Al Kuz village	1 (Individual)	personal savings and private resources	10	Village and neighboring villages
Coiffure	Al Kuz village	2 (Collective)	Livestock Sealing	5	Village and neighboring villages.
Beekeeping	Bir Amer	1 individual	Nurture Source	1.5	Villages
Dairy Production	Bir Amer	16 group	FAO	16	villages, Al-Fuyush Market
Agriculture	Bir Amer	1 individual	Livestock Sealing	3	Villages
Cosmetology	Bir Amer	1 individual	SFD	1	Villages
Livestock Farming	Bir Amer	1 individual	personal savings and private resources	2	villages, Al-Fuyush Market
Tailoring	Bir Amer	3 group	Livestock and gold Sealing	4	Village
Grocery Shop	Dar Al Munasara	1	Personal Savings + Cash Support (NGO)	3	villages, Al-Fuyush Market

Project Type	Region	Number of Owners/P00artners	Capital Source	Operating Duration (Years)	Primary Marketing Channel
Tailoring/Sewing	Dar Al Munasara	1	Cash Support (NGO)	3	villages, Al-Fuyush Market
|Livestock Farming	Dar Al Munasara	1	Cash Support (NGO)	1	villages, Al-Fuyush Market
Incense and Perfume Production	Dar Al Munasara	1	Cash Support (NGO)	3	villages, Al-Fuyush Market
Clothing and Abaya Production	Dar Al Munasara	1	Personal Savin|	0.5	villages, Al-Fuyush Market
Sweets Production (Pastries)	Dar Al Munasara	1	Cash Support (NGO)	1.5	villages, Al-Fuyush Market

4.1.11 Opportunities identified for community enterprise

The market assessment was carried out to find out the sectors, businesses and opportunities with the most potential for resilient & sustainable livelihood which can successfully contribute to the sustainable economic growth. The objective of the assets/economic profiling was to identify the small businesses and IGA opportunities available in the target region at Lahj Governorate.

This section presents the findings of the main opportunities or small income-generating business ideas that you consider suitable and innovative for women and youth, result presented in table 9 lists numerous potential IGAs. The most frequently cited are: industry of local food products / food industries (77.3%, rank 1), agriculture and beekeeping (68.2%, rank 3), and solar energy (63.6%, rank 5).
This is corroborated by table 7 (livelihood opportunities), which ranks agriculture, beekeeping, solar energy, and air conditioning/refrigeration as top business opportunities. importantly, the inclusion of henna packaging demonstrates a viable, culturally appropriate IGA for women.
There is a strong community consensus around opportunities in food-related ventures, agriculture, and renewable energy solar. This provides a strong foundation for project development in these high-potential areas.

Table 8: Opportunities identified for women and youth community enterprise

livelihood/business opportunities	Frequency	Percentage	Rank Propriety
Agriculture	15	68.2	2
Dates packaging	4	18.2	29
Plumbing	9	40.9	17
Mobile Maintenance & Programming	11	50.0	14
Solar Energy	14	63.6	5
Air conditioning and refrigeration	14	63.6	5
Household Electricity	13	59.1	9
Financial Literacy	3	13.6	31
Beekeeping	15	68.2	2
Selling ice cream (from home)	8	36.4	22
Groceries	12	54.5	11
Personal Skills	14	63.6	3
Aluminum	4	18.2	29
Water Cooling	10	45.5	16
Welding	7	31.8	25
Women's Sewing	9	40.9	17
Graphics	3	13.6	31
Fish shopping	11	50.0	14
Mechanical Cars	12	54.5	11
Project Management	8	36.4	22
Livestock breeding	14	63.6	3
Maouez weaving	9	40.9	17
Chicken shopping	3	13.6	31
Henna packaging	12	54.5	11
Automotive Electricity	7	31.8	25
Digital Marketing	6	27.3	28
Poultry farming	13	59.1	9
Carpentry	9	40.9	17
Construction work	8	36.4	22
Industry of local food products	17	77.3	1
Bicycles/Motorcycles maintenance	9	40.9	17
Crafts	7	31.8	25
Food Industries	17	77.3	1

These businesses/livelihood options (as displayed in the table 8) were recommended for women due to moderate to high profitability, high market demand, available support services, access to market, less exposure to product- or market-related risks, and high involvement opportunity for the beneficiary and the community. The amount of investment required to start the businesses and the level of complexity of business management were also considered during the selection of these businesses. Most of the opportunities that received top ranking from the survey are industry of local food products and food industries which are most dominant business opportunities in the study area. The second ranking opportunity is the agriculture sector like Beekeeping, fisheries, poultry which are the major business opportunities in the study areas. Also, the result in table 9 demonstrates type of on-farm and off-farm activities that derived from FGDs, the highest-ranked livelihood opportunities include livestock breeding, henna packaging, food industries, sewing (men and women), and beauty services.

Table 9: Identified livelihood/business opportunities by FGDs

livelihood/business opportunities	Rank Propriety	Region
Livestock breeding	1	Al Kuz, Bir Amer, Al-Maht and Dar Al Munasara
Hana packaging	2	Al Kuz, Bir Amer, Al-Maht and Dar Al Munasara
Maouez weaving	4	Al Kuz, Bir Amer, Al-Maht and Dar Al Munasara
Men's Sewing	4	Al Kuz, Bir Amer, Al-Maht and Dar Al Munasara
Coiffure	3	Al Kuz, Bir Amer, Al-Maht and Dar Al Munasara
Solar Energy	3	Al Kuz, Bir Amer, Al-Maht and Dar Al Munasara
Crafts	3	Al Kuz, Bir Amer, Al-Maht and Dar Al Munasara
Cheese and dairy industry	2	Al Kuz, Bir Amer, Al-Maht and Dar Al Munasara
Household Electricity Construction work	4	Al Kuz, Bir Amer, Al-Maht and Dar Al Munasara
Carpenter	5	Al Kuz, Bir Amer, Al-Maht and Dar Al Munasara
Women’s Sewing	3	Al Kuz, Bir Amer, Al-Maht and Dar Al Munasara
Engraver	4	Al Kuz, Bir Amer, Al-Maht and Dar Al Munasara
Incense and Perfume Industry	2	Al Kuz, Bir Amer, Al-Maht and Dar Al Munasara
Food Industries	2	Al Kuz, Bir Amer, Al-Maht and Dar Al Munasara

Cultural and traditional activities are the most scalable, there is growing interest in alternative energy services such as solar system installation .Traditional businesses can be upgraded to become more profitable through improved quality.

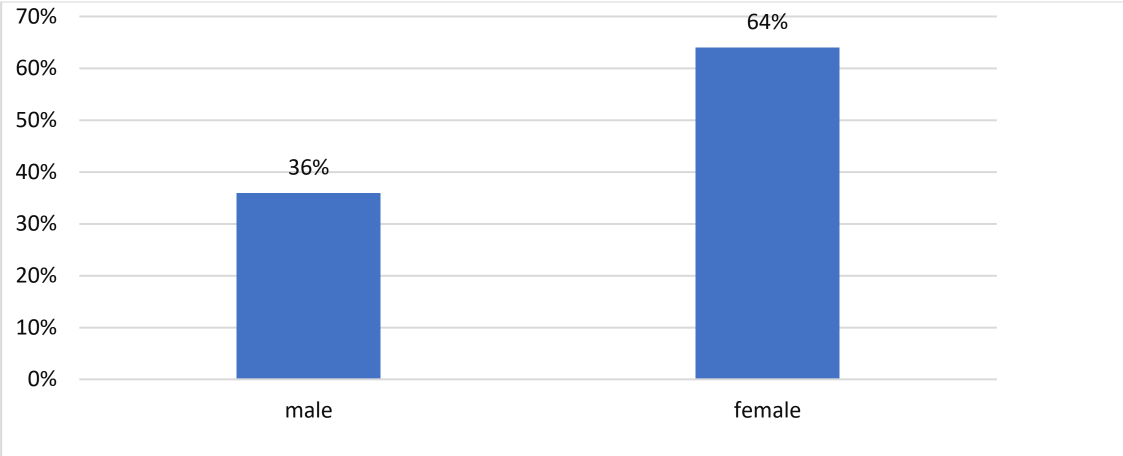
4.2. Market Assessment

The market assessment component involved structured surveys with 292 respondents across 4 locations in Lahj Governorate: Al-Qouz, Bir Amer, Al Mahat and Dar Al-Munasara. The findings provide insight into demographic characteristics, business operations, demand and supply trends, skills gaps, challenges, and opportunities for micro and small enterprises (MSEs). The results reflect the realities of local markets and inform targeted livelihood interventions.

4.2.1. Demographic profile

The analysis of general respondent information reveals distinct characteristics of the participants in the labor market assessment .Figure 24 shows the gender groups of beneficiaries, most of the respondents (64%) of respondents are female, while 36% are male. This overwhelming majority of female respondents indicates that the assessment heavily reflects the realities, perceptions, and experiences of women in Lahj Governorate. The respondent pool is predominantly female, reflecting the high prevalence of women-led home-based and micro-scale enterprises. This is consistent with local economic patterns where women contribute significantly to household income through informal and home-based work. The different between the two sample in gender represents because during conducted the labor assessment in the market, the male category was the most presence in the field market.

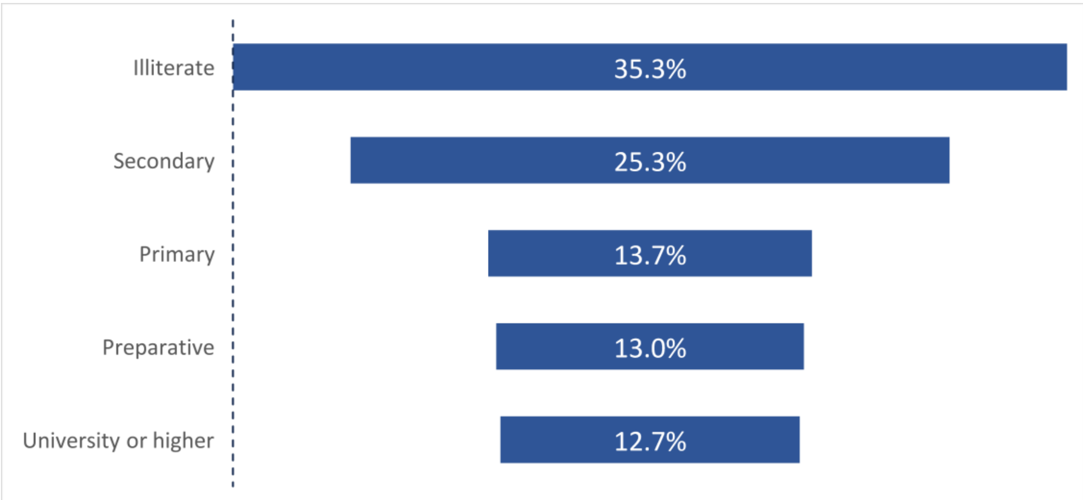
Figure 24: distribution of Market assessment respondent by Gender



For market assessment sample, out of 291 respondents, 35.3 have no formal educational qualifications (Figure 25). Around 25% of them obtained Secondary Certificate and only 12.7% completed graduate and postgraduate studies.

It is noted that the illiteracy rate is large for women, the educational profile partially explains the difficulty in accessing formal employment and adopting modern business practices. This result trend, which represent the diversity of the population segments according to the educational level in the target area, indicating the urgent need to adapt training and access tools to suit this category.

Figure 25: distribution of market assessment respondent by Educational Level



The data also, reveals a population with a solid foundational education, as over 77% have attained at least a preparatory level. This indicates a strong baseline capacity for participants to engage in and benefit from further skills development and vocational training programs. The concentration in the Secondary and Preparatory levels indicates that a significant portion of the surveyed workforce possesses a mid-to-high level of education, which is relevant for targeting effective training and required skill types.

4.2.2. Market access and services Information

The study results in table 10 indicates that market accessibility is high, early all respondents (97.6%) live within an acceptable market distance, primarily in Al Feyosh. However, 33.9% (99/292) report specific groups lack access. A key barrier is transportation cost, driven by high fuel prices (97.6%), with most trips costing under 5000 YER. While safe access is high for women (98%) and men (90.7%), conflict affects access for 21.6% (63/292). Money transfer systems are available to most (62.7%), but are typically 5-10 km away. While physical access is generally good, the high cost of transportation, overwhelmingly due to fuel prices, acts as a significant economic barrier for vulnerable groups, indirectly limiting their market participation. Groups without access (33.9%, 99 respondents) are likely low-income, as transportation costs consume a significant portion of their budget. Most markets are within 5-10 km (57.2%, 208), but the concentration of money transfer systems is also in the 5-10 km range (77.1%, 225), suggesting market areas are key for financial services. The current conflict only affects access for a minority (21.6%, 63), suggesting the primary challenge is economic, not security. Although market infrastructure and distances appear adequate, operational constraints mainly transportation cost volatility driven by fuel prices—significantly affect market accessibility. Additionally, around one-third of households face structural or socioeconomic barriers to market access, likely involving vulnerable groups (women, remote settlements, persons with disabilities). The availability of financial transfer services is moderately good but not geographically optimal.

Table 10: Market access and services Information

Variable Phrase	Value	Frequency	Percent (%)
Market acceptable distance	Yes	285	97.6
	No	7	2.4
Market Location	Al Feyosh	284	97.6
	Al Howat	7	2.4
	Al Sheik Othman	1	0.34
Market Distance	1-5 km	84	42.8
	5-10 km	208	57.2
Is there any specific group who do not have access to these markets and services?	Yes	99	33.9
	No	193	66.1
Reasons of increasing transportation Price	Increased fuel prices	282	97.6
	Road damage / poor road conditions	10	3.4
safely access to the market	Yes (women)	285	98
	Yes men)	264	90.7
Men safely access to the markets	Yes	291	66.1
	No	1	33.9
Transportation cost to the market	3000-5000 YER	121	41.4

Variable Phrase	Value	Frequency	Percent (%)
	Less than 3000 YER	161	55.1
	More than 5000 YER	10	3.4
Does the current conflict affect people's access to the market?	Yes	63	21.6
	No	229	78.4
The money transfer systems Exit	Yes	183	62.7
	No	109	37.3
The money transfer system distance	1-5 km	66	22.6
	5-10 km	225	77.1
	More than 10 km	1	0.3

4.2.3. Availability of goods (commodities) and Services

The data survey of market assessment in table 11 confirmed that household needs are fully available (100%, 292/292), with all food items accessible in most areas (57.2%). However, prices have increased for 61.6% (180/292) over six months, mainly due to transportation costs (30.5%) and exchange rate fluctuations (28.1%). Critically, most households (60.6%) purchase basic needs on debt.

Price inflation erodes purchasing power, forcing households into debt and creating long-term vulnerability. Reliance on debt (60.6%) indicates severe cash flow constraints and financial stress. The root causes of price hikes (transport, FX) are external market factors beyond local control.

Prices are driven by external macro-economic factors (exchange rate) and internal logistical costs (transportation), indicating a high import dependency and vulnerability. Universal availability is undercut by unaffordability, pushing 60.6% of households into debt, which severely undermines long-term economic stability. Promoting local production (e.g., agricultural products, which are available) could buffer against import-driven price shocks.

Table 11: Availability and access to goods (commodities) and Services

Phrase variable	Value	Frequency	Percent(%)
Household's needs availability	Yes	292	100
	No	0	0
Goods Offered Type	All food items are available.	167	57.2
	Agricultural products, Processed foods, and consumer items.	125	42.8
Is there a change in prices of Products and Foods during the past six months?	decreased	110	37.7
	increased	180	61.6
	No change	2	0.7
If the answer is the prices have increased, what are the reasons of price increment?	Exchange rate	82	28.1
	Increment in transportation cost	89	30.5
	Lack of availability of food and non-food items	5	1.7
	No comment	4	1.4
Purchasing Mothed of Basic Needs	Cash	9	3.1
	Debt	177	60.6
	Both	106	36.3

4.2.4. Proposed Activities for Livelihood Restoration for men

The study data in table 12, 13 and 14 indicate that the highest-priority restoration activities for men are Agriculture (99.3%) and Livestock (92.8%), while for women they are Livestock (94%) and Incense/Perfume production (92%). Start-up costs vary significantly, from YR 300,000 for photocopying to YR 2.5M for fishing. The overwhelming skill requirement (82.9%, 242/292) is a package of training, financial support, and marketing. There is strong, gender-differentiated demand for traditional Agri-based livelihoods. High initial costs for prioritized activities (e.g., Groceries: ~YR 1.3M) are a major barrier to entry. Success depends on integrated support (finance + training + marketing), not just skills training.

Table 12: Proposed Activities for Livelihood Restoration for men

Activity	Low	Medium	High	No need	%Propriety
Agriculture	0	2	290	0	99.3%
Livestock breeding	5	14	271	2	92.8%
Beekeeping	0	41	249	2	85.3%
Cheese and dairy industry	2	110	176	4	60.3%
Solar Energy	31	47	147	67	50.3%
Fruit and vegetables	8	85	146	53	50.0%
Industry of local food products	7	138	139	8	47.6%
Personal Skills	1	157	131	3	44.9%
Groceries	3	157	127	5	43.5%
Air conditioning and refrigeration	38	24	127	103	43.5%
Food Industrie	53	72	115	52	39.4%
Men's Sewing	85	37	109	61	37.3%
Dates packaging	21	59	107	105	36.6%

Male respondents demonstrate strong alignment with agriculture-based livelihoods—indicating both cultural familiarity and local market relevance. The lower interest in technical services reflects gaps in awareness, skills, or market readiness for such sectors.

4.2. 5. Proposed Activities for Livelihood Restoration for women

The results in table 13 reveals an extremely high demand for livestock breeding (94%), incense and perfume industry (92%), sewing and embroidery (89%), and sweets and pastries industry (89%). Agriculture is also highly rated (85%). Low-priority activities include solar energy (11%) and men's sewing (13%). Women prioritize home-based or highly scalable value-addition activities, which aligns with potential social and cultural restrictions (Table 10 reports 10% agreement on restrictions) ،Cross-Gender Interest for both men and women prioritize Livestock breeding (92.8% and 94%, respectively) and Agriculture (99.3% and 85%) as key sectors ،Entrepreneurial Focus: The high priority for specialized food/craft industries (Incense, Sweets, Sewing) indicates a strong desire for micro-enterprise development.

Table 13: Proposed Activities for Livelihood Restoration for Women

Activity	Low	Medium	High	No need	%Propriety
Livestock breeding	0	16	274	2	94%
Incense and Perfume Industry	2	15	270	5	92%
Sewing and embroidery	3	26	261	2	89%
Sweets and Pastries Industry	2	29	259	2	89%
Agriculture	9	34	249	0	85%
Henna packaging	6	45	237	4	81%
Embroidery	8	48	231	5	79%
Cheese and dairy industry	5	67	218	2	75%
Food Industries	6	75	210	1	72%
Engraver	22	127	139	4	48%
Beekeeping	67	99	113	13	39%

4.2.6. Estimate cost of Proposed Activities for Livelihood Restoration

From the survey data in table 14 provides cost estimates for select activities, with the combined Beekeeping, Agriculture, and Livestock project having the highest average estimated cost at 2,085,000 YER. Fishing is the highest single-activity cost at 2,500,000 YER. Photocopying is the lowest at 300,000 YER. Program Planning: Initial costs for high-priority, integrated projects are substantial, requiring significant funding for sustainable setup. Cost Efficiency: Activities like Sewing (845,455 YER and Incense/Perfume (750,000 YER) offer a moderate cost for high-demand, specialized sectors for women.

The variation in required capital emphasizes the need for tiered financing models: small grants or revolving funds for low-cost activities, and micro-leasing or phased investment mechanisms for higher-capital trades.

Table 14: The cost estimated for the Proposed Activities for Livelihood Restoration

Activity	Average of the estimate cost YR
Air conditioning and refrigeration	1500000
Henna	594444
Sewing	845455
Agriculture	1190323
Beekeeping	740000
Groceries	1333333
Livestock breeding	1123099
Photocopying (printing machine)	300000
Beekeeping, Agriculture Livestock	2085000
Incense and Perfume Industry	750000
Sweets and Pastries Industry	944444
Mountainite motor cycles	800000
Fishing (small cart for transporting fish)	2500000
mini pharmacy for animal medicine veterinary	500000
Coiffure	800000

4.2.7. Skills required for Proposed Activities for Livelihood Restoration

Table 15 overwhelmingly states that the primary skills required are Training, capacity building, financial support, and marketing (82.9%, (242 respondents). Specific technical skills like Livestock breeding/Beekeeping only account for 8.6% (25 respondents). This result confirms that the most significant barrier to successful livelihood restoration is not a lack of specific, unique skills, but rather a lack of fundamental business, financial, and logistical support.

Table 15: the skills required to successfully implement the proposed activities

What are the skills required to successfully implement the activities?	Frequency	Propriety %
Training, capacity building, financial support, and marketing.	242	82.9%
Livestock breeding, providing feed, fattening, treatment, and reproduction; beekeeping including care,	25	8.6%
Learning and practicing the English language	16	5.5%
Patience, commitment, discipline, and consistency	8	2.7%
Prior experience in livestock breeding	1	0.3%

4.2.7. Accessibility to Training materials and Programs

Table 16 shows near-universal acceptance by society for training (100%, 292), and 99.0% (289) believe it's possible to get a job after training. Crucially, 91.4% (267) believe the beneficiary can be self-sufficient in the medium term. However, the affordability of startup kits is a concern, with 32.5% (95) reporting them as unaffordable. High Market Potential: The consensus on training acceptance and market viability (selling products in local and central markets, 100%) provides a strong foundation for intervention.

There is universal societal acceptance for training (100%) and high confidence in selling products post-training. However, access to affordable start-up kits is a constraint (32.5% said no), and only 55.8% report local training providers. The top community challenges are high input prices (100%), limited access to finance (98%), and lack of job opportunities (97%). For both men and women, the primary business barrier is lack of capital (91%). Strong community buy-in creates a fertile environment for training programs. The lack of affordable start-up kits and local trainers are critical bottlenecks. Financial barriers (capital, input costs) are more constraining than technical skills or market access.

The Key Obstacle is the high cost of startup kits for one-third of respondents, combined with the earlier finding of reliance on debt (Table ١٥), highlights a major financial hurdle after training.

Table 16: Accessibility to Training materials and Programs

Phrase variable	Value	Frequency	(%) Percent
Is there acceptance by society for this type of training (especially women)?	Yes	292	100
	No	0	0
Is/ Are training equipment, materials and costs available at reasonable prices?	Yes	285	97.6
	No	7	2.4
Are the prices of start-up kits affordable and given after training?	Yes	197	67.5
	No	95	32.5
Is it possible to sell the products of this training, open a business or get work in nearby local markets?	Yes	292	100.0
	No	0	0
Is it possible to sell the products of this training, open a business or get a job in central/large markets?	Yes	292	100.0
	No	0	0
Is it possible to get a job after training?	Yes	289	99.0
	No	3	1.0
Are the prices of startup kits affordable and given after training?	Yes	197	67.5
	No	95	32.5
Are production costs low for this type of training?	Yes	285	97.6
	No	7	2.4
Is it possible for the beneficiary to be self-sufficient in the medium term by adopting this training?	Yes	267	91.4
	No	25	8.6
Are there any institutes, entities or people in the same region / directorate qualified to provide this type of training?	Yes	163	55.8
	No	129	44.2

5. Challenges, Issues and constraints

Finally, the assessment highlights the structural challenges to business success. Table 17 (Small Business Challenges) reports an absolute consensus (100% agreement) on four core obstacles leading to small business failure: limited access to markets (81.8% agree + 14.2% strongly agree) and lack of access to capital (50.2% strongly agree). Managerial expertise is also a major constraint (70.4% agree). Additionally, limited technical skills, lack of access to capital, difficulty in marketing, and limited managerial and financial expertise are significant issues. This unanimous finding dictates that any successful livelihood program must be designed as a holistic package addressing skills, finance, and market linkages simultaneously. Since small businesses face a triple constraint - a lack of technical and managerial skills, limited access to finance, and poor market linkages, an effective intervention must address these three areas simultaneously to be successful (Table 17).

Table 17: The main challenges facing the current small businesses in the market

The Main challenges	Agree %	Strongly Agree %	Disagree %	Neutral %
Lack of access to capital	49.8	50.2	0	0
High prices of inputs	54.2	43.1	2.7	0
Limited access to markets	81.8	14.2	4	0
Insecurity and conflict	45.9	38.7	0	15.4
Lack of tools and equipment	55	45	0	0
Limited technical skills	100	0	0	0
Intense competition in the markets	39.5	42.3	12.7	5.5
climate and environmental challenges	34	30.4	7.9	27.7
Lack access to loans and financing	53	32	7.9	7.1
Limited managerial and financial expertise of entrepreneurs	70.4	29.6	0	0
Difficulty in marketing and attracting customers	45.1	54.9	0	0
Complex regulatory procedures and licensing	41.9	39.2	3.2	15
Low quality of products or services provided	55.3	40.7	3.6	0.4
Rising prices of raw materials	51.4	34.8	0	13.8
Unstable availability of raw materials locally	51.8	32	0	16.2
Low purchasing power of consumers and reduced demand	47.4	52.6	0	0

5.1. The obstacles of Women's Participation

Despite their potential to run businesses independently, women face social-cultural barriers that hinder their progress. These barriers are largely related to traditional gender roles and negative perceptions about women working outside the home. According to the survey, women in micro and small businesses commonly face multiple obstacles, including limited suitable and flexible job opportunities (74.3% strongly agree), social perceptions of certain professions (69.6% strongly agree), and difficulty balancing work and family responsibilities (66.4% strongly agree) (table 18).

On the other hand, focus group discussions (FGDs) revealed that women's economic participation is constrained by a combination of structural factors, social norms, and practical burdens, requiring a multi-faceted approach to overcome.

Table 18: The main obstacles/barriers that women face in entering the labor market

The main obstacles/barriers	Agree %	Strongly Agree %	Disagree %	Neutral %
Social traditions and customs	53.3	27.7	17.8	1.2
Difficulty balancing work and family responsibilities	21.7	66.4	8	4
Limited suitable and flexible job opportunities	7.9	74.3	5.9	11.9
Social perception of certain professions	17.4	69.6	11.9	1.1
Lack of appropriate and safe transportation	8.3	56.5	31.2	4

Also, the results from the first sample, which pertain to the market assessment, confirm that the top general challenges are high input prices (100% agree/strongly agree), limited access to finance (98%), and limited access to agricultural resources

(98%). Table 19 shows that the top barrier for women is also lack of access to capital, followed by high prices of inputs (88%). Finance is a critical key for both genders; the overriding constraint to business is the lack of capital and difficulty obtaining financing, directly correlating with the need for financial support mentioned in Table 18. Cost Barrier: The second key barrier is input prices, reinforcing the price concerns from Table 19. Gender Differences: Women face an additional challenge with household and care responsibilities (35%) and social and cultural restrictions (10%), which are not top barriers for men.

Table 19: The Obstacles for women entrepreneurs

key Obstacles	Strongly agree	Agree	Neutral	Disagreed	Strongest disagree	Sum (agree)	Percent (%)
Lack of access to capital /	249	16	4	0	0	265	91%
High prices of inputs /	205	52	7	1	4	257	88%
Difficulty in obtaining loans or financing for small projects	223	32	11	2	1	255	87%
Lack of tools and equipment	121	105	34	6	0	226	77%
Limited technical skills	16	109	100	30	14	125	43%
Household and care responsibilities	18	85	99	65	2	103	35%
Climate and environmental challenges /	6	35	88	85	55	41	14%
Health problems	6	32	117	78	34	38	13%
Social and cultural restrictions	11	19	57	82	99	30	10%
Insecurity and conflict	9	20	34	86	106	29	10%
Limited access to markets	10	10	36	105	104	20	7%

5.2. Small Businesses' constraints

Also, the findings from FGDs as showing in table 20 reveal that the majority of the women and youth face multiple barriers in running their micro and small business/IGAs. The primary challenges include: difficult access to markets due to poor roads, high transportation costs, low demand and high competition, lack of financing, absence of business plans, weak administrative and management skills and high prices of production inputs. The challenges are operational and can be addressed with low-cost interventions .Weak market infrastructure is a major obstacle affecting business growth.

Table 20: The main concentrates small businesses and actions to mitigate in Lahj

The Main challenges	Proposed Actions to Mitigate	Region

Limitation to markets access because rough roads and distance.	Using social media to reach the market.	Al Kuz, Bir Amer, Al-Maht and Dar Al Munasara
Profitability decreases because high transportation	Searching for closer suppliers to reduce transport costs, export/marketing and create e-marketing groups	Al Kuz, Bir Amer, Al-Maht and Dar Al Munasara
Low demand for the product and high competition	Improving transport management.	Al Kuz, Bir Amer, Al-Maht and Dar Al Munasara
Lack of finance	Provide capital and additional financing (soft loans/new funding) as micro-grants.	Al Kuz, Bir Amer, Al-Maht and Dar Al Munasara
Lack of clear plans and strategy	Capacity building on leadership and financial skills	Al Kuz, Bir Amer, Al-Maht and Dar Al Munasara
Lack to vital skills as project sustainability management skills	Capacity Building on Product development, quality improvement, financial management and digital marketing.	Al Kuz, Bir Amer, Al-Maht and Dar Al Munasara
High cost of Production inputs	In-Kind support by provide production inputs, provide micro-grants and reduce input costs and increase the projects' bargaining power	Al Kuz, Bir Amer, Al-Maht and Dar Al Munasara

Finally, the findings in figure 24 and table 21 also conform that there several critical challenges impacting community livelihoods and enterprises, among these challenges, the one that stood out most prominently was the issue of high input prices, which received an average score of 4.98. This score reflects overwhelming concern, as every respondent 100% expressed either agreement or strong agreement with this issue. Closely following this, limited access to finance emerged as another significant problem, attaining an average score of 4.89, with 98% of the respondent's showing agreement or strong agreement. Similarly, restricted availability of production inputs also posed a major obstacle, with an average score of 4.88 and 98% agreement or strong agreement among respondents.

These results evident that financial constraints and rising costs directly restrict the ability of community members and enterprises to invest in necessary resources. The near-universal consensus on these issues underscores how economic barriers prevent sustainable livelihoods and enterprise growth. The high input prices likely strain operational budgets, while limited financing options curtail expansion opportunities. Meanwhile, restricted access to agricultural inputs compounds these difficulties by limiting production capacity and efficiency. So, efforts should be made to addressing both the financial and material resource gaps is essential for improving community livelihoods and enterprise viability. Prioritizing interventions such as subsidizing input costs, facilitating easier access to affordable credit, and ensuring the steady supply of agricultural inputs could alleviate these critical bottlenecks.

Table 21: The key Challenges communities faced in their livelihoods

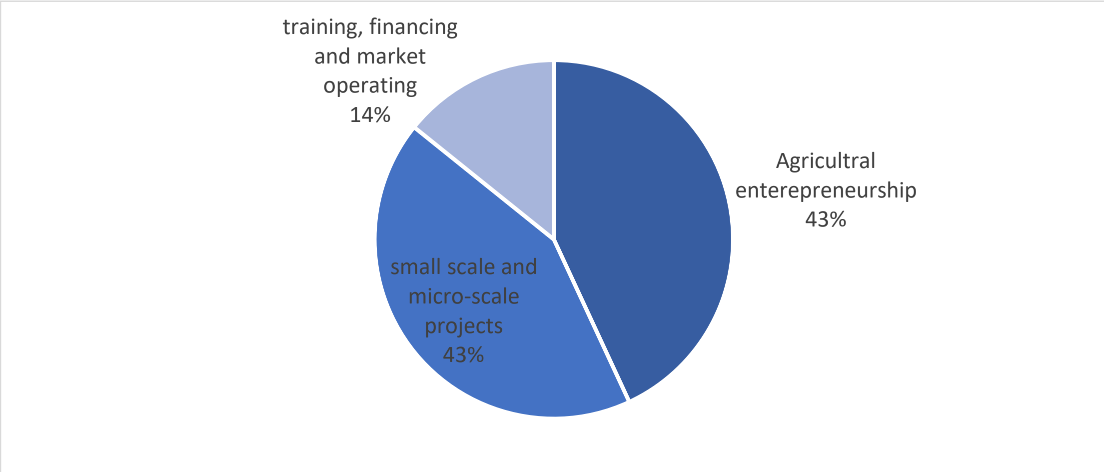
key issues	Strongly agree	Agree	Neutral	Disagreed	Strongest disagree	Sum (agree)	Percent (%)
High input prices	246	45	1	0	0	291	100%
Limited access to finance /	241	46	2	1	2	287	98%
Limited access to agricultural inputs	147	138	4	0	0	285	98%
Lack of job opportunities	139	143	6	3	1	282	97%
Lack of business/trade opportunities	121	151	13	6	1	272	93%
Low purchasing power	77	195	19	1	0	272	93%
Livestock diseases	80	182	25	2	3	262	90%
Crop pests and diseases	57	186	49	0	0	243	83%
Climate change and environmental shocks	64	121	72	34	0	185	63%
Lack of water resources	125	38	13	115	0	163	56%
Impact of conflicts and displacement	44	87	87	72	0	131	45%
Limited market access	44	34	76	137	1	78	27%

Key recommended include developing supportive financial programs tailored to community needs, enhancing credit schemes for agricultural enterprises, and building supply chain mechanisms to guarantee input availability. Policymakers and development agencies should focus on these areas to foster economic resilience and sustainable livelihoods within affected communities.

6. Suggestions and Solutions

Training for enhancing leadership of the agriculture and small-scale business entrepreneurship is an essential intervention, as without proper skills in doing a business, the probability of failing increases. Knowledge about how to operate a certain business actually reduces the risk of failure. Based on the suggested income generation opportunities or IGAs, trades and business opportunities in this study, the skill development areas shown in figure 25 are considered having potential for the target beneficiaries. From the survey data which revealed in figure 25 summarizes general suggestions, with the largest segments being: Training, Financing and New market Opportunities (43.1%) and Small-Scale and Micro-Scale Project Support (42.7%). The community's own recommendations align perfectly with the data-driven findings, emphasizing a holistic approach that combines capacity building, financial access, and market linkages, particularly focused on micro and small enterprises.

Figure 26: the general suggestions for improving dynamic of labor market



6.1. Effective Support for Small Businesses

Knowledge, skills, access to finance/credit and control over resources are power to run micro and small business/IGAs. The more one acquires knowledge, skills and access to finance/credit the more one's business can grow. By accessing technical skills training for running small business/IGAs one gains self-confidence and competence to perform her business dealing to the best of their ability

The study data in table 22 reflected that ranks the effectiveness of various support mechanisms. The most "Very Effective" are: Providing soft loans (88.9%), Offering free administrative and financial consultancy (87%), and Technical and managerial skills training (77.9%)

The evidence points to the need for an integrated support package. The most critical elements are access to finance, expert business advice, and practical skills training, forming a core trifecta for enabling entrepreneurial success.

Table 22: The main suggestions for support the success of small businesses

The main suggestions support	Effective %	Very Effective %	Ineffective %	Neutral %
Providing soft loans without complicated guarantees	11.1	88.9	0	0
Offering free administrative and financial consultancy	7.5	87	5.5	0
Technical and managerial skills training	16.6	77.9	5.5	0
Organizing exhibitions and markets to showcase their products	42.3	50.2	5.5	0
Providing specialized training courses	27.7	63.2	6.3	2.8
Providing a small grant	15.8	66.4	13.4	4.4
Market access facilitation	26.5	50.7	18.2	5.1
Providing equipment	37.2	62.8	0	0
Simplifying licensing procedures	44.7	43.9	5.5	5.9

6.2. Encourage Women's Participation

From the survey data it is revealed (table 23) that the most "Very Effective" strategies are supporting women's small businesses through financing and marketing (85.8%) and providing flexible job opportunities (85.4%).

The solutions preferred by respondents directly address the identified obstacles. Women are calling for targeted business support and flexible work models that accommodate their specific circumstances.

Table 23: The Main suggested for encourage women's participation in the labor market

The main suggestions	Effective %	Very Effective %	Ineffective %	Neutral %
Providing flexible job opportunities (part-time, remote work)	14.6	85.4	0	0
Ensuring safe and dedicated transportation	17.4	42.7	32	7.9
Providing childcare facilities at or near the workplace	47	30.8	22.2	0
Offering training programs tailored to market needs, specifically for women	34.8	58.9	6.3	0
Supporting women's small businesses through financing and marketing	8.3	85.8	5.9	0

The FGDs and KIIs conducted in the Four sites, the results shows that the key recommendations from participants included; soft loans and micro-grants, in-kind support with equipment and modern tools, specialized training, improved market access, formation of cooperatives/associations, village Savings and Loan Associations (VSLAs), solar energy support, veterinary services. Community suggestions are realistic and implementable. There is strong willingness for collective organization and cooperative work table 24.

The first priority was providing specialized training (product development, quality, digital marketing, financial skills), while second priority was improving access to finance (soft loans), in-kind support (equipment, production inputs), providing solar energy and drip irrigation technology, the third priority was improving market access, establishing village savings and loan associations (VSLAs), providing a veterinarian . However, the fourth Priority was encouraging collaboration and establishing local associations, creating business coaching programs.

Table 24: The main Suggestion for Improving and Supporting the Small Businesses and in Lahj

The main Suggestion for Improving and Supporting	Region	Rank priority
Improving the access to the (finance) Loans and credit through provide soft/white loans as micro-grants.	Al Kuz, Bir Amer, Al-Maht and Dar Al Munasara	**Second Priority**
In-Kind support by provide material support in the form of production inputs or higher-tech equipment (e.g., a refining grinder for henna) instead of cash, to develop productivity.	Al Kuz, Bir Amer, Al-Maht and Dar Al Munasara	**Second Priority**
Providing specialized training in the following areas: Product development and productivity and quality improvement, financial management skills and digital marketing and social media	Al Kuz, Bir Amer, Al-Maht and Dar Al Munasara	**Frist Priority**
Improving market access through facilitate and opening new marketing channels and overcome reliance on nearby local markets, facilitate infrastructure by support shared transport mechanisms or find closer suppliers to reduce high transport costs.	Al Kuz, Bir Amer, Al-Maht and Dar Al Munasara	**Third Priority**
Encourage collaboration through support the establishment of local associations or unions for small business owners (especially similar crafts) to enhance networking and improve bargaining power for purchasing inputs or marketing products	Al Kuz, Bir Amer, Al-Maht and Dar Al Munasara	**Fourth Priority**
Institutional support and networking through technical and professional mentorship by Provide specialized technical guidance (Mentorship), especially for collective projects, build a more efficient organizational structure and distribute tasks	Al Kuz, Bir Amer, Al-Maht and Dar Al Munasara	**Fifth Priority**
Provide support with low-cost solar energy and drip irrigation technology	Al Kuz, Bir Amer, Al-Maht and Dar Al Munasara	**Second Priority**
Establish of Business Coaching Program	Al Kuz, Bir Amer, Al-Maht and Dar Al Munasara	**Fourth Priority**
Institutional support and networking through facilitate networking among participants to exchange expertise and collaborate on distribution or bulk purchasing	Al Kuz, Bir Amer, Al-Maht and Dar Al Munasara	**Third Priority**
Establish Village Savings and Loan Associations (VSLA group) for self-financing	Al Kuz, Bir Amer, Al-Maht and Dar Al Munasara	**Third Priority**
Provide a veterinarian or specialized veterinary courses in the village to address livestock diseases	Al Kuz, Bir Amer, Al-Maht and Dar Al Munasara	**Third Priority**

7. Overall Conclusions and Recommendations

According of the results of this assessment, the main finding can be concluded as the fowling key point:

7.1. Key Conclusions

The labor and market assessment conducted in Lahj Governorate reveals a complex but opportunity-generating economic environment shaped by conflict, limited infrastructure, and persistent socio-economic vulnerabilities. Despite these constraints, the assessment identifies multiple livelihood pathways particularly for women and youth that align with market demand and demonstrate strong potential for sustainable income generation. The conclusions summarized below integrate the findings from market dynamics, labor patterns, supply and demand trends, skills analysis, and sectoral opportunities.

1. Key Conclusions from Market Findings

1. Markets in Lahj remain functional but fragile

Local markets demonstrate resilience, particularly in essential goods such as food items, livestock, poultry, vegetables, and household products. However, rising prices of raw materials, transportation challenges, and supply shortages increase volatility and reduce profitability for microenterprises.

2. Women dominate microenterprise activity

A significant portion of market actors are women engaged in home-based production (food processing, tailoring, incense/perfume making). Women show strong entrepreneurial motivation but face constraints in skills, mobility, finance, and market access.

3. High unmet demand for essential services

Solar maintenance, food industries, tailoring, food production, and beauty services are among the most in-demand sectors. These areas provide accessible entry points for youth and women.

4. Weak market linkages limit business growth

A lack of reliable suppliers, dependency on intermediaries, and absence of distribution channels restrict market expansion. Businesses operate in isolation, reducing opportunities to scale or specialize.

5. Significant skills gaps hinder business competitiveness

Technical, business management, and digital skills are notably weak among microenterprises. Without targeted capacity-building, businesses will struggle to grow, differentiate products, or adapt to changing market conditions.

2. Key Conclusions from Labor Market Findings

1. The labor market is highly informal and dominated by low-skilled work

Most workers operate without contracts or social protection. Employers rely heavily on informal recruitment and rarely offer stable employment.

2. Employers struggle to find skilled labor

Large gaps exist in technical trades (solar systems, mechanics, tailoring) and essential soft skills (communication, reliability, customer service). This mismatch limits productivity and reduces hiring.

3. Youth unemployment stems from limited skills pathways

Young people express strong interest in technical fields but lack access to affordable, quality vocational training that leads to employability.

4. Women face distinct structural barriers to employment

Cultural norms, mobility restrictions, family expectations, and childcare responsibilities severely constrain women's engagement in wage labor. Home-based IGAs remain their primary livelihood option.

5. Proposed Livelihood Activities and Community Enterprise Opportunities

Most of the Proposed Livelihood Activities and Community Enterprise Opportunities that received top ranking in Four locations from the survey are:

1. For men: crop-based agriculture integrated with solar power, livestock breeding, beekeeping, cheese and dairy industry
2. For Women: livestock breeding, incense and perfume production, sewing and embroidery, food industries sweets and pastries production, cheese and dairy industry(and henna packaging.
3. Identified Opportunities for Community Enterprise, it was found that:
    - Top-Ranked Opportunities: processing of local food products / food industries), Agriculture & Beekeeping, and Solar Energy Services.
    - Community-Identified Opportunities (from FGDs and KIIs): livestock breeding, henna packaging, food processing, tailoring, and beauty services.

3. Economic and Social Context Conclusions

1. The economic environment is unstable but not collapsed

Despite currency instability, inflation, and limited institutional support, local economic activity persists through micro-trade, agriculture, and service-based livelihoods.

2. Agricultural and livestock value chains remain vital

Vegetables, poultry, dairy, beekeeping, and small livestock are resilient and widely practiced, providing both income and food security.

3. Social norms strongly shape livelihood patterns

Gender restrictions, mobility limitations, and community expectations influence which sectors are accessible for women and youth. Programs must be sensitive to these dynamics to ensure inclusion and safety.

The assessment concludes that Lahj Governorate presents a mix of urgent needs, systemic constraints, and strong livelihood opportunities. Women and youth the priority groups of the project demonstrate willingness to work and engage in income generating activities, but require:

- market-aligned technical training.
- business and digital skills, access to capital and tools.
- supportive social and institutional environments.
- improved market linkages and value chain integration.

Interventions that respond to these needs will be well-positioned to enhance, household resilience, stimulate local economic development, and promote sustainable, gender-responsive livelihood opportunities across Lahj.

7.2. Evidence-Based Recommendations

This section outlines recommendations derived from the key finding presented in the study report, which can be categorized into the following areas:

1. Skills Development and Human Capital Strengthening

- Develop market-aligned vocational training programs in food processing, livestock, beekeeping and agricultures activities integrated with solar energy, guided by the identified skills gaps (technical skills 62.8% deficit; business management 87% deficit).
- Integrate mandatory business management modules (financial literacy, costing, pricing, record-keeping, marketing, and basic digital skills).
- Establish applied learning schemes (apprenticeships, on-the-job training, and business coaching), addressing the current lack of practical application (45.5% strongly agree).
- Introduce accelerated digital literacy training to close the 53.4% computer-skills gap and support access to online markets and services.

2. Access to Finance and Inclusive Financial Services

- Design tailored financial products such as soft loans, revolving funds, and micro-grants for women and youth, addressing the critical capital barriers (91% lack access to capital).
- Partner with microfinance institutions to introduce risk-mitigated lending mechanisms e.g., group collateral, Islamic micro-finance models, village savings groups).
- Facilitate start-up kit subsidization for high-demand, low-cost IGAs (sewing, incense making, food processing) to address the unaffordability reported by 32.5% of respondents.

- In-Kind and financial support by provision of modern production equipment (henna grinders, sewing machines, food-industry tools), Solar energy support for small business, small grants and soft loans.
- Establish a business incubator mechanism that provides mentorship, financial planning support, and post-training follow-up.

3. Market Linkages and Value Chain Strengthening

- **Strengthen linkages between small and micro-scale enterprises and wholesale markets through:** supplier aggregation hubs, collective purchasing groups, transportation cost-sharing mechanisms, promote digital and social-media-based market access, especially for women restricted by mobility constraints.
- **Map and develop priority value chains** (food products, livestock, beekeeping and agricultures activities integrated with solar energy) to improve quality, reduce input costs, and boost profitability.

4. Support to Micro, Small, and Home-Based Enterprises

1. **Provide structured business development support focusing on:**
    - For men: crop-based agriculture integrated with solar power, livestock breeding, beekeeping, cheese and dairy industry
    - For Women: livestock breeding, incense and perfume production, sewing and embroidery, food industries sweets and pastries production, cheese and dairy industry(and henna packaging.
2. **Opportunities for Community Enterprise:**
    - Processing of local food products / food industries), Agriculture & Beekeeping, and Solar Energy Services, livestock breeding, henna packaging, food processing, tailoring, and beauty services.
    - **Strengthen access to production inputs by:** linking producers to wholesalers,
      supporting cooperatives, negotiating bulk-purchase agreements or provide in-kind equipment grants for enterprises with strong market potential and low entry capital.

5. Gender-Responsive Economic Inclusion

- Establish women-only training environments, mobile training units, and home-based enterprise models to address restrictive norms (69.6% social perception barrier; 66.4% work-family constraints).
- Create flexible work opportunities and remote/online micro-jobs tailored to women with caregiving responsibilities.
- Partner with community leaders to raise awareness about the economic benefits of women’s participation.

- Improve safe and affordable transportation systems to address mobility limitations.

6. Enabling Environment and Policy Support

- Advocate for simplified licensing, reduced administrative burdens, and improved local market regulations.
- Enhance infrastructure in commercial centers (roads, marketplaces, storage) to reduce operational costs.
- Promote public-private partnerships to stimulate local investment, job creation, and skills absorption.

8. Documentation

During Data Collection Across focus group discussions (FGDs) with women and Youth groups

During Data Collection through Across group discussions (FGDs) with women groups

During Data Collection of labor assessment analysis using survey with individual Womens

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During Data Collection Market Assessment Analysis Using Survey with Individal Womens

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During Data Collection Labor Assessment Analysis Using Survey with with Local Market Actors/Business Agent

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9. Annexes

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Labor Market Analysis.pdf

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Focus Group��
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