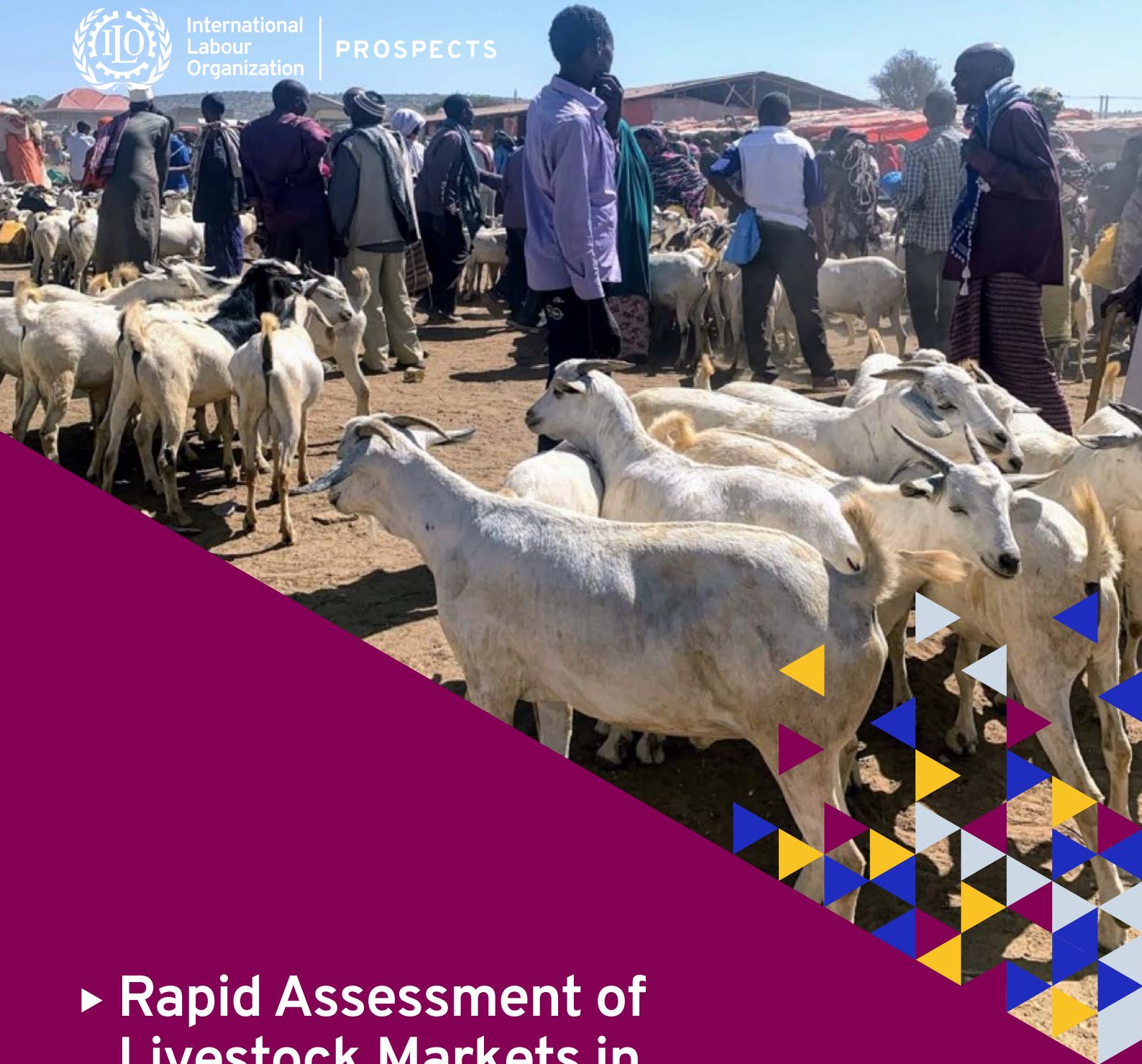




International
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PROSPECTS



► Rapid Assessment of Livestock Markets in Jigjiga, Ethiopia



Kingdom of the Netherlands

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► Executive Summary

The Partnership for improving prospects for host communities and forcibly displaced persons (PROSPECTS) is being implemented across eight countries, including in Ethiopia, and works to complement humanitarian assistance with a development approach, focusing on the nexuses between education, protection and employment. The project provides an opportunity to build on the results achieved in the one-year BMZ-funded pilot project 'Promoting livelihoods of forcibly displaced persons and host communities in Jigjiga (2018–2019)' that promoted livelihoods of forcibly displaced persons and host communities focused on improving livelihoods in the livestock sector in the Somali region of Ethiopia, using the Approach to inclusive market systems (AIMS) developed jointly by the ILO and UNHCR. Project interventions focused on improving the access of refugee and host community livestock herders to market information, regional trader networks, and a newly opened local slaughterhouse, as well as on improving entrepreneurial and business skills through the Start and improve your business (SIYB) entrepreneurship training programme. In November 2020, a rapid assessment of livestock markets in Jigjiga, Ethiopia, was conducted, aimed at proposing concrete and evidence-based recommendations to be implemented under PROSPECTS that are linked to and build on the work that was already conducted as part of the GIZ-funded project. Building on the market assessment of refugee livelihoods conducted in 2018, the rapid follow-up assessment of the livestock sector in Jigjiga identified potential areas of market-based interventions to improve livelihoods of refugees and members of the host communities engaged in the sector. It also proposes practical, concrete and evidence-based recommendations to be implemented under PROSPECTS that are linked to and build on the work that was already conducted as part of the project funded by the Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ).

The assessment found that even with the pledges, refugee-led enterprises continue to face barriers in running formal business and engaging in trade, especially freedom of movement. Considering livestock trade is dependent on mobility, with ease of movement, refugee traders need to access primary and terminal markets, rather than depending only on their local livestock markets. Access to most supporting functions such as access to rangeland, feed and fodder, animal health services and extension, financial services and credit, market infrastructure and information, and the operation of the Jigjiga Export Slaughterhouse (JESH) were weak or non-existent and constrained the smooth operation of livestock trade in the region. Also, financial services are limited in terms of coverage and diversity of services. Despite a noted increase in the number of microfinance and mobile money transfer services, micro-lending is still low in the region and non-existent for IDPs and refugee populations. Several constraints exist in the enabling environments, including taxation and informal fees, policies and regulation related to the formalization of cross-border trade and weakness in the trader associations and cooperatives.

In the assessment, we note that improving host community markets is key, considering that these markets are used by host communities, refugees and IDPs alike. It is, therefore, important to continue to adopt a two-pronged strategy, as is the heart of the AIMS approach: working to strengthen local host community market systems and value chains ("pull") and simultaneously preparing refugees (and host communities) to seize the economic opportunities that ensue from better functioning local value chains ("push"). The following interventions will need to be prioritized:

- supporting viable access to capital and financial inclusion by working closely with financial service providers in designing products and modalities for expanding for refugee, IDPs and host community entrepreneur's access to capital;
- supporting market organization, linkages, infrastructure and services in order to attract regional traders, agents and traders linked to feedlots and export abattoirs, as well as informal cross border traders;
- improving access to market infrastructure and information as well as skills, animal health and fattening for target producers to enable them increase production, productivity and marketing of livestock and products;
- improving refugee, IDPs and host community entrepreneurs business skills through the [Start and improve your business \(SIYB\)](#) entrepreneurship training programme.

Alongside these interventions, PROSPECTS will need to work with actors such as the Agency for Refugee and Returnee Affairs (ARRA), refugee representatives, local authorities and development partners in accelerating of the pledges. Of particular importance is the gradual phasing out of the limitations of encampment, which is key to the economic empowerment of both refugees and host communities. Considering livestock trade is dependent on mobility, with ease of movement, refugee traders will access primary and terminal markets, rather than depending only on their local livestock markets.

Acknowledgements

The consultancy team would like to thank PROSPECTS and the ILO for funding and supporting the team during the assessment. Owing to the support and cooperation by several individuals and institutions, the process of the rapid market assessment was smooth and productive. We owe many thanks to the large number of informants and stakeholders met and interviewed, including the PROSPECTS team, traders, support service providers, government agencies, development agencies and private sector associations, and beneficiaries including host communities, IDPs and refugees. Finally, the assessment was enriched by the technical support of Jean-Yves Barba, Adriana Sierra Leal, Eirmyas Kaase and Paul Mayanja who provided critical insight that informed the recommendation of the assessment.

Finally, we must mention that the feedback and input received from the host community, IDPs and refugee community leaders and the livestock market actors was most useful. As ultimately the project is meant for them, their views have been important in formulating this report.

Composition of the assessment team

Dr Mohamed Muhumed Yussuf and Abdirahman Arab Omer

Kenbridge Consulting Limited, P.O Box 67906 00200 Nairobi

Kenbridgeconsulting.ltd@gmail.com

► Abbreviations

AIMS	Approach to Inclusive Market Systems	KIIs	Key Informant Interviews
ARRA	Administration for Refugees and Returnees Affairs	MoF	Ministry of Finance
BMZ	Federal Ministry of Economic Cooperation and Development (Germany)	MoLSA	Ministry of Labour and Social Affairs
CAHWs	Community animal health workers	NGOs	Non-governmental organizations
CBE	Commercial Bank of Ethiopia	PPR	Peste des petits ruminants
CCPP	Contagious caprine pleuropneumonia	PROSPECTS	Partnership for Improving Prospects for Host Communities and Forcibly Displaced Persons
CSA	Central Statistics Agency of Ethiopia	SGP	Sheep and goat pox
DFID	Department for International Development	SHARPE	Strengthening Hope and Refugee Population Economies
ETB	Ethiopian Birr	SIYB	Start and Improve Your Business
FGDs	Focus Group Discussions	SoMFI	Somali Microfinance
GCR/CRRF	Global Compact on Refugees/ Comprehensive Refugee Response Framework	SoPARI	Somali Region Pastoral and Agropastoral Research Institute
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH	SRS	Somali Regional State of Ethiopia
GoE	Government of Ethiopia	TVET	Technical and Vocational Education Training
IDPs	Internally displaced persons	UNHCR	United Nations High Commission for Refugees
JESH	Jigjiga Export Slaughterhouse	VSLA	Village Savings and Loan Association
		WASH	Water, Sanitation and Hygiene
		WFP	World Food Programme

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Background and context

According to the latest UNHCR report, Operational Portal Refugee Situations, as of 30 November 2020 Ethiopia is host to 797,191 refugees, with the Somali Regional State (SRS) hosting 25.3 per cent of the population.¹ Most of the refugee populations are from South Sudan (46.7 per cent), Somalia (26.4 per cent), Eritrea (19.9 per cent), and Sudan (5.8 per cent). Somali hosted 202,217 refugees from Somalia in Jigjiga and Dollo refugee operations. The demographic characteristics of the population show a relatively young population with a significant proportion of women and children. Also, refugee populations have a diversity of livelihoods, skills, experiences and capacities and form clear socio-economic groups. As for the economic engagements, while on the surface these refugee populations seem poor, and the bulk of the economy is aid-based (food assistance and employment in humanitarian assistance), many opportunities exist, especially in farming, livestock and retail commerce. Across all the camps, because of their pastoral heritage, the Somali refugees keep livestock as a livelihood activity, saving mechanism or source of food, alongside retail commerce. Livestock, together with labour, is one of the few valuable assets that refugees commonly possess. As producers, both hosts and refugees are involved in the production of livestock and livestock products. This is also relevant to the target group as consumers, as the primary reason for holding livestock is for domestic consumption of their products.

The opportunities in livestock and livestock products are clear. Demand is high and growing, productivity is poor, and processing techniques are limited. Ethiopia is rare among African countries in the high level of demand for dairy products, and as incomes rise and urbanization accelerates, this is likely to continue to grow.² As a result, trade in small stocks among the refugees and host community were very high, and livestock products (milk and meat) were among popular products traded in the refugee markets. This opportunity was highlighted in a market systems analysis conducted as part of the GIZ-funded project in Jigjiga in 2018, following which the one-year BMZ-funded pilot project ('Promoting livelihoods of forcibly displaced persons and host communities in Jigjiga'), focusing on improving livelihoods in the livestock sector in the Somali region of Ethiopia, was implemented. The project interventions focused on improving the access of refugee and host community livestock herders to market information, regional trader networks, and a newly opened local slaughterhouse, as well as on improving entrepreneurial and business skills through the [Start and Improve Your business \(SIYB\)](#) entrepreneurship training programme.

¹ <https://data2.unhcr.org/en/country/eth>

² Springfield Centre, *SHARPE Scoping Study* (2017).

The GIZ-funded project was successful. However, because the implementation period was limited to one year, the ILO could not implement and follow up on opportunities for further interventions. Some additional opportunities identified in the report include: (1) working with local partners such as the Livestock Resources and Pastoral Development Bureau, the Bureau for Agriculture and the Somali Pastoral and Agro-Pastoral Research Institute (SoPARI) to facilitate training and advisory on housing, feeding and managing small ruminants; (2) working to expand veterinary services through the Kabele animal health services; and (3) improving access to fodder, fattening services and grazing resources with a focus on stall grazing practices to mitigate land-related conflict. The report also established “quick win” interventions focused on improving business and financial management skills of entrepreneurs along the value chains, facilitating further dialogue and business linkages, and additional support for aggregation.

The PROSPECTS project presents an opportunity to build on this work and to undertake some interventions identified in the market assessment that could not take place within the scope of the GIZ-funded project. The findings of the market assessment conducted in 2018 are used as a starting point to conduct a follow-up rapid assessment on the current state of the livestock sector and to inform a set of recommendations that are adapted to new circumstances in the COVID-19 context. In addition, it will identify quick wins and practical interventions to increase productivity and competitiveness of the livestock value chains, including small ruminants.

► The follow-up assessment of livestock markets

Building on the market assessment of refugee livelihoods conducted in 2018, this rapid follow-up assessment of the livestock sector in Jigjiga aims to identify potential areas of market-based interventions to improve livelihoods of refugees and members of the host communities engaged in the sector. It will propose practical, concrete and evidence-based recommendations to be implemented under PROSPECTS that are linked to and build on the work that was already conducted as part of the GIZ-funded project.

Specific objectives of the assessment

The rapid assessment focuses particularly on the following areas:

- an update on the status of the Jigjiga Export Slaughterhouse (JESH) and the linkages between JESH and refugee and host community populations working as animal herders and regional traders;
- an overview and update of the market dynamics of the livestock sector, including comprehensive mapping of the value chain and linkages from veterinary services, breeding, feeding, livestock management and marketing channels, as well as available supporting functions and rules and regulations that impact the livestock sector;
- a gender-sensitive update on the main challenges for entrepreneurs in the livestock sector in terms of access to markets, financial and non-financial support services, and regulatory environment in the context of COVID-19;
- an assessment of the state of markets near refugee camps, including Qoloji and Kebribeyah in terms of opportunities for growth and opportunities to access new economic opportunities for refugee and host community;
- a gender-sensitive evaluation of the situation of refugees and host community members engaged in the livestock sector within the context and impacts of COVID-19;
- identification of practical key entry points for ILO market-based interventions in the sector that can improve the livelihoods of refugees and host communities and strengthen linkages between livestock herders, traders and JESH;
- provision of recommendations and sex-disaggregated indicators for monitoring and programming regarding value chain development activities.

► Approach and methodology for the assessment

The rapid market assessment deployed a hybrid methodological approach using a mixture of qualitative and quantitative methodologies. With the focus on the Kebribeyah and Qoloji settlements, we started by reviewing the socio-economic context of the target populations based on a review of secondary documents and interviews with local stakeholders and actors active in these settlements (Annex 1 provides details of the documents reviewed). Following the review, an inception report detailing assessment approach, assessment questions, tools and timelines was developed, shared with and approved by the ILO PROSPECTS team.

Field data collection

Field visits to collect primary data in Jigjiga, Kebribeyah, Qoloji and neighbouring markets were conducted between 10 and 19 November 2020. During the primary data collection, field visits were conducted to JESH, Kebribeyah and Qoloji markets, during which interviews and discussions were held with market actors, and markets observations were conducted. Stakeholder discussions and interviews were held with government and development agencies present in the study areas. Consultations were also held with women and refugee entrepreneurs to understand their activities, constraints and opportunities. The assessment was pursued to consider the impact of the COVID-19 pandemic on the market and its control measures, with particular focus on the changes in supply, demand, supporting functions and market rules as a result of the pandemic, and the actions instituted by actors to cope with the situation. Table 1 summarizes the assessment areas, methods, target actors and tools and guides used to capture the primary data from the field visits.

► **Table 1. Key components of the market assessment, methods, actors and tools**

Component	Method	Some of the actors to target	Tools and guides to develop
Market systems — assessment of the core market	Secondary data and interviews with value chain actors, market observation or data capture plus expert consultations and interviews	Output market actors — traders, aggregators, brokers, producers; Input market: input importers, wholesalers, retailers and their associations	KIIs, FGDs and rapid market data capture tools
Market system — assessment to access to supporting functions	Secondary data and interviews with service providers to establish what is available plus interviews with the target groups to assess access to formal services and existence of informal services	Producers, NGOs, and Banks/ Microfinance, producer associations, NGOs, traders, government and regulators as well as public and private technical service providers, business services and development actors	KII and FGD guides
Market system — assessment of the rules and regulations within the market system	Secondary data and interviews with target groups, expert consultations and interviews Review of national and regional legal documents including refugee proclamation, directives and relevant regional legal and policy documents	Producers, traders, and local authorities	KII and FGD guides
Profiles of the target populations	Secondary data and interviews with target groups, expert consultations and interviews	KIIs with local authorities and elders and FGDs at the community level	KII and FGD guides and mapping tools
Impacts of COVID-19 and other shocks on markets	Impact will be woven into all the consultations and Interviews with target groups, interviews with service providers, and expert consultations and interviews	traders, aggregators, brokers, producers, input importers, wholesalers, retailers, and their associations	KII and FGD guides

For the key informant interviews (KIIs), we conducted semi-structural interviews with a range of stakeholders including government officials, market actors, businesses and business associations. A total of 24 actors were interviewed, informed by the previous market system assessment and building on the earlier interviews. We also visited and observed local markets in Kebribeyah, Qoloji and Jigjiga and located data on traders, prices and market volumes. In each location, we conducted focus group discussions with market participants, including producers, traders and service providers. Table 2 provides a summary of the stakeholders consulted during the evaluation.

► **Table 2. Actors to be targeted in the assessment**

Actors	Type of actors	Number
Key informant interviews	Line ministries, local authorities and service providers	8 persons
	Traders, middlemen and other actors in the market	16 in each village (12 hosts and 4 refugees in Kebribeyah and 10 host and 6 IDPs in Qoloji)
Focus group discussions	Producers, traders, middlemen and other market actors	3 FGDs with a total of 22 participants: mixed groups of hosts in Qoloji and hosts and refugees in Kebribeyah

The assessment limitations and challenges

The rapid market assessment of the livestock sector in Jigjiga areas was conducted largely in accordance with the assessment plan. However, some contextual challenges and limitations were encountered during the process which need to be taken into account when reviewing the findings. Quality data on refugees and IDPs in Ethiopia is scarce, and relatively little data has been published about trade and markets in refugee areas. As the livestock value chain should be viewed as linked units with multiple interrelated levels that form the market system, the assessment considered the different levels of the system, including the market actors and their interactions (relationships), business environment and support services. However, it was difficult to get data on the number of actors, their vocations, level of engagement and business engagements in the camps, volumes traded, seasonal variations in pricing and consumption figures for livestock products. Further, as it is a cross-border area, access to information was sensitive due to fears of taxation and other penalties, and as the value chain extended beyond the borders, some market information was missing. Nevertheless, we interviewed a range of stakeholders, diverse beneficiaries, and triangulated the information from a number of sources to ensure the validity of the findings.

Synthesis and findings of the assessment

In this section we discuss in detail the socio-economic context of the populations in Kebribeyah and Qoloji, the settlements of focus of the assessment. Also, the findings of the rapid market assessment in the two settlements is discussed with particular focus on small ruminant trade detailing the market system, mapping actors, incentives and capacities, and identifying key bottlenecks and constraints within the system, with the aim of identifying opportunities and quick wins and practical interventions to increase productivity and competitiveness of the livestock value chains including small ruminants and opportunities.

► Update on the socio-economic context of the target populations

The Somali Regional State of Ethiopia (SRS) is home to 202,217 refugees, with the three refugee camps around Jigjiga (Jigjiga refugee operation) area hosting 38,288 refugees: Kebribeyah (14,813 refugees), Aw-Barre (12,077 refugees) and Sheder (11,398 refugees) as of December 2020. It hosts a significant population of internally displaced persons (IDPs), with the SRS hosting approximately 142,800 households (857,000 individuals), with the Qoloji site being one of the largest in the region, hosting 12,532 households (75,192 individuals) as of August 2020 in overcrowded settings with minimal distance in between the shelters.³ Though for both groups, humanitarian assistance remains the major source of employment and income for refugees and IDPs, the needs, capacities and profiles of the IDPs, refugees and host communities vary. Nevertheless, the presence of the IDPs and refugees provides an opportunity for economic integration between them and the host communities as well as access to distributed food, employment and economic opportunities. These refugees and IDPs camps are high potential areas for local integration, as there are socio-cultural similarities and a shared Somali culture between the refugees or IDPs and the host population. They share the same language as well as religious and cultural practices.

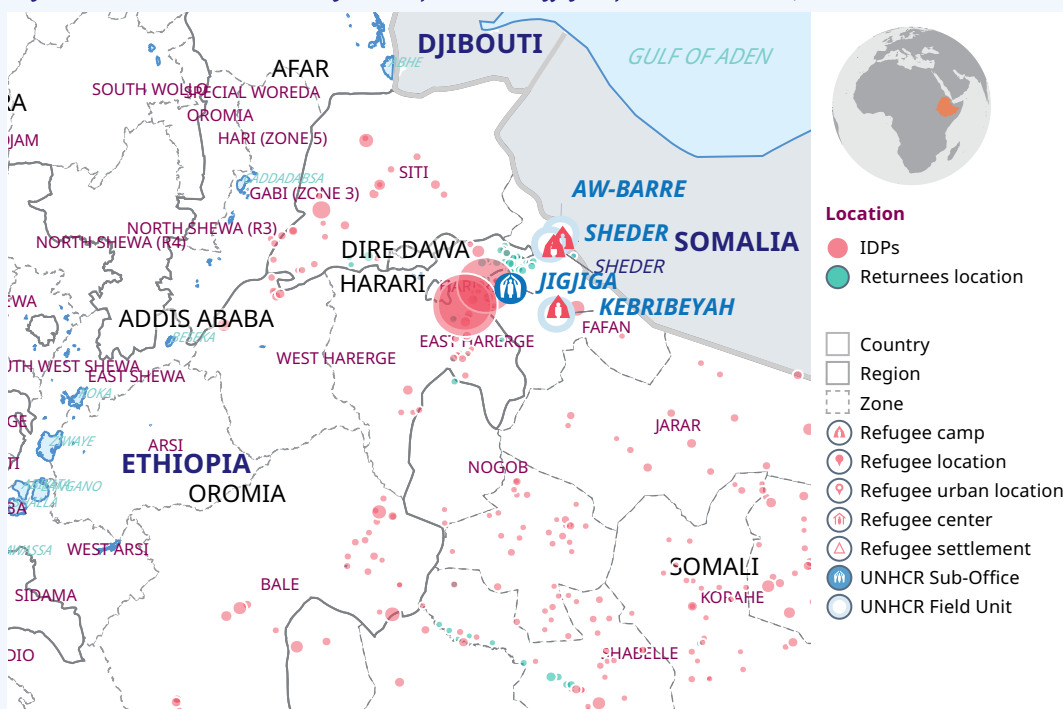
3 OCHA, Ethiopia, *COVID-19 in Qoloji IDP site, Flash update as of 4 August 2020*.

Furthermore, there are strong social and economic ties between the host community and refugees or IDPs. In the following section, we discuss the socio-economic conditions of the three different target populations: refugees in Kebribeyah camps; IDPs in Qoloji settlement; and host communities in Anod and Kebribeyah.

The Kebribeyah refugee camp

Opened in February 1991, the Kebribeyah refugee camp is on the A10 highway, 54 km from the regional city of the Somali Regional State, Jigjiga. It is the longest surviving refugee settlement in the region, and according to the *Kebribeyah Settlement Profile 2020* it has a population of 48,753 (including refugees who make up about 30 per cent of the population). While pastoralists and agro-pastoralists predominate the livelihood system in Jigjiga Zone, the urban population, including refugees, makes a living from formal and informal employment, besides humanitarian assistance. The refugees are economically vulnerable, and according to the *Jigjiga Refugee Households Vulnerability Survey 2016*, which identified three socio-economic groups in the zone, the majority were poor households (50 per cent) who depended on World Food Programme (WFP) assistance, followed by middle households (37 per cent) who accessed skilled and unskilled labour in addition to WFP assistance, and better-off households (13 per cent) who also engaged in livestock and the retail trade, have rental assets and receive remittances. Also, with women being the predominant gender, the camp has a relatively young population: 56 per cent of the population consists of children below the age of 18 years.⁴

► Figure 1. Locations of the refugee camps in the Jigjiga Operational Areas, UNHCR



Note: The boundaries and names shown, and the designations used on this map do not imply official endorsement or acceptance by the United Nations. The data is based on reports and can be considered as indicative.

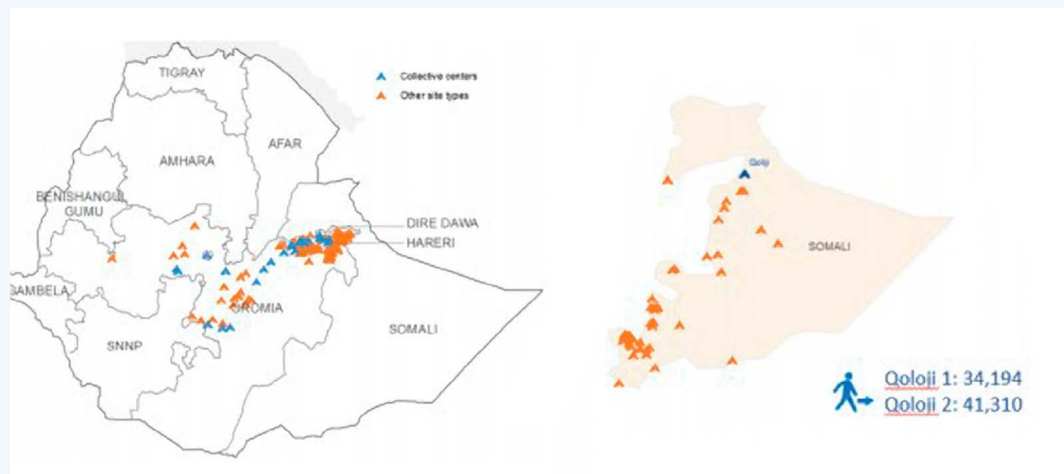
4 ILO, *Market Systems Analysis for Refugee Livelihoods in Jigjiga* (2018).

Though the refugees in the camps have few assets, they are not homogenous, and research has clearly showed that there are differences in the livelihood and vulnerability profiles of refugees based on their gender, country of origin, and their duration of displacement. As refugees in Kebribeyah have been in a protracted situation, they have developed stronger coping strategies and acquired more stable social and financial networks, especially through remittances. They are economically active, doing business with the local community, and have been able to establish diverse livelihoods with some of them running businesses. Also, the remittances received by the refugees create a demand for local businesses. With the population having a mainly pastoral background, some refugees engaged in animal husbandry (even with restrictions), and livestock markets alongside commodity trade, act as an important point of interaction between refugees and host community.

The Qoloji IDPs settlement

Fafan zone, within which Qoloji IDPs settlement is located, hosts the second-largest IDP population in the country. It hosts 34 of the 385 sites in the SRS; there are plans to close some of them and relocate IDPs to 15 new locations.⁵ The Qoloji camp was established in 2016 and hosts populations displaced by inter- and intraclan resource-related conflict, drought and political conflicts. The site is at Anod settlement in the Babile woreda, 60 km from Jigjiga town. As noted in the *IOM Site Assessment Report 5, 2020*, 51.4 per cent of the IDPs are female while 48.6 per cent are male, with a majority of them (21 per cent) aged from 18 to 59 years, followed by those in the 5 to 14 year age group, while 7 per cent, 6 per cent and 4 per cent were in the 15–17, 0–4 and over 60 age groups, respectively. The majority of the IDPs (90 per cent) in the Somali region prefer local integration, identifying lack of livelihood as the major factor preventing return. They identify economic opportunities followed by restoration of lost assets, access to services, social cohesion, and safety and security as key needs.

► Figure 2. Fafan zone in which the Qoloji IDP settlement is located



5 IOM, *Ethiopia National Displacement Report 5: Site Assessment Round 22 & Village Assessment Survey Round 5: June–July 2020*.

These populations were traditionally involved in livestock rearing and farming, but in the camps, besides food assistance, they depend on collection and sale of firewood and charcoal, casual labour and trading as the major sources of income. About 12 per cent of the IDP households own livestock, and less than 25 per cent of them have access to land for cultivation. During the FGDs, participants reported that some IDPs could get livestock gifts from relatives in other parts of the SRS, and a few of the better-off IDPs were engaged in livestock trade with operating hotels, restaurants and butcheries. Also, the livestock market in Anod provides opportunities for earning income through casual labour in the market, the slaughter and sale of meat and running small business such as restaurants and teashops in the market.

Kebribeyah and Anod host communities

As the SRS is the poorest and most conflict-affected region in Ethiopia, the host communities in Anod and Kebribeyah are also vulnerable, widespread poverty prevails (58 per cent of the region's population live below the poverty line),⁶ and they have insufficient access to basic services. The populations depend on livestock, which is a key productive asset — 70 per cent of the region's 5,451,000 population keep livestock, while the rest are engaged in subsistence farming. With most of the households growing food crops such as maize and sorghum on landholdings ranging from 2 to 4 hectares, 112,555 ha are cultivated, while 203,129 people in Kebribeyah own 935,800 livestock.⁷ Similarly, households in Anod (Babile) are dependent on agricultural production concentrated around the seasonal rivers (25 per cent of the population) and livestock (60 per cent of the population). Consequently, farmlands and livestock are by far the most important assets in both areas.

The presence of the refugees and IDPs has emerged as an important source of income for the host community. For example, Kebribeyah town acts as a market hub within the local area and is located in the trade network that links with Northern Somalia. There is a higher level of integration between refugees and host community in Kebribeyah compared with Qoloji IDPs and the Anod community. The members of the host community sell commodities such as livestock, meat, milk and firewood to the camps, and in or near the camps there are several non-refugee businesses. It is also common for the host community and refugees to partner to bring commodities for Wajale or transport livestock to Wajale, Hartasheikh and Jigjiga. Nevertheless, as the hosts can travel more easily through the region, particularly to Wajale, they are able to dominate the trading of livestock and other commodities compared with the refugees. Recently, a new livestock market was constructed adjacent to the refugee camp while the IDPs in Qoloji are served by the livestock market in Anod. As a result, in both locations, a vibrant livestock market exists, operating every day of the week except Friday in Kebribeyah and on Monday and Thursday in Anod. The *ILO Market System Analysis of Refugee Livelihoods, 2018*, highlighted the importance of sheep and goat trade for refugees and host communities in the Jigjiga area.

6 UNDP, *National Human Development Report 2018: Ethiopia* (2018).

7 Zaremba, *Multi-Sector Market Assessment in Fafan Zone, Ethiopia*, Save the Children (February 2018).

► Figure 3. Kebribeyah livestock market



Progress under comprehensive refugee response framework pledges and partners in Jigjiga

The Government of Ethiopia (GoE) launched the Global Compact on Refugees/Comprehensive Refugee Response Framework (GCR/CRRF) in November 2017, with regional launches in May and April 2018 in the five regions hosting refugees, including Benishangul-Gumuz, Gambella, Tigray, Afar and Somali. The refugee camps in Jigjiga area are one of the key areas for pursuing the GCR/CRRF.⁸ Of particular interest to the assessment was the pledge relating to work and livelihoods, including work permits, provision of irrigable land, work in industrial parks and provision of other work and livelihood opportunities. Ethiopia pledged to provide work permits to refugees with permanent residence identity cards within the bounds of the domestic laws, make available irrigable land to allow 100,000 people (among them refugees and local communities) to engage in crop production and build industrial parks where a percentage of jobs will be committed to refugees. According to the UNHCR, no work permits have been implemented in practice in Jigjiga and no actual concrete commitments have been made to make land available for farming for refugees and host communities, but this is expected with time.⁹ Nevertheless, numerous development partners invest in refugee and host community CRRF-related initiatives in the Fafan zone. According to the UNHCR's *Refugee Displacement Development Digest, Issue 1 of December 2019*, the region accounts for nine projects and programmes that have significant components ongoing or planned in the Fafan Zone (Table 3).

8 Details on the pledges can be found in *Government of Ethiopia, ROAD MAP for the implementation of the Federal Democratic Republic of Ethiopia Government Pledges and the practical application of CRRF in Ethiopia*.

9 UNHCR, 2020 Fafan Zone (Jigjiga Somali Regional State): *2019 Pledges progress report* (January–December 2019).

► **Table 3. Ongoing and planned programmes supporting the pledges**

Programme	Location/supporters	Duration/budget	Sectors
Jobs Compact: Economic Opportunities Programme and Employment Promotion and Protection	Larger parts of Ethiopia/Ethiopian Investment Commission, Industrial Parks Development Corporation, Ministry of Labour and Social Affairs (MoLSA), Ministry of Finance (MoF)	2017–2025/ \$550,000,000 by the World Bank and Department for International Development DFID UK)	Employment creation, industrial development, material relief assistance services
Development Response to Displacement Impacts Project	Afar, Benishangul-Gumuz, Gambella, Somali, and Tigray regions/Ministry of Agriculture, Ministry of Health, Ministry of Education, Ministry of Water, Irrigation and Electricity	2016–2021/ \$100,000,000 by the World Bank	Agriculture, education, health, WASH, cooperatives, renewable energy, infrastructure, rural roads, environment, livelihoods, irrigation
Building Self-reliance Programme	Refugee-impacted woredas in Afar, Tigray, Somali (Fafan Zone), Gambella, Benishangul Gumuz/ UNICEF and MoF, ARRA, UNHCR, numerous regional (local) governments, NGOs, private sector partners	2016–2020/ \$52,000,000 by DFID	WASH, health, nutrition, education, child protection, planning and inter- sectoral coordination
PROSPECTS Partnership	Somali and Tigray regional states/ with policy and capacity to federal level by UNICEF, UNHCR, ILO, IFC, World Bank	2019–2023/ \$50,000,000 by the Netherlands MFA	Livelihoods, education, protection
Regional Development Protection Programme	Main refugee-impacted woredas in Tigray, Afar, Somali and urban areas (Shire town and Addis Ababa)/Save the Children, Norwegian Refugee Council, International Rescue Committee, Danish Church Aid, Plan International and others	2016–2020/ \$33,000,000 by EU Emergency Trust Fund for Africa	Jobs and livelihoods, protection, access to basic services (education, water and sanitation and energy), capacity and coordination support
Strengthening Host and Refugee Population Economies (SHARPE)	Refugee-impacted woredas in Somali and Gambella regions/Development Alternatives Incorporated, local populations and government, Ministry of Agriculture (MoA), Ministry of Labour and Social Affairs (MoLSA)	2019–2022/ \$31,000,000 by DFID	Livelihoods: agriculture, livestock, fisheries, wood, etc., and aggregation
Stimulating economic opportunities and job creation for refugees and host communities in Ethiopia in support of the CRRF	Addis Ababa and refugee-impacted woredas in Somali and Afar regional states/UNHCR with Regional Durable Solutions Secretariat, World Bank with the Urban Job Creation and Food Security Agency, and Mercy Corps with Danish Refugee Council.	2018–2023/ \$22,000,000 by EU Emergency Trust Fund for Africa	Capacity and coordination support, protection, social protection, public goods, market-driven livelihoods
Qualifications and Employment Perspectives for Refugees and Host Communities in Ethiopia Programme	Addis Ababa, Somali, Benishangul Gumuz, Gambella, Tigray regions/ Ministry of Science and Higher Education, Federal TVET Agency, ARRA, Regional TVET Bureaus, other government actors, TVET Colleges, UNHCR, NGOs	2017–2022/ \$15,000,000 by BMZ and co-financed by Norwegian Agency for Development Cooperation.	TVET: improving facilities and quality training, tools and material, TOT, job orientation, entrepreneurship advice
Addressing Root Causes — Hope and Opportunities for People in Ethiopia	Addis Ababa, Tigray, Somali (Jigjiga/ Dollo)/ International Medical Corps, Norwegian Refugee Council, Plan International Ethiopia, ZOA with key government stakeholders	2017–2021/ \$10,500,000 by Netherlands' Ministry of Foreign Affairs	Work and livelihoods, services (education, WASH, psycho-social, health, legal, energy) capacity building and migration messaging

► Overview and update on the market dynamics of livestock sector

In this section, we start off with livestock market dynamics in the larger region and then focus on the Kebribeyah and Anod markets that serve the target refugees, IDPs and host communities, as well as the key functions along the chain. We also evaluate the situation of the target members engaged in the livestock sector within the context of COVID-19. Considering the importance of the small ruminant trade for these groups, more emphasis is given to this sub-sector.

The trade (sheep and goats, milk and meat) and the role of the target groups

Production and trade in sheep and goats are important factors in the local economy, as the livelihood zone is primarily based on sheep and goat production supported by small herds of cattle and camels. For the pastoral populations, livestock, meat and milk are the only commodities produced on a large scale in the region. The livestock producers rely on a network of markets, starting with local Kabele and woreda centres such as Kebribeyah, Harta Sheikh, Babile and Wajale, which are connected in varying degrees to regional markets that are servicing external markets, with particular demand from the Gulf States along with Kenya and Somalia and, to a lesser degree, other parts of Ethiopia. Figure 4 shows the distinct destinations or transit routes for cross-border livestock and commodities for the population of Somali region.

► Figure 4. The SRS main livestock markets and marketing routes

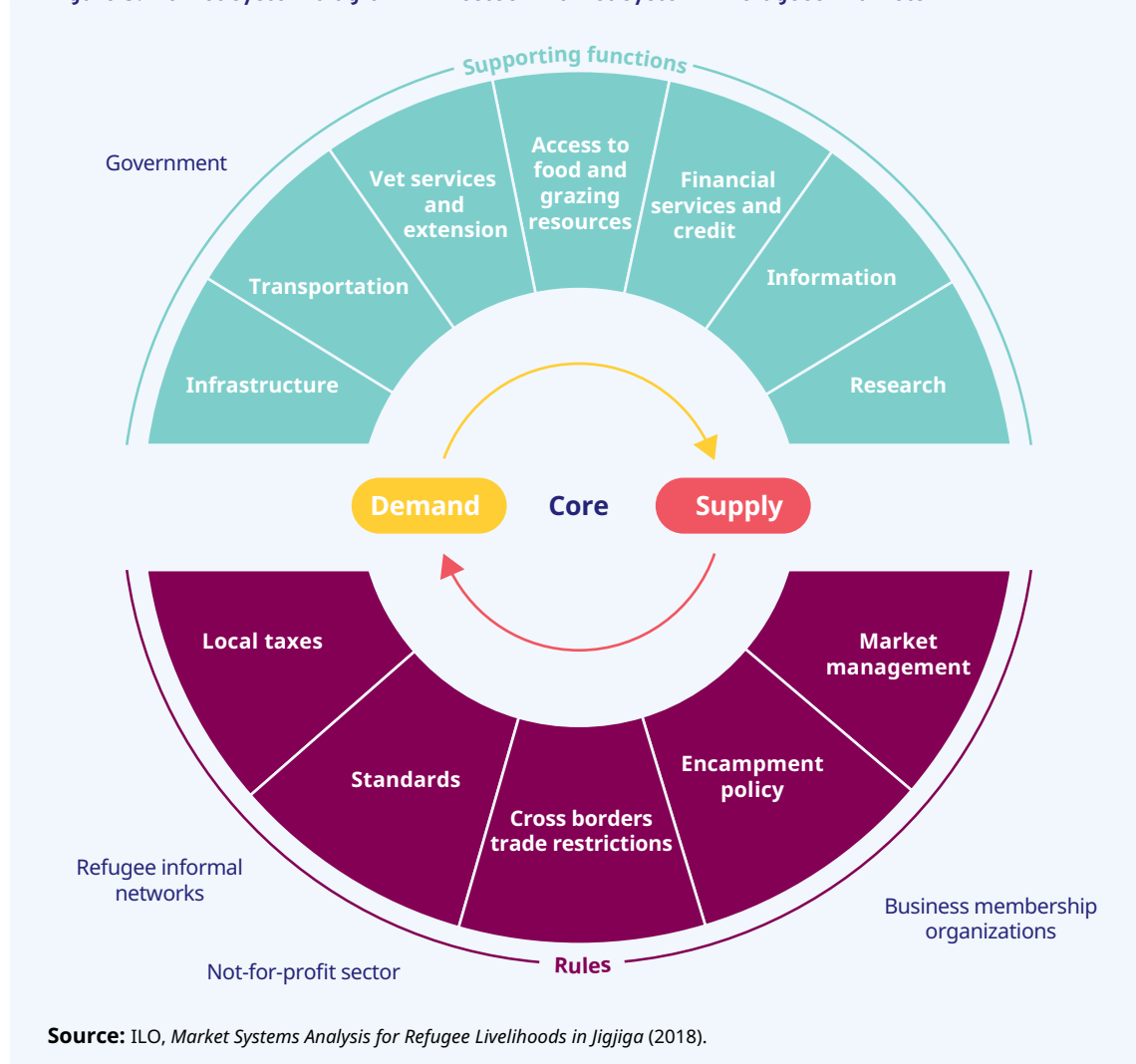


Source: From SCUK/DPPB livelihood baseline studies – 2001–2002. Foodstuffs, clothing and other household items would normally flow in the opposite direction as livestock trade.

Livestock market system – sheep and goats

The diagram below represents the livestock market system in the refugee markets in the SRS (Figure 5). The region is known for its huge livestock population potential, and livestock production and marketing are pillars of food security for pastoral households. According to the Central Statistics Agency of Ethiopia (CSA), 2013, the Somali region has about 23 million head of livestock (3.8 million cattle, 8.5 million goats, 9 million sheep and 2 million camels). The system relies on a network of markets, starting out at primary markets such as Cobasha, Godey and Degahbur, and then, depending on seasonal demand, trekked or transported to secondary markets such as Kebribeyah and Jigjiga and across borders to export markets. Below we discuss the market dynamics of the livestock sector, with a particular focus on the production and trade of sheep and goats, meat and milk, considering the importance of the market systems for the target populations.

► Figure 5. Market system diagram – Livestock market system in refugees' markets

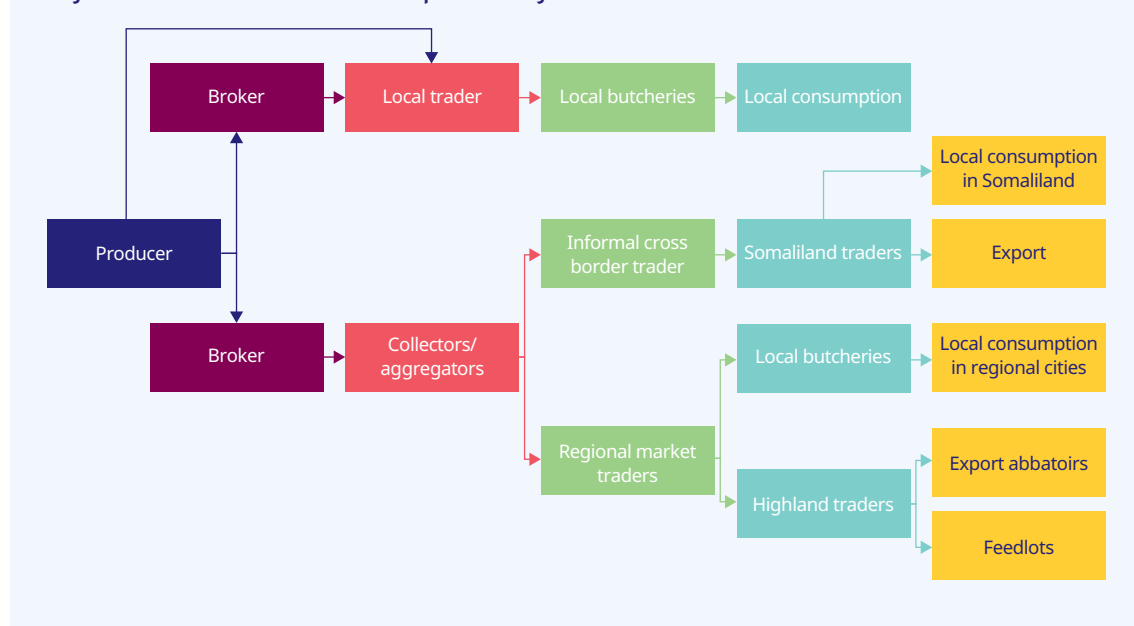


As indicated, both Anod and Kebribeyah have vibrant markets where livestock are traded and moved in different directions depending on the price dynamics and trader's networks. The participation of women in livestock value chains is influenced by several factors, including their access to capital; their skills, capacities and ability to organize; and constraints on their mobility.¹⁰ As a consequence their level of participation in the market was much higher in milk and small ruminant trade. Women are involved in the

10 Elizabeth Waithanji, Jemimah Njuki and Nabintu Bagalwa, *Women's participation in livestock markets*.

production of animals, the sale and processing of milk and other livestock products, and they play a significant role in buying and selling small ruminants, but not cattle and camels. With women predominating the trade, small ruminants are supplied by local producers including the host community, IDPs and refugees and from assembly markets in production areas brought by small scale traders. They are then sold mostly to two groups: local buyers who are purchasing animals for local meat consumption and/or restocking; and traders who take animals on to bigger markets immediately or after fattening. Occasionally, regional traders also visited Kebribeyah market to purchase small ruminants and trucked them to Jigjiga and other markets. In both markets, they sell a few camels for local meat consumption, with some of them being exported informally. Figure 6 provides a detailed schema of the livestock value chain map in the region.

► **Figure 6. Livestock value chain map in the region**



Based on information from the Marketing Division in the Livestock Resources and Pastoral Development Bureau, with the vibrancy of the markets depending on the season and their location, Kebribeyah, which operates 6 days a week, was larger because of its links with the cross-border markets of Hartasheikh and Wajale and to Jigjiga, compared with Anod that operates two days a week and is linked to Jigjiga market (Table 4).

► **Table 4. Livestock volumes traded and prices in Kebribeyah and Anod markets**

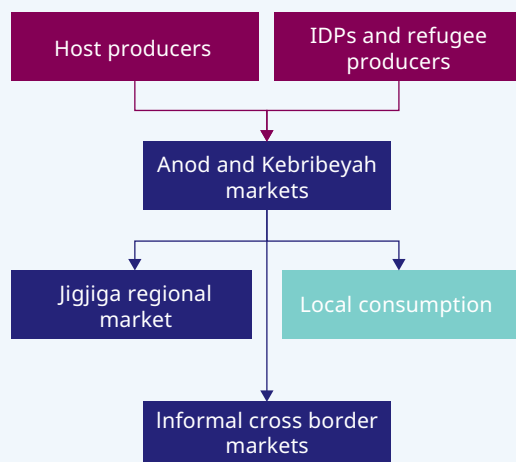
Species	Volumes and average prices*					
	Kebribeyah		Qoloji		Jigjiga	
	Prices ETB	Volumes	Prices ETB	Volumes	Prices ETB	Volumes
Sheep	1,600–1,800	150–200	1,200–1,400	40–50	2,500–2,800	200–300
Goats	3,500–4,000	100–200	2,200–2,400	90–100	4,600–4,800	300–350
Cattle	14,000–15,000	20–30	12,00–14,000	30–35	20,000–28,000	150–200
Camels			14,000–15,000	450–600	27,000–37,000	140–200

*The prices vary with the location of the market, market volumes (determined by season) and festivities.

As shown in Figure 7a, the animals (mostly small ruminants) moved from Anod and Kebribeyah to Jigjiga market are either consumed locally or sold to traders who move them to Wajale, or highland traders who buy older animals for local consumption in Nazareth and surrounding areas, and younger animals sold to export abattoirs in Modjo. Those animals moved to Hartasheikh and Wajale are traded across borders and

informally exported to Somaliland. Demand and prices peak for approximately two and a half months between the end of Ramadan and the start of the Hajj season in a year when exports occur through Somaliland (Hajj accounts for 70 per cent of annual exports), dropping towards the end of the dry season because of weight loss and other factors. Locally, demand and prices are also affected by festivities including Ramadan and Eid, and the Ethiopian Orthodox fasting season.

► **Figure 7a. Flow of livestock to markets**



► **Figure 7b. Livestock trade corridors between Ethiopia and Somalia**

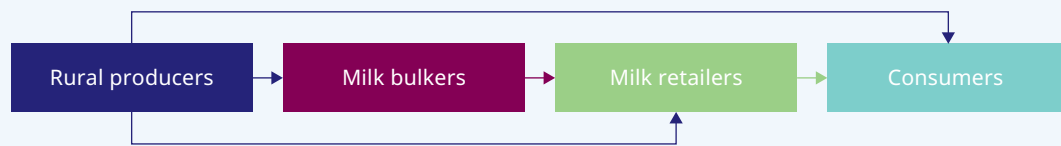


Meat and milk trade in Kebribeyah and Qoloji settlements

Meat and milk are among the most popular products in the refugee markets. At each market, animals are sold to butchers, hotels and restaurants to meet local demand for meat. However, the markets are poorly organized, fragmented and poorly managed (most slaughtering is in the open), with low standards of production and slaughter. The standards in hygiene and handling and extraction of value are low, as the slaughter practices are unsophisticated and lacking infrastructure, skills and legal framework. The value of milk (mainly from camels and small ruminants) is being driven by the increasing demand from the growing population in urban centres such as Jigjiga. A recent study estimated the annual value of milk in the SRS at EBR13.3 billion (€409 million). While the key informants and market actors indicated that there is an upward trend in milk production and the commercialization driven by the growing population, increasing incomes and sedentarization of the population, the milk trade is restricted by several constraints in the market system related to access to feed and fodder, animal health and extension services, financial services and infrastructure.

Starting in production areas, the value chain involves several market actors, including pastoral producers, rural and urban assemblers, wholesalers, milk market cooperative, private processors, retailers and consumers. Women are the primary actors in the milk trade; they aggregate the milk from production areas and send it to agents in the terminal markets (Figure 8), retailing at ETB50–60 per litre, which was considered fairly good by most of the market actors. While the refugee and IDP settlements provide a large demand for milk that is met by refugee and IDP women entrepreneurs, most of it is transported to Jigjiga market. The women entrepreneurs sell directly to consumers in small volumes, having bought larger volumes from producers and milk bulkers. The sales mostly occur in open containers with poor sanitation, and most of the time they expose the milk to high temperatures, which leads to rapid quality loss.

► Figure 8. The milk value chain



As with milk, the IDP and refugee camps provide a large demand for meat markets. Meat sellers (butcheries), hotels and restaurants purchase livestock from Anod and Kebribeyah market and slaughter the animals for local consumption. Slaughter is carried out on slaughter slabs and in the open, and in most cases the meat is not inspected. The meat is then transported by wheelbarrow and donkey. Slaughter and marketing occur under poor standards of hygiene, and distribution is through informal channels. Data on the number of slaughters is limited, but meat consumption levels are still low because of low incomes among the population. They are expected to rise as the population and incomes increase. Estimates during the assessment showed that the numbers increased on the market days. For example, two camels were slaughtered on each of the market days in Qoloji, while about 4–6 small ruminants were slaughtered on the other days. In Kebribeyah, slaughters were estimated at 2–3 camels per week and 60–70 for goats per day, with the prices of meat ranging from ETB320 to 350 per kg. Women in Qoloji purchased meat and processed it into *colob*, fried meat in oil and sold to customers having ceremonies such as weddings.

Women and refugee entrepreneurs, their roles and constraints in the livestock trade

During the focus group discussions (FGDs), participants indicated that refugees, IDPs and host communities have similarities in terms of engagements in formal and informal employment, though the situation is more difficult for refugees because of legal barriers and restrictions, and for the IDPs because they have lost most of their assets, lack skills and have limited access to capital. Though humanitarian assistance plays an important role in the livelihoods of the local populations, the refugees have largely diversified their income sources compared with the host community and IDPs who are reliant on farming and livestock keeping, and humanitarian assistance respectively; only 34 per cent of the refugee population in Fafan zone report the WFP assistance as their primary source of income. The refugee and IDP settlements generally have a higher population of women than men, and across all the three categories of target populations, it was observed that livelihood activities are highly gendered, with women taking part in retail trade, vegetables, hotels and restaurants and in livestock markets, especially production and trade in sheep and goats and milk, and in fodder markets. As for decision-making, women make the decisions related to family expenditure and the business they run, with their income spent on their family to buy food, education, healthcare, clothes and other essentials.

In the livestock trade, women act individually or as cooperatives buying animals from primary markets and aggregating and then selling them in Jigjiga, Hartasheikh and Wajale markets. While most of these cooperatives were from the host community, respondents indicate that there were groups that involved both host and refugee women. For example, in Kebribeyah alone, there were 40–50 women traders, mostly from the host community, and a few refugees who were moving animals from primary markets in the region such as Kebribeyah to Jigjiga livestock market. By working as a cooperative or together as a group, the women traders can better organize the transportation (trekking and trucking) of animals to markets. Also, these small-scale traders are very important in aggregating animals from several markets, increasing the efficiency of the supply chains. As noted by a highland trader in Jigjiga market, women traders were good at aggregating animals from supply markets, hence he didn't need to compete with them in the primary market but could wait in Jigjiga market where he could buy animals of adequate quantity and quality. Some women also buy animals from the market, keep and feed them for a few days and resell them in the same markets, making a small margin of ETB200–300 per animal. Asked about the constraints facing them, they highlighted access to credit to expand their business, management

constraints for cooperatives and low business acumen were some of the challenges. Furthermore, though livestock trade can yield high incomes for those involved, it is also highly risky. Some of these risks include drought and diseases, livestock bans because of disease outbreaks, and confiscation by cross-border authorities as they attempt to formalize the trade.

In the market system, refugees act as producers, butcheries, hotel and restaurant operators who purchase small ruminants for slaughter, and consumers of livestock and livestock products. Refugee and IDP traders provide connections between the camp economies and wider national markets, which provide them with trading opportunities and exchange with the host community. However, because of restrictions around travel, most of the refugee traders act in the local markets, and with no formal identification they face challenges not only with access to credit but also to banking services and business registration. As for the IDPs, as they lost most of their assets during displacement, it is difficult for them to start a business. Also, few of them had identification documents, and without assets, they cannot meet the requirements of banks and microfinance institutions. However, with a background of livestock keeping and less restriction of movement, they were able to travel between primary, secondary and terminal markets to buy and sell livestock or provide services such as herding and trekking. For example, a few of the IDPs could go to Cobasha market to buy animals or trek them to Anod or Jigjiga markets.

The importance of cross-border trade and the impact of the COVID-19 pandemic

Cross-border livestock trade is the lifeline of the herders and other inhabitants of the SRS and feeds into the Berbera and Bossaso corridor, linking the Horn of Africa to the Middle Eastern countries. The annual value of cross-border trade with Ethiopia is estimated at approximately US\$25 million (Somalia), US\$9 million (Kenya), US\$16 million (Sudan), and US\$10.5 million (Puntland). It is estimated that 65 per cent of livestock exported from Berbera port in Somaliland originates in the SRS. As shown in Figure 6b, while Hartasheikh and Wajale markets play an important role in the supply of sheep and goats to Berbera, Warder market supplies Bossaso or directly to Galkayo, Puntland. Before the conflict, Babile was also an important market that supplied animals to cross-border trade. It is important to note that these cross-border corridors pass through the major refugee camps in the Somali region, providing a good opportunity for refugee traders who can engage with the cross-border traders.

COVID-19 was declared present in Ethiopia on 13 March 2020, and the Ethiopian authorities implemented a series of prevention measures. The government declared a national state of emergency on 8 April 2020. At the height of the pandemic, an assessment of the economic impact of COVID-19 in the Somali region found that in five distinct areas, 75 per cent of the households had reduced their food consumption, 61 per cent of the loan repayments due in April were delayed, average sales by retailers of essential goods had fallen by 52 per cent, the demand for livestock had collapsed, and 95 per cent of the enterprises reported a reduction in profits. The COVID-19 pandemic also resulted in the suspension of the 2020 Hajj season, a time for high livestock exports — the season accounts for 70 per cent of annual small ruminant exportation. The demand for livestock collapsed because of border closures, transportation challenges and disrupted festivals. This resulted in declining prices and diminishing mobility affecting the remaining livestock producers and traders. Milk collection transportation costs have increased as a result of restrictions on passengers per vehicle, leading to higher prices for consumers, and a resulting decrease in the quantity demanded.

A study on the rapid assessment of the impact of the COVID-19 pandemic, including the restricted Hajj 2020, on livestock exports from Somalia and neighbouring countries, and implications for Department for International Development (DFID) Somalia programming, in which the author was involved, found that although COVID-19 restricted hajj sales, domestic and alternative export markets are still functioning — albeit with a significantly reduced volume — and as a result, prices have remained reasonably buoyant during the Hajj season. Coupled with fairly good rains, grain prices could be kept low so that the impact on those growing crops in rural communities has been relatively small. In the Somali region, some animals were sold through the domestic markets and some exported through informal channels via Somaliland and Puntland to destinations such as Oman, Yemen and United Arab Emirates. These alternative markets cushioned larger traders and exporters, while pastoralists had adequate pasture and water for the unsold

animals. There were, however, inevitable costs for herding and livestock medicines. At the time of the current assessment, market actors reported that the markets were responding well to the impact of the pandemic and volumes were getting closer to the pre-pandemic period.

Access to supporting functions and rules governing livestock market system

We looked at several functions — the services, input, and infrastructure — that support efficient market operations and regulations governing the sectors including those related to governance of informal cross-border trade and taxation, and informal fees in the market and trading routes. As detailed below, most of these functions were weak or non-existent and constrained the smooth operation of livestock trade in the region.

Access to supporting functions

The most important supporting functions in the sector are access to rangeland, feed and fodder, animal health services and extension, financial services and credit, market infrastructure and information, and the operation of the JESH, a facility that significantly increased livestock offtake and marketing in the region.

Access to rangeland, feed and fodder. For the host community members, access to grazing resources was from individually owned farming areas and communal rangeland which was free, though inadequate. The availability of pastures peaked during the rainy Gu season (April–June) and the Deyr season (October–December) and declined in the drier Hagaa (July–September) and Jilaal (January–March) seasons. For these households, crop residues supplemented access to the rangeland. However, although IDPs and refugees accessed “free” rangeland, these areas were poorly managed, and grazing scarcity, livestock diseases and lack of market facilities were identified as the main factors affecting these livestock keepers.

In the markets, fodder (crop residues and some grasses) was only sold to traders in Jigjiga markets, retailing at US\$0.5–2 per bundle (Figure 9). The fodder markets were limited by lack of input, technical skills in production, harvesting and marketing, and restricted access to storage and technologies for conservation, leading to the deterioration of quality. Some refugee producers leased land from the host community to graze their animals, sometimes engaging refugee herders to look after them.

► Figure 9. Fodder sold in Jigjiga market



Animal health services and extension. From discussions with veterinarians at the Jigjiga Regional Veterinary Diagnostic and Research Laboratory, the only referral laboratory in the region, livestock diseases including *Peste des petits ruminants* (PPR), contagious caprine pleuropneumonia (CCPP), sheep and goat pox (SGP) and camel pox are endemic in the region, causing annual mortalities of 15 per cent in goats, 10 per cent in sheep, 8 per cent in cattle and 8 per cent in camels. The access to animal health services, which are integral part of livestock production to limit the impact and spread of diseases, is low, depending on seasonal vaccination and treatment by the Livestock Resources and Pastoral Development Bureau and a few service providers such as private veterinary pharmacies and community animal health workers (CAHWs). The government conducts annual vaccinations with the support of the NGOs, but coverage is generally low; Government Health Posts provide treatments. Veterinary medicines (anthelmintic, antibiotics, trypanocidals drugs) are among the most demanded products and vaccines, but their availability is poor. The Research Laboratory, the College of Veterinary Medicine at Jigjiga University and the SoPARI are all engaged in research, but for most it is not available to local producers. As livestock-keepers obtain products from these informal sources that stock medicines which can be substandard or counterfeit, depending on their origin, there is some concern about the products used on livestock. The situation is worsened by the inadequacy of animal health professionals in both the public and private sectors to provide animal health and advisory services. As a result, in most cases livestock producers and traders attend to their own animals, purchasing drugs of suspect quality from rural shops and administering them without due consideration for diagnosis or dosage.

Access to financial services and credit. In rural SRS financial services are limited in terms of coverage and diversity. Though there has been a noted increase in the number of microfinance and mobile money transfer services, microlending is still low in the region and non-existent for IDPs and refugee populations. A few banks that provide personal banking services, the largest microfinance company, Somali Microfinance (SoMFI) that provides personal banking services and shariah compliance loans, and three mobile money transfer services, Hello Cash operated by SoMFI, E-Birr supported by Oromia Cooperative Bank and Sahay operated by Rays Microfinance, are available in the major towns. Anod does not have branches of any of the local banks, but it is covered by agents of Hello Cash, Sahay and E-Birr, and Kebribeyah has two banks — the Commercial Bank of Ethiopia (CBE) and Wegagen Bank — plus a branch of SoMFI and agents of Hello Cash, Sahay and E-Birr.

The CBE has the biggest presence in the Somali region, with district branches, though services are largely limited to foreign exchange, money transfer and savings. The CBE has started opening bank accounts for heads of refugee households in Kebribeyah; there were 2,262 of these by the end of 2019.

Nevertheless, the bank has not started credit services for refugees and is currently working on this matter. The SoMFI is the main provider of mobile banking in Somali Regional State (through their Hello Cash brand, in partnership with the technology platform provider Belcash Technology Solutions), though several commercial banks also offer mobile banking services. It provides financial literacy training to host communities to increase the uptake of their products, and with Hello Cash, they provide business skills training to agents before they are registered to provide banking services.

Nearly all the traders interviewed said that they sourced their financing informally from relatives, friends and associates and reported that they were prevented from purchasing more animals by cash flow and lack of financial services. Asked about the formal sources, they indicated that the SoMFI was providing shariah compliant loans, but they could not meet the conditionalities of the loans that included collateral or savings to access the banking system. Financing for livestock trade was more constrained, as the business was unstructured and considered high credit risk. Considering their diaspora links, refugees have access to informal financing mechanisms including remittances from friends and relatives abroad. To a lesser extent, refugees can also access NGOs grants that support livelihood activities in the camps, but most of these grants are for skills areas for which there is limited market information, follow-up support, and in which the competition was too high.

Another constraint with financing was related to challenges in getting cash from the bank following a recent currency change. There was a ceiling on how much one could withdraw cash per day — ETB5,000 for personal accounts and ETB50,000 for business accounts. This limited the number of animals one could purchase per day, as most of the producers preferred cash payments over mobile money transfer. To

ease the trade, brokers were guaranteeing the traders, especially the highlanders, to arrange payment later when cash was available. Similarly, the mobile money transfers have a daily transaction limit — up to ETB8,000 per day.

Market infrastructure and information. While the recently constructed livestock market is in excellent condition, with holding pens for different livestock species and shade for traders, the livestock market in Anod is open-air with no fencing, trading shades, and no water or sanitation facilities. Some existing infrastructural challenges related to markets include lack of loading and unloading ramps, water provision, poor road networks, feedlots, transport vehicles, holding grounds, resting stations, ramps for loading livestock onto ships and veterinary inspection stations. As for market information, although Kebribeyah, Qoloji and Anod have broadband and 3G connectivity, which enable the provision of mobile livestock market information, producers and market actors are reliant on informal sources of information, mainly other producers, relatives in the towns and other market actors, and for brokers to facilitate the sale of animals. The Livestock Marketing Division collects market information from markets across the region, but the information is not transmitted to the market actors.

Jigjiga Export Slaughterhouse. The JESH was established in November 2011 by private entrepreneurs who received a financial subsidy from USAID to cover part of the investment costs. With a production capacity of 200 large ruminants and 2,000 small ruminants per 8 hours working shift, the facility was producing deboned beef and carcasses of small ruminants (sheep and goats). Hides and skins were also produced for domestic tanneries. At the time of the rapid assessment, the facility was closed, and it was unclear when it will re-open. Mercy Corps was working with management of JESH to conduct a comprehensive business review of the facility, its viability and performance. From the discussions with the management, it was found that the facility is facing a number of challenges including repayment of the loan borrowed from the CBE, competition from other export abattoirs that are closer to Addis Ababa, competition from informal cross-border traders, management challenges and conflicts, and insecurity preventing the smooth movement of carcasses for export from Jigjiga to Addis Ababa.

Where are the supplies that the JESH was taking going? Luckily for the livestock market actors, the closure of the JESH coincided with the period when changes occurred in the leadership of the SRS, following which the region attracted investment from the diaspora, resulting in a new economic potential in the region. Local demand for livestock and livestock products increased, and with the easing of tensions, even cross-border trade restrictions were relaxed. Even though livestock movement for trade to other parts of Ethiopia slowed down, some highland traders continued to buy animals from the Somali region, and their numbers increased as conflict subsided. The local markets could therefore adjust the supplies with animals moving to alternative markets. It must also be noted that as the last seasonal rains in the Somali region were good, the pastoralists' need to sell animals was reduced. The COVID-19 pandemic also affected livestock markets, with the Hajj season being restricted, as discussed above.

Ethiopia has several feedlots around Modjo, and halal-certified export abattoirs including Helimex, Elfora, Modjo, Luna, Organic, Abergelle, Halal, Abyssinia and Ashraf, among others. These feedlots and abattoirs purchase livestock from secondary markets, either through their own purchasing agents or from traders and occasionally from cooperatives using scales, with the prices set by the abattoir management. While local traders in the SRS had limited connection with the export abattoirs, some highland traders who supplied these facilities visited the markets, especially at Jigjiga and Cobasha. The highland traders said that they depended on women traders who aggregated animals from smaller primary markets in the region to supply them. Other studies have shown that most of the small-scale traders and cooperatives have limited understanding of the export market requirements, are unable to supply adequate quantity in timely fashion and to meet contract terms. Considering that Kebribeyah market is an important aggregation market supplying both Jigjiga regional market and the informal cross-border trade, it presents an opportunity to work with market actors in increasing the reliability of supply and quality of animals. Therefore, organizing the livestock market will facilitate aggregation of livestock for bulk sales to the traders linked to the feedlots and export abattoirs, who travel to the regional markets to purchase large numbers of animals at any one time.

Rules governing the livestock market system

As discussed below, there are several constraints in the enabling environments, including taxation and informal fees, policies and regulations related to the formalization of cross-border trade and weakness in the trader associations and cooperatives.

Taxation and informal rules. Livestock markets generate substantial revenue and provide employment for large numbers of people in the region. Livestock markets are subject to taxation by local authorities as well as formal and informal fees along the transportation routes, all of which are passed over to the producers in terms of lower prices paid to them. Also present in the market are animal health professionals who conduct disease surveillance, and livestock market data monitors who collect market volumes and prices and transmit them to the marketing division of the Livestock Resources and Pastoral Development Bureau. In Anod market, the brokers charge ETB50 for small ruminants and ETB500 for cattle and camels, and the local authorities charge a fee of ETB50 per animal sold, whereas in Kebribeyah the brokers charge ETB50 per small ruminant and ETB400 for cattle, and the local authorities charge a tax of ETB20 and ETB100 for small ruminants and cattle, respectively. Also, traders moving animals to Jigjiga market incurred an additional tax of ETB10 for small ruminants besides transportation costs of ETB25 per animal.

Policies and regulations. The two important regulatory issues affecting livestock markets relate to cross-border trade and mobility for refugee market actors. As most of the cross-border traders occurs informally, the GoE is redirecting the flow from informal cross-border trade to formal channels, in order to minimize the loss of public revenue and foreign currency. According to the estimates of key regional officials and key informants who have been involved in cross-border livestock trade business for many years, 70 per cent of cattle, 30 per cent of camels and 99 per cent of small ruminants that cross the border are traded informally and unofficially, outside the formal channels. However, the informal cross-border trade is illegal and subject to restrictions and confiscation of livestock by the Ethiopian Customs Authority, with multiple and sometimes illegal taxation and harassments in the marketplaces and on the trade routes. Apart from these restrictions, though some progress has been made in issuing identity cards to the refugees, their travel to other markets such as Jigjiga is still subject to approval and issuance of a pass permit by the Agency for Refugee and Returnee Affairs (ARRA). Such restrictions on movement confine the refugee traders to local markets and exacerbate the exclusion from important markets.

Relationships between refugees, IDPs and hosts, and the existence of cooperatives. As indicated earlier, women traders usually operate either informally as a group or as a cooperative that buys animals to sell immediately or after fattening. These formal associations are more common among the host community compared with IDPs and refugees. However, there have been reported instances where refugees and host community entrepreneurs work together, and in Kebribeyah, because of the close relationship between them, a host entrepreneur may sometimes obtain a licence for a refugee trader. While some cooperatives with both refugees and host community were said to exist, some of those registered as refugees and IDPs were from the host community, and kinship ties exist between these different groups. As noted by an informant from the Jigjiga University Institute for Migration Studies, “the refugees and IDPs are already integrated, they use most of the facilities such as schools and health centres together, and what they need is just a little freedom to move around and engage in business and other livelihood opportunities”.

Key entry points for ILO’s market-based interventions

The market assessments and the GIZ-funded project have already provided for market-based interventions to be implemented under PROSPECTS. Through them, we have established contacts with market actors, shared ideas, brought people into the process and in so doing have gained some buy-in from stakeholders who are indispensable in interventions under PROSPECTS. In the current assessment, we have identified additional entry points for the potential “push” interventions to develop the skills and capacities of the target group, and “pull” interventions to develop sectors and value chains with the potential to expand

and diversify market opportunities. By working with actors such as the ARRA, refugee representatives, local authorities and development partners that are pursuing the GCR/CRRF pledges related to work and livelihoods in the Jigjiga area, the entry points for the push intervention include:

- ▶ working with the ARRA and local authorities to facilitate the right of movement and identification cards for the target group entrepreneurs to pursue livelihood-based opportunities, such as sourcing livestock from primary markets within the region, moving animals to terminal markets;
- ▶ working with financial service providers such as CBE, SoMFI and other microfinance in facilitating financial inclusion and access to credit for the target group entrepreneurs, as engagement in the livestock markets will depend on an individual's assets;
- ▶ working with the public service providers such as Kabele animal health services, SoPARI, and TVET and the Cooperative Promotion Agency to facilitate training and advisory on housing, feeding and managing small ruminants, and to provide extension services such as small-scale fattening, nutrition and opportunity identification so as to increase their productivity;
- ▶ implementing “pull” interventions related to end markets and linkages such as working with the feedlots and export abattoirs entry into livestock markets in the SRS, by facilitating business to business linkages with local traders in the region and facilitating exposure visits for them.

It is expected that with the “push” interventions, as target groups invest in productive activities, viable markets will be created attracting private sector actors such as feed providers, animal health services and private veterinary pharmacies. They will also lead to an increase in productivity, enabling them to bring surplus animals to market. The “push” interventions will be implemented alongside “pull” interventions, to strengthen the market potential for livestock and livestock products. Furthermore, while these are being produced and marketed, there is need to better organize the market and link the target entrepreneurs with better opportunities. The entry points for these interventions are:

- ▶ helping the target group entrepreneurs to organize collectively (and through cooperatives) to save, access services such as financing, and to aggregate more animals from the rural market;
- ▶ building alliances between the IDPs, refugee and host community traders to increase the competitiveness of the livestock sector and help them to access more lucrative markets such as feedlots and export abattoirs;
- ▶ facilitating access to business skills and credit for the target group entrepreneurs to engage in better organization of their market and the aggregation of livestock, and to incentivize the regional and cross-border traders with bulk sales;
- ▶ creating awareness about the opportunities and facilitating linkages with regional and cross-border traders and other market opportunities such as export abattoirs in Modjo and domestic demand in Addis Ababa;
- ▶ improving market infrastructure for aggregation, water, feeds and input;
- ▶ facilitating the dialogue between the government and actors and formulating appropriate strategies to suitably maximize the benefits of the system, minimize the losses and result in a win-win situation for all actors in the value chain, considering the importance of informal cross-border trade to the local economy;
- ▶ involving the local authority, governmental and refugee/IDPs/host community representatives across all the intervention areas, educating these actors to help them understand what market-based development is about, as they have always worked with an aid system that provides emergency assistance;
- ▶ helping to strengthen the aggregation and milk storage system to meet demands for milk: facilitating access to storage and cooling facilities will ease the aggregation from production areas, which will then be linked to the milk processing plant in Jigjiga.

Conclusion and recommendations

The importance of livestock markets for the economy of refugees, IDPs and host communities is clear, and potential opportunities exist for addressing the challenges in the structure and functioning of the market system to increase the supply of livestock to markets. The constraints in the value chains start with the supply derived from non-market-oriented producers that are widely dispersed in remote areas. While the access to input and skills to supply animals of adequate quantity and quality is limited at producer level, the small-scale traders, mainly women traders or cooperatives who help aggregate livestock from primary and secondary markets (and help address constraints of quality and quantity), have a limited capacity to buy more animals because of low capital, and lack the business acumen to grow their business to a profitable enterprise. The multiple levels of taxation and informal fees and the restriction on cross-border trade add to the already high costs of taking livestock to the markets. While the JESH is closed, market actors will need to develop linkages with other market actors; unfortunately, the markets are not well organized, with low aggregation, an impediment to scale and for attracting regional or cross-border traders to increase the number and variety of buyers available, thereby increasing their options and bargaining power. As for the refugee traders, they face additional constraints related to mobility, low skills and business acumen, limited access to banking services and credit, and business registration that creates challenging work and living conditions. The IDPs, though aspiring to integrate, have lost most of their assets, and although the most skilled in livestock, they have limited business skills, some have no identity cards and are excluded from banking, credit and other services.

Despite the challenges, livestock markets have potential to create economic opportunities for refugees, IDPs and host communities. The opportunities identified in the evaluation of the GIZ project including: 1) working with local partners such as the Livestock Resources and Pastoral Development Bureau, the Bureau for Agriculture and the SoPARI, to facilitate training and advisory on housing, feeding and managing small ruminants; 2) working to expand veterinary assistance through the Kabele animal health services; 3) improving access to fodder, fattening services and grazing resources, with a focus on stall grazing practices to mitigate land-related conflict are still relevant. In fact, the moment is opportune to build on the interventions, because with changes in the leadership in Somali, the region is recording improvement in economic conditions; progress is being made regarding the implementation the GCR/CRRF pledges which will accord refugees more freedom and access to services; and with increasing number of partners supporting the pledges with interventions, some of which are market-based, there is an opportunity to leverage and work together on a common strategy to boost local livestock markets. In the following section, we discuss recommendations and interventions that PROSPECTS can pursue to build on the GIZ project and other opportunities in the region.

► Recommendations

In the BMZ-funded pilot project, the ILO made investments in strengthening the resilience of refugees and host community herders in the local value chain. There is qualitative evidence that the interventions of the project 'Promoting livelihoods of forcibly displaced persons and host communities in Jigjiga (2018–2019)' led to improvements in how markets were functioning sustainably for host and refugee communities, offering an opportunity to learn and on which to build. We recommend that PROSPECTS build on the existing investments, continuing to integrate the push-pull approach that seeks to work with both the demand and supply sides of the labour market. However, it needs to be cognizant of contextual changes in the region, including progress made under the CRRF related to work and livelihoods, changes in political context of the SRS, the closure of JESH, and the impact of the COVID-19 pandemic on the livestock sector.

Even with the pledges, refugee-led enterprises continue to face barriers in running formal businesses and engaging in trade, especially freedom of movement. As partners continue to support the acceleration of the pledges, of particular importance is the gradual phasing out of the limitations of encampment, which is key to the economic empowerment of both refugees and host communities. Considering that livestock trade is dependent on mobility, with ease of movement refugee traders will be able to access primary and terminal markets, rather than depending only on their local livestock markets. These enterprises will also require support in business incubation, enhanced market-based opportunities, and help with access to credit. Also, considering that the livestock sector, on which the local economy is dependent, is linked to cross-border trade with Somalia, market-based interventions should recognize this reality and work with local authorities in easing policy and legal constraints on cross-border trade to greatest extent possible while remaining compatible with security. There is, therefore, a need to facilitate the dialogue between the government and actors and to formulate appropriate strategies that would suitably maximize the benefits of the system, minimize the losses and result in a win-win situation for all the actors in the value chain, and contribute towards the growth of the economy of local, regional and national households. Also, as several development partners invest in refugee and host community CRRF-related initiatives, some using market-based approaches, there is a need to recognize and map the involvement of the aid sector in the local market and to seize opportunities where humanitarian initiatives can complement market systems development.

As noted in the ILO's *Evaluation of market systems development interventions for refugee and host communities in Jigjiga, Ethiopia 2019*, improving host community markets is key, considering that these markets are used by host communities, refugees and IDPs alike. It is, therefore, important to carry on adopting a two-pronged strategy, as is the heart of the AIMS approach: working to strengthen local host community market systems and value chains ("pull") and simultaneously enabling refugees (and host communities) to seize the economic opportunities that ensue from better functioning local value chains ("push"). As PROSPECTS builds on the GIZ-funded project, 'Promoting livelihoods of forcibly displaced persons and host communities in Jigjiga (2018–2019)', the following interventions will need to be prioritized.

- **Support for viable access to capital and financial inclusion.** As the access of refugees to the relevant documentation is eased and regulatory restrictions for procuring formal banking are relaxed, there is an opportunity to work with financial service providers in designing products and modalities for expanding the access of refugees, IDPs and hosts to capital. As reported, the CBE has started opening bank accounts for the heads of refugee households, and SoMFI has developed shariah-compliant loans and financial literacy training to host communities to increase the uptake of their products. However, considering that even with these products, IDPs, refugees and poorer host households will face challenges in fulfilling the conditionalities for accessing credit, working with these partners on the development of realistic collateral, repayment structure and other support will be required. There will also be a need to create awareness of the emerging opportunities among both the lenders and the target population. Considering the regulatory constraints on refugees, it will be better to focus on support for the mixed cooperatives (host/refugees) to access financial services.

- ▶ **Continued support for market organization and linkages.** As highlighted by the women traders who were aggregating livestock, it is clear that with better organization of the IDP, refugee and host markets, they will be able to attract regional traders. Also, organizing market linkage trips for the actors in the target markets to live animal exporters, fattening unit operators and export abattoirs will improve access to different markets, increasing the number and variety of buyers available, and thereby increasing their options and bargaining power. This will require not only the facilitation of aggregation and bulk sales to regional traders, and improving the linkages between the traders in the target markets and regional and cross-border traders, but also better access to credit for these groups so they can buy and aggregate more animals. Aggregation of livestock will also act a push for the nascent fodder markets, as with an increase in the number of animal markets, the demand for feed and fodder is expected to increase. Though the regional and cross-border traders have taken up the supplies that used to go to JESH, there is an ongoing review of JESH's capacities, management and structure, with the possibility of reopening the facility. It will be important for PROSPECTS to keep abreast of such development, as it will present an opportunity to work with JESH and incentivize it to work with the target group traders. In the absence of JESH, regional market actors, cross-border traders and highland traders who supply feedlots and export abattoirs should be prioritized for linkages with the refugee, IDP and host community market actors.
- ▶ **Improvement of market infrastructure and information access.** Creating thriving markets requires adequate infrastructure. Although Kebribeyah has a newly established market, some of its facilities are inadequate — it lacks water and sanitation facilities — and the Anod market is an open-air market with no facilities. Also, considering that the Marketing Division of the Livestock Resources and Pastoral Development Bureau collects market information from several markets in the Somali region, working with them to make this information available to target market actors will help them in critical decision-making. The structures within the IDP and refugee camps such as the Refugee Central Committee can act as multipliers of information to disseminate information on market opportunities that incentivize animal aggregation and improved market organizing. In addition, lobbying and partnering with local authorities in streamlining taxation and reducing multiple levels of taxation and informal fees will ease the burden on the livestock market actors.
- ▶ **Improvement of access to skills for husbandry, animal health and fattening.** Alongside business skills, credit, market organization and linkages, the market actors will need additional services, input and skills for them to grow and make their enterprises profitable. For example, the capacity of the women cooperatives in business management and herd health will need to be improved to help strengthen their abilities to compete within the livestock value chain. Considering the impact of diseases on productivity, and the need to add value to livestock through fattening to meet the market requirements, they will also need access to extension and advisory. The Livestock Resources and Pastoral Development Bureau and SoPARI are potential partners to facilitate training and advisory on housing, feeding and managing small ruminants, while private-sector actors such as private veterinary pharmacies and community animal health workers can provide demand-driven animal health input and services. While the Livestock Resources and Pastoral Development Bureau receives support from development partners such as the FAO, SoPARI is more dependent on government funding to fulfil its mandates.
- ▶ **Continued improvement to refugee and host community business skills through the Start and Improve Your Business (SIYB) entrepreneurship training programme.** Considering that the business acumen of most of the refugee and IDP traders is low and demand for SIYB trainer development was high among UNHCR and implementing partners, it is recommended that PROSPECTS continue to strengthen the provision of training to IDP, host and refugee actors. Furthermore, a cohort of SIYB trainers already exists in several institutions, including the Jigjiga University Centre for Entrepreneurship Development, the Polytechnic University of Jigjiga, the Jigjiga TVET Centre and among UNHCR implementing partners such as the International Rescue Committee.



Photo description. © Photographer credit

- **Support for meat and milk markets.** To achieve their potential, milk markets will require better investments in improving productivity through better herd management, feeding, management of diseases, improved udder health, hygiene and milking management, transportation to markets, and handling and hygiene in the markets. As for the meat markets, the actors will need support to meet the basic standards of hygiene and public health, to reduce the risk of transmission of diseases. Meat will need to be kept in fly-screened areas and sold on weight, rather than in pieces as is commonly done at the moment. Also, proper meat-inspection services will need to be introduced, as well as health inspection and licensing of meat handlers.
- **Management of the impact of COVID-19 on target entrepreneurs and markets.** While the livestock markets were responding well and getting closure to the pre-pandemic period, small-scale traders, especially women, reported challenges in sustaining their business, as they sold some of the animals they bought at lower prices. As the situation improves, these traders may need support, and actors intervening in the market will need to monitor the capital needs of these groups and help them to continue participating in the market. As the pandemic continues, livestock markets will need to be kept safe and open — ensuring that all COVID-19 preventive measures are in place and adhered to, including social distancing, handwashing and the use of masks. Also, while market actors may be provided with relief such as smart subsidies such as transport subsidies for women milk-sellers, there will be a need to strengthen animal health systems such as treatment and vaccination, as well as support in finding alternative livelihoods for the affected populations.

Table 5 summarizes the key constraints areas, potential interventions to address and the stakeholders to be targeted in the implementation of the interventions.

► **Table 5. Key interventions to address identified constraints and stakeholders**

Constraints	Potential interventions	Stakeholders
Low productivity among IDP, refugee and host community producers	Working with the public service providers to improve access to skills and services such as advisory and extension of small-scale fattening, feeding and nutrition and opportunity identification, to increase productivity	• Kabele animal health services • SoPARI and University • TVET and Cooperative Promotion Agency
	Working with private-sector actors to enter and expand their coverage of refugee markets	• CAHWs • Private Veterinary Pharmacies
Limited business acumen, organization and commercialization of the sector	Helping the target group entrepreneurs to organize collectively (and through cooperatives) to save, access services such as financing and to aggregate more animals from the rural market	• Local associations and cooperatives // Cooperative Promotion Agency
	Building alliances between the IDP, refugee and host community traders to increase the competitiveness of the livestock sector and help them to access more lucrative markets	• Local associations and cooperatives // Cooperative Promotion Agency
	Facilitate access to business skills and credit for the target group entrepreneurs to engage in better organization of their markets and engage in the aggregation of livestock, incentivize the regional and cross-border traders with bulk sales	• University of Jigjiga • SIYB Training of Trainers • Banks and microfinance institutions
Limited market organization, linkages and aggregation	Create awareness about the opportunities and facilitate linkages with regional and cross-border traders and other market opportunities such as export abattoirs in Modjo and domestic demand in Addis Ababa	• ARRA and local authorities • Regional traders • Export abattoirs such as Helimex, Elfora, Modjo and Luna
	Improving market infrastructure for aggregation, water and feeds and input, and building community group structure for managing markets and market infrastructure and building their management skills	• Local authorities, especially Kebribeyah municipality • Development partners
Mobility restriction for refugee entrepreneurs and restriction of informal cross border trader	Working with ARRA and local authorities to facilitate the right of movement and identification cards for the target group entrepreneurs to pursue livelihood-based opportunities, such as sourcing livestock from primary markets within the region, moving animals to terminal markets	• ARRA • Local authorities • Refugee representatives
	Facilitate dialogue between the government and actors and formulate appropriate strategies that would suitably maximize the benefits of the system, minimize the losses and thereby result in a win-win situation for all actors in the value chain	• Local authorities • Refugee representatives • Ethiopia Customs Authority
Poor hygiene, handling, infrastructure and market of livestock products	Improve skills, access to technology and infrastructure for livestock product marketing	• Local service providers, including TVET, SoPARI
	Skills training on basic storage, value addition and processing of products	• Local service providers, including TVET, SoPARI
	Better access to financial services for growth of business	• Financial service providers
Limited financial inclusion and access to credit for target entrepreneurs	Working with financial service providers such as CBE, SoMFI and other microfinancing in facilitating financial inclusion and access to credit for the target group entrepreneurs	• Financial service providers • ARRA • TVET and Cooperative Promotion Agency
Limited understanding of market-based development among partners	Substantial education to understand what market-based development is about, as they have always worked with an aid system that provides emergency assistance	• Local authorities • ARRA • Development partners

► Sex-aggregated indicators for monitoring

A market system approach should result in systemic change: change in the underlying dynamics between market actors and incentives driving their behaviour. Table 6 provides a list of potential indicators for the recommended interventions. The list is not exhaustive, nor will PROSPECTS be expected to use all of them; this should be a participatory exercise where all the stakeholders should agree.

► **Table 6. List of the potential indicators for the recommended interventions**

Proposed intervention areas	Potential indicators
Access to financial services for IDPs, refugees and host community entrepreneurs in livestock sector	• Sex-disaggregated number of entrepreneurs receiving loans and other financial products from different service providers • Value of financing related to the livestock sector accessed by the target actors • Number and type of value chain actors seeking and accessing financial services • Number and/or percentage of entrepreneurs expressing satisfaction in terms of acceptability, timeliness and affordability of financial products • Percentage increase of efficiency in the chain and at all stages • Percentage increase in sales value as a result of increased access to financial support
Improvement in market organization and linkages	• Number of market-based institutions (cooperatives or associations) established or strengthened • Number of actors participating in the market and percentage increase in offtakes of livestock from the target markets segregated by species • Number of market channels or outlets being accessed by the target market actors • Number and percentage of target group actors, particularly women, participating in the value chain • Satisfaction level among regional traders and terminal market actors in terms of the quantity and quality of animals marketed
Improvement in market infrastructure and access to market information	• Number of market infrastructures put in place or improved, and the economic impact of the infrastructure, including value of animals utilizing the market infrastructure • Percentage increase in utilization of markets
Improvement in access to animal health extension, input, husbandry and nutrition for livestock	• Volumes and values of services and services to which the target group have access • Percentage of targeted producer households proactively seeking and using information and extension services • Number of VC actors expressing satisfaction with the knowledge and information services • New knowledge and information sources being accessed and number of target group actors reporting changes in production and productivity
Improvement of refugee and host community business skills through the SIYB entrepreneurship training programme	• Number of business-related trainings organized (segregated by refugee and host community) • Number of women and men attending business trainings (segregated by refugee and host community) • Number of women and men reporting improved business skills (segregated by refugee and host community)
Managing the impacts of COVID-19 on target markets	• Number of businesses reporting decline in business as a result of COVID-19 • Number of businesses receiving a stimulus package for business improvement

► Annex: List of documents reviewed

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