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Market Systems Analysis for Refugee Livelihoods in Jigjiga - Ethiopia



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Market Systems Analysis for Refugee Livelihoods in Jigjiga, Ethiopia

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EXECUTIVE SUMMARY

The International Labour Organization (ILO) is launching a new project to promote the livelihoods of refugees and host communities in the Jigjiga region of Ethiopia. In order to better understand existing markets in the Somali region of Ethiopia, especially in Jigjiga, and to inform the strategy and action plan of the project, the ILO commissioned this market systems analysis. The assessment took place between 18th February and 10th March 2018 covering the three refugee camps of Kebribeyah, Aw Bare and Sheder. Overall, 3 focus group discussions (FGDs) with Somalis living in the three camps, 16 key informant interviews (KIIs) with businesses and support services providers, and KIIs with livelihood stakeholders were conducted.

The Jigjiga region hosts roughly 35 000 Somali refugees across three refugee camps (Kebribeyah, Aw Bare, and Sheder). Conditions for economic activity are challenging, as the area is resource-poor, remote and refugees' are constrained in their freedom of movement and right to work. Nonetheless, many refugees continue to pursue economic activities, particularly small ruminants' trade and informal business activities in trade and services. Generally, the markets are well-integrated with local host communities, who engage in similar business activities and who constitute key consumers and suppliers to the camps' markets.

A sector selection analysis revealed that refugees' activities relating to the production and trading of small ruminants constitutes the most promising value chain through which to support refugees' livelihoods generation and ultimately their self-reliance. The selection of the small ruminants value chain is founded on three key considerations: (i) refugees are already engaged in livestock rearing in the camps, as this constitutes a traditional Somali activity, (ii) small ruminants trade is a key economic activity of the host community thus ensuring (relatively well-)functioning existing markets, (iii) there exists substantial market opportunity as the small ruminants value chain is growing and (iv) visible deficits in the small ruminants value chain between refugee and host communities which could be addressed through value chain interventions.

Refugee households' primary involvement in the value chain is through fattening of small ruminants and then trading in local markets or through local traders who take animals on to bigger markets or for fattening. Small ruminant fattening enterprises are based on traditional husbandry practices and locally available inputs with minimal supplementation by improved pastures or concentrates. The value chain analysis identifies a host of constraints,

limiting the growth of refugees' small ruminants' trade and of the value chain as a whole: refugees inability to access land for grazing and production of fodder, limited access to veterinary services, inadequate financial inclusion, weak extension services, weak policy support for livestock development, and limited management skill.

Whereas these limitations may be targeted by longer-term interventions in the market system surrounding the small ruminants value chain, the assessment also identifies opportunities for interventions that can more immediately help refugees and members of the host community seize opportunities in the small ruminants value chain, i.e. "quick wins". Specifically, the analysis examines the significant market demand for small ruminants created by the Jigjiga Export Slaughterhouse and finds that refugees are not yet linked into the trader network that has developed around the Slaughterhouse. From the in-depth analysis of the value chain emerge two primary conclusions for immediate, 'quick win' pull interventions. The first is to develop value chain interventions that connect refugee pastoralists to local and regional traders linked to the Slaughterhouse, as this would help refugees' achieve higher prices for their animals than is currently possible in local markets. Second is a broader intervention to support refugees in improving the many small businesses they have already established in the camps and to thus increase their self-sufficiency.

The report also makes recommendations for policy and practice at a broader level. First, to support the implementation of Ethiopia's Pledges at the Leaders' Summit on Refugees 2017, which would improve opportunities for economic inclusion of refugees more broadly. Second, establishing concrete opportunities for business activity and employment of refugee and host community members in the area and, finally, amplifying high-potential local value chains such as small ruminants trade by improving input supplies and the market system surrounding the value chain.

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ACRONYMS AND ABBREVIATIONS

ARRA	Administration for Refugees and Returnees Affairs
CRRF	Comprehensive Refugees Response Framework
DICAC	Development and Inter-Church Aid Commission
ETB	Ethiopian Birr (1 USD = 27.4 ETB)
FGDs	Focus Group Discussion(s)
GoE	Government of Ethiopia
IGA	Income-generating activity
ILO	International Labour Organization
IRC	International Rescue Committee
JAP	Jigjiga Agro-Pastoral Livelihood Zone
JESH	Jigjiga Export Slaughterhouse
KIIs	Key Informant Interview(s)
LWF	Lutheran World Foundation
NGOs	Non-Governmental Organizations
NRC	Norwegian Refugee Council
RCCs	Refugees Central Committee
SeE	Save the Environment Ethiopia
SMFI	Somali Microfinance Institution
TVET	Technical and Vocational Education Training
VTCs	Vocational Training Centres
UNHCR	United Nations High Commission for Refugees
USD	United States Dollar
VSLAs	Village Saving and Loans Associations
WFP	World Food Program

INTRODUCTION AND CONTEXT

The International Labour Organization (ILO) is launching a new project to promote refugee livelihoods in the Jigjiga region of Ethiopia. The project, financed by the German Ministry for Development and Economic Cooperation, runs until November 2018 and aims to develop a set of tools to promote sustainable livelihoods for refugees and host communities and test these tools and their applicability in one selected country, in cooperation with a running project of ILO and if possible with synergies to a project of the German development cooperation. In order to better understand the refugee markets in the Somali region of Ethiopia, especially Jigjiga, the ILO commissioned this market systems analysis to inform the strategy and action plan of the project. The assessment contains two separate but interlinked analyses:

- A socio-economic assessment and context analysis that looks at the profile, characteristics and background of the refugees as well as the overall “market system” that refugees are embedded in, i.e. the formal and informal rules and regulations that influence refugees’ right and ability to work and accessibility of different support functions and services (trainings, loans, employment placement services, etc.) for refugees.
- A sector selection and value chain analysis that aims at selecting a sector or value chain with potential for employment creation and relevance to the target group and analyses this value chain in order to identify ways to develop the chain and increase the quantity and quality of employment opportunities available within the chain.

Data collection for this assessment took place between 18th February and 10th March 2018 covering the three refugee camps of Kebribeyah, Aw Bare and Sheder in Jigjiga, Somali region of Ethiopia. Overall, 3 focus group discussions (FGDs) with Somalis living in the three camps, 16 key informant interviews (KIIs) with businesses and support services providers, and KIIs with livelihood stakeholders were conducted.

National Overview of Ethiopia's Refugee Situation

The Government of Ethiopia (GoE) generally maintains an open-door asylum policy and has hosted refugees from neighbouring conflict-affected countries for decades. It is currently the second largest refugee hosting country in Africa, with 892,555 refugees and asylum seekers as of 31 December 2017. The refugees are South Sudanese (47.3%), Somalis (28.4%), Eritreans (18.4%), Sudanese (5%), Yemenis (0.2%) and other nationalities (0.7%)¹. The majority of these refugees reside in camps located in remote areas near their respective countries borders, with limited schools, health facilities, food, clean water, sanitation, and household energy². The refugees find themselves in protracted situations; the prospect of returning to their countries of origin is slim for the majority of the refugees. Similarly, possibilities of resettlement in 3rd countries are always limited and currently unpredictable. Though Somalia has shown signs of improvements, stability and safety remain uncertain as parts of the country are still under the control of Al Shabaab insurgents. In addition, though some changes are anticipated, currently the Ethiopian refugee policy does not provide for the possibility of local integration.

Other than the refugees, over 1 million people³ were displaced around the border areas of Oromia and Somali regions as a result of inter-communal and cross border violence, most of them living in protracted displacement situations. The presence of refugees and IDPs is imposing substantial environmental, social and economic impacts on Ethiopia.

Furthermore, being among the least developed parts of Ethiopia, these refugee hosting areas themselves face substantial economic challenges, as local services are under-resourced and unemployment is rising – Unemployment among young women is 22% compared to 14.5% among young men. The main reason that women give for not engaging in the labor market is responsibility of home activity (34.5%)⁴.

Even though Ethiopia maintains open door asylum policy, it implements strict encampment policies that limit refugee movement and access to labour markets; hence undermining the quality of asylum offered and the development of sustainable livelihoods for refugees. As a result, they mostly survive on humanitarian assistance, which in some situations has created aid dependency. Nevertheless, stakeholders acknowledge the need to move away from humanitarian and relief work to support more sustainable livelihood initiatives and the GoE has allowed some specific initiatives that aim to enable refugees find income generating activities in the informal sector. Consequently, some small livelihood activities have therefore been implemented in the camps, including providing a limited number of refugees with skills training, supplying families with livestock, or distributing seeds and tools for subsistence farming. For example, the ILO and the UNHCR partnered with the Administration for Refugees and Returnees Affairs (ARRA)⁵ to promote self-employment in camps and surrounding host communities in Dollo Ado.

1. UNHCR Factsheet, December 2017

2. UNHCR, Ethiopia Global Focus

3. OCHA, 2018: Ethiopia Conflict Displacement Report No. 2

4. World Bank, 2015: Ethiopia Poverty Assessment, 2014. January 2015

5. The ARRA is the governmental branch mandated to handle refugee affairs in coordination with the UNHCR.

The recent pronouncements by the GoE⁶ focusing on measures to extend refugee rights and relax the camp based approach to hosting large numbers of refugees provides an opportunity for creating opportunities for refugees. For example, on September 2016, at the Leaders' Summit on Refugees, GoE pledged to make available 10,000 hectares of irrigable land to allow 20,000 refugees and 10,000-host community to engage in crop production by facilitating irrigation schemes, subject to availability of external financial assistance (see Box 1 for the 9 pledges made to benefit refugees)⁷.

**Box 1:
The nine pledges at the Leaders' Summit**

- 1. To expand the “out-of-camp” policy to benefit 10% of the current total refugee population;**
- 2. To provide work permits to refugees and those with permanent residence ID;**
- 3. To provide work permits to refugees in the areas permitted for foreigners;**
- 4. To increase enrolment of refugee children in pre-school, primary, secondary and tertiary education, without discrimination and within available resources;**
- 5. To make 10,000 hectares of irrigable land available and to enable 20,000 refugees and host community households (100,000 persons) to grow their own crops;**
- 6. To allow local integration for refugees who have lived in Ethiopia for 20 years or more;**
- 7. To work with international partners to build industrial parks which will employ 100,000 individuals with a portion of the jobs reserved for refugees;**
- 8. To expand and enhance basic and essential services for refugees;**
- 9. To provide other benefits, such as issuance of birth certificates to refugee children born in Ethiopia, and possibility of opening bank accounts and obtain driving licenses.**

The UNHCR has also developed a Global Strategy for Livelihoods whose purpose is to serve as a position paper on why UNHCR implements livelihood programming; inform a global view of how UNHCR will implement livelihood programs; and guide the development of national and local livelihood strategies. The Strategy has four key objectives:

- Promote the right to work and the right to development;
- Enable people to preserve and protect their productive assets, as well as meet their immediate consumption needs;
- Develop and expand proven and innovative ways of supporting refugee economic self-reliance; and
- Improve planning, learning and practice on successful approaches to livelihoods.

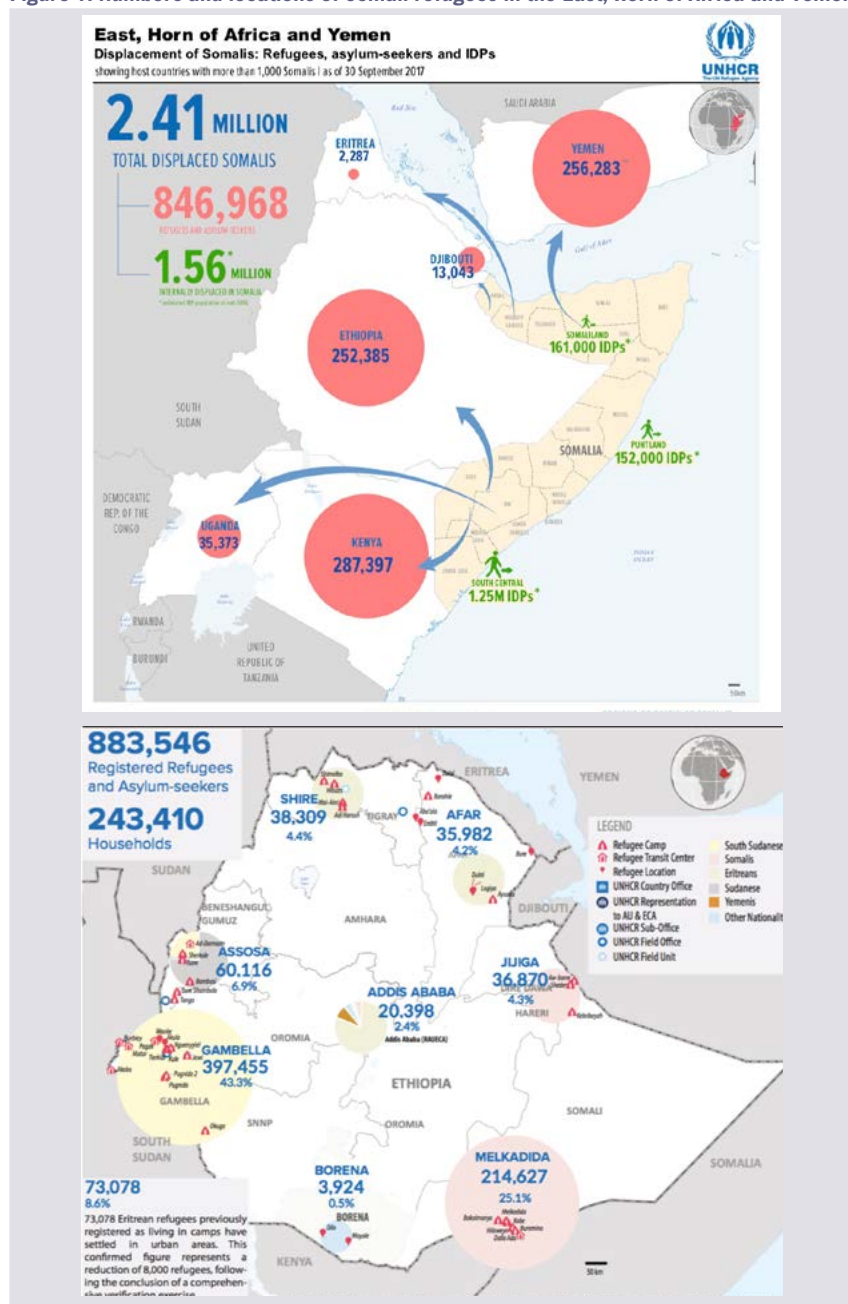
6. Ethiopia is currently a pilot country for the implementation of the UNHCR Comprehensive Refugee Response Framework and it has made a commitment to re-examine the rules governing refugees and employment – see more details on the Ethiopian refugee legislative framework in the rules and regulations affecting refugee populations under Section 3.

7. United Nations, 2016: Summary Overview Document Leaders' Summit on Refugees, 10 November 2016.

Somali Refugees in Ethiopia and Jigjiga Camps

Ethiopia is hosting the second largest Somali refugee population (31%) following closely Kenya that hosts about 33% of Somali refugees⁸. As the Somalia crisis enters its 27th year, 254,274 Somalis are registered in Ethiopia by 31st January 2018, around 37,296 of who are living in 3 camps in Jigjiga: Kebribeyah (14,416), Aw Bare (12,301) and Sheder (10,849), which were established in 1991, 2007 and 2008, respectively. Other populations reside camps in Dolo Ado (216,018 people), while 960 persons live in Addis Ababa under the Ethiopia’s out-of-camp policy. Figure 1 shows the numbers and locations of the Somali refugees in the East, Horn of Africa and Yemen, and locations and numbers in Ethiopia as of 30th September 2017⁹.

Figure 1: Numbers and locations of Somali refugees in the East, Horn of Africa and Yemen



8. UNHCR: East, Horn of Africa and Yemen Displacement of Somalis: Refugees, Asylum Seekers and IDPs as of 30th September 2017.

9. UNHCR Operational Portal: Horn of Africa Situation, Refugees from Somalia.

As with other camps in Ethiopia, the Jigjiga refugee camps were located in isolated areas close to the border. Except for Kebribeyah, which is located close to Jigjiga (about 50 Km), the regional city of the Somali region, Aw Bare and Sheder camps are located close to the Somalia border (3 Kms and 23 Kms from the Somalia border, respectively). The neighbouring Woreda and Kebeles are arid with minimal vegetation, experiencing bimodal rainfall (in the months of March – May and September - November) of 150 – 160mm per annum. The livelihoods of the host communities in the three camps are based on a mix of pastoral livestock production (keeping mixed species of livestock) and agro-pastoral production (livestock keeping coupled with crop production), with few business opportunities in the trade and services sector. As for the refugees, though largely reliant on humanitarian assistance, some were engaged in some economic activity within the camp or in the neighbouring host markets. The isolation of the camps coupled with restrictions on access to labour, markets and employment resulted in a challenging environment for sustainable livelihoods for refugees.

SECTION
2

THE RATIONALE AND APPROACH FOR THE ASSESSMENT

Stakeholders acknowledge the need to move away from humanitarian and relief interventions to supporting more sustainable livelihoods for refugees¹⁰, and there are clear justifications for supporting refugee markets, especially in the context of those in the Somali region. First, the current practice of providing relief in the form of basic needs (food, healthcare, shelter and other services) to refugees in camps that is built on the assumption that the refugee situation is temporary is not accurate and is unsustainable, especially in the face of funding shortfalls for protracted refugees and displacements. Secondly, self-reliant refugees are better able to take care of themselves and their families. Furthermore, because the camps are located in less developed areas, the potential for refugees to serve as economic engines and develop these areas takes an added value. However, in order to do this, there is the need for in-depth understanding of the context, and economic and livelihood activities of the refugee populations is necessary. This analysis serves this purpose, while also contributing more specifically the strategy and the action plan for the ILO's "**Promoting livelihoods of forcibly displaced persons and host communities**" project.

Purpose of the Assessment

The overall purpose of this assignment was to conduct a market systems analysis as outlined in the "[Guide to market-based livelihood interventions for refugees](#)" that will inform the strategy and action plan of the project. The planned market systems analysis was to contain two separate but inter-linked analyses:

- A socio-economic assessment and context analysis that looks at the profile, characteristics and background of the target group as well as the overall "market system" that refugees were embedded in, i.e. the formal and informal rules and regulations that influence refugees' right and ability to work and the accessibility of different support functions and services (trainings, loans, employment placement services, etc.) for refugees.
- A sector selection and value chain analysis that aims at selecting a sector or value chain with potential for employment creation and relevance to the target group and analyses this value chain in order to identify ways to develop the chain and increase the quantity and quality of employment opportunities available within the chain.

10. For example, the GoE is developing a national compact focused on job creation – in the Job Compact Pledge, the GoE has apportioned 30% of the 100,000 opportunities in the industrial parks to refugees.

Assessment Methods and Tools

The assessment involved a mixed methods approach, including a review of literature, stakeholder interviews, focus group discussions with different refugee groups, and semi-structured interviews with refugee and host businesses as well as support services providers in the region. The assessment started off with an assessment of the socio-economic context of the refugee populations to gather broader data on refugee profiles, characteristics and the general refugee “market system”. This was followed by the identification, selection and analysis of sector or value chain with potential for employment creation and relevance to the target group, and identify ways to develop the chain.

Socio-Economic and Context Analysis of Refugee Populations in Jigjiga, Ethiopia

The starting point of the contextual analysis was a **review of literature** that concentrated on understanding Ethiopia’s refugee situation and national legislation regarding refugees, their integration, right to work, and access to markets, labour and employment opportunities. In addition, literature on economic, labour and socio-economic profiles of the target populations, and how these factors mediated access to opportunities were reviewed. Annex 1 provides some of the key documents reviewed during the assessment. Following the literature review, gaps in information were filled through **key informant interviews** with actors working with refugee populations, government representatives and other actors, as well as **focus group discussions** with representatives of refugee populations, including the Refugee Central Committees (RCCs) in Kebribeyah, Aw Bare and Sheder and representatives of youths and women groups, and the Village Development Committees of the host communities. Overall 3 focus group discussions in the three camps and 12 key informant interviews with livelihood stakeholders in the camps were conducted.

Value Chain Selection and Analysis

A Value Chain Analysis was conducted for the selected value chain based on the methodology outlined in the ILO publication “[Value chain development for decent work](#)”. Starting with a quick review of documents and interviews with key informants, and with a consultant’s experience, a list of potential value chains was developed. The long list was then narrowed down to one main value chain, using the following criteria: the potential for growth in the sector/value chain; its relevance of the value chain for the target populations; and feasibility for intervening in the sector/value chain.

Agriculture (crop production and marketing), small ruminants (sheep and goats), poultry, large ruminants (cattle and camels), woodwork, petty trade (commodity retailing) and frankincense (*unsi*) were selected and analysed. The potential scores (out of 100) of the potential value chains based on the weighted criteria was compiled (see Table 2 for detailed scores). Based on these findings, it was agreed that further analysis be conducted on the small ruminant value chain, which was considered important for both refugee and host community (see more detailed rationale for the selection of small ruminant value chain under the value chain analysis section).

Data collection for the small ruminant value chain was conducted as part of an in-country visit between 18th February and 9th March 2018. The analysis started with a detailed review of documents related to the value chain in the region, followed by extensive fieldwork during which detailed quantitative and qualitative information was collected. In-depth interviews with 16 key

informant interviews with range of stakeholders including government officials, market actors, businesses and business associations (see Annex 2 for the list of informants consulted), and 3 focus group discussions at refugee camps were conducted. Finally, the consultant conducted markets visits in the assessment area.

Assessment limitations

There is a dearth of accurate data on Somali refugees living in camps, notably in respect to their livelihoods prior to exile or while in the camps, their level of education, and their engagements in the camps. Where available, most of the information is qualitative.

As for the value chain analysis, it was difficult to get estimates of traded volumes of livestock, and consumption of livestock products, as data on market volumes was not collected. It must also be noted that the value chain analysis was conducted in an area of informal cross border trade, where access to information was sensitive due to fears of taxation and other penalties. Further, the value chain sometimes extended across the border into Somaliland. It was difficult to reach all the market actors involved directly or indirectly in the value chain. However, the study team endeavoured to triangulate the information collected and supplement the information with studies carried out in the area.

SYNTHESIS AND FINDINGS OF THE ASSESSMENT

This section presents the findings of the assessment conducted in three refugee camps in Jigjiga, Somali region of Ethiopia. It provides a description of the general characteristics of the refugee populations and their livelihoods in Jigjiga region, access to supporting services, and existing rules and regulation within which the refugees operate.

Socio-Economic Assessment and Context Analysis of Refugees in Jigjiga

“Refugee communities are often integrated with vibrant and complex economic systems”

A. Betts; L. Bloom; J. Kaplan; and N. Omata, 2014: Refugee Economies: Rethinking popular Assumptions

To understand the environment in which refugees in Ethiopia are trying to make a living, some key elements that have to be considered are: the profiles of the refugees; the formal and informal rules and regulations restricting/facilitating their access to markets, labour and employment opportunities; and the level of access to supporting functions such as finance, information, business development services and training.

Furthermore, as noted in previous studies, the level of integration of refugees varies according to factors such as knowledge of local language, strength of social networks, wealth, cultural affiliation, ethnicity, length of time in the country of origin, intermarriage with host community, religion and employment¹¹. The findings in this section draw on findings of the KIIs, FGDs and stakeholder consultations, as well as literature review.

11. Iied, 2017: Refugee Economies: Lessons from Addis Ababa

The Target Population: Refugees Profiles

The population breakdown from the UNHCR Operational Portal Refugee Situations – Horn of Africa Somalia Situation shows that the Jigjiga camps are home to about 14.7% of the Somali refugees, majority of who are in the oldest camp of Kebribeyah (14,416) followed by Aw Bare (12,301) and Sheder (10,849) as of 31st January 2018 (Figure 2).

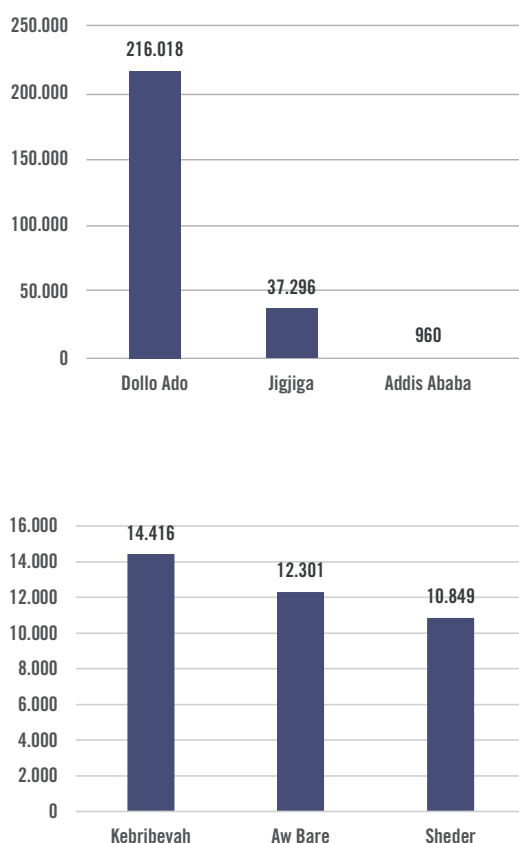
Refugee demographics:

The demographic characteristics of the Somali refugees in Ethiopia indicate a relatively young population with significant proportion of women and children, as these groups are more likely to be displaced during conflicts with men remaining to protect the household assets or engage in livelihood activities at the villages of origin. The majority of these population was also under the age of 18. For example, according to the UNHCR Camp Profiles January 2018, the Sheder camps had 55.7% of the population under the age of 18 years, while in Kebribeyah, 56% were under 18 years.¹²

Interviewees indicated that there was diversity among refugees in terms of livelihoods and capacities, skills, and assets. For example, refugees who had been in the camps had built networks and assets and were more likely to engage in business. Unfortunately, some of them were caught in a dependency syndrome, meaning they had become dependent on the humanitarian aid that is being delivered to the camps. As for the differences in the socio-economic status within the refugee populations, the Jigjiga Refugee Households Vulnerability Survey, 2016 identifies three refugee socio-economic groups:

- The *Poor Households* that are dependent on WFP assistance, estimated at 50% of the population;
- The *Middle Households* that access skilled and unskilled labour in addition to the WFP assistance, estimated at 37% of the population; and
- The *Better off Households* that are also engaged in livestock and retail trade have rental assets and receive remittances, estimated at 13% of the population.

Figure 2: Somali refugee populations and numbers in Jigjiga, Somali region Ethiopia



12. UNHCR, 2018: Camp Profiles, January 2018

The study notes that despite the restrictions, 10 – 12% of the *Better off Households* and 30 – 45% of the Middle Households are able to diversify their incomes in a manner that allows own market food purchases to supplement the monthly WFP assistance. Food assistance, however, remains a critical safety net for most refugees, and limited viable and reliable livelihood options are the main obstacles to self-reliance.

In terms of occupations and skills of Somali refugees in Ethiopia generally, the majority had no occupation, followed closely by those who had been engaged in farming – crops and vegetables (18.4%), students (15.6%), housekeepers – including housewives (10.2%), dairy and livestock keepers (5.9%). Only 1.4% of the Somali refugees were engaged as merchants/traders, while 2.7% were engaged as domestic helpers and cleaners.¹³In the Jigjiga region more specifically, refugees were primarily running small informal enterprises in the camp as well as keeping and trading small ruminants. Though refugees across the Jigjiga region had broadly similar means of livelihoods and access to markets, clear differences within households in the same camp and between the different camps were evident. For example, the majority of the refugees in Kebribeyah camps were able to move around and were relatively well integrated with the villages around compared to Aw Bare and Sheder. The refugees in Kebribeyah had been in the camps for long compared to the other camps, with the average stay in the camp estimated to be over 18 years. In contrast, agricultural productivity was much better in Sheder compared to Aw Bare and Kebribeyah while as Sheder camp had higher populations of people who originated from Mogadishu, they had better skills and business acumen, but were in a more isolated area, with poorer infrastructure compared to Kebribeyah.

Origin and skills and livelihoods before exile and within the camps: During the FGDs, the respondents indicated that before the conflict prompted their displacement, they were undertaking productive activity that provided for their families, earning incomes and engaging with their community. The majority of these populations had originated from South Central Somalia, Benadir region and Waqqoyi Galbeed, with fewer households from Hiran and Galgudud regions. For example, the Kebribeyah camp was dominated by the Darod clan (Marehan, Awlihan, Majerteen and Harti sub-clans), which has closer relationships with the majority Ogaden host community.

Many of those interviewed either farmed or reared livestock, or engaged in trading before arriving in the camp. These productive activities had become significantly more difficult to practice upon arrival in the camp because refugees had limited access to land for agricultural production or grazing resources for livestock. Natural resources, especially land, belongs to Ethiopian citizens and is administered by the Government and, as noted in a 2013 evaluation of the UNHCR response, refugees had limited livelihood opportunities and depleted assets when they arrived. Even where refugees started small enterprises, the legal constraints, the small customer base (mostly refugees themselves), and the remoteness of camps, especially in Aw Bare and Sheder, resulted in difficult operating environments for the small businesses.

As for their current engagements, the majority of refugees worked in the informal sectors and in multiple economic activities, with the following being the main sources of income: humanitarian assistance and incentive work for ARRA and NGOs; refugee's own informal enterprises including rental assets, trade and services; informal employment; remittances and small-scale

13. UNHCR Ethiopia Information Management, 2017: Occupation Profiles – Refugees in Ethiopia

livestock trading. It was highlighted that while humanitarian assistance was generally accessible to all refugees, interviews with stakeholders and refugees showed that there were opportunities for refugees to earn income, and some studies estimated that 50% of refugees have an alternative income to the monthly WFP assistance. The average monthly income of refugee households is estimated at ETB 875 per month (USD 32).¹⁴ Baseline livelihoods data in 2015 for host community, which are in the Jigjiga Agro-Pastoral (JAP) Livelihood Zone (when USD to ETB rate was 1USD = ETB 21) indicates that the average annual household income was ETB 12,575 (USD 599 p.a. or USD 50 per month) for poorer households, ETB 27,905 (USD 1,290 p.a. or USD 108 per month) for middle income households, and ETB 49,550 (USD 2,360 p.m. or USD 197 per month) for better off households, respectively.¹⁵

The refugee camp markets: The refugee camps have an economy in which refugees conduct a number of entrepreneurial activities in order to generate income. The camps also provide a unique market for host community businesses. The refugee camp markets were dominated by the trade and services sector – most were shops, kiosks, teashops and hawkers, while the services were mainly in tailoring, barbering and laundry (washing clothes) services. In addition, many refugees resorted to traditional keeping and trading of small ruminants – an estimated two ruminants per household – as an additional, informal means to earn income.

While the infrastructure between the refugee markets and Jigjiga was poor (except for Kebribeyah, which was connected by tarmacked road), the host community traders were able to source essential commodities from Jigjiga markets. However, refugee traders, in turn, were only able to travel after getting permits from the camp administrator (ARRA). The poor infrastructure and restriction on movement resulted in the physical isolation of these markets. The markets were small, and as they were capital starved, and with a population that had diminished demand; the market actors were hindered from specializing or increasing their productivity. Consequently, the market was dominated by small enterprises selling similar wares and competing for the existing small demand from host and refugee population.

Factors enhancing livelihoods and markets for refugees: The success of livelihood activities of refugees is shaped not only by the capacity and willingness of the refugees themselves, but also by the political and policy context of the host country, and the types and extent of economic opportunities available in the host country. Ethiopia has generally pursued restrictive labour policies for refugees in their country. However, the stakeholders interviewed highlighted that the recently launched Comprehensive Refugee Response Framework (CRRF) presented refugees with a great opportunity.

As observed during interactions with the refugees, there was great resilience among refugee business owners considering the context in which they operated. Other factors enhancing livelihood opportunities were the existence of social capital and networks, collective efforts within the camps such as group savings and lending, and existence of some skills sets acquired formally or informally. Further, considering that the camps, especially Aw Bare and Sheder, are close to the Somali border, informal cross border trading

14. WFP, UNHCR and ARRA, 2016: Jigjiga – Somali Refugee Households Vulnerability Survey Report.

15. The Food Economy Group (FEG), 2015: Regional Overview and Summary of the Results of the 2015, Household Economic Analysis, Baseline Update, Somali Region Ethiopia.

activities exists. It was also noted that the cash transfer programming implemented in the camps was fuelling spending and some investments, and improved household wellbeing.¹⁶

Factors constraining access to livelihood activities for refugees: The respondents mentioned a number of factors that hindered their livelihoods options. For example, the most named constraints were the restrictions on movement and lack of access to capital. The traders identified the lack of access to finance, competition from other traders operating similar businesses, high transactions costs (transport and restriction on movements), lack of refugee markets and business spaces within the camps, and inadequacy of business skills as among the key constraints for refugee businesses. In addition, as the informal cross border trader was considered illegal and subject to police and border controls, it was difficult to operate in them. Considering that households were forced to depend on more expensive goods from Ethiopia (subject to taxation and higher transportation costs), their ability to pay for some of these goods diminished, as their purchasing power reduced with increasing prices.

Asked about opportunities in crop production, FGDs participants noted that access to arable land was limited, first because the refugee hosting areas were generally not arable and the few farming areas were not sufficient even for the host population, and also land was owned by the GoE and was only meant for citizens. Nevertheless, it was reported that informal land access through renting of land from the host community for either grazing or planting occurred. Further, access to water for crop production across the region was limited, with households depending on seasonal valleys that brought water during the the *Diraa'* rains (mid-Mar – mid-May) and the heavier Karan rains (mid-Jul – mid-Oct). As for finding job opportunities, it was highlighted that the informal labour markets within the refugee markets and in host community were constrained and high poverty levels even among the host population made it unfavourable to find opportunities. The situation was said to be worse for refugees with low levels of education, as they were less likely to get connected with even the few existing opportunities. In addition, restrictions on access to higher skills jobs and the low educational attainments means there is more competition for the low skills sectors, with concomitant risk for social tensions.

Refugees note that their vocational skills were not good enough to get employment. Though in some instances, the skills were provided through formal institutions, the duration of the training was short and trainees had no follow up support and access to improved technologies. The skills trainings were also not supported by access to labour market information, placement or job-search support. Furthermore, with the encampment policy, locally produced products could not be marketed, nor was it possible to seek skilled opportunities outside the camp. Also, lacking in financial means to purchase low-level capital goods, refugees with the required skills were unable to start their own economic activities.

Refugees' livelihoods programming in Jigjiga region: Some organizations were supporting livelihoods initiatives (mainly in agriculture and livestock, vocational skills, microfinance and income generation activities) for host and refugee communities, though the projects implemented were small, reaching a limited number of refugees. For example, the Lutheran World Federation (LWF) has been supporting drip irrigation for refugee and host communities

16. A joint assessment by UNHCR, WFP and ARRA conducted in the camps in 2014 indicated an improvement in the dietary diversity and food consumption score of the refugees, as well as increase in number of days that the food ration lasted in a month, following the introduction of the cash transfer.

while also promoting backyard gardening, in which refugees and host communities produce agricultural outputs both for domestic use and for local markets. Table 1 details some of the main livelihoods actors in the assessed areas.

Table 1: Main livelihood actors in Jigjiga refugee camps

Actor	Location(s)	Major activities
Administration for Refugees and Returnees Affair (ARRA)	Kebribeyah, Sheder and Aw Bare	Camp security, primary healthcare, reproductive health, HIV/AIDS awareness, supplementary/complementary feeding, supply and management of water supplies, provision of shelter, food and CRI distribution, and primary schools
International Rescue Committee (IRC)	Sheder and Aw Bare	Vocational skills training, entrepreneurship and small business grants.
Lutheran World Foundation (LWF)	Kebribeyah, Sheder and Aw Bare	Drip irrigation, poultry production, skills development and some small grants.
Development and Inter-Church Aid Commission (DICAC)	Kebribeyah, Sheder and Aw Bare	Education (primary, secondary and informal education), vocational skills training
Save the Environment Ethiopia (SeE)	Sheder and Aw Bare	Environmental protection - previous engaged in provision of livestock to refugee and host community households.
Woreda administration and ARRA	All the camps	Access to other services such as extension services from the Bureau of Agriculture, and management of water supply
GAIA	All camps	Provision of clean household energy

In addition to the above programs implemented directly within the camps, the other important programs that had direct impacts on the refugee livelihoods included:

1. The GiZ-implemented Qualification and Employment Perspective for Refugees and Host Communities in Ethiopia Programme (QEP) targets urban refugees in Addis Ababa and in Jigjiga camps (Aw Bare and Sheder) whose objective is to provide employment relevant and quality assured TVET and provide refugees and host communities with better employment perspective and better income opportunities. The program runs for 5 years and started in December 2017.
2. The new 3.5 years Mercy Corps implemented Strengthening Host and Refugee Population Economies (SHARPE) that aims to increase sustainably the net economic returns to refugees and hosts communities through both increased gains and decreased losses. The program will use an M4P approach, focusing on six market systems in three focal regions (Gambella and Somali Region, Jigjiga and Dollo Ado) to improve the livelihoods of 200,000 beneficiaries.
3. The Save the Children-led Regional Development and Protection Program covers Aw Bare and Kebribeyah. The program is funded by the European Union (5.8 million) and targets 50,000 host and refugee beneficiaries with basic services (education, WASH), protection, and access to energy and protection.

An analysis of livelihood inputs and of potential ways forward for refugee livelihoods conducted in December 2017 found that there was a disconnect between refugee livelihoods implementation strategies and local Ethiopian development and livelihood strategies and interventions. Furthermore, the current interventions were providing short term solutions, were not taking

advantage of refugees skills and experience, and the implementing partners themselves exhibited little experience in implementing sustainable livelihoods. For example, a number of challenges existed in refugees' livelihoods programming. First the scale of funding for livelihood programs was small. Secondly, it was clear that the existing programs were weak in terms of the design and implementation. It was observed that many of the organizations working in livelihoods in the refugee camps were traditional relief and humanitarian partners and did not have experience and skills in market based livelihood programming. They therefore were involved in the direct delivery of all the inputs with no private sector engagement and limited understanding of extant market dynamics.

There were also systemic challenges, for instance concerning agricultural livelihoods. Even where households made repeated attempts at growing vegetables in the backyard, they often failed due to the scarcity of water.¹⁷ Access to land and to other inputs such as extension services, tractor services, seeds and pesticides, and markets for produce was limited. The drip irrigation that was piloted was unsustainable due to the lack of technical skills in operation and maintenance of the systems among refugee populations, limitation in access to water, and disincentives created by free hand outs. As a result, at the time of the assessment, the irrigation system was no longer working. As for livestock, organizations such as Save the Environment (SeE) had distributed few animals (4 - 5 sheep/goats) to refugee households aimed at helping them set up fattening business. Many households, especially in Sheder, were running successful small ruminant fattening enterprises. Across the three camps, households on average rear two animals at a time. A few households reported mortalities resulting from diseases and poor nutrition. *"We fed the goats on household leftovers and as a result I lost 2"* reported one of the restocked households in Sheder, indicating knowledge gaps in feeding and nutrition of small ruminants among some of the refugee households engaged in small ruminant fattening.

Business training and small grants have also been provided in the past, but refugees raised the issue of insufficiency of loan amounts to create a livelihood – *"as the cash was so small, mother ended up using the start-up capital on food and other necessities of the family"* observed one FGDs participant in Kebribeyah. The IRC was targeting youths aged 15 – 29 years who were at risk of migration with grants ranging between ETB 9,000 – 15,000 (USD 333 – 555) per person following 5 months entrepreneurship training. Most of the trained youths were engaged in petty trading and services such as commodity sales, restaurants and tea shops, gaming and phone charging shops, and bakery among others.

Rules and Regulations Affecting Refugees in Ethiopia

Refugees access to markets, labour and employment opportunities are subject to restrictive host country policies. During the assessment, we focused on the following formal rules and regulations, and informal rules and social and cultural norms:

1. **Ethiopian refugee legislative framework:** *"You must understand that we can only engage in businesses and livelihoods that are consistent with our situation in the camp and within the confines of the current regulations"* remarked a refugee trader in Sheder Camp. Under the Ethiopian law refugees are prevented from engaging in formal employment, regard-

17. During the assessment, it was observed that only block 1 and 2 had piped water in Kebribeyah the oldest camp, while water was trucked into two other blocks (Block 3 and 4).

less of whether in camps or cities. For example, refugees were not allowed to travel for business as to exit the camp required a “movement permit” issued by ARRA and valid only for 2 – 3 days. Furthermore, Ethiopian Law restricts access to work for foreigners, and in practice, work permits are not granted to refugees and asylum seekers, preventing them from accessing formal markets. Similarly, refugees can’t obtain business licenses and it is almost impossible for refugees to establish their own formal enterprise.¹⁸ Consequently, it was the most frequently mentioned factor inhibiting sustainable livelihoods for refugees. Nevertheless, refugees were establishing measures to address the mobility and other restrictions, including seeking casual labour opportunities or employment within the host community, establishing partnerships with host business persons, and establishing direct linkages with suppliers in Jigjiga who would send supplies through buses plying the routes between the camps and Jigjiga. In addition, as indicated earlier, in September 2016 at the UN Summit on refugees in New York, the Ethiopian Prime Minister rolled out his commitment to improving the living conditions of refugees by focussing on measures to extend their rights and relax the camp-based approach to hosting a large number of refugees. However, as noted by a number of key informants interviewed and by the refugees themselves, though the Somali region, especially Kebribeyah camp, was being targeted for reintegration, it was unclear when the pledges will be implemented.

2. **Relationship between refugee and host communities:** Considering that refugees and host communities share both language and culture, there were no tensions highlighted during the discussions between the host and refugee community. In fact, traders reported working closely to take advantage of the existing demand. For example, wholesalers in the host community supplied retailers and petty traders in the refugee camps – vegetables sourced from Harar mainly through Jigjiga by host traders were eventually supplied to refugee consumers through a network of refugee retailers. Refugees also provided unique livelihood opportunities for the host population. For the traders, refugee populations, even if poor, provided additional consumers, boosting demand for goods and services, triggering supply response in retail trade, services and transport. For example, even with the strict encampment policy, a number of buses continued to supply the refugee camp – Jigjiga route on daily basis ferrying passengers and goods to and from the camps.
3. **Employers’ attitudes towards refugees:** asked about whether they would employ refugees, informants said that in most cases they would employ a relative; but they would not discriminate against a refugee so long as they know s/he can do the work and is trustworthy. Therefore, for a refugee to access these opportunities requires not only skill and the desired personal attributes, but also a personal network, which takes time to build. Though no specific fears about refugee employees were highlighted, as most have been in the camp for some time, a previous study by Norwegian Refugee Council (NRC) pointed out that some employees were reluctant to hire refugees because of their alleged links with Somali and Sudanese terrorist groups.¹⁹

18. Zetter and Ruaudel, 2016: Refugees’ Right to Work and Access to Labor Markets — An Assessment: Part II: Country Cases (Preliminary), Global Knowledge Partnership on Migration and Development (KNOMAD).

19. Samuel Hall Consulting, 2014: Living Out of Camp, Alternative to Camp-Based Assistance for Eritrean Refugees in Ethiopia. NRC

4. **Capacity and willingness of the refugees:** while refugees from urban Mogadishu especially indicated having skills in business and in technical vocations, those from rural agricultural and pastoral background felt handicapped in business, especially the elderly with no education. Key informants indicated that refugees with low level of education were less likely to get connected with opportunities, mainly attributed to their capacity and inability to access information. It was also highlighted that some households, especially in Kebribeyah due to years of encampment and previous experience, were more focused on hope for 3rd country resettlement than creating livelihoods in the camps.

Access to Support Services for Refugees

The existence and level of access to supporting functions such as information, finance, social networks, infrastructure and skills training affect the ability of refugees to create livelihoods. For example, as shown below:

1. **Access to finance and information:** Some refugees had businesses in the camps, ranging from retail shops to tea houses, which were started using capital from money brought with from home, own labour or remittances.²⁰ An important constraint to having business in the refugee camp was reported to be access to credit and start-up capital. The financial infrastructure in the refugee communities, particularly banking, payment and credit remained inadequate. This was also true for the host community, though to a lesser extent considering they were served by branches of the Somali Micro – Finance Institution (SMFI) in Kebribeyah and Aw Bare and an agent in Sheder camp.

The SMFI is the leading Islamic microfinance services provider in the Somali region, whose services include saving and credit services, money transfer, mobile and agent banking, bill payments, and fund administration. Established in 2011, the institution has over 20 branches and 1,200 agents, serving over 200,000 mobile banking customers, and has disbursed over ETB 2 billion (USD 72,992,700) through 30,000 loan clearances in Ethiopia. They are also partnering with Hello Cash (by Bell Cash, Technology Provider), a mobile and agent banking service that has enabled to expand the access to financial services in Somali region Ethiopia. Unfortunately, refugees were excluded from the financial services provided by both SMFI and Hello Cash, as they were required to have Ethiopian identification papers before they could open an account. Nevertheless, the Director of Somali MFI indicated that they were willing to lend to refugees and that they had tried to register them as customers but were blocked by government regulations.

The few micro-finance programs implemented by NGOs (mainly IRC and LWF) have taken the form of grants, in which inputs such as capital equipment, raw materials and other inputs were provided free of charge. However, while risks such as aid dependency existed with such an approach, the coverage was limited and the grant sizes too small to sustain the businesses. For example, 8 - 10 business plans of the possible 45 businesses were financed in each cycle of the training and granting process.

20. Though it was difficult to get estimates, many refugees, especially in Kebribeyah were said to receive remittances from abroad, most of which was used to meet household needs such as education and health-care and for investments.

Across all the interviews it was emphasized that refugees were generally excluded from financial institutions and most said they were struggling to find financial resources to start a business or enhance their current livelihoods. Similarly, access to business loans was limited even for the host businesses as most could not meet the institution's requirements (Box 2). Nevertheless, the refugees, especially women operated informal saving and lending schemes – *Hagbad* – that they used for meeting some of their household and small business needs. In addition, relatives and friends settled overseas or resident in other parts of Ethiopia or in Somalia or even within the camp were said to provide support/remittances that was used for business start-ups or expansion. Opportunities therefore exists for formalizing these informal savings into Village Saving and Lending Schemes (VSLAs), as opportunities for allowing and expanding reach of existing facilities are pursued.

Box 2: Some of the key requirements for loan application (Somali MFI)

- Evidence of ownership of the business or a rental agreement of the business premises;
- A clear business plan;
- Collateral for the amount of loan applied including valuation of any collateral;
- The value of the collateral must be larger than the loan requested;
- The collateral e.g. land must be within areas that can be assessed by the institution;
- Support letter from the Small and Medium Enterprise Agency;
- The business premises must be within the market and products sold must be marketable;
- Compulsory savings of up to 20% of the loan requested;
- Relevant business documentation such as a trade license;
- Valid identification document and if partnership, a partnership agreement and audit report is required; and
- Duly completed application form.

Access to information that would help in generating incomes and livelihoods too was lacking. For example, when asked whether they knew where to find a job if they were allowed to go to the neighbouring urban areas, the refugees interviewed said they had no information related to labour markets in the area. However, most indicated they knew where to find casual work within the nearby villages in the host community. The physical isolation of these markets added to the costs of gathering market and labour information, especially considering access to phones was limited and network was unreliable in the rural areas. Some reports indicate that the inability to access formal employment may expose refugees to labour market exploitation, with cases of refugees working for reduced wages.²¹

21. Samuel Hall Consulting, 2014: Living Out of Camp, Alternative to Camp-Based Assistance for Eritrean Refugees in Ethiopia. NRC

2. **Access to skill training:** The major actors in refugee skills development were IRC, DICAC and LWF. For example, there were two vocational skills trainings in the camps: one each in Aw Bare and Sheder camps. Additionally, Save the Environment Ethiopia (SeE) provided basic animal husbandry skills following the restocking of the refugee households. These NGOs managed two vocational training centres (Aw Bare and Sheder VTCs) providing a number of vocational trainings such as carpentry, metalwork, tailoring and tie and dye. These trainings were short term, not standardized and had limited follow-up and support post training. The trainees therefore were idle and the RCCs complained that the trainings were not useful. The host community had access to additional skills training opportunities from a number of other actors including the Jigjiga Polytechnic, NGOs, informal apprenticeships, and universities. During interviews with the Dean of Jigjiga Polytechnic he highlighted that in addition to Ethiopians, the institution had partnered with NGOs in providing short term technical skills training such as tailoring, carpentry, masonry, electricians and plumbing, among others to refugees.

As refugees did not have access to public TVET and training, we sought to find out the potential partners that could be engaged in entrepreneurship development. Interviews were held with the Somali MFI, University of Jigjiga, and Jigjiga Polytechnics. In working with potential applicants, the Somali MFI partnered with local trainers to deliver business skills training to them and help refine their business plans. The training was provided to Hello Cash Agents before they were registered to provide the agent banking services. In addition, the MFI provided financial literacy training for host communities in order to increase the uptake of their services. The institution had developed training materials, which were all in Somali and easily accessible to their clients.

The Jigjiga Polytechnic runs both short term courses (2 – 3 weeks) and certificate courses in a number of courses. These courses included: automotive electricity, water systems distribution, furniture and carpentry, textile and garments, cobblestone, plumbing and sanitary, general metal fabrication, consumer electronics, front office operation, and building electrical installations among others. In addition, to the technical trainings, the institution provided business skills training as a common course to all student pursuing courses in the college. The Dean of the college identified metalwork, electric and electronics, carpentry, tailoring and embroidery as among the key vocations with market opportunities. He also noted that they have previously designed and run short term courses in partnership with NGOs such as Mercy Corps. However, it was noted that while the college provided opportunities for attachment and apprenticeship, and linked them with the Small and Medium Enterprises Agency for business development, they were not engaged in post-training placement, job-search and collection and provision of labour market information for their trainees.

The Jigjiga University College of Business and Economics managed Centre for Entrepreneurship (CEDJJU) is tasked with creating entrepreneurial culture in the Jigjiga University and other institutions in the region. It provides entrepreneurship training for students, conducts business plan preparation, business counselling and consultancy, and business incubation and enterprise development. As per the Dean of the College the Centre has over 130 qualified staffs – 25 PhD, 73 MSc and 2 Bachelor Degree. The Centre also runs Gode, Kebridahar, Degahbur, Shinile and Fiq centres. “The school has competitive advantage in that it has ad-

equate number of professional and training facilities; has excellent understanding of the context, as it conducts continuous research; and has access to the refugee and host community.” noted the Coordinator of the Centre. In addition, the Centres has a number of Somali speakers who can be engaged in the training.

As for demand for skilled labour, though no formal labour market assessment was conducted, market observation in Jigjiga showed that opportunities existed for skilled and unskilled labour, especially in the construction sector considering the influx of Ethiopians from other regions into Jigjiga in search of opportunities in the construction sector. In addition to the quality of the skills by refugees, the lack of mobility was a barrier to accessing work opportunities in Jigjiga. Nevertheless, some skilled refugees reported working in workshops (metal and woodwork) owned by host businessmen, especially in Kebribeyah.

Interviews with stakeholders and refugees showed that most of the entrepreneurial training provided was either “add on” to vocational skills training or organized separately for usually 3 days. In addition, there was limited follow up to both the vocational and entrepreneurship trainings. The GiZ has started implementing the Quality and Employment Program that will identify the potential of labour market and adjust vocational training opportunities, provide vocational training at TVET colleges in the employment intensive sectors, support income generating activities linked with Ethiopia vocational training system, provide material support to TVET colleges, and support the Ethiopian partner institutions in implementing the amended refugee proclamation in the area of TVET.

3. **Social capital and networks:** Somalis have generally strong networks, enabling them to find other sources of income notably through their social and family networks. The Jigjiga refugees share a common language and similar culture with the host population, and had in some instances intermarried with them, making it easier from them to access opportunities. However, key informants highlighted that it took time to develop the social capital and networks; being faster when refugee households were ethnically related to the host community – the longer the refugee was living in the camp, the better their networks and less likely they were to rely only on relief assistance. Hence, households in Kebribeyah who had been in the camp longer and were closer by clanship to the host community compared to those in Aw Bare and Sheder were said to enjoy better ties with the host community and were more likely to have better social capital and networks; hence integrate faster. This camp was too said to have higher proportion of Ethiopian Somalis who had lost their livestock to droughts identifying themselves as refugees in order to access humanitarian assistance. Additionally, refugees reported accessing some collective efforts within the camps such as *Hagbad*, local saving mechanisms.
4. **Poverty and isolation of the host areas:** “*the refugees are too few and poor to generate adequate demand for goods or services, and the host community isn’t much better*” noted a trader interviewed in Aw Bare. Due to its small size and capital starved population, the existing businesses were not making sufficient incomes to generate cash to invest and grow their enterprises. This in turn prevented specialization and productivity of the existing business.

The physical isolation of the camps and even neighbouring Woreda and Kabele, especially Aw Bare and Sheder created high transaction costs for business and an unfavourable environment for finding jobs or starting

a business. As the road between Jigjiga and Aw Bare and Sheder is not tarmacked the condition of the road and the distance (and the condition of the vehicles) make the transportation of goods and people between Jigjiga and camps too costly. “*The handicrafts and wooden materials made by refugees in Aw Bare and Sheder will be worth more as firewood than marketable products once they reach Jigjiga by road*” remarked one key informant.

Selection and Analysis of Important Value Chains for Refugees in Jigjiga, Ethiopia

As indicated in the rationale and approach of the Assessment (Section II), a quick review was conducted on value chains and their potential of supporting refugee economies. These consisted of: crop production, large ruminant fattening and trade, small ruminants (sheep and goats) fattening and trade, woodwork and carpentry, poultry, commodity trade and services, and *Unsi* (frankincense) production and trade. Below we discuss the importance of these value chains to both host and refugee communities in the Somali region of Ethiopia.

Crop production: The livelihood baseline survey, 2008 indicated that rainfed sorghum and maize production, and livestock mainly sheep/goats and cattle were the main sources of livelihood. Households belonging to all wealth groups though having similar land holding were cultivating only part of their land. The main crops cultivated included long maturing varieties of sorghum and maize. In addition, to livestock and livestock products, the sale of crops was an important income source for all groups.²² Though crop sales appeared as a significant source of cash income, crop production was not selected for further analysis mainly because refugees do not have access to land on a large scale. Furthermore, the unreliability of rainfall and limitation in access to fertilizer, irrigation equipment, input, credit and agricultural extension services, the prospect of farmers, especially for rainfed farmers in Jigjiga zone made the value chain unpromising for investment, as also noted in other studies.²³

Large ruminant (cattle and camels) fattening and trade: According to the GoE statistics, the Somali Region is estimated to have about 8 million sheep, 3.1 million goats, 2.3 million cattle, and 1.3 million camels. Beyond providing a source of meat, milk and hides, acting as a form of asset savings, livestock ownership has cultural and social importance. Livestock was also held as a store of wealth, which could be sold in the event of distress or for one-off expenditures. In addition, livestock sale was an important means of generating cash in the Somali region, accounting for 45 – 65% of annual cash income on average.²⁴ However, production and trading in cattle and camels was very minimal, considering that the refugee population had limited or no large stock, while the host community, though having cattle were predominantly agropastoralists keeping more sheep and goats. Consequently, as shown in the scoring table (Table 2), large ruminants were seen to have limited potential for growth and relevance, as they were rarely owned and

22. Save the Children UK and Disaster Prevention and Preparedness Agency, 2008: Livelihoods and Vulnerabilities. An Understanding of Livelihoods in Somali Regional State, Ethiopia. Updated 2008, Addis Ababa, Ethiopia.

23. Such as Environmental Protection, Energy and Marine Resources Development Agency, 2011: Climate Change: Impacts, Vulnerabilities and Adaptation Strategies in Somali Region, Regional Program of Plan to Adapt to Climate Change.

24. The Food Economy Group (FEG), 2015: Regional Overview and Summary of the Results of the 2015 Household Economic Analysis, Baseline Update, Somali Region Ethiopia.

traded by the refugees. Similar, consumption of beef was lower compared to sheep and goat meat. Furthermore, as refugees are landless, the fattening of such stock which had bigger land requirement would be burdensome and carry potential risk of conflict with the host community.

Small ruminants (sheep and goats) fattening and trade: As noted in the SHARPE Scoping Study, livestock, together with labour, is one of the few valuable assets that refugees commonly possess.²⁵ The main livestock kept were sheep and goats, either under open grazing or fattening (stall feeding). As producers, traders and consumers, hosts and refugee communities are involved in the production, fattening and trade of livestock, and of livestock products, especially sheep and goat meat. Hence, trade in small stocks among the refugees and host community were found to be very high, and livestock products (milk and meat) were among popular products traded in the refugee markets. The establishment of the JESH has further increased demand and prices for livestock. As refugees generated some incomes, it was common for them to invest in livestock - small stock activities (trading and meat) engaged mostly women. Furthermore, as reported by the refugees, rearing sheep and goats required less costs compared to larger stocks, as they required less feed and space. Hence, the value chain was seen to have relevance and hold potential for growth for the refugees.

Poultry: Though demand for protein was still unmet from meat and milk in the refugee camps, the poultry value chain was comparatively underdeveloped. Few chickens were kept under free ranging condition with limited egg and meat production. Nevertheless, poultry was seen to provide a good opportunity to increase access to protein for landless households such as those of refugees. As a result, some organizations had previously distributed some chickens, and LWF was planning to set up a poultry unit in Aw Bare and Sheder. However, potential for growth remains low, considering the lack of skills in intensive poultry production among host and refugee populations, the limited demand for chickens on local markets, the unavailability of fodder needed to sustain intensive production, and the high risk of diseases and pests coupled with limited access to extension and inputs, which is likely to lead to high mortalities.

Woodwork and carpentry: a number of actors identified woodwork and carpentry as a potential marketable skill area. However, it was noted that with more skilled artisans in Jigjiga markets, and poor roads, market for such products from the refugee camps were limited. Furthermore, with poor infrastructure between the camps and markets and poor transport, there was a high risk of breakage of these products. Further, with refugees being subject to movement restrictions, access to market for locally produced products was limited. In addition, irregular and low remuneration, low motivation, and the lack of interest to take up carpentry as professions have been associated with reducing number of refugees taking up these professions.

25. Springfield Centre, 2017: SHARPE Scoping Study.

Commodity trade and services: The value chain provides the much-needed low cost goods and services and is considered an important source of incomes and employment for refugees. With minimal entry barriers, it is a main “career” path for refugees who raised some funds through their networks, trade, or employment and started their own informal business. Some of the key commodities traded included foodstuffs, vegetables, milk and meat, firewood and charcoal, while the services were mainly barbering and laundry services in addition to domestic house helps. While the foodstuffs were supplied mainly from Jigjiga (with some smuggled informally through the Somaliland border), the vegetables were sourced from other parts of Ethiopia, especially Harar by Jigjiga based traders. Charcoal and firewood were supplied by host community producers from neighbouring areas. However, the value chain was at risk of saturation with limited growth. There was a proliferation of similar and competing micro-enterprises in any given refugee market. They were also faced with restricted growth due to the low business acumen of owners, the risky environment they operated in and limited capital investments.

Unsi (frankincense) production and trade: Refugee women were engaged in the production and sale of a Somali traditional frankincense (*Unsi*) from a mix of perfumes (sourced from Gulf States through Somalia) sugar and other ingredients. The product was used during weddings and sold within and outside of the camps. The refugee traders lacked mobility to seek the inputs nor able to compete with host community producers and traders who had better access to inputs and to markets. In addition, according to a key informant, the value chain was seen to hold more potential in the Gode region, where natural resource inputs needed for its production were more abundant. Further, in addition to limited access to raw materials, traders had limited access to financing and to bigger markets, and as it engaged few women, it has limited potential for growth and investments.

Based on the above findings, and informed by data obtained from key project reports, consultants and ILO’s own knowledge, and interviews with other stakeholders, the report recommends (sheep and goats fattening and trade) for further analysis. The rationale for selection of the small ruminant value chain was that production and trading of livestock and products consisting of mainly small ruminants (sheep and goats) and cattle dominated the local economy for host and refugee communities in Jigjiga. Furthermore, livestock trade and fattening in Ethiopia has been recognized as a potentially profitable activity that enhances the income of smallholder farmers.²⁶ In the camps, refugee households were engaged as producers, traders and consumers of livestock and livestock products, mainly in fattening and trade of sheep and goats. The sheep and goats were the preferred species as they had better returns, were easier to manage on limited spaces of land, and their feeding and enclosure requirements were easier to manage for women who were the main actors in the value chain. The data on the number of households engaged in the value chain was unavailable, though stakeholders and FGDs respondents indicated that the value chain engaged a large number of households and constituted an important source of income followed closely by commodity trade and the services sector. The nature of participation of refugees in the value chain was as producers, traders, brokers, support services providers, and as consumers.

26. Shapiro B, Mohamed-Saleem M.A. and Reynolds L. 1993. Socio-economic constraints to strategic sheep fattening: evidence from the Ethiopian highlands.

Table 2: Scoring and weighting of the important value chains in Jigjiga refugee camps

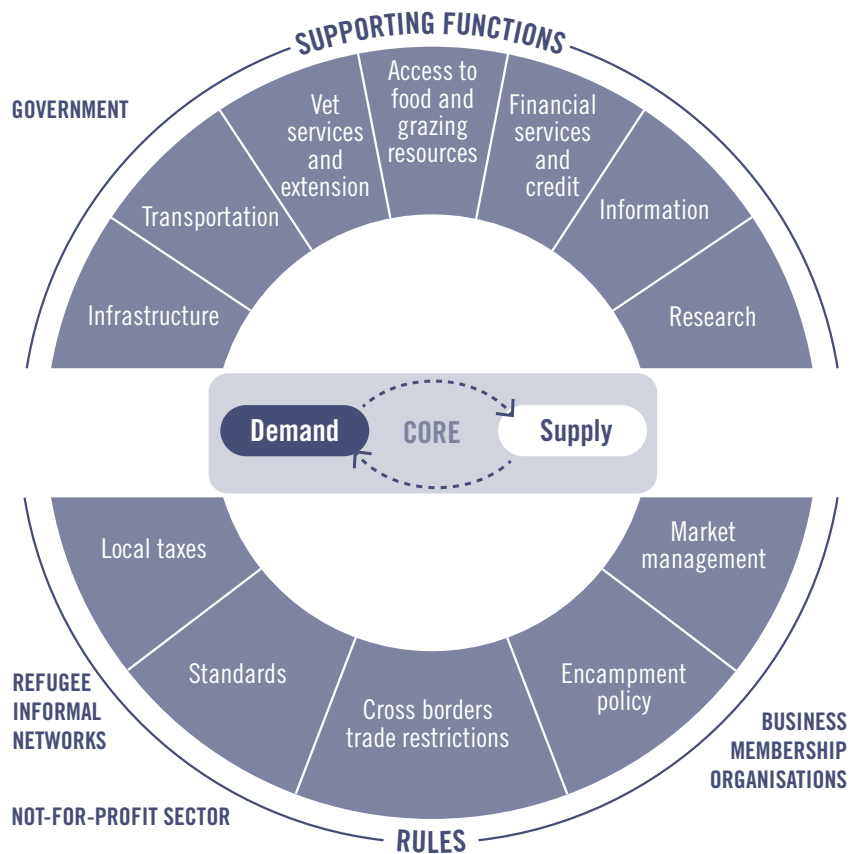
	Agriculture			Small ruminants			Poultry			Large ruminants			Woodwork			Petty trade			Unsi		
	Weight	Note	Final note	Weight	Note	Final note	Weight	Note	Final note	Weight	Note	Final note	Weight	Note	Final note	Weight	Note	Final note	Weight	Note	Final note
Potential																					
Existing market demand for product	1.5	7	10.5	1.5	8	12	1.5	3	4.5	1.5	5	7.5	1.5	4	6	1.5	4	6	1.5	4	6
Employment intensity of sector	1.0	6	6	1.0	5	5	1.0	3	3	1.0	4	4	1.0	4	4	1.0	5	5	1.0	3	3
Employment creation potential for women and youth	1.0	5	5	1.0	6	6	1.0	4	4	1.0	5	5	1.0	3	3	1.0	7	7	1.0	3	3
Relevance																					
Number of refugees and host community members engaged in the sector	1.0	5	5	1.0	9	9	1.0	2	2	1.0	4	4	1.0	3	3	1.0	9	9	1.0	3	3
Skillsets of refugees and host communities relevant to sector	1.0	7	7	1.0	8	8	1.0	4	4	1.0	7	7	1.0	5	5	1.0	9	9	1.0	5	5
Feasibility																					
Access to factors of production (land, water)	2.0	2	4	2.0	6	12	2.0	7	14	2.0	3	6	2.0	5	10	2.0	8	16	2.0	5	10
Ease of intervention (in short time period)	1.5	3	4.5	1.5	7	10.5	1.5	7	10.5	1.5	3	4.5	1.5	6	9	1.5	8	12	1.5	5	7.5
Conduciveness of partner interventions	1.0	5	5	1.0	8	8	1.0	6	6	1.0	3	3	1.0	5	5	1.0	5	5	1.0	3	3
Result (total weighted note)	47			70.5			48			41			45			69			40.5		

Note: As shown in the scoring table above, the range of scores across sectors was 70.5 - 40.5 out of a potential score of 100. The small ruminants and commodity trade (petty trade) had the highest scores, several points above poultry, agriculture and woodwork, which all still had high scores. Based on these findings, it was agreed that further analysis be conducted on small ruminant value chain, which was considered important for both refugee and host community.

The small ruminant market system in Jigjiga region

The market actors engaged in refugee and host community livestock markets and operated within a larger market system (Figure 3), which is comprised of three main sets of functions: the *core* exchange between livestock producers and demand for livestock; the formal and informal *rules* shaping behaviour; and the information, services and other *supporting* functions which enable exchange. Below we discuss these key sets of functions as they are applicable to the refugee markets in the Jigjiga region.

Figure 3: The small ruminant market system in Jigjiga refugee camps



The core market - the small ruminant livestock value chain

As is typical of pastoral areas, the market structure in the study area followed a multiple tier system, in which different actors were involved in the buying and selling of livestock in the market. Driven by the need to meet specific seasonal needs such as purchase of food, payment of school fees, medical costs, family events and other recurrent costs, producers in the neighbouring pastoral areas (and from refugee camps) supplied animals to markets within Kebele and *Woreda* centres. Animals were supplied mainly from production areas (and from refugee camps) to refugee and host community markets.²⁷ Animals are then sold to either local buyers who are purchasing animals for local consumptions and/or restocking; and to traders

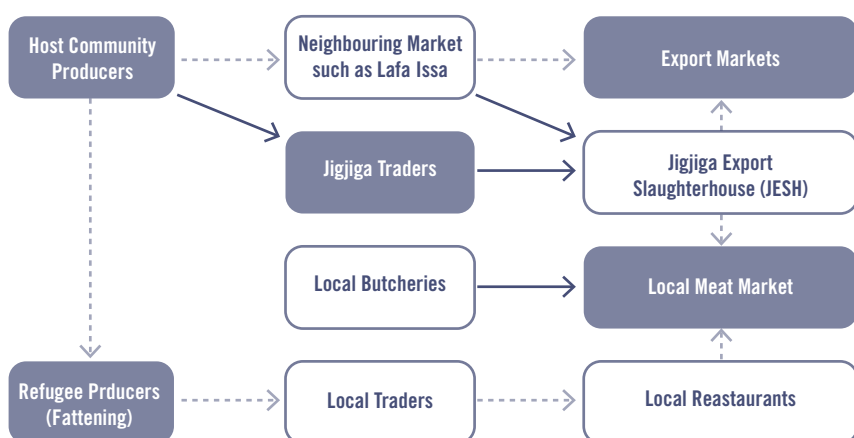
27. The livestock markets were shared between refugee and host communities.

who take animals on to bigger markets or fatten them. The price of livestock was said to be good, though varying slightly from one market to another. The prices ranged between ETB 1,300 – 1,500 (USD 47 – 56) for sheep and goats, ETB 15,000 – 18,000 (USD 547 – 657) for cattle, and ETB 20,000 – 23,000 (USD 730 – 840) for camels.

Refugee households play the role of producers (suppliers of fattened sheep and goats), traders in local markets who buy animals for local consumption, fattening or sale in other markets, brokers and support services such as trekkers and herders of livestock. In addition to the livestock trade (fattening and reselling of sheep and goats), refugee households were also engaged in slaughter and sales of meat in the local refugee markets. In the meat markets, slaughters and sales occurred in open markets under unhygienic conditions without any meat inspection services, therefore increasing the risk of diseases. Milk sales sourced from the neighbouring production areas through local milk sellers was also a trading activity that engaged refugee women. Some respondents in the FGDs, especially in Sheder identified leatherwork, and tanning and sale of hides and skins as potential skill and business areas. But following more detailed discussions it was observed that both the number of slaughters and the size of demand in the refugee camps limited its potential. Nevertheless, some refugees from Mogadishu reported that they have skills to produce leather products.

The *Kebele* and *Woreda* markets in the assessment areas operated throughout the week and was fairly well connected to neighbouring markets such as Lafa Issa, Harta Sheikh and Jigjiga markets. As a result, a few traders operated between the three markets, sometimes moving animals between the neighbouring markets and making small margins on them, though it was more common for them to fatten them and sell them after about 3 - 4 months. However, due to the restrictions on refugee movements, refugee producers and traders were more dependent on the local markets. Nevertheless, the host community producers and traders had access to alternative markets such as Lafa Issa, Harta Sheikh and Jigjiga and informal market channels across the Somali border. Figure 4 shows the detailed small value chain for refugee markets in Aw Bare, Sheder and Kebribeyah.

Figure 4: Small value chain for refugee markets in Aw Bare, Sheder and Kebribeyah



Support services for the small ruminant market system

We looked at a number of supporting functions - the services, inputs, and infrastructure - that support efficient market operations. Generally, as detailed below, most of these functions were weak or non-existent. At the production level, animal health services and disease control were considered most critical, followed by access to water and pastures, which was limited. Other issues in the value chain were high fodder costs, poor quality and low availability of feeding resources, inadequate veterinary services, weak extension services as well as lack of good management practices and proper policy support for livestock development. These are discussed in more detail below:

Access to animal health and extension services: As for access to information, traders reported that they depended on local networks for access to information on husbandry, health, price information and marketing. The Bureau of Agriculture provided preventive services such as vaccinations and disease control, as the country was considered endemic for a number of diseases. Refugee producers and traders accessed services such as animal treatments from government services, usually through NGOs, though their services were limited in coverage. However, livestock producers and traders in most cases attended to their own animals, purchasing drugs of suspect quality from rural shops and administering them without due consideration for diagnosis or dosage.

As for access to appropriate skills, it was observed that the refugee population had previous and often traditional experience in the sector working in it before migration. For the host population, additional skills training and research was available from the Somali Pastoral and Agro-Pastoral Research Institute (SoPARI), which was not accessible to refugees.

Fodder, fattening services and access to grazing resources: From the local markets, refugee women kept the animals for 3 - 4 months, feeding the animals on locally available feed resources, and then returned them to the markets making a small margin - ETB 200 - 300 (USD 7 – 11) per animal. The small ruminant fattening enterprises were based on traditional husbandry practices and locally available inputs with minimal supplementation on improved pastures or concentrates. In addition to open grazing and access to leased lands, other forms of supplementation were maize and wheat bran sourced from local markets. However, access to land, especially for grazing and production of feeds was a major constraint for refugee livestock producers. Refugee producers also reported leasing land from the host community to graze their animals and sometimes engaging refugee herders to look after their animals. As for the host community, livestock keeping households had access to individually owned farming area and communally owned lands to use traditional pastures. In addition, they had better access to crop residues from individually owned farms.

Though an initial start in livestock farming was reported not to require significant amount of land - 3-6 sheep/goat may be kept in the backyard and feed on natural feeds – the expansion enterprise would require larger space. Nevertheless, refugee households were aware of the potential risk of conflict with increasing demand for grazing resources and fodder, if their enterprise

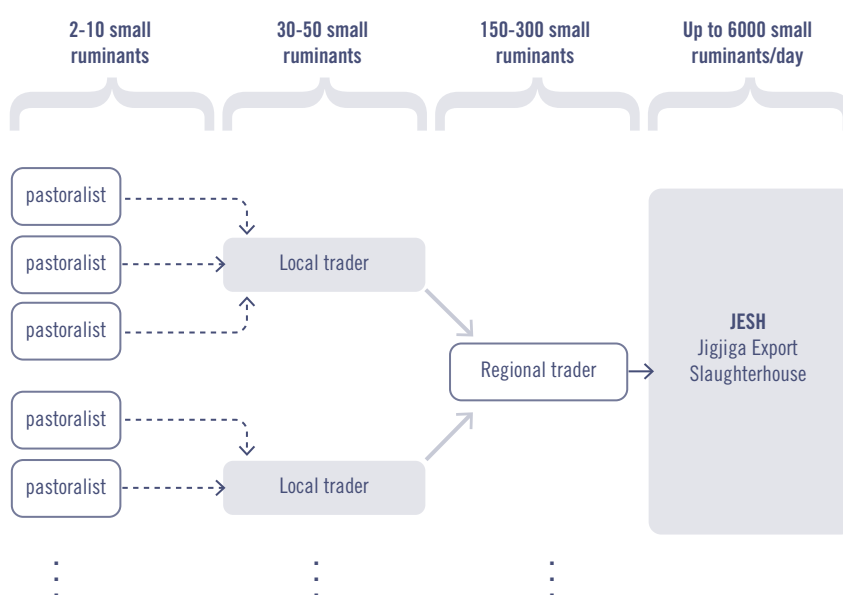
increased in size. Hence, they said they would prioritize improved stall feeding over open grazing, as done by the host community. Asked about the costs of establishing the enterprise, the majority of interviewees indicated that they would buy 4 - 5 animals at up to ETB 7,500 (USD 278). The costs of feeding and herding animals were the main expenditure costs for the enterprises costing about ETB 60 – 100 (USD 2.2 – 3.8) and ETB 50 – 60 (USD 1.8 – 2.2) per animal per month, respectively. The return on investment on animals kept and fattened for 3 - 4 months was estimated at 20 - 30% per animal depending on the season. The labour requirement was dependent on the number of animals kept, but in the refugee setting, labour was mainly from the household. However, in a few instances, refugee households pooled their animals and engaged labourers from the host community to herd their livestock for grazing.

Access to financial services: It was clear in the assessment that the low rate of financial inclusion for refugee market actors was a barrier to unlocking their potential. Though some refugees had savings, which they used to start their own business, access to financing was a challenge. The loan products provided by the SMFI was not targeting even the host livestock producers unless they were running feedlots due to perceived risks of the small-scale producers: livestock markets were unstructured, thus there is high credit risk. The SMFI had a branch and rural agent banking networks, targeting the host community. However, their core business was in promoting savings and not providing loan products. As a result, the traders reported using informal networks to secure capital. Similarly, access to inputs such as veterinary drugs was poor. The main supply was from Jigjiga and informally traded across the Ethiopia – Somalia border. Unfortunately, the quality of the products available was poor, considering the limited quality control of products imported across the border informally.

Access to market infrastructure (markets and processing facilities): Livestock trading was conducted in open markets without any infrastructure, water, fodder, or sanitation facilities. The market conditions in the Somali region were said to have generally benefitted from the construction of the Jigjiga Export Slaughterhouse, which had increased offtakes of livestock – *“following opening of JESH, the quality of animals brought have improved and traders are able to get up to ETB 110 (USD 4.1) per Kg carcass weight for goats”* reported Omar Abdi, a Livestock Trader with agreement with JESH to supply goats. The JESH also facilitates access to transport from markets to the facility for traders once they accumulate adequate orders. Moreover, direct conversations with the manager of JESH revealed that the Slaughterhouse, which exports to markets in the Middle East, was searching for inputs to meet the growing demand from its customers. JESH was particularly looking to purchase small ruminants of 1,5 – 2 kg, for which there was high customer demand, and expand their production from 6t of meat per week to full capacity, i.e., 8t. Refugee pastoralists, who were herding animals of such size, did not yet seem linked to the JESH. In large part, this was due to the inability of the refugee camps’ markets to aggregate the adequate quantity and quality animals to attract JESH-linked traders and transport facilities. For example, when traders in Jigjiga markets were asked whether they would source animals from Aw Bare,

Sheder and Kebribeyah markets, they reported that these markets had few animals that met their requirements, including animals of 14 – 30Kg live weight. They said that agro-pastoral and refugee households had lower offtakes as they had low livestock holdings, and access to humanitarian assistance that reduced the need to sell animals, and better access to informal cross border trade. This finding was corroborated by local traders who reported that livestock off takes from Kebribeyah, Aw Bare and Sheder even among the host community were inadequate to attract Jigjiga Export Slaughterhouse (JESH), the main buyer of livestock in the region, as livestock numbers and characteristics did not meet the requirements of the facility. In summary, the challenge was refugees’ inability to aggregate a sufficient number of adequate animals for purchasing by the JESH. Figure 5 below shows the aggregation dynamics in the value chain.

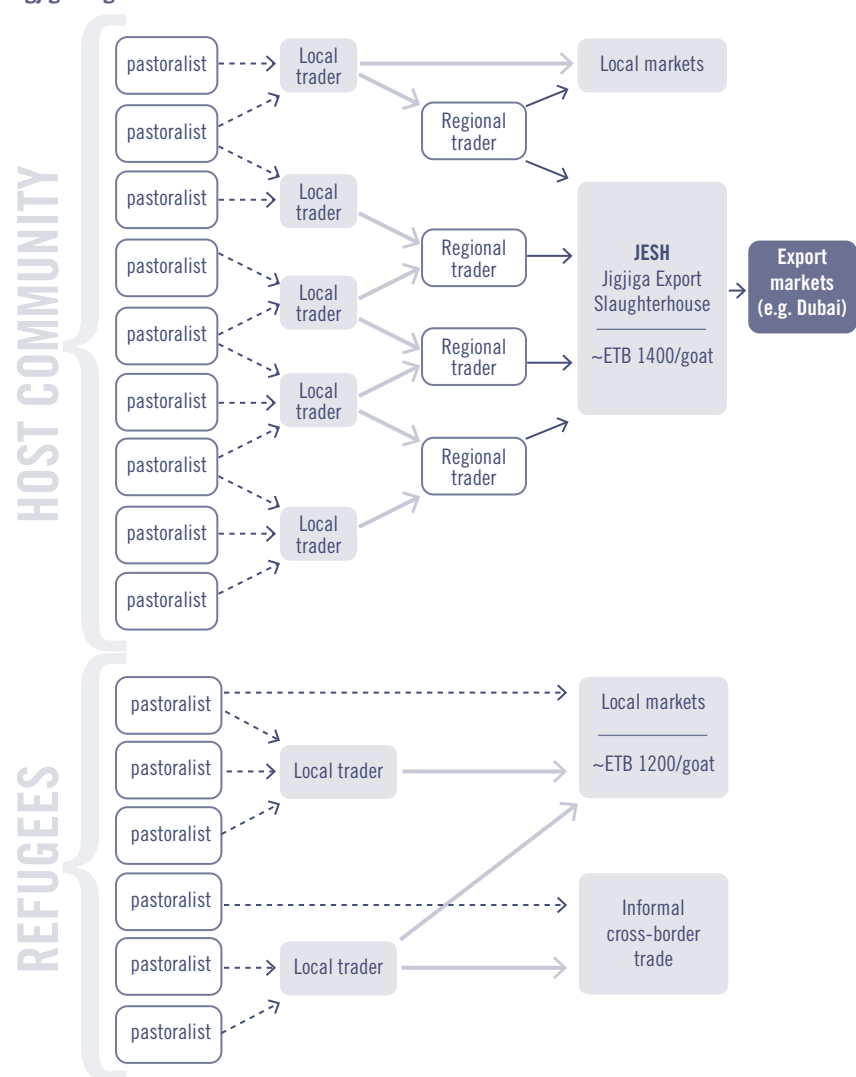
Figure 5: Linkage of Individual Pastoralists to Jigjiga Export Slaughterhouse through Aggregation



However, linkage to the JESH constitutes an important potential market opportunity for refugees as the Slaughterhouse purchases animals for approximately ETB200-300 more than the local markets that refugee traders can currently access. In addition, demand by the JESH for animals was more regular and stable than demand and pricing in local markets. Overall, sales to the JESH would thus provide refugee pastoralists with an opportunity to increase profit margins on their ruminant sales and thus help them grow their enterprise as well as improve their self-sufficiency.

Figure 6 illustrates the existing value chain around small ruminants trade in the host community and the refugee community, and refugees’ lack of linkage into the opportunities provided by the JESH.

Figure 6: Small Ruminants Value Chains for Refugees and Host Communities in the Jigjiga Region



Rules and regulations affecting the value chain

Role of women and access to livestock for refugees: Women played a very significant role in the small ruminant fattening and trade. In addition, they dominated meat trade in the refugee camps and were also principal beneficiaries in terms of control over the income generated from the sale of those commodities. It was clear during market visits that women in refugee settings bore disproportionate tasks and responsibilities compared to men, dominating most of the business. They were engaging in different economic activities in the small ruminant value chains including fattening, trading, and sale of livestock products (meat and milk) while doubling up on their traditional roles. However, women traders faced more challenges in accessing finance, building networks (mainly due to formal and informal restrictions on movements, and competing uses (including household expenditure) of their capita among others.

Taxation and management of markets: No taxation occurred in the refugee markets and traders were free to operate in these markets. Nevertheless, when they visited the neighbouring host community markets, livestock sales and purchases were subject to the formal and informal fees paid in the markets. For example, sales were subject to ETB 20 (USD 0.7) per animal brokerage fees paid to middlemen who facilitated and guaranteed the transactions, and ETB 20 (USD 0.7) local authority tax per animal. In addition,

animals had to be free of diseases, as the markets were monitored by the government veterinary services.

Restriction on refugee movements and on informal cross border trade: Due to the restrictions on movement and poor infrastructure, refugee traders are unable to access better markets such as Jigjiga and better paying processing facility such as JESH. Further, with no documentation and no bank account facilitating payments for them was difficult. In addition, stakeholders interviewed indicated that while Aw Bare and Sheder markets had potential competitive advantages due to their proximity to the markets, the cross-border trade was beset with a number of challenges including refugee movement restrictions and the informal and illegal nature of cross-border trade. Previously, livestock was going out and goods coming in what was a porous border, but as tougher restrictions were placed on unlicensed cross border trade, trade occurs through a single route Tog Wajale – Jigjiga and through only licensed traders and associations.

Value chain opportunity and constraints analysis

It was clear from the interviews, that small ruminants fattening was an important enterprise considering that a number of refugee households were investing in fattening, live animal trade and meat sales and marketing. It was considered a profitable enterprise and the actors reported being previously engaged in livestock production and trade. It was highlighted that the increase in population due to the presence of refugees had led to an increased demand for meat and milk. As the population around the camps increased, there was a significant increase in population; the number of small restaurants and trading activities increased and a significant number of small ruminants were slaughtered every day. Further, the cash transfer programming was said to have improved the demand for these products.

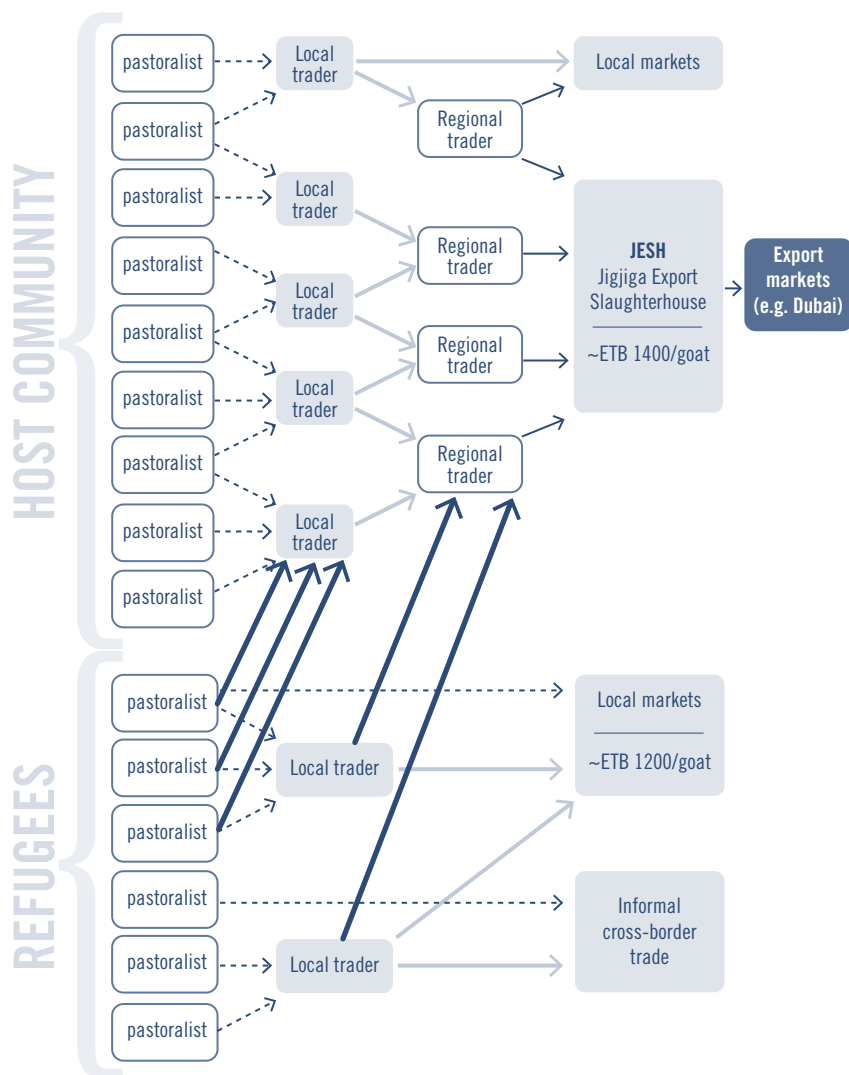
Small ruminants fattening was considered more profitable due to the marketability of small ruminants, costs of feeding the animals, and the ability to gain weight following improved nutrition. Asked about the potential of the sector, interviewees indicated there was growing demand for meat and milk locally, also driven by the demand across the border in Somaliland. For example, GiZ noted that an estimated 2,800 litres of milk was brought to the main Jigjiga milk market. The key informants identified animal inputs such as veterinary drugs and feeds as an investment area for income-generating activities (IGAs). In addition, the seasonal nature of supply and demand for livestock represents an opportunity for both aggregation services and for focussing on short term fattening of livestock to meet specific market demands. The presence of the Jigjiga Export Slaughterhouse was reported to have increased local demand for small ruminants and increased opportunities for access to market.

The Bureau of Agriculture was encouraging the host community to adopt agro-pastoral production, rather than nomadic pastoralism, as this would allow household integrate crop and livestock production. However, in order for the smaller IGAs to take advantage of the potential market opportunities for livestock and meat, there will be need to enhance market access and financial services, and to facilitate access to information and business development services. For the producers, developing their capacity to meet the quantity and quality of animals demanded in the markets is a priority – through improved access to feed inputs, animal health, extension services and agronomic practices, and access to finance for investments in the same. Furthermore, smallholders' access to markets needs to be improved through aggregation services and processing of livestock products.

It is clear from the assessment that refugee enterprises should focus on growing their business and working together, so as to benefit from economies of scale and to have better access to market. In particular, aggregating animals within the camp before sale would open opportunities to sell to higher bidding actors such as the JESH. Furthermore, the seasonal nature of supply and demand of meat in the region represents an opportunity to focus on short-term fattening to produce animals in the appropriate condition to coincide with periods of peak prices. Therefore, refugees should focus on market-oriented short-cycle fattening, using proper feeding and management practices to ensure better economic return and continuity in the supply of small ruminants in the market to meet the escalating demand for such high-quality animal products. For the refugees, small scale fattening will be cheaper than feedlot operations, primarily due to the local availability of crop residues and access to land.

In the more immediate term, the value chain offers an opportunity to link refugee pastoralists to the JESH by facilitating the aggregation of small ruminants in the camps before selling them to local and regional traders working with the Slaughterhouse. Better linkages with JESH will no doubt facilitate larger off take, achieve higher profit margins and reduce transportation costs. The below figure 7 shows the potential linkages that could be established to integrate refugees into the larger small ruminants value chain in the Jigjiga Region.

Figure 7: Linking the Refugee Small Ruminant Value Chain to the Host Community Small Ruminant Value Chain



CONCLUSIONS AND RECOMMENDATIONS

Conclusions

Refugee populations continue to put pressure on the humanitarian system and on hosting communities in the Jigjiga region of Ethiopia. With better programming, the development of livelihoods for refugees has the potential to ease the challenges faced by host and refugee populations. The refugees' economies and the success of livelihoods efforts by refugees were constrained by a number of factors, most of which were external to them including the Government of Ethiopia's policies, the formal and informal rules and regulations in place, and the absence and lack of access to supporting functions. In pursuing their livelihoods, Somali refugees in Ethiopia face a restrictive environment and other challenges. To start with, the types and extent of livelihoods opportunities in the isolated markets in which refugees operate are few, and given the encampment policy imposed on refugees, livelihood opportunities within and outside the camps are limited. Secondly, the capacity of refugees to take advantage of even the limited opportunities is weak. Finally, even though the numbers of businesses in the refugee camps continue to rise, the market potential will limit the growth unless new growth sectors emerge or the potential of existing sectors is unlocked. All the same, refugees themselves are exploring innovative ways to earn incomes and become self-reliant. Highlighted below are some key recommendations for addressing these bottlenecks based on the push-pull approach to livelihoods promotion.²⁸ The push-pull approach is based on the assumption that, in order for people to build sustainable livelihoods two conditions need to be fulfilled:

- There need to be opportunities on the market, either for self-employment if a certain good or service is demanded on the market, or for salaried employment if employers are looking for employees to recruit
- People need the necessary skills and competencies to exploit these existing opportunities.

The push-pull approach therefore seeks to work on both sides in parallel. Push interventions aim at developing the skills and capacities of the target group to engage with the market, for instance through technical or entrepreneurial skills development, strengthening social networks or the transfer of assets, while pull interventions focus on developing market systems in such a way as to expand and diversify market opportunities available to both target groups.

28. For more details on the approach, please see the ILO-UNHCR publication "[Guide to market-based livelihood interventions for refugees](#)"

Recommendations

Immediate Recommendations: “Quick Wins”

With the refugee policy context unlikely to undergo drastic changes immediately, finding localized opportunities should be a priority in the short term. It must be noted that as refugees begin to look for more opportunities, they are likely to start with small-scale businesses that require limited start-up capital. More specifically, to enable potential refugee entrepreneurs to put their ideas into concrete business plans, they will need entrepreneurship and business planning training and better access to information. The recommended key push interventions will include:

1. Facilitating access to entrepreneurial skills for the small enterprises: The ILO’s Start and Improve Your Business (SIYB) can be a useful tool to strengthen entrepreneurial skills and promote start-ups. The modular program offers support for individuals planning to start a business through Generate Your Business and Start Your Business trainings and targets entrepreneurs who are seeking to grow their business through Improve Your Business and Expand Your Business training programs. Given that many refugees and members of the host community are already involved in small-scale enterprises whereas others are at the brink of starting a business, the modules Start Your Business and Improve Your Business are most appropriate for the context.
2. Improving access to business support, mentoring and access to finance for business start-up and expansion: Considering that current linkages and access to the SMFI may be difficult, trainees may then participate in business competition to obtain start-up capital or financing for expansion.
3. Providing refugee households with broad financial education programs combined with offering of saving products through both the informal (*hagblad*) and institutional mechanisms can help trigger savings and further instil a saving culture.
4. Facilitating basic skills development for refugees under the current skills development programs with certified public TVET such as Jigjiga Polytechnic, apprenticeships and access to finance so that they can upgrade their businesses’ scale and achieve upward mobility.
5. Facilitating greater access to formal education combined with career and entrepreneurial education for young people who will be entering the labour market.

Second, this assessment has identified the small ruminants value chain as a particularly high-potential value chain in the Jigjiga region. Although currently, refugees are trading small ruminants, a lack of information and market aggregation mechanisms are inhibiting them from seizing more profitable market opportunities such as sales of the JESH. The following value chain interventions, i.e., pull interventions, can help establish such linkages:

1. Working with local government and refugee representatives in instituting better market organization at the refugee markets e.g. organizing specific market days so as to increase the offtake and attract larger number of traders. This also includes: Disseminate information regarding the JESH in the refugee camps. Such information involves, on the one hand, de-

tails on the number of animals and their weight required for sales. On the other, information on the Slaughterhouse's prices and their services (direct pick up of small ruminants from the camps) should be provided.

2. Improving market infrastructure in the markets, as demand for such facilities will increase as number of animals and traders increase. As a first step, this includes identifying agents who are able to aggregate small ruminants in the camp (minimum 150 to reach regional traders who work with the slaughterhouse). Such agents could include refugee traders currently selling to local markets, local traders from the host community already working with the JESH, or key traders in the refugee camp markets interested in becoming involved in small ruminants trade.
3. Increasing awareness of refugee traders of market requirements and facilitating business to business linkages between refugee traders and JESH to allow them to access transportation subsidy.
4. Improving the quality and safety of livestock products, especially meat. Refugee market actors need to develop capacities (awareness of hygiene and other market requirements such as weights and age of animals, handling infrastructure and value addition), credit for investment in infrastructure, and training of local producers in quality and their business and marketing skills for continuous improvement.

Longer-Term Recommendations

1. Advocacy for the Implementation of Ethiopia's Pledges at the Leaders' Summit 2017

At top priority is proactively advocating for the earliest possible implementation of the Ethiopia's Pledges at the Leaders' Summit on Refugees, 2017. More attention should be given to provisions that allow refugees to seek employment and income earning opportunities, including easing access to work permits and identification cards that would enhance mobility, employment, training, business registration, access to financial services, and access to markets and other opportunities for refugees. Furthermore, providing affordable and accessible work permits systems and access to business licenses for refugees – though not sufficient on its – own will help them establish livelihoods. Therefore, advocacy activities should be implemented alongside efforts to ensure that refugees are aware of potential opportunities and impacts of implementation of the Pledges. In addition, once these pledges are implemented, livelihood actors in the refugee setting will need to support refugee populations in seizing potential business and labour opportunities within host community markets, considering that most refugees will not have adequate networks in these markets.

2. Identifying Opportunities for the Economic Inclusion of Refugee and Host Community Members

1. Without growth in the market that can provide refugees with incomes, higher numbers of low-income households are at risk of making less money from the overcrowded economic activities. There is therefore the need to put in place some key pull interventions that will expand and diversify market opportunities for refugees. Factors that may positively influence and encourage market development in and around the refugee camps are the following:

2. Working with and attracting Jigjiga and neighbouring areas-based companies such as Sun Power (renewable energy), Jigjiga Export Slaughterhouse (JESH - livestock), SMFI and Hello Cash (financial services) to the refugee camps and host communities in Kebribeyah, Aw Bare and Sheder to develop agent networks to not only improve access to energy, financial services and markets, but also provide opportunities to refugee entrepreneurs.
3. Improving the institutional environment of the refugee economy including better use of humanitarian assistance to harness economic and market potential of refugees. To strengthen, rather than weaken, the ability of the target refugees and communities to engage with and benefit from the markets, the distortion risks of subsidies provided by NGOs should be managed e.g. by use of cash transfer programming, rather than in-kind food aid, and by the use of vouchers instead of direct subsidies as is being implemented in supporting agricultural interventions in the camps.
4. Leveraging partnerships and learnings from a number of programs including the GiZ implemented Qualification and Employment Perspective for Refugees and Host Communities in the Ethiopia Programme (QEP), Mercy Corps' Strengthening Host and Refugee Population Economies (SHARPE), and the Save the Children-led Regional Development and Protection Program and building the expertise of local actors into understanding of local business incentives and use tools of market facilitation, such as market analysis, business mentoring, and limited cost sharing, to encourage a more sustainable expansion of markets.
5. Pursuing and promoting land and other resource-sharing between refugees and host communities e.g. building on the LWF implemented drip irrigation project will definitely not only build connections and improve host and refugee communities' cohesion, but it will also support refugees' capacity to engage with markets. In addition, given the challenges with availability and access to land and inputs such as water, investments in these natural resources based livelihoods such as agriculture should emphasize intensification strategies (increasing outputs per unit of input), rather than extension approaches to expanding land under cultivation. The development of joint ventures in small business between refugee and host market actors can establish long-term cooperation and build trust.

3. Amplifying the Small Ruminants Value Chain in the Jigjiga Region

It was observed that the small ruminants fattening enterprises were informal and small. In order for the refugee households engaged in small ruminants fattening to produce good quality and marketable surplus animals to attract larger buyers, they will need to have affordable and sustainable access to inputs such as information, skills, feeds, and animal health and extension. Key interventions areas will include:

1. Improving access to extension services, skills and information by:
 - a. Strengthening the government extension system to provide training and advisory on the housing and feeding of small ruminants, and basic treatment and management of small ruminant enterprises, especially the Bureau for Agriculture (and increasing its coverage of refugee needs) will be necessary, while encouraging the entry of private sector actors in a more sustainable supply of animal health services and inputs.
 - b. Working with the Somali Pastoral and Agro-Pastoral Research Institute (SoPARI) and the Bureau for Agriculture on improving

extension, research and knowledge for better approaches to establishing small ruminants fattening enterprises, especially formulating feed using local resources.

c. Training on animal husbandry

2. Improving access and uptake of input use to improve the quality and quantity of animals availed by:

a. Working with input dealers to ensure access to and better use of inputs by creating awareness among private sector actors of demand in refugee areas and supporting them with market analysis to highlight opportunities and risks. In addition, to reduce transaction costs and reach economies of scale by increasing access and uptake, input and services providers may be encouraged to work with sale points in refugee camps.

b. Providing better integration between crop and livestock production and pursuing potential for local feed production by facilitating some of the refugee and host businesses with capacities and knowledge to engage in feed formulation and inputs supply and link them with small ruminant fatteners. Host community crop producers may have the potential to supply crop residue and other by-products for animal feeds.

c. Training of refugees engaged in small ruminant fattening so that they can increase the level of intensification of their enterprises by improving current approaches to small ruminant fattening in order to increase outputs per animal rather than increasing herd sizes, which may not be feasible considering the challenges in access to grazing resources.

3. Access to credit

Access to credit is a clear need in the area. It will enable traders to be able to pay for larger volumes of livestock and enable the producers to invest more in feeding their stock. Considering that livestock trade is a high volume and small margin business, providing business grants to traders to increase their scale (buying more, feeding and marketing better and mitigating the common risks prevalent in livestock business) would support these enterprises in meeting the quality and quantity of livestock demanded in the market. It must be noted that Islamic financing is at an early stage in Ethiopia, but showing signs of strong growth and with the support of the USAID funded PRIME program; hence the need to be careful with distortion risks of providing grants. The SMFI and Bell Cash have made significant progress in setting up branches and agents network and could be a valuable partner; but at the moment their services are not accessible to the refugee market actors. The new SHARPE program, which in addition to other refugee hosting regions also covers Dollo Ado, Somali region, provides potential for collaboration, learning and joint advocacy.

Finally, in the long run, there will be need to move beyond addressing the small ruminant value chain and collaborating with concerned government bodies to address mobility and other restrictions, including seeking casual labour opportunities or employment within the host community, establishing partnerships with host business persons, and establishing direct linkages with suppliers in Jigjiga while tackling cross cutting constraints that obstruct

the small ruminant value chain, including investments and access to capital, inputs, and infrastructure. Table 3 summarizes the existing constraints within the crop and livestock market systems and the recommended interventions across the value chain.

Table 3: Key interventions to address the existing constraints in the small ruminant value chain

Level	Constraints	Potential stakeholders	Interventions
Input business	Limited access to inputs for producers	Government: Bureau of Agriculture and SOPARI	<ul style="list-style-type: none"> Working closely with the Kabele animal health services to expand the coverage of their services. Working with actors to improve extension, research and knowledge for better approaches to establishing small ruminant fattening enterprises
		Private sector input suppliers	<ul style="list-style-type: none"> Working with private sector actors in expanding/entry into markets in Aw Bare, Sheder and Kebribeyah Providing better integration between crop and livestock production and pursuing potential for local feed production by facilitating some of the refugee and host business with capacities Working with input dealers to ensure access to and better use of inputs by creating awareness among private sector actors
Production	“Quick Win”: Limited commercial orientation of the producer sellers, especially among host livestock keepers	Producers JESH Local authorities	<ul style="list-style-type: none"> Providing business planning and market services support to producer sellers– leading to changes in marketing behaviour and selling practices. Improving linkages with JESH in provision of transport subsidy for refugee traders Improve bulking services by supporting market linkages, access to finance, and facilitating exposures visits to working market systems
	Limited production due to limitation in access in skills, inputs, financial services, market linkages and capacity to manage risks to productivity	Producers Large traders Input suppliers Skills services providers Somali MFI	<ul style="list-style-type: none"> Working with the private sectors in improving access to skills, credit and inputs services; Improving skills for business management and awareness of products markets requirement; Organize market days and pursue collective marketing of products Improving better access to financial services to enable refugee traders to increase their volumes
	“Quick Win”: Limited marketing and linkages	JESH Producers Traders	<ul style="list-style-type: none"> Facilitating dialogue and business linkages between producers and other market actors such as JESH and larger traders from Jigjiga Increasing awareness of refugee traders of market requirements and facilitating business to business
	Poor market infrastructure	Local authorities Refugee representatives Traders	<ul style="list-style-type: none"> Facilitate development of market infrastructures Building community group structure for managing markets and market infrastructure and building their management skills
Meat slaughter and trade	“Quick Win”: Limited surplus (quality and quantity) to support processing	Producers JESH Local authorities	<ul style="list-style-type: none"> Improving local production and awareness of market requirements Organize producer groups and pursue collective marketing of crop and livestock produce; Improve market access, information and infrastructure
	Poor handling and limited processing of livestock products	Meat traders Slaughter facilities Somali MFI	<ul style="list-style-type: none"> Skills training on basic storage, value addition and processing of products. Improve access to financial services and credit to product businesses



ANNEXES

Annex 1: Key Documents Reviewed

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Annex 2: List of key Informants consulted

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Fatuma Ismail.	Women Association, Sheder
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Livestock traders (3).	Sheder Market
Female Meat Trader.	Sheder Market
Representative	Jigjiga Export Slaughterhouse (JESH)
Regional Trader	JESH

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