International Labour Organization

PROSPECTS

Integrated labour market assessment in Jigjiga and Kebribeyah

A marketplace in between resilience and integration

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First published (2020)

ISBN: 9789220328224 (print)
9789220328217 (web pdf)

Information on ILO publications and digital products can be found at:
www.ilo.org/publns.

Printed in (Switzerland)

Foreword

Ethiopia is the second largest refugee-hosting country in Africa and has a long and generous history of hosting refugees, maintaining an open-door asylum policy and giving humanitarian access and protection to those seeking refuge. Currently, Ethiopia hosts over 0.75 million refugee and asylum seekers in 26 refugee camps and more than 99 per cent of them originate from four countries: South Sudan, Somalia, Eritrea and Sudan. Most of the refugee camps have limited services and opportunities and refugees are mostly dependent on humanitarian assistance. In addition, over 1.7 million Internally Displaced Persons (IDPs) are in need of durable solutions in different parts of the country.

Ethiopia is in the process of reforming its refugee policy taking into account its commitments at the 2016 Leaders' Summit on Refugees which the country co-hosted in New York and the adoption of a national Comprehensive Refugee Response Framework (CRRF). Through this initiative, launched in November 2017, the Government of Ethiopia is shifting towards a new approach of refugee response, "combining wider support to host communities, fostering peaceful coexistence and greater inclusion of refugees in national development plans."[1] Central to this approach is the promotion of more sustainable solutions, going beyond care and maintenance to enhance refugees' self-reliance and gradually phasing out the encampment policy over the next decade. This will be achieved, in part, by providing refugees with socio-economic rights and progressively advancing local integration options.

The Fafan zone of the Somali Regional State (SRS), especially the refugee camp of Kebribeyah, is particularly relevant in light of the local integration pledge. Evidence from this region shows that socio-economic integration is a process that has been taking place organically (and unevenly) through existing social and economic interactions between refugees and host communities. Somali refugees and hosts share several identity-based features, including language, culture, ethnicity and kinship, and in many cases clan too. With a view to better understand the prospects for socio-economic integration in this region, the ILO commissioned an integrated labour market assessment to assess the feasibility of integration and to prepare options for priority actions for socio-economic integration of refugees with host communities.

The assessment, prepared and conducted by Samuel Hall[2], was able to provide a comprehensive analysis of the supply and demand of employment opportunities, as well as an institutional mapping of the main employment and support services actors in Jigjiga and Kebribeyah. Moreover, it provides an in-depth analysis of pathways to local integration and identifies capacity gaps at various levels on the effective response to labour market supply and demand dynamics characteristic of the Fafan region.

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[1] UNHCR's Briefing Note on CRRF

[2] Samuel Hall is a social enterprise that conducts research in countries affected by issues of migration and displacement. Our research connects the voices of communities to change- makers for more inclusive societies. Samuel Hall has offices in Afghanistan, Kenya, Germany and Tunisia and a presence in Ethiopia and the United Arab Emirates.

I hope this assessment of findings and practical recommendations will adequately form the basis for proposed development responses in that given region, and lead to a set of concrete region-specific recommendations and policy proposals to support the preparation of regional 'Action Plans' that stem from the National Comprehensive Refugee Response Strategy (NCRRS).

I would like to congratulate the Government of Ethiopia for its efforts geared towards creating the necessary conditions to promote self-reliance and integration of refugee populations, in spite of the numerous challenges related to forced displacement in the country. I would particularly like to thank the Agency for Refugees and Returnees Affairs (ARRA) for their collaboration with the ILO in undertaking this assessment. Finally, I would like to thank the Embassy of the Netherlands for their generous support to this assessment and the production of this report which was undertaken in the wider context of the innovative PROSPECTS Partnership Partnership.

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Acknowledgments

The completion of this report could not have been accomplished without the critical role and guidance of Mauricio Dierckxsens and Drew Gardiner from the ILO Employment, Labour Markets and Youth Branch (EMPLAB) as well as Luladay Aragaw, Eirmyas Kaase and Jean-Yves Barba from the ILO PROSPECTS Ethiopia team.

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Acronyms

ACPA	Aged and Children Pastoralists Association
AIMS	Approach to Inclusive Market Systems
ALP	Accelerated Learning Programme
ARRA	Agency for Refugees and Returnees Affairs
BoFED	Bureau of Finance and Economic Development
BoLSA	Bureau(s) of Labour and Social Affairs
CBE	Commercial Bank of Ethiopia
CBO	Cooperative Bank of Oromia
CPA	Comprehensive Peace Agreement
CRRF	Comprehensive Refugee Response Framework
CSA	Central Statistical Agency of Ethiopia
DICAC	Development and Inter-Church Aid Commissioner
DRC	Danish Refugee Council
DRDIP	Development to Displacements Impact Project
DRMB	Disaster Risk Management Bureau
EIIP	Employment Intensive Investment Programme
EPRP	Emergency Preparedness and Response Plan
ESS	Ethiopian Social Survey
ETB	Ethiopian Birr
FDRE	Federal Democratic Republic of Ethiopia
FGD	Focus Group Discussion
GDP	Gross Domestic Product
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH
GTP II	Government of Ethiopia's Growth and Transformation Plan
ICT	Information and Communications Technology
IDPs	Internally Displaced Persons
ILO	International Labour Organization
IOM	International Organization for Migration
IRC	International Rescue Committee

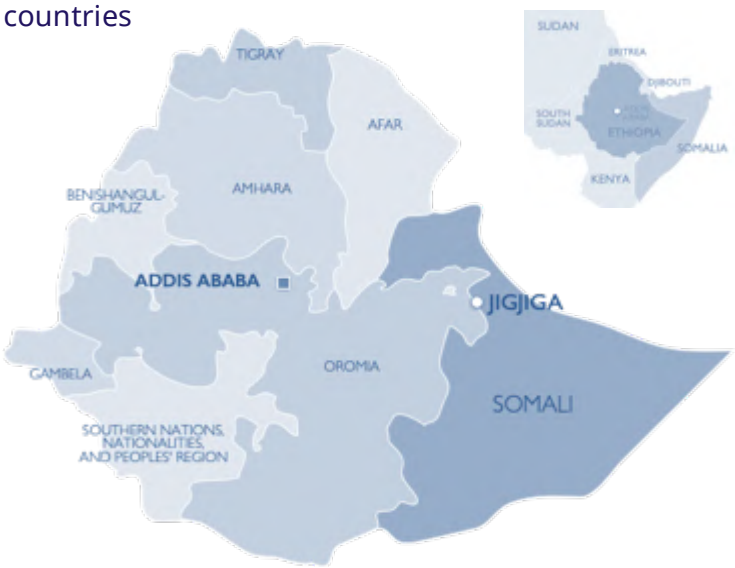
ISIC	International Standard Industrial Classification of All Economic Activities
JCDP	Jigjiga Cluster Development Policy
JPT	Jigjiga Polytechnic College
KII	Key Informant Interview
LMIS	Labour Market Information System
LIPW	Labour-Intensive Public Works
LWF	The Lutheran World Federation
MSE	Micro and Small Enterprises
MTO	Money Transfer Operator
NCRRS	National Comprehensive Refugee Response Strategy
NDRMC	National Disaster Risk Management Commission
NGOs	Non-governmental Organizations
NRC	Norwegian Refugee Council
NRDEP	National Resource Development and Environment Protection Department
OCHA	United Nations Office for the Coordination of Humanitarian Affairs
OCP	Out-of-Camp Policy
OWDA	Organization for Welfare and Development in Action
PCDP	Pastoral Communities' Development Project
PWO	Pastoralist Welfare Organization
ReDSS	Regional Durable Solutions Secretariat
SCI	Save the Children International
SCORE	Sustaining Competitive and Responsible Enterprises
SMFI	Somali Microfinance Institution
TOT	Training of trainers
TVET	Technical and Vocational Education and Training
UEUS	Urban Employment/Unemployment Survey
UNHCR	United Nations High Commissioner for Refugees

Introduction and context

Introduction and context

With 763,827 refugees as of May 2020, Ethiopia is one of the largest refugee-hosting countries in Africa.[3] Most refugees in Ethiopia live in the 26 camps located at the borders in the Tigray, Afar, Benishangul-Gumuz, Gambella and Somali regions. Since 2016, the Ethiopian Government has worked towards new integration policies by rolling out the Comprehensive Refugee Response Framework (CRRF) and adopting a new refugee proclamation including an Out-of-Camp Policy (OCP).[4] In addition to the high refugee population, Ethiopia has also experienced an unprecedented internal displacement crisis, with 1,735,481 internally displaced people (IDPs) as of March 2020.[5]

Figure 1. Ethiopia's regional states and neighbouring countries



Somali is among the regions affected by both socio-political issues and disasters while hosting a large number of refugees for decades. Located at the border with Somalia and Somaliland, the regional state has received a large influx of refugees since the early 1990s owing to conflicts and droughts.[6] The state has always had a uniquely high level of informal integration of Somali refugees. However, from 2018 onwards, the region experienced a dynamic period of economic and political developments.[7] Jigjiga and the neighbouring town of Kebribeyah were marked by leadership changes in federal and local-level government and an unprecedented opening to international investment. From mid-2017 through mid-2019, tensions and violent clashes along the Oromo-Somali border occurred, including weeks of violence in Jigjiga. The national military was deployed to the region, trade networks were forced to shift or halt to avoid conflict areas, and IDP camps emerged over the second half of 2019. Therefore, government agencies are increasingly concerned with urgent matters of displacement and conflicts, which might lead to less attention to issues related to Somali refugees.[8]

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[3] UNHCR Data: Ethiopia Operation Humanitarian Profile May 2020, 5 June 2020.
[4] Samuel Hall: Local Integration Focus: Refugees in Ethiopia (REDSS, 2018).
[5] UNHCR Data: Ethiopia Operation Humanitarian Population Figures, 12 Apr. 2020.
[6] L. Hammond: History, Overview, Trends and Issues in Major Somali Refugee Displacements in the near Region, Research Paper No. 268 (Geneva, Switzerland: UNHCR, 28 Feb. 2014).
[7] A.A. Mohamed: "Assessment of Conflict Dynamics in Somali National Regional State of Ethiopia", in Journal of Public Policy and Administration (2018, 2, No.4, 12 Oct.) pp. 40–48.
[8] C. Cazabat: The Ripple Effect: Economic Impacts of Internal Displacement (Internal Displacement Monitoring Centre, 2020).

From a refugee perspective, the positive informal integration coupled with anticipated legislative changes for refugees' right to work makes the area an opportune site to promote the socio-economic and formal integration of refugees and market system linkages. Urban areas like Jigjiga and Kebribeyah are contributing increasingly to poverty reduction as ongoing reforms create more employment, and the cities keep attracting rural migrants and Somali refugees alike. Furthermore, the urban areas in the Somali region present unique economic opportunities thanks to their close regional links with neighbouring countries and the Gulf States, and strong diaspora linkages.[9]

It is within this context that the International Labour Organization (ILO) commissioned this integrated labour market assessment as a part of the World Bank study, "*Towards Local Integration: Socio-economic Integration of Refugees with Host Communities in Ethiopia*". Focusing on the town of Jigjiga and the Kebribeyah camp, this study provides an overview of the employment landscape, mapping current and near-term opportunities for workers and entrepreneurs, and a capacity assessment of the key organizations and institutions supporting the labour market for both host and refugee communities. Data was gathered over three interactive phases to test different premises and understand the various socio-economic dimensions affecting the labourers and businesses in the setting of a city and a refugee camp. The findings will constitute the basis on which context-specific interventions can be developed that enable the self-reliance of refugees and contribute positively to the broader local economic development (LED) agenda – benefiting all residents.

Box 1. ILO and the Employment Intensive Investment Programme

The PROSPECTS Partnership: Improving Prospects for Host Communities and Forcibly Displaced Persons, is a global partnership between the Netherlands, the ILO, UNICEF, UNHCR, the World Bank and the IFC. Within the partnership, the ILO supports the Employment-Intensive Investment Programme (EIIP) that aims to address unemployment through public investment, usually in infrastructure development and environmental works using an employment-intensive and local resource-based approach. On the project level, the EIIP supports the implementation of projects, evaluates the impact of employment-intensive investment strategies, and provides technical support to governments and donors to increase the impact of public investments and to enhance decent working conditions. This report could directly inform ILO EIIP programme design in the Jigjiga area by providing measurable indicators on potential programme uptake, recruitment size, and capacity of local partners.

[9] T.T. Abebe: Promises and Challenges of Ethiopia's Refugee Policy Reform, Policy Brief 118 (Institute for Security Studies, Oct. 2018).

Jigjiga and Kebribeyah

Ethiopia's economy experienced strong, broad-based real gross domestic product (GDP) growth averaging 9.9 per cent a year from 2007/08 to 2017/18, mainly driven by construction and services. According to the World Bank, private consumption and public investment keep driving strong demand-side growth.[10] These positive dynamics led to poverty reduction in both urban and rural areas: the share of the population living below the national poverty line decreased from 39 per cent in 2004 to 30 per cent in 2011 and finally 24 per cent in 2015.[11] By contrast, the socio-economic development of the Somali region is still hampered by unemployment, poverty and internal displacement caused by recurrent conflicts and natural disasters. Around 22 per cent of the population live below the poverty line, according to the most recent statistics by the Federal Government of Ethiopia in 2015.[12] However, the region also has a unique socio-economic potential thanks to its strong transnational ties and homogenous residents. The local economy is closely linked to other neighbouring and regional countries in the region, namely Somalia, Somaliland, Djibouti, Kenya and the Gulf States, as well as Somali diasporas worldwide.[13]

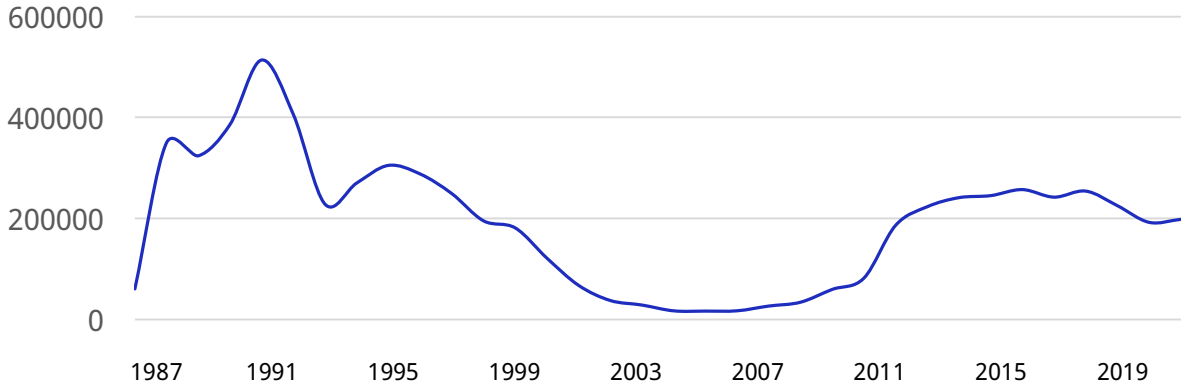
> *"Dynamics were quite complex but finally we had two refugee hosting areas: one in Jigjiga region, where there are three refugee camps (Kebribeyah, established in 1991, Aw Barre in 2007, and Sheder, the youngest one, in 2008). The total refugee population is close to 37,000. These refugees come from Southern and Central Somalia, where the situation in terms of security is still very fragile."*[14]

The Somali region of Ethiopia has provided shelter for large numbers of refugees for decades and hosts approximately 198,536 refugees as of May 2020, almost exclusively Somali (160,948 in Dollo Ado and 37,542 in Jigjiga).[15] The initial Somali refugee displacement in the 1990s was caused by a complex combination of conflict, state collapse and drought.[16] The area around Jigjiga has created a high level of "natural" integration due to deep historical and social ties among the host and refugee communities. However, differentiating between refugees and host populations has been an issue in generating accurate figures because of a lack of ID cards among many people and the fact that the Somali ethnic group is rather homogenous and can be found across Somalia, Ethiopia, Kenya and Djibouti. Mirroring the transnational economic

[10] Figures from Word Bank – IBRD – IDA. https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=ET
[11] World Bank: Ethiopia Poverty Assessment: Harnessing Continued Growth for Accelerated Poverty Reduction (2020).
[12] National Plan Commission (NPC): Ethiopia's Progress Towards Eradicating Poverty: An Interim Report on 2015/16 Poverty Analysis Study (FDRE, 2017).
[13] K. Berhanu and Danish Institute for International Studies: The Political Economy of Diaspora Remittances in the Ethiopian Somali Region (Copenhagen, DIIS, 2019).
[14] KII with UNHCR staff in Jigjiga, Oct. 2019.
[15] UNHCR Data: Ethiopia Operation Humanitarian Population Figures, 12 Apr. 2020.
[16] Hammond: 2014.

context, the Somali region, and the Somali people, have a long history of mobility across national borders.[17]

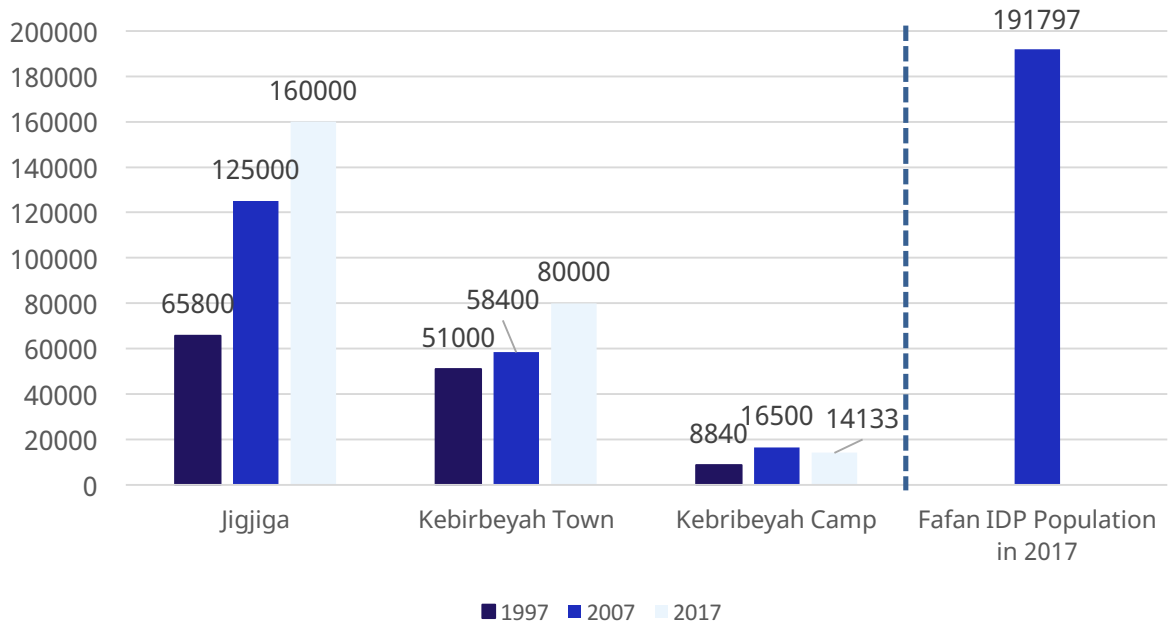
Figure 2. Trend in Somali refugees in Ethiopia, 1987–2020[18]



The assessment focused on hosts and refugees in the Fafan zone (previously known as "Jigjiga zone") of the Somali region, with target areas in two different contexts – namely the city of Jigjiga and the camp and city of Kebribeyah. Since the 1990s, Fafan has been an important refugee-hosting area. Within the Somali region, Fafan has an estimated population of 1,187,022[19] and is relatively better off than other regional zones due to its transnational economic links and available infrastructure.[20] However, IDPs almost outnumber Somali refugees in the Somali region today, as the area hosts 191,797 IDPs,[21] which is a large number compared to its population (Figure 3).

[17] G. Ambroso: Pastoral Society and Transnational Refugees: Population Movements in Somaliland and Eastern Ethiopia 1988–2000, Working Paper No 65 (Geneva, Switzerland, UNHCR, 8 Aug. 2002).
[18] Retrieved from UNHRC Population Statistics. http://popstats.unhcr.org/en/time_series, on 28 Apr. 2020.
[19] Ethiopian Somali Region: Multi-Sector Rapid Assessment Report on Drought Impact on Humanitarian Situation in Fafan Zone, 2016.
[20] Hammond: 2014.
[21] IOM: *Ethiopia National Displacement Report 4.* Round 21: February–March 2020 (Addis Ababa, 2020).

Figure 3. Populations estimated in the Fafan zone (1997, 2007 and 2017/18) – estimates from the authors (triangulated CSA and UNHCR data).



Socio-economic dynamics

Residents in the Somali region are generally faced with limited resources and livelihood opportunities, but compared with the rest of the region, hosts and refugees in Jigjiga and Kebribeyah towns have better access to education, health services and clean water. The two urban locations have greater livelihood diversification as many people are employed in the public sector, the private sector, or as informal service providers. Necessary financial institutions such as banks, microfinance and credit services, and automatic teller machines (ATM) for cash withdrawals are all available in Jigjiga and Kebribeyah. A well-paved tarmac road bridges the 50-km distance between Jigjiga and Kebribeyah, and public shuttles bring commuters back and forth several times a day in less than one hour each way. However, the benefits of new business are not equally distributed across all demographics. [22]

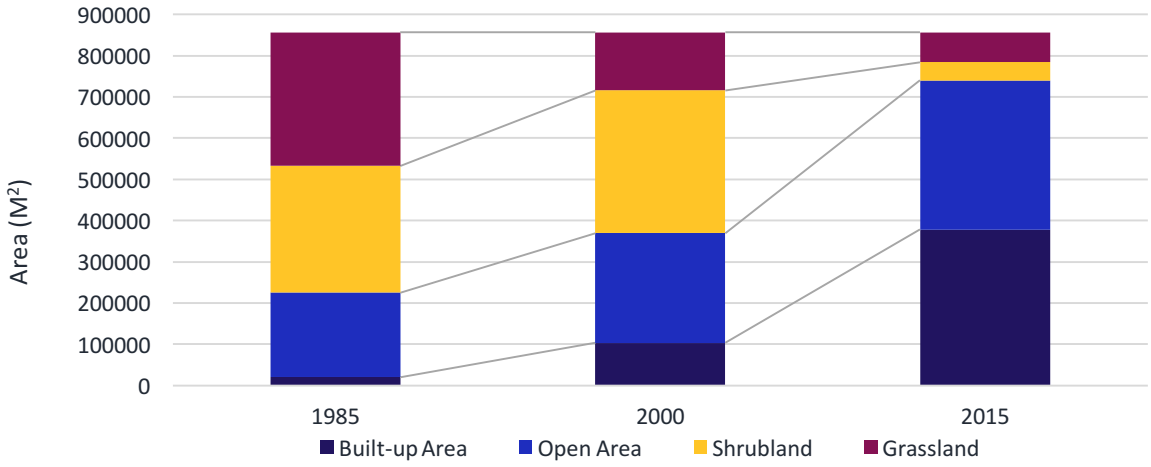
While rural areas around Kebribeyah are agro-pastoralist, the main livelihood closer to Jigjiga town is sedentary farming, and urban businesses and cross-border trade are booming in the centre of Jigjiga. The Kebribeyah camp and town, 55 km southeast of Jigjiga and 70 km from the Somali border, are adjacent and integrated, and it is difficult to discern where the camp begins and the town ends. Jigjiga town represents the main market in the Fafan zone, as a vibrant trading post for export and import. Furthermore, Jigjiga sits on two main routes – one leading to Addis Ababa and the other through Wajale to Somaliland with its Berbera port. The transnational links of Jigjiga markets

[22] ILO: Market Systems Analysis for Refugee Livelihoods in Jigjiga – Ethiopia, 2018.

offer a diversity of goods and services and are the heart of various value chains in the Somali region.[23]

The economic relevance and transnational linkages of Jigjiga can be seen in its rapid urbanization process in the past 30 years, in which it has transformed from small-town characteristics with one road to metropolitan modernity. Jigjiga is still growing with ongoing construction work visible in all parts of the city. The old parts have been replaced by modern hospitality businesses and apartment complexes with names and architecture showing the influence and investment of the Somali diaspora returnees. While old landmarks such as mosques and churches are still in place, grassland and shrubland have been transformed into an urban centre with a bustling business district.[24] As Figure 4 shows, residential and business areas exploded in the past centuries. The urbanization process is also linked to lifestyle changes in the Somali population as the lives of many communities has shifted from pastoral activities to urban livelihoods, facilitated by urban development related policies during that time.[25]

Figure 4. Land Use Land Cover Distribution (1985, 2000 and 2015)



Despite the convenient proximity, Jigjiga town and Kebribeyah camp labour markets are not synonymous and are subject to different federal government policies. The two target areas show, among others, varying levels of government capacity, private-sector activity and access to services. Furthermore, the Ethiopian government's refugee policies translate to different opportunities for Somali refugees living in camps and those residing in urban areas like Jigjiga.

[23] F. Stepputat and T. Hagmann: "Politics of Circulation: The Makings of the Berbera Corridor in Somali East Africa", in *Environment and Planning D: Society and Space* (2019, 37, No. 5, Oct.), pp. 794–813.
[24] T. Hagmann: "Jigjiga's Autocratic Modernity", in *Ethiopia Insight*, 30 Jan. 2020, https://www.ethiopia-insight.com/2020/01/30/jigjigas-autocratic-modernity/.
[25] W.M. Gebregergis, H.A. Gebre, and B.B. Badesso: "Dynamics of Land Use Land Cover Change and Urbanization in Jigjiga Town, Ethiopian Somali Regional State, Eastern Ethiopia", in *Resources and Environment* (2016, 6, No. 6), pp. 127–135.

Key findings from the literature

Previous studies have been commissioned by international agencies to explore economic-related challenges and opportunities for both refugees and host communities in Jigjiga (and the Fafan zone).[26] The scope and findings of these studies have included analyses of promising value chains for refugee income generation, demand for TVET skills among various sectors of the host-community labour market, livelihood and service dynamics for refugees in host communities, and multi-sector market analyses as outlined in the following Table. While there is some overlap in the interest and evidence generation with the previous studies, this report differs in its identification of the employment opportunity landscape in Jigjiga and the institutions most capable of supporting existing and near-term development of employment-related services.

The literature review showed limited availability of up-to-date census data on the host population. The district office of Jigjiga's most recent information on the host population living in the Jigjiga area is the 2007 census, which includes population projections through 2015, but not further. The 2016 Ethiopian Social Survey (ESS) provides information on the host population living in the Somali area, but not disaggregated to the level of Jigjiga and Kebribeyah. The ESS is also not a representative sample when disaggregated to the Somali regional level. Finally, among studies found in the literature review, only one programme, the World Bank *Development to Displacements Impact Project (DRDIP),* is referenced as identifying the host community as the primary beneficiary.[27]

Table 1. Key findings from the literature

Theme	Details
Social cohesion	Refugees and host communities share a common language, culture, and history of intermarriage and migration. Relations are strong and congenial, and the Somali territory is part of a single economic and cultural space between Djibouti, Ethiopia, Kenya, and Somalia.
	Some refugees and host community members bring different skills to the local economy, with the former providing capital and new business skills and the latter able to navigate the legal requirements and travel freely. "The CRRF risks upsetting that balance." [28]
Refugee economic livelihoods	The majority (>50%) of refugees are pastoralist, without marketable skills beyond manual labour. Those with farming skills comprise the next largest group (20%), followed by students (15.6%), homemakers (10.2%), livestock keepers (5.9%), and domestic labour (3%). Less than 2% worked

[26] C. Stull-Lane and K. Nayeem: Labour Market System Assessment, Fafan Zone, Somali Region, Ethiopia for STEDE (DevLearn, Sep. 2019).
[27] Samuel Hall: 2019
[28] Samuel Hall: 2019

	as merchants/traders. Refugees with strong networks and connections have either left or been resettled.[29]
	Access to finance is very limited for refugees, with constrained access to banking, payment and credit. The Somali Micro Finance Institution (SMFI) in Kebribeyah, is the exception.[30]
Labour markets	Employment in urban areas is developing faster than the agricultural sector in Ethiopia as more youth are finding work in non-manual occupations. From 2015, the service sector exceeded agriculture as a percentage of GDP. Manufacturing is behind these sectors. Demand for unskilled labour still far exceeds that for skilled labour.[31] For youth in the region who have formal education, Jigjiga is often the most attractive option, given the growing economy and the cultural and linguistic homogeneity.[32]
	State-sponsored employment programmes such as industrial parks and irrigation schemes can only absorb a limited number of refugees and host community members. For the remainder of job seekers, Micro and Small Enterprises (MSE) hold the greatest potential, yet financing for these remains limited. As such, TVET skills such as "carpentry, metalwork and electricity should be considered."[33]
	TVET training for refugees often does not meet employers' demands, as they underline the limited duration of the training and follow-up support. Also, information about and linkages to the labour market are often missing, such as with placement or job-search support.[34]
Main livelihood actors in Jigjiga area and refugee camps	ARRA: Camp security, primary and reproductive healthcare, supply and management of water supplies, provision of shelter, food and core relief items distribution, and primary schools. ARRA and Woreda administration: Access to other services such as extension services from the Bureau of Agriculture, and management of water supply. The Lutheran World Federation (LWF): Drip irrigation, poultry, skills development and small grants Development and Inter-Church Aid Commission (DICAC): Education (primary, secondary and informal education), vocational skills training

[29] Ibid.
[30] ILO: Evaluation of Market Systems Development Interventions for Refugee and Host Communities in Jijiga, Ethiopia (Geneva, 2019.
[31] K. Korpela: Wishing for Better Jobs: Understanding the Mismatch between Education and Youth Employment in Ethiopia (Lund University, Department of Economic History, 2017).
[32] Samuel Hall: 2019
[33] T.T. Abebe: 2018
[34] ILO: 2018

	Project GAIA: Provision of clean household energy (GAIA).[35]
Main livelihood actors in Jigjiga city	Mercy Corps: SHARPE programme (USD 35M), to increase net economic returns to refugees and hosts communities focusing on market systems. GIZ: Qualifications and employment perspectives for refugees and host communities.[36]

Ethiopia's new refugee proclamation

Ethiopia maintains an open-door asylum policy[37] and has recently implemented a comprehensive national refugee integration policy to move away from its general encampment approach, but its progressive socio-economic development plans do not fully apply to refugees yet, and coordination is hindering the full realization of the federal governments' vision. The country's approach has also been complicated by significant internal displacement in the country, which raises questions around social equity in support to refugees. Broadly, Ethiopia's current policy towards refugees welcomes them while recognizing the frustrations which doing so can generate, especially in already disadvantaged regions such as the Somali region.[38]

Comprehensive Refugee Response Framework

In response to Ethiopia's adoption of the Comprehensive Refugee Response Framework (CRRF) in 2017, the Government of Ethiopia has embarked on an integrated approach of key policies to refugee response, combining assistance to host communities and refugees to achieve socioeconomic development and social cohesion, with a specific focus on access to employment.[39] In addition to the CRRF, these policies include the Nine Pledges responding to refugee needs and the National Comprehensive Refugee Response Strategy (NCRRS), both implemented in 2018.[40] The NCRRS was created to guide the legalization and coordination mechanisms of the Nine Pledges and the CRRF. The main government agency in charge of refugees and translating these key commitments into practice is the Agency for Refugee and Returnee Affairs (ARRA).

The Nine Pledges were declared as the first major milestone to improve the lives of refugees by "*gradually put[ting] an end to the encampment policy [by 2026] and progressively [advancing] the out-of-camp and local integration options".* The Nine Pledges

[35] Ibid.
[36] Ibid.
[37] While there are rumours that Ethiopia has stopped its open-door policy, in particular to Eritrean asylum seekers, and because of COVID-19 related border closures, the Ethiopian government has not confirmed this policy shift.
[38] T.K. Woldetsadik, F. Mulatu and J. Edosa: "Ethiopia's Refugee Policy Overhaul: Implications on the Out of Camp Regime and Rights to Residence, Movement and Engagement in Gainful Employment," in SSRN Electronic Journal, 2019.
[39] UNHCR, CRRF Ethiopia BRIEFING NOTE, Aug. 2018.
[40] Administration for Refugee and Returnee Affairs (ARRA), Federal Democratic Republic of Ethiopia, National Comprehensive Refugee Response Strategy, 2018.

were committed by Ethiopia a day after the adoption of the CRRF by all United Nations member states in 2017. The pledges are dually aligned with the four key elements of the CRRF as well as the Government of Ethiopia's Growth and Transformation Plan (GTP II).[41]

Regional launches of the CRRF were held at the beginning of 2018, and some of the CRRF's integration tenets have been adopted informally and ad hoc in Jigjiga (see Table 1). The 2019 city council plans for Kebribeyah feature several lines in their objectives that present refugees as equals to citizens. In terms of tangible cooperation, at a meeting between ARRA and UNHCR meeting in September 2019 to resolve the water supply issue in Kebribeyah camp, the water bureau and local city council committed to offering a generator from their supply, demonstrating the start of joint planning between government and non-refugee committees on refugee issues.[42]

Table 2. Nine Pledges – selected clauses and their implementation status in Jigjiga

Selected pledges	Implementation status in Jigjiga
1. To expand out-of-camp policy to apply to all nationalities and 10% of refugee populations.	Many refugees have integrated and intermarried with local populations, living with them in Jigjiga or in the Kebribeyah camp. Before 2019, ARRA would check travel permits of refugees leaving the camp, but now the out-of-camp policy is largely in effect.
6. To allow for local integration for protracted refugees who have lived in the country for 20 years or more.	Most refugees in Jigjiga have lived in Ethiopia since the 1980s or were born in Ethiopia and are already Ethiopian citizens or qualify for citizenship.
9. To allow refugees to obtain bank accounts, driver's licences and other benefits to which foreigners are entitled.	Refugees in Jigjiga have been obtaining bank accounts and drivers' licences through illegal means. However, the Bank of Ethiopia in Jigjiga stated that the first refugee to open an official bank account under legal methods did so in mid-September 2019.[43]

[41] FDRE, ARRA: Roadmap for the Implementation of the Federal Democratic Republic of Ethiopia Government Pledges and for the practical application of the CRRF, Aug. 2017.
[42] KII with the head of UNHCR, Jigjiga, Sep. 2019.
[43] KII with the head of UNHCR, Jigjiga, Sep. 2019.

National Economic Development and Social Policy

While the government's Nine Pledges are aligned with Ethiopia's national development plan, the opportunities under the Growth and Transformation Plan (GTP II) and Productive Safety Net Programme (PSNP) are not explicitly open to refugees. This remains the central discrepancy between the official refugee integration policy and inclusive national development agendas. While the CRRF is aligned with the GTP II in theory, as of July 2020, the integration of CRRF with social policies has not been started, and this strict separation has existed since the start of humanitarian aid to refugees in Ethiopia. Instead of government support, investment from international donors such as USAID, the World Bank, GIZ and various UN agencies have historically provided most services accessed by refugees, effectively creating a parallel system to national policies.[44] The GTP II provides Ethiopia's social and economic development road map to transform the country into an industrialized, middle-income nation by 2025.[45] Employment creation and income-generating activities promotion for vulnerable groups are at the centre of Ethiopia's development road map. The government has introduced MSE schemes to support unemployed persons in starting their businesses, as well as cooperatives. Table 3 outlines the key alignments between GTPII and the Nine Pledges.

Table 3. Nine Pledges and GTP II Alignment

GTP II focus area[46]	Relevant Nine Pledges
5. Economic Development Sector Plan for Agriculture and the manufacturing Industry	Making available irrigable land to allow 100,000 people (locals and refugees) to engage in crop production Building industrial parks where a percentage of jobs will be committed to refugees
6. Human Development and Technology Capacity Building	Increase of enrolment in education to all qualified refugees Enhance the provision of basic and essential social services Provision of other benefits such as the issuance of birth certificates to refugee children born in Ethiopia, bank accounts and driving licences
7. Ensuring Good Governance and Building Developmental Political Economy	Expansion of the out-of-camp policy Provision of work permits to refugees and those with permanent residence Allowing for local integration of those protracted refugees who have lived for 20 years or more in Ethiopia

[44] T.K. Woldetsadik et al.: 2019.
[45] T.T. Abebe: 2018.
[46] National Planning Commission of Ethiopia, Growth and Transformation Plan II, 2016.

- Objectives of the research

The present study takes as its starting points ILO guidance on sector selection[47] and promotion of decent work[48] to understand the market around refugee and host workers, with a focus on employment creation as a contributor to social integration. Furthermore, it aimed to explore the corresponding root causes for constraints that limit labour market functions in Jigjiga and Kebribeyah – particularly for the supply and demand of services and the support functions that operate within the market. Specific opportunities and partnerships for sustainable growth and employment opportunities in Jigjiga and Kebribeyah are delivered through two correlated components:

1. ***A comprehensive supply and demand analysis of employment opportunities*** that looks at the profile, characteristics and background of refugee and host populations, and the overall environment or market system in which they are embedded – objectives 1 and 2.
2. ***Institutional mapping of the main employment and support services actors in Jigjiga***, with the most promising potential for preparing refugee and host community members for employment in the formal and informal economy – objectives 3 and 4.

Table 4. Objectives of the Research Project

Objectives	To assess and identify
1. Supply-side analysis	Labour market status, skill sets, parameters of job searches, coping strategies, social inclusion, and aspirations of vulnerable population, IDPs, and refugees
2. Demand-side analysis	Sectors and selected sub-sectors most likely to generate growth Barriers to expansion of selected sub-sectors and identify needs in terms of business support services. Domains for business start-ups as an avenue for revenue generation. Sectoral absorption capacity of selected sub-sectors.
3. Labour market institutions	Role of – and relationships between – business associations, trade unions, and chambers of commerce Business support services available and other ways to support start-ups. Training opportunities most suitable to increase the group's employability.
4. Socio-economic profiling	Job access and income generation initiatives for the target population Opportunities for bottom-up initiatives to foster employment and economic activities.

[47] ILO and GIZ: Guidelines for Value Chain Selection: Integrating Economic, Environmental, Social and Institutional Criteria (Geneva, 28 Oct. 2015).
[48] ILO: Value Chain Development for Decent Work: How to Create Employment and Improve Working Conditions in Targeted Sectors (Geneva, 10 Jan. 2015).

Rethinking evidence and findings (COVID-19 in Ethiopia)

Since the first case of COVID-19 was declared in Ethiopia on 13 March 2020, Ethiopian authorities have implemented a series of prevention measures, and the Ethiopian government declared a national state of emergency amid COVID-19 pandemic on 8 April 2020. Measures stated in the Decree adopted on 9 April 2020 include movement restrictions, the prohibition of public gatherings, and mandatory quarantine for people entering the country. A National Emergency Coordination Centre for COVID-19 response was established, led by the National Disaster Risk Management Commission (NDRMC) and supported by the United Nations Office for the Coordination of Humanitarian Affairs (OCHA). The global pandemic might threaten Ethiopia's political and economic stability; the outbreak has resulted in a postponement of the elections and heightening political tensions. Ethiopia's economic growth could be 2.5 percentage points lower next year,[49] and according to the Job Creation Commission, 1.4 million jobs are threatened in the short term.[50]

In the Somali region, a COVID-19 crisis management steering committee has been established, chaired by the regional president. Private transportation services carrying essential goods are still operating, although in reduced numbers. The high numbers of refugees and IDPs are at high risk as they live in overpopulated settings and with limited access to basic services. The situation is even more critical as travel restrictions have affected the ability of humanitarian actors to deliver services. The Disaster Risk Management Bureau (DRMB) is developing an emergency preparedness and response plan (EPRP) for COVID-19 and has advocated for the exemption of humanitarian partners to allow free movement to deliver life-saving assistance.[51]

The ILO Policy Brief *COVID-19 crisis and the informal economy: Immediate responses and policy challenges*, issued on 7 May 2020, warns that *"lost labour income will result in an increase in relative poverty for informal workers and their families of (…) 56 percentage points in lower and low-income countries. This includes workers in sectors such as accommodation and food services, manufacturing, the wholesale and retail trade and many more, including over 500 million farmers that were producing for the urban market. (…) Further, logistical challenges within supply chains, particularly cross-border and domestic restrictions of movement, may lead to disruptions in food supply, undermining informal workers' food security. Informal food markets play an essential role in ensuring food security in many countries, both as a source of food and a place for smallholder farmers to sell their products, and their closure will lead to increased food insecurity and poverty."*[52]

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[49] Cepheus: Macroeconomic Impacts of the Corona Virus: A Preliminary Assessment for Ethiopia, 31 March 2020.
[50] National Disaster Risk Management Commission (NDRMC) and OCHA, *ETHIOPIA: COVID-19 Humanitarian Impact Situation Update No. 2* (FDRE, 13 Apr. 2020).
[51] Ibid.
[52] ILO (2020) Policy Brief COVID-19 crisis and the informal economy: Immediate responses and policy challenges, issued on 7 May 2020. ILO-Geneva.

This general warning resonates like a precise risk analysis of the particular Jigjiga and Kebribeyah case studies, given:

1. The high prevalence of informal businesses and workers;
2. The contribution of food services, manufacturing, wholesale, accommodation and retail trade in local economic markets to the spectacular economic development of both locations (in particular Jigjiga);
3. The pivotal role played by the agrarian economy on local markets, food security, and migration dynamics;
4. The essential role of cross-border trade with Somaliland for the Somali Region as a whole and the two surveyed locations in particular.

While this research was conducted between September 2019 and March 2020, its findings and conclusions have sometimes been amended thanks to additional call-backs from surveyed businesses and focus group discussion participants, with the objective of gathering more evidence on the respective situations, challenges, perceptions, and recommendations of the demand and supply-side actors of local labour markets.

Ethiopia's policies towards refugee integration and the private economy are considered in the following assessment of the labour market and business opportunities in Jigjiga town and Kebribeyah camp. Chapter 2 outlines the methodology used for this study, with an emphasis on the "trial and error" participatory approach chosen by the research team, under the guidance of ILO Ethiopia and Geneva. Chapter 3 synthesizes the key findings of the assessment of the demand and supply side of local labour markets. Chapter 4 discusses the findings related to the situation and the perception of refugees in the target areas. Finally, Chapter 5 provides conclusions and recommendations, not only in light of 15 years of spectacular development in Jigjiga or from the perspective of the new refugee law, but also with the potentially disastrous impact of COVID-19 on the fragile socio-economic equilibria the research team observed in Jigjiga and Kebribeyah.

Methodology

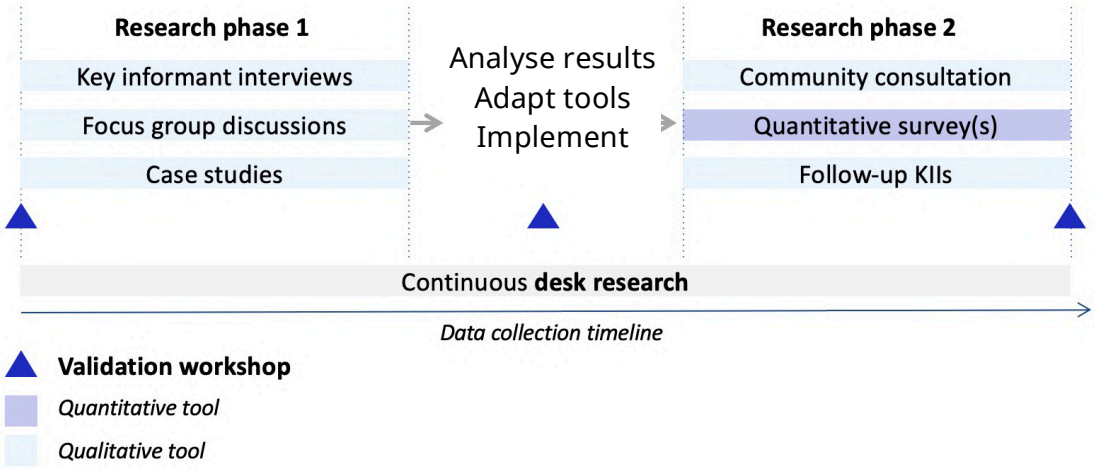
Methodology

The research gathered evidence during three phases of data collection to capture different dimensions and the evolution of those over eight months. Using different types of data (i.e. primary and secondary) and multiple methods (e.g. observation, surveys, focus groups) the research team triangulated perceptions, biases and trends, to identify potential market development interventions. This section starts by synthesizing relevant findings from the literature – either thematically or contextually.

Phased approach

The assignment was first undertaken in two distinct research phases, as outlined in figure 5. Dividing the fieldwork into two phases allowed for feedback and adjustments based on the guidance of partners, regional actors, and community members, including traders, consumers, refugees and hosts. By designing a second phase based on initial analysis, the methodology becomes iterative – informing and improving the pertinence of the research objectives over the course of the fieldwork.

Figure 5. Learning Approach



Research Phase 1 – September to November 2019

A local team conducted Focus Group Discussions (FGDs) and case studies, overseen by Samuel Hall researchers who themselves conducted Key Informant Interviews (KIIs). Livelihood and employment partners in Addis Ababa and Jigjiga, as well as Kebele partners and local market actors, supported this research on the ground. Engagement with stakeholders of the market system was ensured through regular discussions and dialogue throughout the research process. A detailed list of interviewed stakeholder organizations, FGDs, and case studies is included in Annex I.

Given the overlapping project cycles of several stakeholders, Samuel Hall held regular validation meetings with partners and relevant research teams to confirm research findings and to prevent duplication data collection. The following three validation workshops were held in Addis Ababa and Jigjiga over the project cycle:

1. **Addis Ababa, September 2019, hosted by the ILO:** To test assumptions made based on the initial literature review, and to optimize the research focus given to several parallel on-going research studies.
2. **Addis Ababa, December 2019, hosted by the Regional Durable Solutions Secretariat (ReDSS)** and the ILO: To present preliminary findings at an intermediary seminar.
3. **Jigjiga, February 2020, hosted by UNHCR and the ILO:** To validate findings with enumerators, local stakeholders and international representatives at an interactive workshop.

Table 5. Summary of Research Phase 1 Assessment Tools

Methods	Description	Data collected
Key Informant Interviews	Rolling KIIs with key stakeholders at local and national levels, as well as local education and livelihoods stakeholders, were undertaken to understand the types of programmes of organizations and effects on employment generation.	**31 Total** 9 Addis 16 Jigjiga 6 Kebribeyah
Focus Group Discussions	FGDs involved diverse, local perspectives on decision-making. Participants were selected for gender parity and representation of both host and refugee communities. FGDs fostered discussion among a group of five to seven respondents to understand market and employment perceptions, conflict and incentive dynamics, and how the labour market is accessed from the perspective of potential employees, employers and support structures.	**11 Total** 7 Jigjiga 4 Kebribeyah
Case Studies	Semi-structured interviews allowed for a narrative approach to identify patterns for successful transitions to income-generating activities. Indicators include the length of the transition, employment outcome, education or unemployment.	**5 Total** 3 Jigjiga 2 Kebribeyah

Research Phase 2 – February to April 2020

After a preliminary analysis of data from Research Phase 1 and confirmation with validation workshops, it was decided that a representative quantitative approach to mapping the labour supply and demand in the Jigjiga area would be the most innovative contribution to existing studies. An institutional mapping workshop was also conducted to provide a more detailed understanding of the broad and uncoordinated supporting functions landscape.

The last week of fieldwork was conducted after the first case of COVID-19 was made public in Ethiopia (13 March 2020), which led to the research team to: 1) adjust the tools to capture knowledge and perceptions of the pandemic among survey respondents; 2) take additional health and safety measures – in accordance with WHO guidance.[53] Ex-post complementary interviews were conducted over the phone with a few FGD participants met in 2020, with a specific focus on the immediate consequences of the pandemic on local economies.

Table 6. Summary of Research Phase 2 Assessment Tools

Methods	Description	Data collected
Institutional Mapping Workshop	Workshop with livelihoods stakeholders in Jigjiga to understand the comprehensive mapping of institutions working on employment or livelihood-related programmes. It included activities such as a SWOT analysis, session of successful/unsuccessful activities, and quantifiable indicators of assets to identify relevant partnerships and needs.	**10 institutional mapping**
Phone-based Tracer Study of JPT Graduates	Over one week, Samuel Hall enumerators conducted a randomized phone survey with 2016–2018 graduates of the Jigjiga Polytechnic College (JPT). Alumni phone numbers were sourced from JPT departments covering eight modules: ICT, water, construction, electricity, agriculture, automotive, hotel tourism, and carpentry. The KoBo-based survey contained 21–29 questions, separated by current employment status and the response rate successful (55%).	**167 responses**

[53] WHO: *Getting Your Workplace Ready for COVID-19*, 19 March 2020, 19. https://www.who.int/docs/default-source/coronaviruse/advice-for-workplace-clean-19-03-2020.pdf?sfvrsn=bd671114_6&download=true.

Demand Survey	The market demand survey targeted business owners or senior employees in Jigjiga and Kebribeyah town (with only two interviews in the camp). The survey included five sections: individual profiling; sector description (turnover, employees, hiring criteria, on-the-job training); constraints to business expansion; engagement with business support services; and opportunities for community integration.	**211 total** 155 Jigjiga 54 Kebribeyah 2 Kebribeyah camp
Focus Group Discussions	Based on complementary hypotheses discussed with the ILO team as well as workshop participants (October and January), additional focus group discussions were conducted to capture specific aspects of the retail, TVET, construction, and agriculture/livestock industry.	**4 Total** 2 Jigjiga 2 Kebribeyah
COVID-19 Ex-post interviews	Rapid interviews with focus group participants and case studies from phases 1 and 2 were conducted to collect complementary information on the immediate consequences on local economic equilibria.	**10 interviews**

Limitations

Survey fatigue among target communities: In recent years, dozens of market assessment and analyses have been carried out or are still ongoing in the Somali region, causing survey fatigue in the area. Kebribeyah camp residents expressed palpable anger over the many visits over 2018 to discuss local integration issues, with one respondent saying, "We feel we are a place for tourists to come."[54] Thus, care was taken to avoid duplication of data collection while maximizing existing knowledge captured in past reports. Where available, information from existing quantitative and qualitative assessments was used to inform the design and content of this study. Fieldwork aims prioritized filling in knowledge gaps that have not been explored.

Limited governmental engagement: The research team sought to implicate local governmental stakeholders in the research. However, meetings with them in Jijiga were often delayed or cancelled. This drew out the fieldwork timeline. Survey fatigue amongst local stakeholders probably contributed to their unavailability and limited relevant information gathered during some KIIs. However, to mitigate this limitation, Samuel Hall researchers contacted stakeholders well in advance and recruited enumerators who possess an established network within the local development community.

[54] DRC: 2018.

Labour market assessment

Labour market assessment

The Fafan zone is a rural area, mainly composed of agro-pastoralist communities. While Jigjiga is one of the fastest-growing cities in the Somali region, the urbanization at the zonal level is recent and still limited. The area offers a semi-arid climate and poor infrastructure, making living conditions challenging. Droughts in the region regularly result in people – unable to meet their basic needs – becoming internally displaced. Economic opportunities and resources are limited as the private sector is underdeveloped. In such a context, unemployment is high, and a large segment of educated youth remain jobless, resulting in the irregular migration of youth looking for a better life abroad.[55]

The area relies heavily on cross-border trade with Somalia and Somaliland for the provision of goods and livestock: imported commodities from the ports of Berbera and Bossaso cross the border to supply the Somali region, which is poorly integrated into Ethiopia's economy.[56] Most livestock trade takes place through informal channels, connecting pastoralist communities on both sides of the border.[57] Pastoralism and petty trade are the main sources of income for the locals, many of whom regularly go to Jigjiga in search of better job opportunities. The presence of the camps has significantly changed the socio-economic features of the area, with villages turning into towns and attracting business people from throughout the region.

On the basis of the initial workshops held in Addis Ababa with governmental counterparts and key stakeholders in October 2019, and in Jigjiga with subnational governmental counterparts, local CSOs, international NGOs and private sector actors in January 2020, it was decided to complement the existing qualitative analyses with two rapid quantitative surveys:

- A demand-side survey to assess local labour markets with a focus on firms (209 respondents) along with focus group discussions, case studies, and key informant interviews;
- A supply-side survey focusing on TVET students with 167 recent graduates of the Jigjiga Polytechnic College (JPT – 2016–2018) to refine analyses on the existing obstacles to, and opportunities of, the local labour market.

In this environment, the present section aims to provide an indicative landscape of the local labour markets in Jigjiga and Kebribeyah – which remain clearly different in terms of opportunities and limitations. Finally, while the first two phases of the fieldwork were conducted before the first case of COVID-19 was made in Ethiopia (13 March 2020), additional interviews were conducted to provide the ILO with a rapid cross-sectional analysis of the first perception of the impact of the pandemic on local labour market places, mainly based on individual discussions and call-backs with some respondents.

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[55] IOM: 2018 Mobility Overview in the Horn of Africa and the Arab Peninsula, 23 June 2019.
[56] F. Stepputat and T. Hagmann: 2019.
[57] M. Michaelson: "Border Economics: Contraband Trade in Ethiopia's Somali Region", in *ICWA Letters* (Jigjiga, 1999).

Supply-side survey

To capture the essential determinants of the supply side of the labour markets in the Somali Region and the two surveyed locations, it is important to take three variables into account: 1) the contrast between the national double-digit growth and its microeconomic translation at the local level, in particular in Kebribeyah; 2) the youth bulge and the possible dividends (or missed opportunities) it might create for the local economy; and 3) the fact that the regional economy remains structurally agrarian, with scarce job opportunities in non-traditional sectors of the economy. The COVID-19 pandemic is likely to be a significant compounding factor on the short and long terms.

In this regard, a key to reaping the demographic dividend in Jigjiga and Kebribeyah and better integrating in-camp and out-of-camp refugee communities is to create enough diversified employment opportunities for those joining the labour force. While the August 2018 outburst of violence was motivated by politicized agendas, it also shed light on the fact that narratives of othering and exclusion are shared by many of the youth, who feel left behind. A better understanding of the situation of economically active youth in Jigjiga and Kebribeyah is thus required to identify possible measures towards the better socio-economic integration of refugee and host communities in local job markets.

This section presents a diagnosis of the supply side of the labour market using a mixed approach: 1) key findings from the "Demand Survey" (211 respondents) with a focus on the "employees", "recruitment" and "labour market" sections; 2) analysis of the phone-based survey of the Jigjiga Polytechnic College (167 respondents), representative of local educated youth; and 3) focus group discussions with local youth conducted during the first two phases of the research.

Accessing the job market

Ethiopia has a large youth population, with more than 70 per cent of its population under 30 years of age. The same population pyramid can be found in Jigjiga and Kebribeyah, and 56.8 per cent of the Kebribeyah camp population is under the age of 18, according to UNHCR data.[58] However, despite its youthful population, nearly half of host respondents surveyed in the UEUS 2018 were neither employed nor seeking employment.[59] In the UEUS survey, however, "economic activity is defined as work, which involves the production of goods and/or services for sale or exchange and production and processing of primary products for own consumption", while "the employed population based on the current activity status approach consisted of those who were engaged in productive activity at least for one hour during the seven days

[58] UNHCR: Kebribeyah Camp Snapshot (2018).
[59] Beyond the caveats on the definitions of "activity" and "employment" mentioned in this section, it is also important to note that the UEUS 2018 age bracket would include child labour, according to the ILO definition, as they theoretically include any person above the age of ten in their analyses.

prior to the date of the interview." Such broad definitions leave room for interpretation and remain extremely inclusive.

Based on triangulated data from CSA (Central Statistical Agency) and UNHCR, as well as estimates from Key Informants, the tables below provide realistic – albeit *indicative* – estimates of local demographic realities, to put the socio-economic integration of Somali refugees into quantitative perspective.[60] Of those residing in Jigjiga, 49.7 per cent are reported as not economically active, a condition defined as neither working nor seeking work. Some people listed as "not economically active" include children, students, homemakers, and those retired from work. While the ratio between encamped refugees versus local population (1:5.5 for Kebribeyah town and 1:11 for Jigjiga city) is useful when considering integration policies and programmes, it is also important to bear in mind the protracted situation of refugees, which is an essential variable of their actual or possible integration, and the fact that many urban refugees *"have been included in the existing official CSA data, which may also be considered as a positive sign of the constant interactions and absence of barriers between the two communities in Jigjiga and Kebribeyah."* (KII, ARRA, October 2019.)

Table 7. Economic activity status for Jigjiga city, Kebribeyah town, and Kebribeyah camp (based on UEUS 2018 triangulated with CSA data and validated by KIIs)

Major town	All persons	Activity status (based on CSA-UEUS-HCR) – SH's estimates				Activity rate
		Economically active			Not economically active	
		Employed	Unemployed	Total active		
Jigjiga*	160,000	80%	20%	79,520	80,480	49.7%
Kebribeyah town	80,000	75%	25%	40,080	39,920	49.9%
Kebribeyah camp	14,133	70%	30%	5,653	8,480	50%

*Figures from CSA 2018 are more conservative with 130,210 people.

Disaggregated by gender, available data from the UEUS 2018 suggest that unemployment rates in Jigjiga City mirror those of the Somali region and the country – 32 per cent for women and 10.3 per cent for men. Again, these data only make sense when considering the characteristics of the employment (using decent work and underemployment, as key critical lenses, beyond the activity or skills required).

[60] Annex II provides a visual representation of the demographic and employment situation.

Table 8. Economic activity status for Jigjiga city, disaggregated by gender (based on UEUS 2018 triangulated with CSA data and validated by KIIs)

Jigjiga	All persons	Activity status				Activity rate
		Economically active			Not economically active	
		Employed	Unemployed	Total active		
Total	160,000	63,667	15,925	79,592	80,408	49.7%
Male	72,976	39,456	4,548	44,004	28,972	60.3%
Female	87,024	24,211	11,377	35,588	51,436	40.9%

In this last regard, official data seem optimistic when confronted with anecdotal evidence or rapid surveys. Based on the JPT phone-based survey, for instance, four out of five TVET students who graduated between 2016 and 2018 reported not being employed or self-employed at the time of the interview. While useful to characterize the situation very broadly, official figures and estimates thus call for caution.

Firstly, a rapid review of the formal and informal figures circulating on employment, in the Somali region in particular, points to a necessary harmonization of definitions, concepts, tools, and measurements. From this point of view, adopting the ILO definitions and guidelines would provide a useful policy and programming instrument for local policymakers and other stakeholders. It is a priority when designing employment programmes.

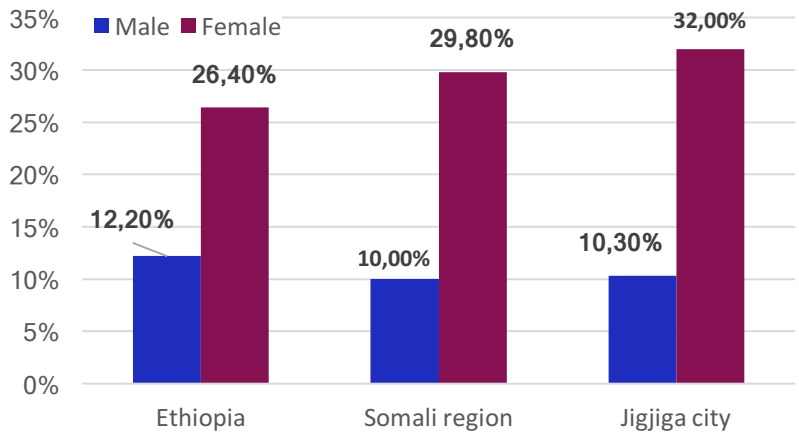
Secondly, according to KIIs, employers and students themselves, the transition from school, university or TVET to the job market has proven difficult in Jigjiga (and Ethiopia more generally). The reasons are manifold and interrelated.

> **Quality**: The labour market, in Jigjiga and even more Kebribeyah, does not yet offer the type of job opportunities that would match the newly acquired skills, as it remains mainly traditional, with on-the-job learning.
>
> **Quantity**: Given the number of youth entering the job market every year (between 2,000 to 2,500 for Jigjiga, based on conservative estimates), the Jigjiga labour market does not have the absorption capacity to provide enough opportunities, despite a sustained economic development.
>
> **Mentality**: Students are not always ready to make compromises and take internships or low-paid jobs, and employers themselves tend to be averse to taking risks, as *"recruiting youth is a time-consuming investment, as you need to spend a lot of time training them."* (FGD, female, 33, entertainment, Jigjiga.)

Thirdly, while there are some uncertainties on official figures in *absolute* terms, the *relative* difference between male and female employment remains a more reliable indicator, as surveyed youth used similar assumptions on "activity", "employment" and

"unemployment" in their answers. Following this logic, Jigjiga city presents a strong gender imbalance in terms of access to the local labour market for female actively looking for a job, as the unemployment rate is more than three times higher in Jigjiga for women than for men.

Figure 6. Unemployment rate (UEUS 2018)



Understanding unemployment

To fine-tune the initial explanations on the reasons behind inactivity and unemployment, it is necessary to disaggregate by skills, gender and migration status. This subsection considers the first two variables, while the next chapter (specifically on refugees) focuses on the situation of in- and out-of-camp refugees.

Unskilled youth: Several years of insufficient rainfall during the 2016 and 2017 Kiremt seasons has led to several water shortages, livestock losses and failed crops, also triggered by multiple consecutive seasons of below-average rainfall and the effects of the 2015/2016 El Niño. Such disastrous climatic events coupled with land scarcity, population growth and limited non-farm employment opportunities have started pushing young people into Jigjiga and Kebribeyah. This continuous and massive influx, paired with refugee youth, led to increasing competition for low-paid jobs, casual labour, in the construction sector in particular: *"The demand side cannot absorb these numbers. So wages keep going down, and cohorts of young unskilled youth remain without qualifications, waiting for hypothetical daily jobs."* (International NGO, Jigjiga, Nov. 2020.)

Skilled youth: High levels of unemployment among educated Jigjiga youth with secondary education, university level, or TVET were confirmed anecdotally and through the JPT survey. Local youth have higher aspirations and expectations, given the country's perceived and actual economic growth and the major transformations that occurred in the city: *"We keep hearing about Ethiopia's performance and bright future. We see all these changes happening here, with new roads, buildings, brands, etc. But why is it impossible for us to get a job? We studied hard, we have skills, we speak English. But we are waiting in vain."* (JPT student, male, 21, call-back, March 2020.) The school-to-work transition is weak at both TVET and university levels. According to KIIs, students who graduate from

universities face employment challenges in their fields, such as engineering, health and finance. As noted earlier, the JPT phone-based survey shows that fewer than one in five graduates from the Jigjiga Polytechnic College class of 2016–18 are currently employed: 78 per cent are not employed nor are self-employed. Those who are employed are generally using their skills in relevant industries. However, 12 of the 36 employed graduates stated that their current job is not the same as that for which they were trained. Most JPT respondents point to structural and macroeconomic explanations, and the most common reason cited for unemployment (by 45 per cent of unemployed graduates) is the limited supply of jobs in the community. Moreover, 35 per cent of unemployed graduates stated that lack of capital to start their own business contributed to their unemployment, which is aligned with the major obstacle to business development by employers and business owners under the first section of this chapter: *"Banks will not give us loans as we do not have collaterals. The government did not accept our idea of cooperative because we do not have the right profile they are looking for. It is difficult for educated youth to check boxes today in Jigjiga. It is saddening."* (JPT student, male, 22, call-back, Mar. 2020.)

Table 9. Reasons contributing to unemployment

Reasons contributing to unemployment	Percentage of unemployed respondents
There are limited jobs	45%
Lack of capital to start business	35%
Does not know how or where to apply	14%
Awaiting the season to work	8%
Still in school for another course	6%
Discrimination during recruitment	6%
The skills we gained are not useful	3%
Family responsibilities	3%

Gender: Notably, women TVET graduates were more likely to be employed after graduation (73 per cent of unemployment, for a 5 per cent point difference). However, the significantly lower number of female students in the sample (49 female vs. 118 male alumni from 2016–18) does not allow for any clear conclusion from the JPT survey. On the other hand, the demand survey confirms a clear gender imbalance:

1) In Jigjiga, 72 per cent of surveyed companies reported having female employees, but the proportion of women in these companies was only 19 per cent.
2) In Kebribeyah, by contrast, while 41 per cent of surveyed companies reported having female employees, the proportion of female employees was slightly higher (22 per cent).

Table 10. Overview of women's role on the demand and supply sides of the labour market (by location)

Gender	Total Employees	Women	Female contribution	Companies with women	Female Employers
Jigjiga	3860	745	19%	72%	14/155
Kebribeyah	230	51	22%	41%	8/54

Education

According to the 2020 World Bank Ethiopia Poverty Assessment,[61] the comparison of UEUS figures from 2016 and 2011 shows a positive trend in the education level of the urban labour force "with larger cities accommodating a larger share of better-educated workers" making education "a main correlate of decreasing poverty rates, explaining 16 per cent of the reduction in urban poverty between 2011 and 2016." Two parallel phenomena explain such positive dynamics in a relatively short time span:

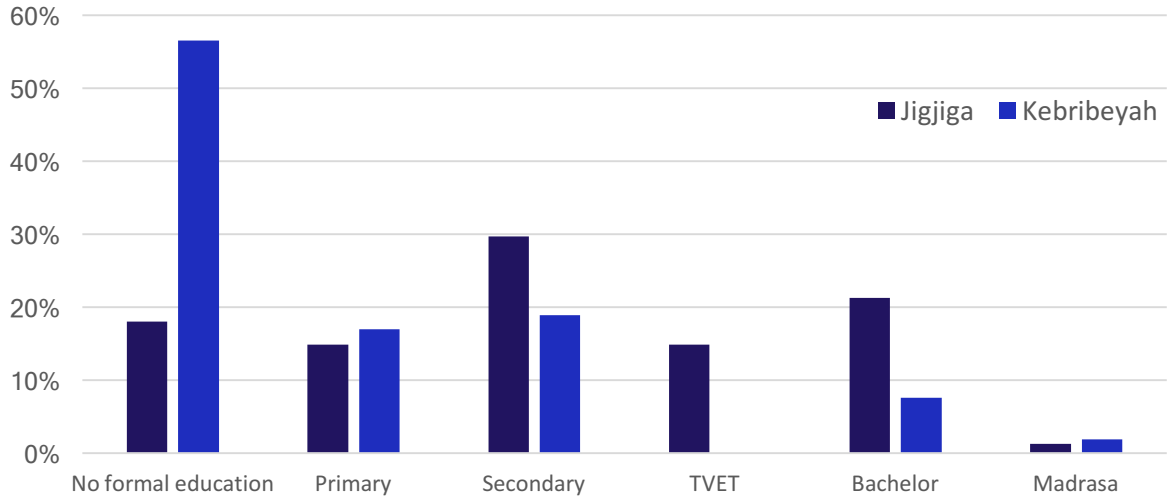
A decline of the working-age population in urban locations without primary education from 20 per cent to 14 per cent in 5 years; and

An increase of the population completing secondary education or more from 23 per cent to 28 per cent.[62]

This national analysis is confirmed when looking at the differences between Jigjiga and Kebribeyah. Workers in the latter are on average significantly less educated than workers in the larger and better-connected town of Jigjiga. According to surveyed Jigjiga employers, only 18 per cent of their employees had no formal education (vs. 57 per cent in Kebribeyah) while 30 per cent completed their secondary education (vs. 19 per cent in Kebribeyah). The analysis of the World Bank applies to both situations and was also confirmed by key informants and focus group participants: "Kebribeyah is isolated in the Somali region, and we don't have a strong education system. In particular, we lack technical and vocational training centres with good capacity and teachers. Our youth are not very skilled but are eager to learn. If UNHCR and others want to speed up our development, they should also keep education in the back of their head." (KII, female, 51, Kebribeyah, local NGO.) By contrast, the more educated Jigjiga labour force reflects rapid improvements in the provision of education and marketable skills: "For us, employers, there have been tangible improvements over the past five to ten years." (FGD, male, 46, financial services, Jigjiga.) Everyone in Jigjiga understands that education and skills are essential to really develop and train the local workforce and improve the productivity and competitiveness of local businesses. "It was obvious, but it is also possible now." (FGD, male, 46, financial services, Jigjiga.)

[61] World Bank, 2020.
[62] Ibid, p.145.

Figure 7. Average level of education of employees on the workplace by surveyed location



When asked to indicate (pre COVID-19) employment dynamics in their sector and business and whether their companies would have more or fewer employees at the end of the year 2020, surveyed employers and business owners had contrasted views, depending on their respective industries.

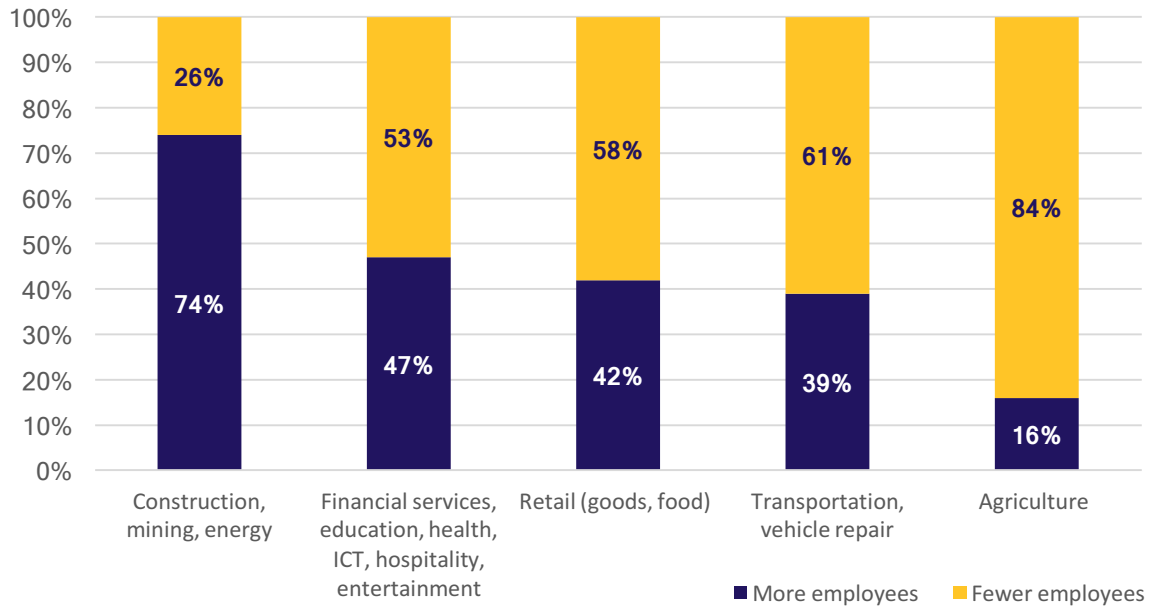
Respondents from the agriculture and livestock sector were the most pessimistic, as 84 per cent of them answered they would probably have to lay off some of their staff. The Somali region has been experiencing extreme weather variability in the past few years, with extreme and recurring drought (2016 and 2019 in particular) as well as massive flooding. The National Meteorological Agency (NMA) weather forecast for the Kiremt seasons 2020 (June to September) suggests heavy rainfalls, with river overflow, damaged bridges and roads, as well as significantly impacted livestock and agriculture.[63] In parallel, as highlighted by the FAO in May 2020, *"unless properly controlled, the locust invasion will cause large-scale crop, pasture, and forest cover loss, worsening food and feed insecurity, especially in areas emerging from recurrent El Niño-induced drought."*[64] Focus group discussion participants with traders (who deal with pastoralist communities) were extremely concerned by such an unprecedented conjunction of negative factors in the long run (drought) and shorter run (floods, locusts, and COVID): *"The community counts on us. The COVID pandemic makes our role even more essential to make sure there is no famine or hunger. But I will soon be out of stock."* (FGD, male, 31, agriculture, Jigjiga.)

Companies from the transportation, retail and services sectors are more representative of the positive global economic trends, even if they have also been impacted by climatic stressors: 61 per cent of transportation, 58 per cent of retail, and 53 per cent of services companies anticipated a decrease in the number of employees by the end of 2020.

[63] FEWS NET and USGS: "Intense rainfall in mid- and late April causes widespread floods in East Africa and Yemen," 5 May 2020.
[64] FAO: "Ethiopia - Desert Locust Situation Report April 2020" (Addis Ababa, 2020). As of April 30, 2020, close to 219,000 people are affected and 107,000 displaced owing to floods in Somali, Afar, SNNP, Dire Dawa and Harari. More than 90 per cent of the flood-affected and displaced people are from the Somali region.

By contrast, the construction sector outlook remains positive in both locations (74 per cent of positive opinion overall) and seems more tied to their long-term positive socio-economic development. The spectacular development of Jigjiga over the past 15 years, with new infrastructures, buildings, roads, etc., should be followed in particular by a *"second wave of investments, from the private sector, foreign firms as well as local authorities, to promote a rational urban planning and demographic expansion."* (Jigjiga Municipality, March 2020.)

Figure 8. Prospective employment outlook for 2021



Recruitment criteria and skills mismatch

When considering the main criteria used by employers during the selection process to hire applicants, some striking differences appear based on location and gender, even if work experience remains the absolute sesame, as highlighted by countless respondents and focus group discussion participants: "Generally, work experience is a key to every job. For example: I am a food cook, and cooking is not an easy job, so the cook must know the exact recipe of the type of food he needs to cook, the quantity of items to add such as water, salt, oil, sugar and other spices. It is not something you learn in books. For instance, I cook food for young children in school, there are different cooking formulas for kids and adults, because children do not like spices, but adults do and so on. Experience, time, patience." (FGD, male, 32, cooking and delivery, Jigjiga.)

On gender, a first immediate difference to note is that women were less inclined than men to answer this question, and female respondents often gave a couple of key criteria, while men gave multiple answers. More specifically, it is also worth noting the following.

- Businessmen and male employers reported favouring work experience and possession of required skills (dark blue values), and then age (younger

applicants), place of origin (local preferred), recommendations and relations to the owner.

- Businesswomen and female employers also reported prioritizing work experience and possession of required skills, but to a much lesser extent (respectively, minus 24 percentage points and minus 14). Other key criteria include "place of origin (local preferred)" and "recommendations", which again, is quite similar to businessmen's own choices.
- More interestingly, there is a greater emphasis on "age (younger preferred)" (+21 percentage points), "level of education" (+15), "certificates and diplomas" (+11), "values" (+13), among male respondents. Interpreting these figures remains difficult, given the low sample of female respondents (n = 22); however, it is possible to triangulate them with qualitative findings from focus group discussions: *"We [= women] are more scrutinized than men. So on the one hand we have a social pressure, a lot of rules and norms. But on the other, we cannot fail, and we must hire the right people. So, unlike many men, we will favour actual skills over clans, we will find street-smart people over well-educated, we will go for actual professional skills over diplomas, and we will prefer recommendations over network."* (FGD, female, 31, pharmacy, Jigjiga.)

On the differences between the two locations, the table is quite telling.

- Jigjiga respondents put a stronger emphasis on "work experience", "possession of required skills", "age (younger preferred)" as well as "place of origin (local preferred)" and "level of education". It shows a normal or traditional approach to recruitment selection criteria, as the focus is primarily on experience, skills, and education – which are all *professional* criteria.
- Kebribeyah respondents, by contrast, put much more emphasis on "recommendations" (53 per cent vs. 18 per cent) and much less on the "possession of required skills" (17 per cent vs. 60 per cent) or "education" (15 per cent vs. 32 per cent). It tends to validate the assumption that Kebribeyah's labour market is mainly for unskilled jobs that are obtained through personal networks, as also confirmed by focus group participants. The lesser emphasis on "place of origin (local preferred)" can be explained by the sustained commercial and social interactions between the camp and Kebribeyah town.
- Finally, it is essential to note the very low ranking of certificates and diplomas, which are not considered as a professional guarantee in both locations (and for both male and female respondents): *"They have diplomas. All my employees. And they all want to be managers. But a good manager is also the guy who knows how and when to change the bulb! They are spoiled. And diplomas do not mean anything. Empty words for empty heads. Experience is everything. Professionally, newcomers are newborn babies. Diplomas are their diapers."* (Case study, male, 43, agribusiness, Jigjiga.) This general distrust of education and diplomas is, however, not applicable to governmental offices and NGOs, which clearly consider them as a key part of the recruitment process, in particular for higher technical and managerial positions: *"I work for the sanitation office of Kebribeyah, the department of planning. Our staff are composed of two groups. A group of*

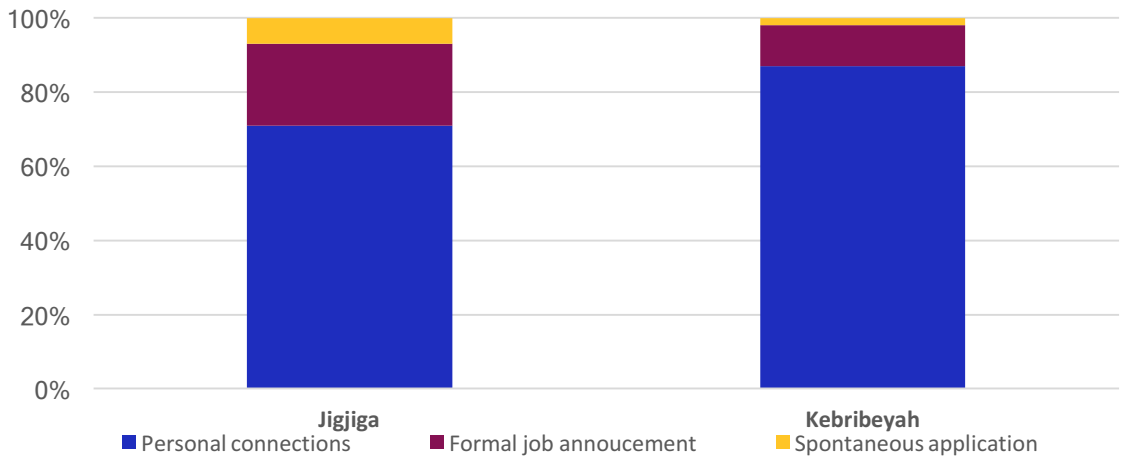
people who are required to come up with job experience and education certificates, such as senior staff members working in planning, finance and managements units. The other group is also important, but they work on unskilled or semi-skilled tasks and do not need education certificates to achieve their tasks. They need to be healthy and pay attention to details." (FGD, male, 41, civil servant, Kebribeyah.)

Table 11. Priority recruitment selection criteria (by gender and location)

	Men	Women	Jigjiga	Kebribeyah
Work experience	65%	41%	62%	64%
Possession of professional required skills	50%	36%	60%	17%
Age (younger preferred)	35%	14%	44%	0%
Level of education	29%	14%	32%	15%
Place of origin (local preferred)	29%	27%	36%	8%
Recommendations	27%	23%	18%	53%
Relation to the owner	22%	19%	20%	23%
Certificates/diplomas	16%	5%	13%	19%
Literacy	14%	18%	14%	17%
Gender	12%	9%	15%	2%
Applicant's values	13%	0%	16%	0%
Relation to other workers	10%	5%	12%	2%
Foreign language skills	4%	5%	5%	2%
Age (older preferred)	3%	14%	3%	9%
Place of origin (non-local preferred)	4%	5%	6%	0%

To corroborate these findings, demand survey respondents were also asked what their preferred recruitment channels were between informal (personal connections), formal (job announcement) or spontaneous applications. In both locations, a large majority (71 per cent for Jigjiga and 87 per cent in Kebribeyah) favoured personal networks. It nuances the analysis of the recruitment and tends to confirm that before evaluating applicants through their experience, skills, education, etc., most employers use their personal or professional network as a first screening step.

Figure 9 Recruitment channels (employers' answers)



What does this apparent contradiction between the first set of answers, favouring experience and professional skills, and the second chart, prioritizing informal connections over formal procedures, tell us about the structure of the labour market in Jigjiga and Kebribeyah?

On the one hand, interviewed stakeholders and surveyed companies or alumni unanimously agree that, across the private sector and public sector, personal connections are probably the most impactful avenue towards finding a job, particularly in the formal, most-desired positions. Because the private sector is still developing, most employ family business hiring practices – "They start with their family, and next to their family is their clan." This practice is a deep-rooted system, as one key informant explained that "even NGOs have to hire with clan balance in mind, otherwise other clans will create conflict." While interviewees who were employed with the public sector claimed that "government jobs are not clan-based," personal connections through clans or other networks play a key role in securing public sector jobs as well. The floating perception among labour market actors thus remains that personal connections prevail over impersonal criteria: "The most significant sector that took employees is government, and their criteria for selection is not what you know, is whom do you know. Same with NGOs, same with the private sector. The essential factor of employment is linkage or networking, so as a new graduate, you will face significant challenges." (FGD, male, 40, wholesaler, Jigjiga.)

On the other hand, it is also important to put these traditional accusations of nepotism and favouritism into a broader perspective by going back to the original makeup of most companies operating in Jigjiga and Kebribeyah: beyond contextual parameters, micro or small companies (see Chapter 2, subsection 1) are not structurally geared towards the type of formality of larger organizations. For the owners of MSE, the main concern is securing enough cash flow and income for day-to-day operations. In other words, any recruitment mistake can have a massive opportunity cost: "When we hire someone, we cannot afford making mistakes. We need to find the right person for the job. But it is difficult to find good recipes or tips to choose the right people. Is he hard working? Can she work with others? So we use other people's opinions. When it comes to the job market Jigjiga is a small world." (FGD, male, wholesaler, Jigjiga.) Beyond these day-to-

day issues of optimizing financial and human resources, microentrepreneurs and owners of small enterprises have to deal with the informality of relationships within and outside the company. Being small organizations, MSE like the ones currently present in both Jigjiga and Kebribeyah marketplaces revolve around relationships between employees and the director or owner. In this regard, it makes sense to favour personal connections when trying to hire someone new for an existing position (or create a new position). It is indeed assumed that the personal "connection" will be more likely to assess the potential informal fit between the applicant and the company, given that he or she knows them both. By contrast, larger organizations like NGOs and governmental agencies – despite recurring criticisms – are more likely to operate with formal recruitment channels, not only because they are defined by their transparency and accountability, but also because it is more adjusted to their organizational makeup.[65]

The table below confirms this analysis of the microentrepreneur's dilemma: out of the 171 (82 per cent) companies that reported not employing trainees, the main reasons given by survey respondents were "affordability" and "time". Both parameters point to the question of optimizing and better allocating scarce resources (money and/or time) on the immediate short run. Again, the very structure of their organization prevents them from making more rational and long-term decisions and leads them to prioritize short-sighted (and often legitimate) cost-benefit analyses; by contrast, the formal, siloed and more bureaucratic organizational structure of larger companies will enable more formal recruitment processes, capacity development and training plans, internship modules, etc. – regardless of their actual benefits for the company.

Table 12. Reasons mentioned by employers for not accepting (paid or unpaid) trainees in their company

	Jigjiga (n = 124)	Kebribeyah (n = 47)
I cannot afford it	59%	48%
I do not have time to train another person	23%	14%
I do not have enough tools	7%	17%
Not enough people with the skills we require	5%	2%
Not enough people with the education we require	4%	2%
Not enough people with the work experience we require	2%	0%
The qualified people are not the people I wish to hire	0%	17%
Total	100%	100%

[65] As highlighted by ILO (2008): "Once the number of employees has increased beyond ten, then, while it is still possible to handle relationships with a high degree of informality, there are increasing pressures to formalize relationships. Thus, even small enterprises tend to have different characteristics than micro-enterprises."

Aspirations

The majority of Somali youth, regardless of refugee status, wish to pursue business and trade while avoiding service or labour intensive "black labour" jobs. A strong cultural stigma surrounds certain occupations that are in demand, such as in construction and hospitality industries, and that may provide better prospects for employability and income. As an FGD with TVET instructors explained, "many potentially profitable skills fail to develop in this community because of sheer pride." In contrast, pastoral communities from around the Jigjiga area constitute the largest source of workforce available in the region because they are more willing to take on hard labour and simply cannot afford not to work.

The absence of a robust private sector coupled with the social prestige of the public sector motivates higher educated youth in Jigjiga to seek government jobs instead of self-employment or other sectors. Despite accounts of the private sector paying better wages than the public sector, "many people choose to work in the public sector for the sake of getting a title more than money."[66] The bottom line is that many sectors – including agribusiness, construction, as well as hospitality industry – remain challenging because in many cases, they require a change of mentality on the part of the youth involved, who are often: (a) looking down on blue-collar or black labour jobs; and (b) preparing for jobs as employees in organizations rather than learning skills necessary to begin their own business. Several interviewees noted that the first step towards enabling these sectors to flourish would be to change people's attitude towards manual labour.

In this regard, federal TVET policy is to provide training on market-oriented programmes based on the demand of the industry, which is determined by an annually conducted labour market assessment. Presently in Jigjiga, based on a 2018 Regional TVET Office report and KIIs with TVET stakeholders, market-demanded industries include hard skills such as construction, general metal fabrication and assembly (GMFA), furniture making, and electronics. TVET school policy on programme matching also prioritizes student preference, which does not always align with the demand-oriented programmes. Despite sensitization trainings at the start of each year, "students do not yet understand the importance and marketability of the hard skill programmes."[67]

> "Students do not understand the aim of hard skill TVET programs. 70% of students would highly prefer to learn soft skills like ICT. 30% would prefer hotel and tourism or beauty salons. They assume these programmes are more sophisticated than the others, but they do not realize that these skills are more saturated in the market."
>
> (Jigjiga Polytechnic, Jigjiga, Nov. 2019.)

[66] FGD with students.
[67] KII with JPT administrator and principal.

For each of these two-year programmes, which may seem long to students who have to contribute to their family income, low student interest in demanded TVET skills among host community members is reflected in the programmes' low completion rates. Completion rates and enrolment proportion for prioritized demanded skills requiring hard labour are generally much lower than for soft skills. For example, completion rates for construction were 20 per cent, mechanics 20 per cent, and electricity 40 per cent, while soft skill modules such as ICT had a completion rate of 90 per cent. The ICT programme always enrolled the highest ratio of students at 20 per cent, compared to construction, mechanics, GMFA and furniture making, which collectively enrolled 16 per cent of all students.

Table 13. Major industrial divisions among active and employed survey respondents, by gender

Programme Sub-categories in Index	# Enrolled (750)	% Enrolled	Completion rate	# Teachers	Student: Teacher ratio
Construction*	20	2%	20%	16	4:5
Auto mechanics	30	4%	20%	5	1:6
Electricity and electronics	36	5%	40%	12	1:3
Hotel and tourism	58	8%	50%	8	1:7
Garment	38	5%	30%	3	1:13
ICT	150	20%	90%	13	1:11
Water	113	15%	90%	34	1:3
Metal fabrication and assembly	37	5%	60%	5	1:7
Furniture*	45	6%	80%	5	1:9
Driving	75	10%	100%	5	1:15
Beauty salon	50	7%	100%	5	1:10
Surveying technology*	37	5%	10%	4	1:9
Agriculture	50	7%	60%	21	1:2

*Joint construction program sharing facilities

Interest in gaining additional vocational skills is high amongst TVET graduates, employed and unemployed alike: 83 per cent of all graduates surveyed stated that they need additional training. Generally, students do not seek to abandon their learned skillset but seek to acquire either an additional level of competency (49 per cent) or a complementary skillset (4 per cent). However, 11 per cent of graduates seeking additional training stated that they seek an entirely new set of skills. The desire to acquire a new set of skills was most prominent among ICT graduates, with 10 out of 60 graduates seeking an entire new skill set other than ICT.

Satisfaction and faith in the public TVET college in preparing them for the local labour market remains strong among graduates, despite high post-graduate unemployment. Almost 80 per cent of all graduates surveyed, employed or unemployed, stated that their Jigjiga Polytechnic education prepared them very well for the labour market. Thus, though the diploma does not correspond with a tangible value out on the job market, youth place continued trust in the institution for receiving a good education.

Case Study – TVET and skills training

Vocational skills training is a central element of employment support services offered in Jigjiga and Kebribeyah. The TVET market system in Jigjiga is characterized by fragmentation of support services across multiple actors, notably parallel, unequal systems for refugees and hosts. There is significant overlap and duplication of efforts, although CRRF coordination efforts are focused on managing this challenge.

TVET was introduced to the Somali region in 2001 by a new educational policy in Ethiopia to produce middle-level technical skills as part of poverty alleviation. In 2009, the government endorsed the National TVET Strategy, and training youth to address the country's vocational demand became a national agenda. The strategy advocates a decentralized and outcome-based approach. Responsibility for designing quality education reforms with labour market relevance was spread between several institutions – Federal TVET Agency, Regional TVET Agency, Higher Education Relevance and Quality Assurance Agency, Ministry of Education and Education Strategic Center. Each regional administration has a National Regional States Education Bureau that is responsible for the administration and management of general education, TVET and teacher-training programmes. TVET offerings are robust in Jigjiga, with four private colleges and a dozen smaller private TVET centres, in addition to several public TVET colleges. The public TVET schools are Jigjiga Polytechnic College (JPT), the School of Management and Health Science College. The four large-scale private TVET colleges are Liberty, Horn, Ilyas International, and Rift Valley College.

Jigjiga Polytechnic College

JPT is the main TVET institution in the Fafan zone, offering 13 distinct sector programmes taught by 168 teachers to between 1,000 and 1,500 students every academic year. Following the Ethiopian higher education as well as the regional TVET agency plan, formal TVET is open to graduates of grade ten. As a governmental institution, JPT's financing is allocated from the federal education budget. Accordingly, JPT teachers follow the national teaching curriculum, the Ethiopian Occupation Standards (EOS), which is used to develop the JPT teaching trainers learning module.

Photo 1. Jigjiga Polytechnic College

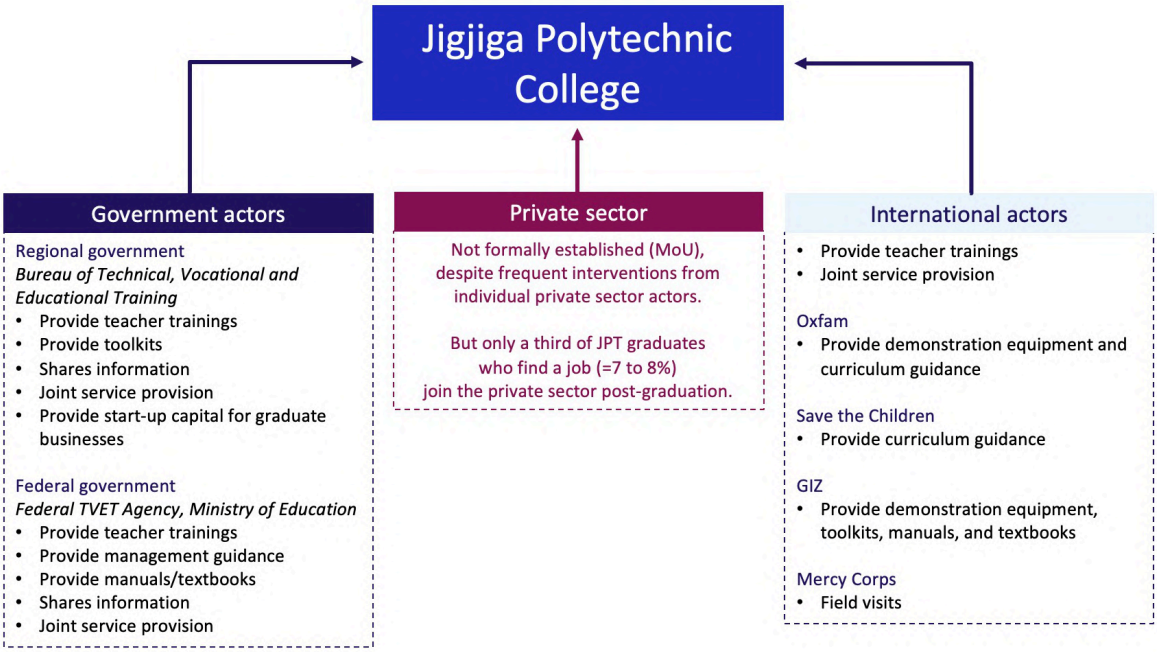
JPT enjoys a strong reputation and respect among students, local government and international organizations. Satisfaction and faith in JPT education in preparing them for the local labour market remains very strong among graduates, either employed (22 per cent) or unemployed (78 per cent). From the result of this tracer survey, only 2.7 per cent of the unemployed graduates surveyed believed that the reason they are unemployed is that the skills they have gained are not useful. Even in the face of unemployment, only 3 per cent thought that their unemployment was because their skills gained were not useful. Thus, continued trust in the value of education or diploma does not correspond with a tangible value output on the job market. The nepotism and discrimination of the job market discussed in FGDs is reflected in the tracer study. Both the majority of employed and unemployed respondents (61 per cent and 65 per cent) stated that they agree that hiring practices in the community are only based on personal connections. Indeed, among employed respondents, 72 per cent stated that they found their current job through friends, family and colleagues.

By and large, JPT is the most influential and central TVET institution that offers the best quality, reputation and affordability for TVET, and is the top choice for youth to pursue training. Admitted students are fully funded by the government, except for some training for refugees who are supported by NGOs. Most training is free of tuition, and students receive 300 Ethiopian birr (ETB) per month incentive to cover residency cost, as determined by the national scale.[68] However, JPT admits a very limited number of students compared to the demand.

Both the government and NGOs send their beneficiaries for training to JPT, host and refugee alike (Figure 10). For government referrals, "the chief of every kebele registers those who need TVET trainings and submits their names to the office of the mayor in local government. Then the mayor brings the trainees in the college."[69] Trainees sent by NGOs from refugee camps are usually enrolled in shorter-term training ranging from 45 days to 3 months. However, once at JPT, placement procedures align for both hosts and refugees in selecting a course.[70]

[68] KII with TVET regional office in Jigjiga.
[69] KII with local Municipality, Jigjiga, Sep. 2019.
[70] KII with Jigjiga Polytechnic College president, "The agencies that bring them to the college talk to them about the skills they want and the skills that are available in the college. So, once they reach here in the college, we direct them to their respective departments according to what they had planned with their sponsors."

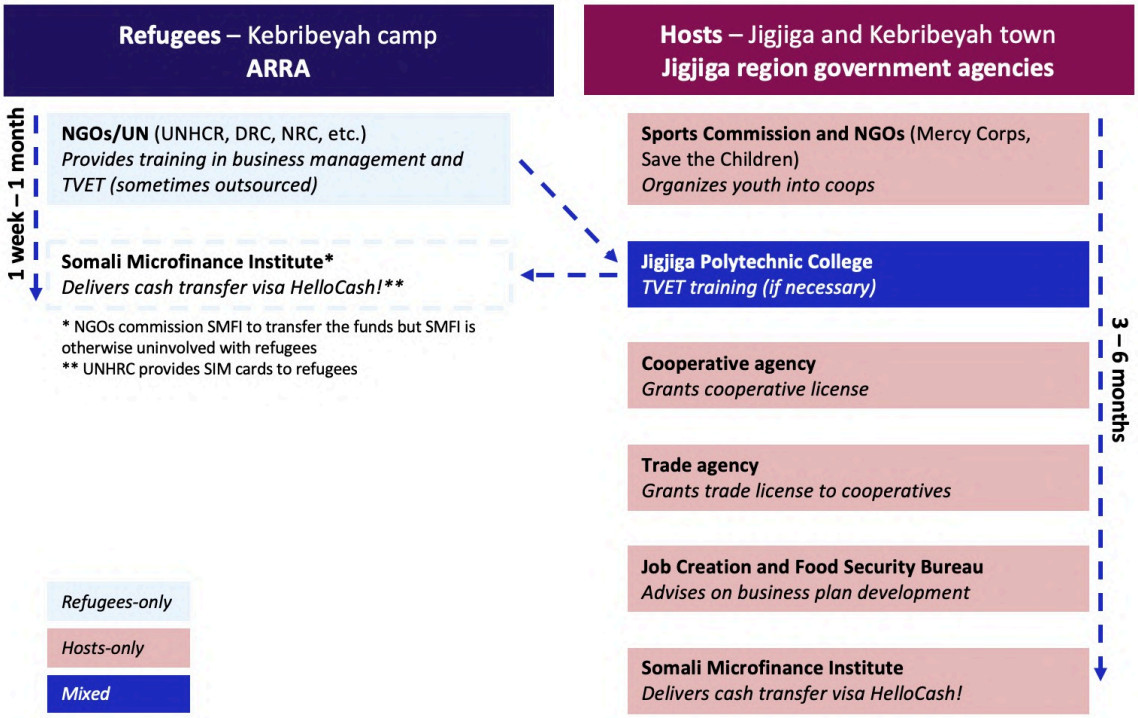
Figure 10. Jigjiga Polytechnic partnerships with key stakeholders



Notably, the private sector is not officially linked to JPT operations. Usual linkages between TVET schools and private sector companies include sharing information, case referrals, guest lectures, participation in school sector committees, and apprenticeship programmes. However, the formal private sector is structurally limited in Jigjiga and, therefore, there has not been any tangible discussion on possible MoUs with private sector actors. Potential collaborations could include seminars and workshops at the JPT, in exchange of tailored classes, possible internships or training schemes. Reflecting both dynamics, of the 36 respondents that are employed, the local government employed 16 graduates, and the private sector accounted for the employment of only eight graduates.

While JPT offers quality education and nationally recognized certificates, the NGO-run programmes, even if run through JPT, are often not as impactful. NGO-run programmes tend to be shorter-term compared to government and other privately-run TVET programmes. The risk of dropout is higher for the longer-term programmes because "people are more committed when it's shorter."

Figure 11. Pathways to cooperative financing for hosts versus refugees



There also seems to be more investment opportunity post-graduate for shorter-term training; "long-time trainees sometimes face more challenges because most of them do not receive the necessary investments, although some of them get capital from the government." The shorter entrepreneurship-geared training from NGOs thus provides more straightforward and streamlined start-up financing with fewer hoops to jump through than government trajectories.

> "I think it is good to profile the refugees first and know where they come from. If they were agricultural, people are needed to give them land and all the aids that can help for cultivation, but currently, we have noticed most of the refugees supports is entrepreneurship training, start-up capital, or skill training, and I think the scope needs to broader more than these three aspects."
>
> (UNHCR, Jigjiga, Sep. 2019.)

Private TVET Colleges

Private colleges take up the students who are not able to gain admission to JPT and are able to afford the more expensive cost. However, private colleges are reportedly not of the same educational quality as public schools. Notably, students from private colleges do not seem to receive the same level of attention as students from the public sector. For example, in an FGD with graduates of TVET colleges, the student who was trained in the public TVET sector received investment from the government along with her college mates, while the student from the private college "doesn't expect to get such

investments from the college even after getting trained in a more expensive private college."

While the overall level is reportedly lower at private colleges, certain specific training is comparatively stronger there, for example, English and ICT. Independent programmes run by NGOs also offer a comparatively more attractive training scheme for entrepreneurship skills, though without a valid certification upon completion. Besides short-term training through NGOs, there is also a six-month certificate training option at JPT, for which participants receive accommodation, a stipend, work experiences and a practical licence. Officially, however, the refugee participants have to leave Jigjiga afterwards and return to their camp.

Table 14. Main TVET Service Providers by skill set

Skills	Government actor	NGO	Private sector
Existing curricula Agriculture Livestock Driving Carpentry Construction	Jigjiga Polytechnic College Wadani School for Driving	Mercy Corps DRC NRC SCI GIZ OXFAM	Waberi School for Driving Wadani School for Driving
Business development	Jigjiga Polytechnic Bureau of Urban Job Creation and Food Security		BPRD consultancy
ICT and English	Jigjiga Polytechnic		Liberty College Great Rift University Horn College Peace language and computer training centre (Jigjiga and Kebribeyah) Nuredin language and computer training centre (Kebribeyah)

The instructors of TVET training across the multitude of TVET programmes vary in skill. According to the Urban Job Creation Bureau, for their programming alone, trainers come from three pools. The most qualified trainers are flown to Jigjiga from the Federal Agency in Job Creation from Addis Ababa. The bureau itself employs training of trainers (TOT). For the highest levels of training for TOT, the bureau hires external consultants on recommendation from the federal agency. Usually, the independent consultants are sourced from GIZ or Mercy Corps and "are better than us."

Demand-side survey

The classification of companies was developed with the aim of contextualizing International Standard Industrial Classification of All Economic Activities (ISIC) to the cases of Jigjiga and Kebribeyah and bearing in mind that the low number of surveyed companies (209 in total, with 155 for Jigjiga and 54 for Kebribeyah) only allows to draw indicative hypotheses and conclusions.[71] However, all the findings presented in this section have been triangulated ex ante and ex post by qualitative focus group discussions, individual interviews, and direct field observations to validate or nuance them.

Lastly, the indicative nature of the sample and existing sectoral targets made it difficult to add an additional variable and/or target (e.g. quota for companies' size or gender). Therefore, the following figures naturally depend on the initial choice of sectors and activities – some of them, like construction companies, for instance, having more employees, more gendered team compositions and more unskilled workers traditionally. However, it is assumed that the mixed approach used in defining quota of sectors and activities contributed to mitigating these biases.

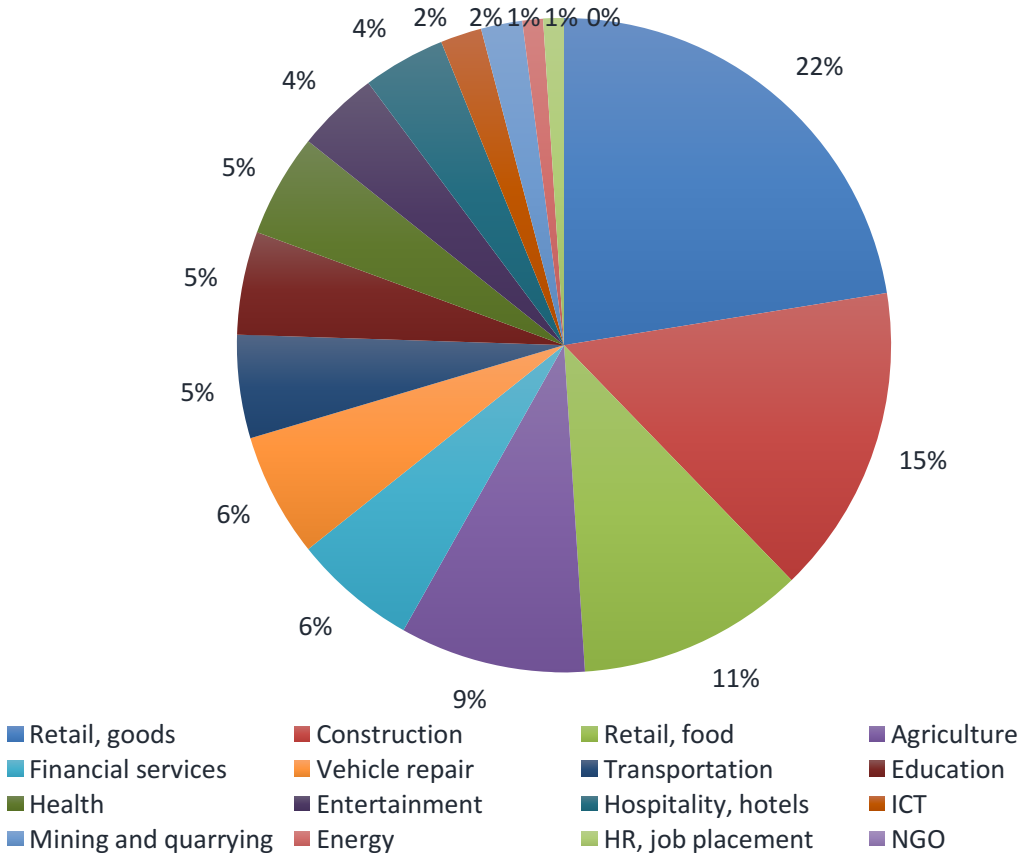
Companies' profile

Sectors and activities

Based on the 2019 ILO-EIIP study[72] on "Assessment of employment-intensive investment strategies in refugee-hosting communities in Ethiopia" together with initial focus group discussions conducted during the first two phases of the project with local social and economic actors, as well as TVET teachers and students, a preliminary list of possible sectors was first identified by the research team to provide targets to field enumerators. For Kebribeyah, in particular, the 2019 ILO-EIIP study focused mainly on 1) self-employment and micro-entrepreneurship; 2) active trade and services; as well as 3) construction, with specific recommendations on public infrastructure projects (new urban roads and maintenance).[73] This first skeleton was then populated with specific subsectors in the services and construction industries, as well as other sectors identified through field visits in both locations and focus groups. The pie in Figure 12 shows a breakdown of surveyed companies and businesses by sector:

[71] This is an essential caveat, as percentages are used in the case of Kebribeyah, while the number of companies remains reduced (n = 54).
[72] ILO: "Assessment of employment-intensive investment strategies in refugee-hosting communities in Ethiopia" (Addis Ababa: ILO-EIIP, study undertaken in Mar-Aug 2019, unpublished).
[73] Respectively pp. 22 and 32.

Figure 12. Surveyed companies by sector and activity in March 2020



While not representative of the actual local economy, given the reduced size of the two samples, the above chart mirrors other surveys conducted in Jigjiga. According to the UEUS 2018, for instance, the main existing skills in Jigjiga area are in wholesale and retail trade, transportation services, construction, education, hospitality, and public administration. Some skills are more commonly practised by females, such as hospitality and food services, household activities. The most common skill of wholesale and retail trade is gender-balanced. According to the JPT tracer survey, female students were over-represented in the hotel and tourism module and make up a substantial proportion (42 per cent) of the ICT module.

Companies' size

Definitions of SMEs often vary by country and are usually based on the number of employees, the annual turnover, or the value of assets of enterprises. Given the uncertainties on the last two criteria, it was decided to opt for the number of employees to capture this essential dimension of the labour market absorption capacity – and subsequent integration opportunities for refugee and host community members.[74] For the sake of readability and contextualisation, this report uses the terms: microenterprises for companies that have fewer than five employees; small for companies with 6 to 20 employees; and medium for companies with more than 20 employees (inclusive of the director or owner). Additional subdivisions of small companies into two subgroups (6 to 10 and 11 to 20) have also been done, when required by the analysis. The acronym SME (small and medium-sized enterprises) is not used to avoid any references to other standards and any possible misleading interpretation of the figures and analyses.

The latest World Bank Poverty Assessment in Ethiopia considers that increasing returns to self-employment (versus wage employment) and increase in the share of urban self-employment were *"important in explaining poverty reduction in Ethiopia's cities and towns"*.[75] While this research focuses on companies and not on individuals, anecdotal evidence from focus group discussions do suggest an increase in self-employment, sometimes leading to micro-entrepreneurship (two to three people working in the construction, agriculture or retail sectors). Naturally, it is essential not to impose a mythological and caricatural vision of "individual entrepreneurship" to situations that rather suggest highly mimetic decisions, often based on survival strategies or short-term predatory attitudes; however, individual case studies and focus group discussions conducted during the first two phases of this study *also* confirm the positive shift, documented by the World Bank study, from a situation of massive wage employment to that of self-employment and even micro-entrepreneurship. It is an encouraging sign assuming that minimal enabling business standards can be established in Jigjiga (and especially in Kebribeyah), which could also contribute to making local economic actors more resilient to crises (natural disasters or pandemics).

With these caveats in mind, the graph below (Figure 13) confirms qualitative findings from the three phases of the field research:

The proportion of micro-enterprises is significantly higher in Kebribeyah (72 per cent, +37 percentage points compared to Jigjiga). It points to a more fragile economic market, with short-term business plans and models, and a very limited growth potential for most

[74] In most OECD countries, typically, "microenterprises are defined as enterprises with up to ten employees, small enterprises as those that have ten to 100 employees, and medium-sized enterprises as those with 100 to 250 employees. This includes all types of enterprises, irrespective of their legal form (such as family enterprises, sole proprietorships or cooperatives) or whether they are formal or informal enterprises." (ILO, 2015.) "Small and medium-sized enterprises and decent and productive employment creation," International Labour Conference, Report IV.

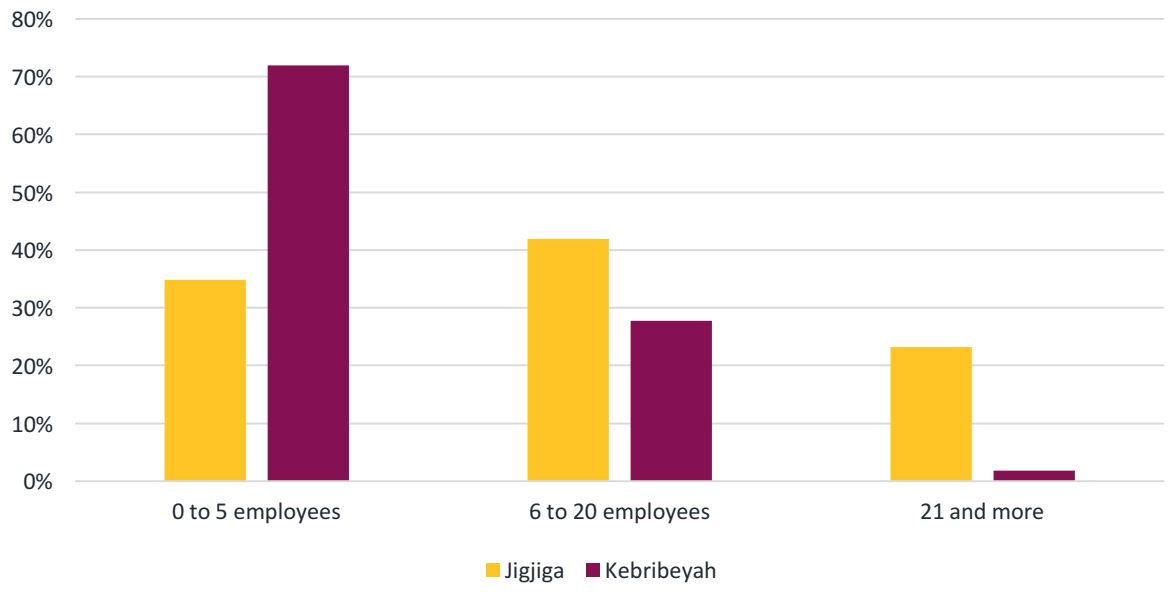
[75] World Bank: "Ethiopia Poverty Assessment: Harnessing Continued Growth for Accelerated Poverty Reduction" (2020). Self-employment is a situation in which individuals work for themselves instead of working for an employer who pays a salary or a wage. Wage employment is where a person works as a paid employee on an agreement for a certain number of hours per day of the week on an ongoing basis.

surveyed companies. Additional analyses (see the mapping and networks in subsection 5 of this chapter) point to the lack of business enablers (e.g. access to credits and financial services, legal advice, marketing agencies, job placement centres) which clearly undermines the development of a proper market and potential growth of private businesses and associations in Kebribeyah: *"People, and youth in particular, want to do small businesses. It has a shorter life span and also a faster cycle of receiving the money. But it is not equipped to survive for a very long-time."* (FGD, male, 31, Kebribeyah, Oct. 2019.)

By contrast, Jigjiga offers a relatively more resilient network of small companies (6 to 20) which are clearly perceived as a dynamic bridge by local socio-economic observers: *"This network of companies of 5, 10 or 15 people are the foundation of Jigjiga's future development: they are flexible, innovative, and do not suffer too much from formal regulations. They hire and fire easily; they are present in most sectors and are not scared by new ideas. They are our best shield in case of natural disaster or economic crisis."* (KII, Jigjiga, male employer, Oct. 2020.)

Anecdotal evidence from April 2020 suggests that the amplitude of the COVID-19 pandemic on local economies led to closing many micro and small companies, as they were all directly impacted by governmental safety measures. From this point of view, while Kebribeyah did seem structurally less resilient to shocks than Jigjiga, preliminary findings suggest a similar collapsing of most commercial structures. Initial KIIs indicate that it may lead to a long and progressive reconstruction of micro-networks of small companies, adverse to risk, focusing on traditional business activities, with short-sighted market strategies.

Figure. 13 Surveyed companies by size (number of employees in March 2020)



In terms of existing dynamics – pre COVID-19 – the next two graphs confirm a relatively positive trend, as today's companies have seen a regular increase of staff over the past three years, indicative of a progressive consolidation of their structure.

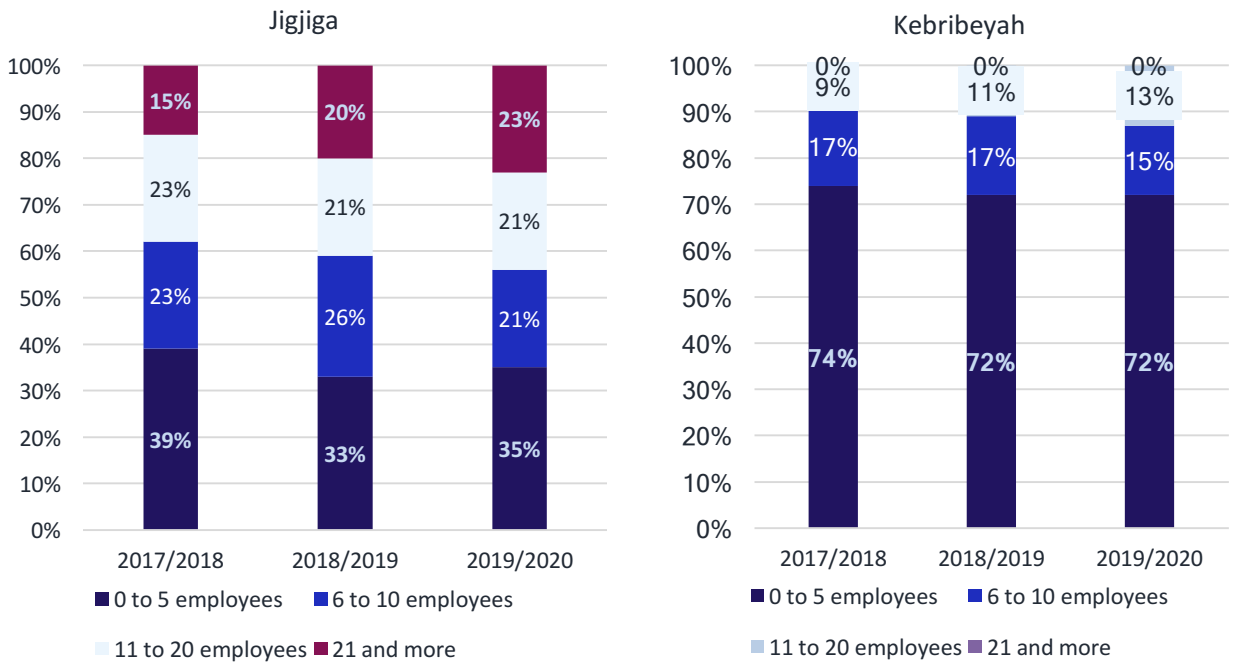
In Jigjiga, if 23 per cent of the surveyed companies reported having more than 20 staff in 2020, only 15 per cent of these same companies had more than 20 employees in 2018. It tends to validate the assumption that Jigjiga's employment and economic trends have been aligned with national sustained economic growth and poverty reduction in urban areas.76

> *"The potential of these individuals and micro-structures is real, but if you don't have a basement (foundation), you cannot build a solid house. So, we need business enablers and methods." (Government of Ethiopia, Jigjiga, Oct. 2019.)*

The case of Kebribeyah is more complex, as a vast majority of surveyed companies had fewer than five employees throughout the period, with respectively 74 per cent, 72 per cent and finally 72 per cent between 2017 and 2019–20. Based on the three phases of the qualitative assessment, however, the following hypotheses were often made by institutional players as well as community members in Kebribeyah:

> *"We don't have the business development services we would need to grow. There are opportunities, but most people consider basic retail activities, as we are not equipped with the skills and services to go beyond basic sales and short-term gains." (KII, Kebribeyah, male employer, Oct. 2019.)*

Figure 14. Surveyed companies' size 2018 to 2020 in Jigjiga and Kebribeyah



[76] World Bank, 2020. According to the World Bank, the poverty rate tumbled by 11 percentage points, from 26 per cent in 2010–11 to 15 per cent in 2015–16, in the most recent survey on poverty and living standards.

Box 2. Underemployment, vulnerable employment, and working poor

According to the ILO, unemployment measures are insufficient to understand labour market situations in developing countries. In low- and middle-income countries, where individuals cannot afford to be unemployed, the problems of underemployment, vulnerable employment and working poor present a more pressing issue than unemployment. As a result, although this research aims to inform programmes to increase target population employability, primary data collected did not solely focus on unemployed persons but targeted a broader range of individuals in the sample and examined types of jobs rather than unemployment patterns. Types of jobs comprised a range of indicators defined by the ILO to measure decent work: employment opportunities; adequate earnings; reservation wage; working time; and work stability.

Years of presence on the market

Many surveyed companies present on the market reported being active for many years, which came as a surprise to the research team but was later corroborated by quality checks and call-backs. The median for the 155 surveyed companies in Jigjiga was five years, but only three years in Kebribeyah, with a maximum of 30 years of existence (in Jigjiga exclusively). Table 16 brings complementary information by disaggregating companies by size and years of activity. Unsurprisingly, micro-enterprises that have less than five employees have been comparatively present on the market for fewer years, as 66 per cent of them were created after 2017. While some start-ups may develop both their business and number of employees in the future, it is important to note that many companies, in particular in the construction sector and retail of goods in Kebribeyah (respectively nine and eight companies, almost one-third of the surveyed companies in Kebribeyah) have a different profile, with shorter-term goals, unskilled workers, and no real business structure, according to the field research team. This type of company is, of course, a sign of a positive business environment, where demand and consumption keep growing. But they also remain extremely exposed to economic stressors.

The COVID-19 pandemic will have a long-term impact on these already fragile microenterprises, with the sudden drop of the demand and shutdown of activity. Post COVID-19, it is also likely that most small and even medium sized companies cut on non-essential functions (logistics, administration, finance) and focus on production and sales, as anticipated by two businessmen from Jigjiga contacted in the first days of April: "I have 12 employees (in the construction sector), and we started almost a decade ago, without any support. Unfortunately, I will have to lay off four of them by next week as things will not get better in the coming weeks. We all know that. So it is not about developing our business any more but really about survival; in this context, even accountants and administrative people become superfluous." (KII, male, 34, construction sector, Jigjiga, Apr. 2020.)

Table 15. Years in business (n = 209)

How old is your organization?	Frequency	Percentage
1 to 2 years	39	19%
3 to 5 years	67	32%
6 to 10 years	72	34%
11 to 20 years	26	13%
More than 20 years	5	2%

Table 16. New businesses with fewer than three years of activity (n = 81)

Presence for less than 3 years	Frequency	Percentage
1 to 5 employees	52	66%
6 to 10 employees	17	32%
11 to 20 employees	8	20%
11 to 20 years	4	11%

Doing business in Jigjiga and Kebribeyah

As the qualitative and quantitative data collections for this study were conducted before the Ethiopian Government announced restrictive measures and public health efforts to stem the COVID-19 pandemic,[77] the (actual and perceived) economic impact on the supply and demand sides of local markets was not factored in respondents' answers. However, ex-post qualitative interviews and call-backs led in April 2020 did provide initial indications of employers' perception.

Dynamics and trends

When asked to compare their revenue in 2019 with 2018 (retrospectively) and 2020 (prospectively), a large majority of employers and business owners in both surveyed locations indicate that their activity is on a positive trend:

- In Jigjiga, while 54 per cent of respondents reported a little or significant increase in their business between 2018 and 2019, 83 per cent of them considered that 2020 would be better than 2019;
- In Kebribeyah, the two curves are almost similar, with a positive trend in 2018–19 (62 per cent) and 2019–20 (78 per cent).

These figures collected pre COVID-19, in March 2020, show that employers not only had a positive perception of recent and existing business dynamics but were also confident in tomorrow's business context. In Kebribeyah, surveyed employees and employers generally share the same analysis: the market is booming, but today's growth and opportunities are driven by a very fragile network of companies. If there is no doubt that Kebribeyah is more vibrant than ever with new constructions, shops, and small businesses, the absence of an enabling regulatory framework and the lack of basic business development services make the ongoing development somewhat artificial and fragile. All focus group respondents agreed that today's comforting figures were somewhat deceptive: "Employment opportunities are increasing in Kebribeyah and trade is the most booming sector. People, however, do not invent new business ideas. They expand what already exists, by following what their friend does." (FGD, male, 41, Kebribeyah, Mar. 2020.)

Jigjiga's prominent geographic, administrative, and economic role in the Somali regional state ensures much better access to many business development and financial services. From this point of view, the perception of local business leaders reflects the reality of the Ethiopian annual GDP growth rate in excess of 9% on average over the past decade.[78] Local socioeconomic actors often mention the following determinants as key factors of success: 1) more transparent regulatory framework; 2) better infrastructure and electricity grid; 3) a stronger integration of regional and national markets.

[77] The announcement of the first official case in Ethiopia (13 Mar.) coincides with the first day of the third fieldwork phase.
[78] World Food Programme and Central Statistical Agency of Ethiopia (CSA): "Ethiopia - Comprehensive Food Security and Vulnerability Analysis, 2014", 31 Mar. 2014.

Figure 15. Perception of business by employers in Jigjiga (n = 155)

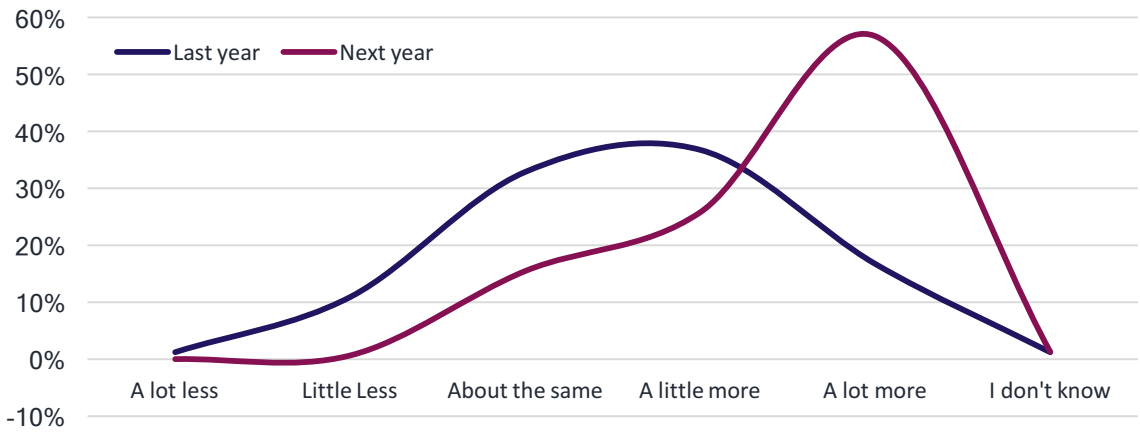
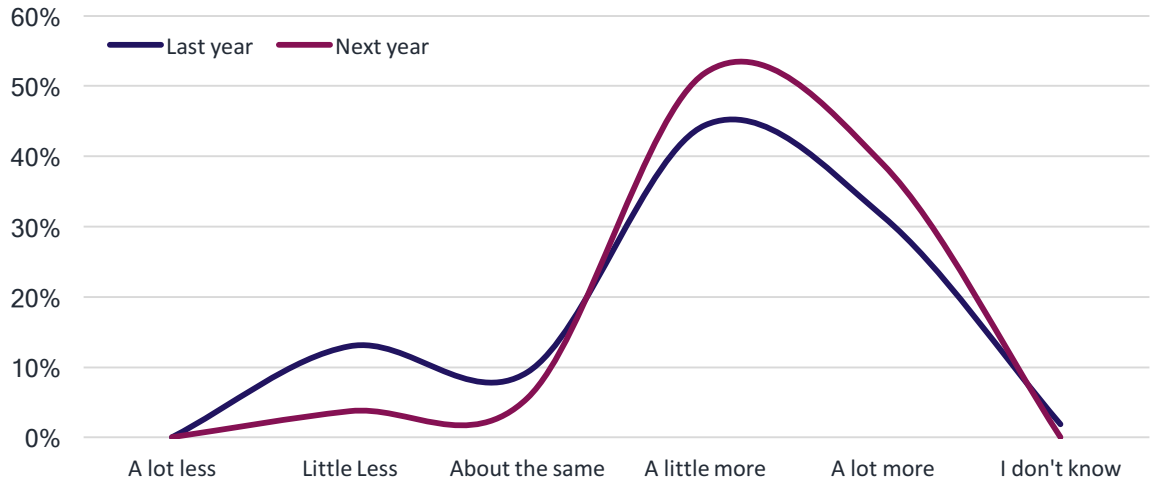


Figure 16. Perception of business by Employers in Kebribeyah (n = 54)



If we now disaggregate by sector and activity, there is a clear distinction between:

Agriculture and livestock, highly dependent on seasonal variations and natural disasters. Given the reference year for this survey (2019/2020), interviewed agricultural producers in Jigjiga and Kebribeyah logically anticipated a better year 2020–21 at the time of the interview (March 2020). As highlighted by focus group respondents and confirmed by the Famine Early Warning Systems Network, the past two harvests had been negatively impacted by flooding, protracted impacts of past poor seasons, and desert locusts, despite the favourable 2019 Kiremt and Deyr seasons,[79] so *"the combination of bad news and negative climatic conditions has had a really bad impact on harvest levels (…) and next year should be better because it cannot be worse."* (Survey

[79] World Food Programme and FEWS NET: "Ethiopia Food Security Outlook Update, February to September 2020".

respondent, male, 42, agriculture, Mar. 2020.) However, the desert locust upsurge around Jigjiga and Kebribeyah may continue to threaten both crops and pasture for several months, and the economic impact of COVID-19 may not only have disastrous consequences on food security but also on consumption and prices.

Other sectors (construction, energy, services, transportation) correlated with the ongoing national and local economic growth, and less directly with agricultural harvest and food security indicators. When asked to specify the reasons for their optimism, survey respondents (open-ended question) often mentioned cross-sectoral, regulatory, and macroeconomic determinants:

- "Because in Jigjiga city there are a lot of new infrastructures, buildings, development including construction and we have good opportunities getting better in the future."
- "Access to services is becoming more sophisticated, and we are getting professional."
- "Due to the increasing investment of different private sector actors in town, all these different types of projects are led in parallel. For example, infrastructure like roads and electric grids. It optimizes the impact."
- "And also, everyone will tell you that there are encouraging governmental policy and regulatory changes."
- "For our customers, we provide more technological and creative solutions, get more product and goods so we will generate more income." (Survey Respondents, Jigjiga).

Table 17. Retrospective perception of business by sector (March 2020)

2018–19	A lot less	A little less	About the same	A little more	A lot more	I don't know
Retail (goods, good)	1%	16%	36%	29%	16%	1%
Agriculture	0%	16%	42%	32%	11%	0%
Construction, mining, energy	0%	18%	18%	41%	18%	5%
Community services*	2%	2%	13%	54%	30%	0%
Transportation, vehicle repair	0%	4%	25%	42%	29%	0%

* Financial services, education, health, ICT, hospitality, entertainment

Table 18. Prospective perception of business by sector (March 2020)

2020/21	A lot less	A little less	About the same	A little more	A lot more	I don't know
Retail (goods, good)	0%	16%	42%	41%	1%	0%
Agriculture	0%	5%	0%	5%	89%	0%
Construction, mining, energy	0%	3%	0%	15%	82%	0%
Community services*	2%	15%	44%	39%	0%	0%
Transportation, vehicle repair	0%	33%	29%	33%	4%	0%

* Financial Services, education, health, ICT, hospitality, entertainment

Box 3. Skipping the middleman and buttering up the producer in the Jigjiga dairy industry

Photo 2. Improved aluminium manual butter churn

While its production in the Somali region is modest, butter remains an important component of people's life in Jigjiga. Processing of milk into butter is primarily done by families of sedentary farmers or transhumant herders. Butter is used for home consumption and sold for cooking (mature butter) and cosmetic purposes (fresh butter for skin and hair treatment). Butter is almost entirely produced from the milk of local cows – and more marginally from camels. The research team met with Aklilu, a 31-year-old Jigjiga resident, who owns a business of dairy products located two streets away from the Mohammed Abdullah Hassan roundabout.

Aklilu is proud of his four employees, who *"all got their first job here (...) and built their skills over the past three to five years working together."* For Aklilu's dairy company, 2019 was a very good year, for two reasons. First, the *"economic context but also taxes and regulations are much better than before".* Secondly, Aklilu decided to skip the middleman, which allowed him to improve the profitability of his business and control the quality of his milk and butter.

Aklilu, can you tell us more about your decision and what impact it had on your business?

Our business is going much better, and the quality of our products is also better because we don't buy from traders or wholesalers any more. Now when we want to buy butter, it is not the same price because we do not buy from intermediaries and we go directly to the producers. We talk to them, spend some time together to know them and come to an acceptable agreement. It is good for them and good for us – financially and also in terms of quality because we control the quality of our products much more. That is the way we run our business now; we go to places like Horakalifo, Mulla, Dhalandhiga, Dhurwale.

And what was the economic impact of your decision for your company?

For example, with butter, when we are buying it here in Jigjiga directly from producers, we get an ETB10 profit from each hariiro*. A big jerrican holds 25 hariiro on average. Then we store it. When we see that this is too expensive, we speak to the producer in their rural place. If this is ETB300, we get it there at ETB290. We add up those ETB10 and even with transportation fees, time and other expenses, we get somewhat good profit. We have weekly meetings where we evaluate what we get, from whom, and we also do the maths. We add half of our profits to our bank and divide the other half between us to pay our bills.

Called back in April 2020, Aklilu accepted to give us a rapid update of the situation of his business and employees. After a month of increased restrictions, how is your business doing?

First, our business is still alive, while many others had to close or went bankrupt. We are open two days a week only, because there are specific movement restrictions and because it is more difficult for us to leave Jigjiga. Also, we have less clients, they are scared, there are rumours. And rumours are bad for business. All our profit from the first three months has already vanished, and I had to cut salaries of two of our staff members temporarily. We are also late for the rent, but the landlady is a friend. The other two employees had already been laid off. I hope things will change in the next few weeks. We have no buffer. We are not prepared for this type of crisis.

*** 1 hariiro = local unit, equivalent to 1 litre, used to measure butter during business exchange.**

Obstacles to doing business

There are, naturally, multiple obstacles to doing or developing business in Jigjiga and Kebribeyah, even if most businesspeople tended to agree – before COVID-19 – that the economic and regulatory environment is generally conducive to the growth of their respective sector and industry. Table 19 suggests strong differences between the two locations, which point not only to their specific socio-economic or geographic characteristics but also to contextual opportunities and limitations. The analysis will, therefore, focus on perceptive differences rather than absolute figures.

Lack of capital. In Jigjiga, this dimension is mentioned as the main obstacle (78 per cent) to doing business, in spite of a significantly stronger financial and banking system. According to focus group participants, the reason is apparent that today's economic positive dynamics would require some financial support (loans, credit, etc.) whereas small and medium-sized companies complain about 1) the lack of actors in Jigjiga; and 2) excessive interest rates from MFIs and banks that do not allow them to develop longer-term plans. Paradoxically, in Kebribeyah the situation is more problematic, whereas the percentage is lower (69 per cent), given the quasi-absence of any supportive financial services. In other words, lack of capital is an obstacle to further development in Jigjga and an obstacle to survival in Kebribeyah: *"Usually our renting system is based on monthly agreements. We do not have the culture of one-year agreements or even six-month agreements. So once owners decide to take their rooms back, there is nothing you can do. And as we have no financial safety net, almost no cash in the bank, and no credit facilities, I don't have the capital to buy or own a place for my business, and I stock all my products at home."* (FGD, female, 28, tailoring, Kebribeyah, Oct. 2019.)

Local competition. The lack of diversified activities and models in both locations make the competition a relatively secondary obstacle (mentioned by 28 per cent and 24 per cent of survey respondents): *"We all do the same things, with the same products, costs, and prices. Because local markets are based on a few wholesalers or suppliers who import products and goods here. So, competition is not really a problem. We would need to transform things here – in agriculture, but not only – to create more value, differences in the quality of products (…) and also we need innovations and new sectors."* (FGD, male, 27, Kebribeyah, Oct. 2019.)

Lack of technical capacity, market information, demand (Jigjiga). Given its better economic integration, Jigjiga benefits from the ongoing economic development, and many of the obstacles highlighted by survey respondents are those of a growing (local) economic hub. For instance, the lack of technical capacity has become an issue for local businesses in search of more competitive offers. In contrast, it is not yet an issue for Kebribeyah, whose activities and markets do not require very specific skills. Likewise, lack of information on local market prices and other *"market opportunities on the supply and demand side"* (FGD, male, 29, Jigjiga, Feb. 2020) undermines the development potential of small and medium-sized firms, progressively able (and willing) to sell their products on other markets. Finally, lack of demand was also mentioned as an obstacle and may also be seen as a positive sign of local business development, through innovation and diversification: *"Last year, we tried new products, but some of them have not*

attracted as many customers as we thought; people need some time for new things." (FGD, female, 31, Jigjiga.)

Lack of supply, infrastructure, regulation (Kebribeyah). By contrast, Kebribeyah offers a clearer picture, as it is still in the initial stage of its business development. In this regard, surveyed businesses logically mentioned as significant obstacles to doing business:

- **Supply** (+33 percentage points vis-à-vis Jigjiga) – Both volume and quality issues were mentioned as critical issues by respondents: *"For me, suppliers are really unpredictable. They are sometimes late or they do not deliver. And it is also seasonal. With rains, access to Kebribeyah becomes difficult in April and August, September. You never know what to expect."* (FGD, male, 45, retail of food, Kebribeyah.)
- **Infrastructure** (+6 percentage points) – According to focus group participants, the absence of good roads, warehouses, cold storage facilities, factories, and small transformation units strongly undermine the development of business activities.
- **Regulation** (+13 percentage points) – The understanding of regulation is broad and refers to any measure that can (or cannot) facilitate business development. In this regard, both macro-economic and micro-economic issues fall indiscriminately under the regulatory umbrella: "Also a major challenge that we face is the devaluation of the ETB. The inflationary effects of the devaluation of the ETB affect trade across Somali region, not just Kebribeyah city traders, impacting on the cost of goods, when we are here, we buy our goods in ETB but when we go to Togwochale town to collect goods that we need we have to change ETB in dollars. Wholesaler will buy goods only in dollar, also impacting on the cost of fuel and transportation." (FGD, male, 34, retail of goods, Kebribeyah.)

Table 19. Main factors that limit the production or expansion of respondents' businesses

	Main obstacles	Jigjiga (n = 155)	Kebribeyah (n = 54)
Lack of capital	76%	78%	69%
Local competition	27%	28%	24%
Lack of technical capacity	23%	29%	6%
Lack of supply	22%	13%	46%
Lack of market information	20%	24%	7%
Lack of skills required	20%	21%	19%
Poor infrastructure	14%	13%	19%
Lack of demand in this product	11%	14%	2%
Regulation	7%	4%	17%

Remoteness	2%	0%	7%
International competition	2%	1%	4%
Corruption	1%	1%	4%
Security	0%	0%	0%

Access to finance

As mentioned in previous subsections, lack of capital and access to finance are perceived by local businesses as the main obstacle to the development and growth of their activity. The formal private sector in Jigjiga remains unstructured and limited. While NGOs are able to provide 15,000 ETB on average to cooperatives, and less than 15,000 ETB for individual loans, most business entrepreneurs interviewed mentioned that start-up capital needs begin from 30,000 ETB onwards, depending on the business activities. For example, agriculture ventures often require more capital to start than other sectors because "land is very expensive to buy or to hire" (FGD, male, 31, agriculture, Jigjiga), and agro-finance instruments are particularly underdeveloped for a regional economy that depends heavily on agriculture.

An essential parameter to better understand the limited impact of microfinance is the cultural aversion to interest prevailing in the Somali region in particular, as under Islamic law,[80] all forms of interest are prohibited. To comply with Islamic rules of investment, SMFI does not charge the beneficiaries interest. A common practice is to purchase whatever the beneficiary needs directly. However, a number of individuals consulted, including those who previously borrowed money from SMFI, are concerned about the practice. Two host members, both start-up capital recipients, explained in a focus group, "Microfinance institutions charge interest, which is not allowed under Islam. A while back, I received a loan from SMFI. But I was very worried about it because it is forbidden. The best is to get support from NGOs." Also, "People here do not want to get loans from micro-finance institutions or other banks because of interest, and this is not allowed. So people do not even want to try it." SMFI clarified these concerns in an interview stating that "We don't pay dirty cash. We do not allow interest. If we buy a laptop for $2000, we will give it for $2100 – this is a mark-up, not profit." (FGD, female, ICT, Jigjiga, Sep. 2019.) There are only two Islamic finance providers in the Somali region, both microfinance operators. No alternative sources of Islamic finance capital from commercial banks for medium-sized businesses are available, beyond leasing and equipment finance. The latter are often wholesale traders with large working capital finance needs. While informal savings and credit associations (equb) that provide limited financing among members exist, these mechanisms are not connected to formal finance players to accommodate for loan graduation.

[80] Based on the 2007 Census conducted by the Central Statistical Agency of Ethiopia (CSA), 91.4 per cent of the population in the Jigjiga woreda said they were Muslim, and 7 per cent were Orthodox Christian.

With this important caveat in mind, when asked if they had access to credit, 62 per cent of Jigjiga respondents and only 11 per cent of Kebribeyah respondents answered positively. More specifically, employers mentioned the following as the main issues:

- Insufficient number of financial institutions (in particular in Kebribeyah, as shown in Table 20);
- Inadequate portfolio of loans to micro- and small companies (fewer than 10–15 employees, in particular, start-ups);
- Unaffordable services, as most loans from banks and microfinance institutions present high and excessive interest rates;
- Poor financial literacy among business owners, in particular among farmers and herders, who often fall into debt traps;

Prevalence of collateral-based and traditional lending models (= loan linked to the ownership of a house or car, in a pastoralist area where only a few people have access to such assets), for all the banks and microfinance institutions present in Jigjiga. It naturally prevents many small and medium-sized companies from obtaining the small business loan they may need. Alternatives such as cashflow-based lending or accounting for transaction history from mobile money accounts, for example, would be more congruent.

When asked to specify the type of informal financial agent or formal financial institution they used, Jigjiga respondents almost equally mentioned:

Banks (43 per cent –- with traditional and mobile banking systems):

- The state-owned Commercial Bank of Ethiopia (CBE), created in 1942, is the largest commercial bank in Ethiopia and offers mobile banking, agricultural loans, investment loans, microfinance services, and the equivalent of E-Birr.
- Wegagen Bank, a lender known for its partnership with WorldRemit and various types of loans to businesses engaged in agriculture, manufacture, construction, in secondary urban hubs;
- Cooperative Bank of Oromia (CBO), mainly through its mobile banking platform (E-Birr, see Box 4 below, and Hello Cash);
- M-Birr, Hello Cash, E-Birr, and Sahay are the four mobile banking solutions used by survey respondents. However, as mobile internet was generally available in Jigjiga but not in Kebribeyah at the time of the study, some mobile banking providers had to build their services around text messages which impedes the development of their services.[81]

Microfinance institutions (33 per cent – well adapted to start-ups and small enterprises):

[81] Each of these mobile banking operators is provided by financial institutions: Hello Cash by Lion International Bank SC, the CBO and the SMFI; M-Birr by the CBE; E-Birr by the CBO, etc.

- SMFI has expanded its scope and outreach since 2011 with the support of the Ethiopian Somali regional state. With a clear focus on poverty and deprived communities, SMFI benefits from a positive image and has a majority (two-thirds) of female clients. Like CBO, SMFI also provides Hello Cash mobile banking services.
- Traditional banks generally provide microfinance services (loans, transfers, savings) to the unbanked population in Jigjiga (and Kebribeyah to a much lower extent). CBE, Wegagen, and CBO all have microfinance products.

Table 20. Access to credit by location (March 2020)

	Jigjiga	Kebribeyah
Access to credit	62%	11%
Bank	43%	9%
Microfinance	33%	6%
Personal loans	3%	4%

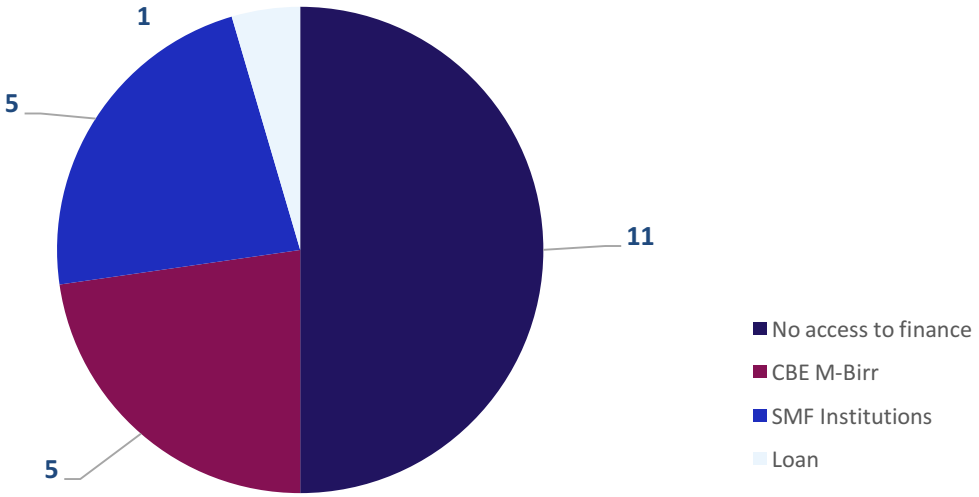
> "There are potential business activities that are more profitable but we cannot enter due to lack of capital. We would like to enter big trades like, cattle, camel, and food wholesale. But for now we are stuck in petty trade."
>
> (Female dairy cooperative, Kebribeyah, Sep. 2019.)

When disaggregated by gender, data show that the 22 surveyed businesswomen have equal access to finance (50 per cent vs. 49 per cent for male respondents). Yet traditionally, women have been disadvantaged in access to credit and other financial services, as commercial banks generally focus on 1) men and 2) formal businesses. By contrast, microfinance institutions often target women, in some cases exclusively,[82] as women clients register higher repayment rates. As noted by Banthia et al. (2009), women "also contribute larger portions of their income to household consumption than their male counterparts. There is thus a strong business and public policy case for targeting female borrowers. (...) Studies show that new incomes generated from microenterprises are often first invested in children's education, particularly benefiting girls."[83] Considering the 11 female respondents (out of 22) who reported having access to financial services, it is in this regard revealing that ten of them use microfinance as their financial partner: five through CBE M-Birr and five with SMFIs. While the details of their individual transactions (credit, saving or loan) were not assessed, some female employers in Jigjiga confirmed that the past few years had seen

[82] A. Banthia et al.: Microinsurance that works for women: Making microinsurance programs gender-sensitive, Microinsurance Innovation Facility - Briefing Note 2 (Geneva: ILO, 10 Jan. 2009).
Thorsten Beck: *Microfinance: A critical literature survey,* IEG Working Paper 2015/No.4 (Washington, DC, World Bank Group, 22 Nov. 2015).
[83] World Bank: Does microfinance still hold promise for reaching the poor?, News, 30 May 2015, https://www.worldbank.org/en/news/feature/2015/03/30/does-microfinance-still-hold-promise-for-reaching-the-poor.

a positive shift from small microloans to more ambitious and longer-term strategies, “but it is only the beginning, and many women with great ideas are still left behind and cannot have access to loans or credit.” (FGD, female, 29, manufacture, Jijgiga.)

Figure 17. Businesswomen's access to finance



Box 4. Mobile banking solutions as agents of economic change

While most survey respondents in both locations complained about the lack of adequate financial services, it is also worth noting that mobile money solutions are now present in Jigjiga. When asked to specify their financial service provider, most respondents mentioned the traditional state-owned CBE or the local SFMIs (based in Jigjiga); however, young businessmen and women (retrospectively 5 and 2, out of the 96 Jigjiga respondents who reported having access to and using financial services) now use E-Birr.

E-Birr is a mobile money solution provider established in 2016 to provide financial services solutions. The E-Birr platform is connected to international financial clearinghouses such as FastPay and HomeSend, which also facilitates international remittances from the Ethiopian diaspora. In January 2020, E-Birr in partnership with the CBO developed a mobile-based utility bill payment service (COOPay E-Birr), to provide technology-based options including wallet money transfer, mobile airtime top-up, cash withdrawal and bill payment. At the time of the study, Ambo and Woliso water bureaus had signed pilot-agreements for the collection of water bills through COOPay-EBIRR.

According to COOPay-EBIRR, more than 100,000 customers are already registered and have started using the system since it was first launched in August 2019. The application works in four languages (Afan Oromo, Amharic, Somali and English) and the objective is to reach 500,000 customers on the medium run. The efficiency of the COOPay-EBIRR initiative is sometimes criticized. Still, the model is definitely adapted to the Jigjiga context, assuming that 'additional services and tailored loans are developed for local companies willing to boost their business and invest in innovation or new products.' (Survey Respondent and E-Birr customer).

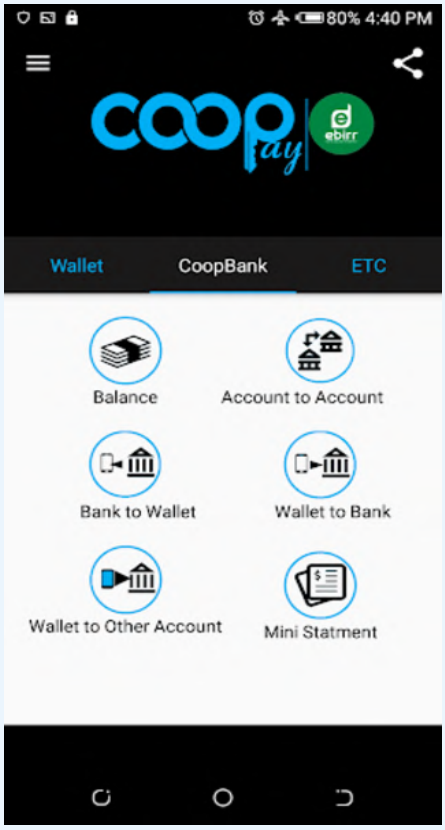


Figure 18. Screenshot of the COOPay E-Birr smartphone application.

Business network analysis

A business network analysis of both Jigjiga and Kebribeyah between 2010 and 2020 offers stark differences.

First, ongoing regulatory reforms have changed the perception of governmental agencies, now seen as enablers and facilitators, while they were often perceived as inefficient and corrupt a few years ago: "Here in Kebribeyah the market is free and every you can open any business you want. You can easily get a legal and formal status, like a licence, through the office of trade in Kebribeyah city. Before, it was hard to get a licence, and most people were working in illegal businesses like contraband, but now it seems that everything is becoming transparent." (FGD, female, 32, retail, Kebribeyah.)

Secondly, while clanic and tribal divisions are still an essential factor of integration, and identities are clan-based in the Somali culture, many sectors do not regard it as the key screening criterion for employment or business associations.[84] Some clans tend to be marginalized and treated with contempt. This is true for Bantus, Madhibaan and Gaboye, and intermarriages with members from these clans are considered impermissible. Some respondents, however, noted a greater tolerance towards these minor clans as a result of the increased diversity following the arrival of refugees, strong economic development and rapid urbanization process, which all have contributed to changing dynamics: "Here, if one clan is invested in a skill, others would not touch it. For example, the blacksmiths are the same clan. The owner himself, he would prefer employing his clan. Every clan needs to employ its own clan. Clans are considered in priority, and then their tribe. But this is less and less the case because, in urban areas, people mix with others and become less emotional. For instance, governmental agencies and some private sector firms employ everybody regardless of clanic ties. They only look at your performance and skills, which is new in Jigjiga. For instance, the hotel/hospitality industry, which is new here, owned by Somalis. And also beauty salons. Big hotels need different employers and employees with new qualifications – like receptionist, accountant, waiters – that's open for all, because of the demand. People prefer quality (over clans or tribes) for the international client or demanding customers." (KII, manager, male, 29, hotel, Jigjiga, Mar. 2020.)

Thirdly, a stronger enabling business environment (banks and microfinance, but also business development services, marketing, legal services, consultants, etc.) is now available to local private sector companies, which may be key to their sustainability – in particular in a very challenging business environment, with the COVID-19 pandemic as well as the multiple natural disasters that directly or indirectly impact local economic equilibria on a regular basis.

However, as shown in Table 21, it is important to add two caveats to such an encouraging image: 1) most surveyed companies (55 per cent in Jigjiga and 83 per cent in Kebribeyah) operate in a silo and are not part of any business association, cooperative, or union; 2)

[84] G. Ambroso: Clanship, conflict and refugees: An introduction to Somalis in the Horn of Africa (Brussels, UNHCR, 2002).

there are massive differences between a regional and relatively well-connected hub (Jigjiga) and a much smaller town like Kebribeyah.

Table 21. Linkages with cooperatives, business associations, unions (by location)

	Jigjiga	Kebribeyah
Cooperatives	21%	9%
Business associations	20%	6%
Unions	12%	2%
Saving clubs/Saving groups	8%	2%
None	55%	83%

To corroborate this point, Table 22 confirms that most surveyed companies in Kebribeyah have not benefited from any financial or technical support. The few (20 per cent) companies that reported having access to complementary services in running their business only mentioned professional advice coming from peers (mentoring and advising from another entrepreneur = 8/11).

Table 22. Access to technical, business, and financial assistance (by location)

	Jigjiga	Kebribeyah
Have you benefited from any support in running your business?	27%	20%
• Capital provision (in cash or in kind start-up kit)	81%	0/11
• Technical support in running a business (legal, accounting etc)	42%	4/11
• Support to create your own business (start-up)	28%	2/11
• Mentoring and advising from another entrepreneur	23%	8/11
• Skills training	19%	2/11

Options in bullet points are indicative only (n = 43 for Jigjiga and n = 11 for Kebribeyah).

Finally, the Figure 19 below represents the professional network of the companies surveyed and operating in Jigjigah and Kebribeyah, on the basis of their more or less frequent interactions with a set of key stakeholders as well as the importance of these interactions in running their business. To define the frequency, survey respondents were asked to use a 5-point scale ranging from “very often or on a weekly basis” to “never”. To evaluate the importance, survey respondents used a similar 5-point scale ranging from “very strong” to “very poor”. The list of key stakeholders was identified after the focus group discussions conducted during the first phase of the study (Sep. and Oct. 2019). This rapid professional network analysis took place in March 2020.

In Jigjiga, the dual prominence of financial institutions (banks and microfinance) and governmental agencies (at zonal, regional, and municipal levels) was clearly highlighted by participants. They are seen as essential, through their economic and regulatory role, and survey respondents generally value their enabling role and increasing importance, even if they sometimes complain about the difficulty of accessing loans or getting permits. Another important characteristic of Jigjiga is the growing importance of business development services – such as legal services, marketing agencies, cooperatives, unions, as well as business associations. It is clearly a positive sign that confirms other information and data collected throughout the different phases of this study: Jigjiga benefits from its strategic importance in the Somali region and the new regulatory efforts from the Ethiopian government. It is now more and more structured as a professional marketplace. The few mentions of job placement centres and career websites also suggest an increasing professionalisation of HR practices.

Kebribeyah offers a more traditional picture, with a reduced role played by banks and microfinance institutions and the quasi absence of business development service providers (with the exception of cooperatives). By contrast, governmental counterparts are essential due to their regulatory and sometimes discretionary power; focus group discussion participants also mentioned specific issues of bribes and corruption. It is also symptomatic to see the more decisive role played by assistance (UN, NGOs) which is understandable in Kebribeyah, given the multiple interactions with the refugee camp, but it also confirms that local market players are (still) economically dependent on international aid. Finally, clans and tribes remain a key variable in many business decisions, through a complex formal and informal network of obligations that contribute to shaping the labour market – as well as Kebribeyah as a marketplace.

Finally, in the two surveyed locations, the relatively modest role played by cooperatives seems surprising. In fact, a rapid review of existing cooperatives and associations shows uneven results and experiences. For instance, the governmental incentives towards the creation of cooperatives are considered positively for their social contribution to integrating jobless youth. Still, most surveyed employers and focus group participants did not seem to believe that the model was structured enough to generate real economic outcomes: *"Today, the government gives priority to cooperatives. It is obviously the way to go. But I am not sure of the method they use. The government gathers youth together and sends them to the SMFI for loans. It cannot work, they have no skills, contact, network, incentive, experience, etc."* (FGD, male, 36, retail, Jigjiga.) By contrast, in the two locations there are some natural and traditional "cooperatives" and cooperation that seem to generate very concrete business and competitive advantages. In the retail industry, for example, where local players tend to mutualize costs and share good practices: *"We have good cooperation with other businesses. For example, when I am receiving new stock from Wajale or Addis Ababa, we lease together one car that can transport the goods for us, and we share the cost. And mostly one businessman represents us all."* (FGD, male, 36, retail, Jigjiga.) Likewise, local farmers and herders generally understand the benefits they can get from cooperative models: *"Cooperatives buy goods from the pastoral community from the surrounding kebeles [= ward] and bring them to town or the nearest market. Animals come from kebeles surrounding the town; they transport them to Hartasheikh, which has a good livestock marketplace. Livestock traders buy animals from the*

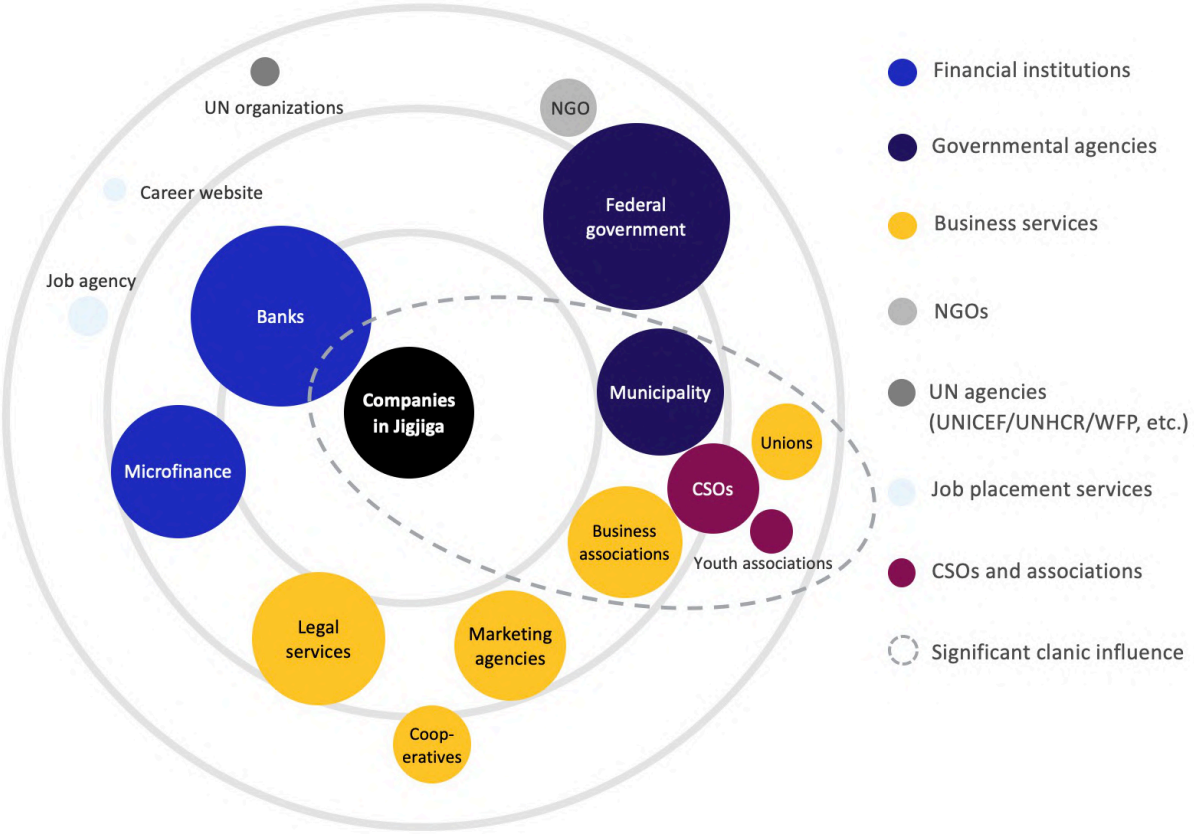
animal marketing centre like Hartasheikh town. Traders in Jigjiga, Hartasheikh come from Hargeysa, Berbera. This requires a good level of coordination, and the cooperative model makes sure that everything is done on time, with good quality and quantity. We get better prices, negotiations, also access to vaccinations. But cooperatives also have challenges, you sometimes disagree with other people's decisions, and they may lack training and skills. They cannot help their members or become themselves bigger, because there is no capital for expansion yet." (FGD, male, 40, livestock, Jigjiga.) The in-depth focus on the potential role of cooperatives in Jigjiga further develops this initial analysis.

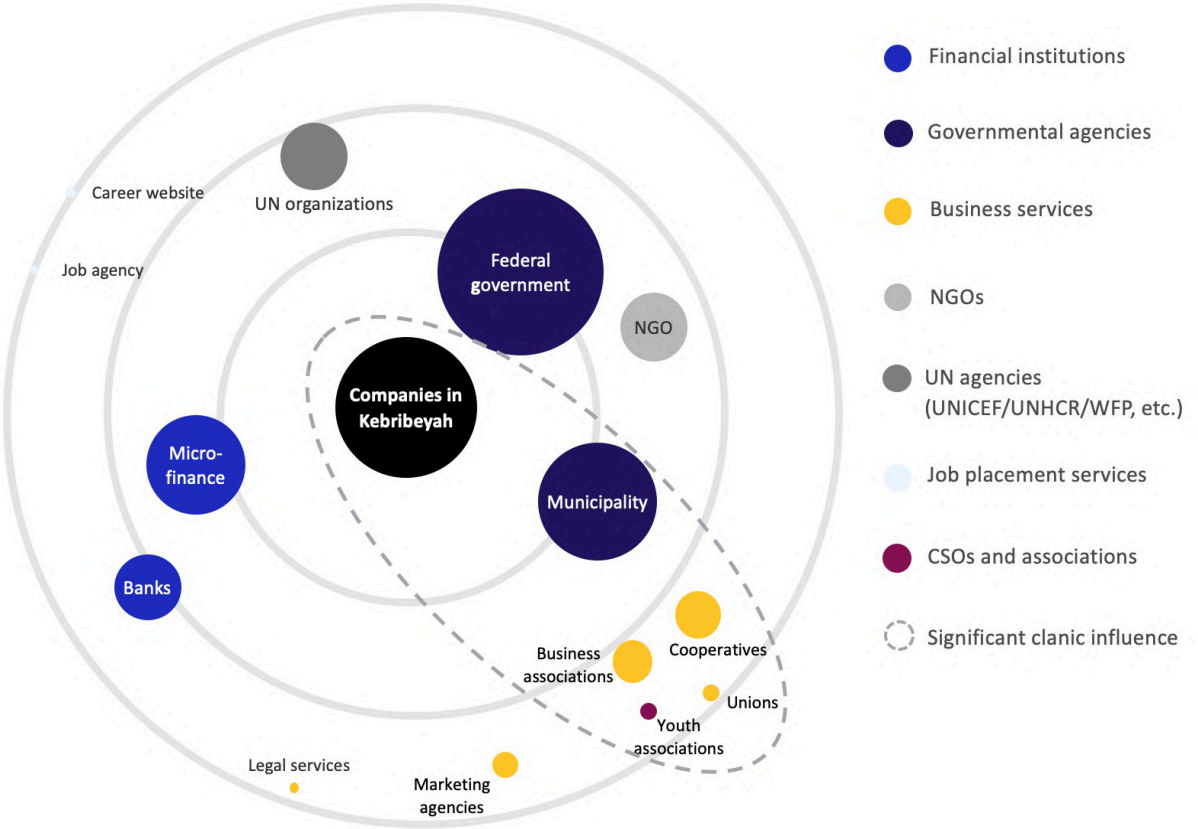
Box 5. Diaspora investment in the Somali Region

While not explicitly mentioned by survey respondents and focus group participants, the influence of the Ethiopian diaspora plays an essential – and increasing – role in the development of Jigjiga and Kebribeyah, for both host and refugee communities. The new Somali regional administration has eased foreign and diaspora investment's entrance into the region. Such investment drives the scaling-up of Jigjiga's economy. In addition to household consumption, the main sectors for diaspora investment in Jigjiga are construction, hotels, trade, industry and real estate.[85] In Somali region, farming and industry have also become significant investment sectors over the past five years. The regional administration explicitly recognizes farming industry as an area in which diaspora investors are creating gains in employment and transferring skills to the local population. Such investments are theoretically more likely to facilitate economic redistribution by enhancing the productive potential of the region and the value that is added to products within regional borders.

[85] K. Berhanu: 2019.

Figure 19. Business network analysis (by location)





Case study: a focus on cooperatives

Well-functioning cooperatives and training programmes are central to the Government of Ethiopia's strategy to tackle youth unemployment through entrepreneurship promotion. Likewise, many youth are keen to pursue self-employment. International NGOs and local organizations also deploy individual programmes targeting both hosts and refugees to provide them with the skill and capital to start cooperatives and businesses. As an entity that is well integrated into both governmental and international development programmes and budgets, cooperatives can be a unique opportunity to boost employment in Jigjiga. This section focuses on the opportunities and drawbacks to the existing cooperative system in Jigjiga.

> "I like business because you will be self-employed. You won't look for jobs elsewhere. It is not easy to get a job nowadays. You wouldn't have to wait for a salary from anywhere. You will just run your business and that's all."
>
> (Ethiopian college student, Jigjiga, Sep. 2019.)

The concept of a cooperative is a recent introduction to the Somali region. The word "cooperative" does not exist in Somali and is often used interchangeably with "business" among locals. In 1998, Proclamation No. 147 formally defined cooperatives as organizations "formed by individuals on voluntary basis," and states that they "participate in the free economic system." From a legal and theoretical standpoint, in its simplest and most common form, a cooperative requires ten or more individuals, amongst which 70 per cent of net profits are divided.[86] Cooperative societies distribute inputs, provide loans to their members, and market outputs in the domestic and foreign market.

The choice to start a cooperative is usually driven by a shortage of capital. People form cooperatives when they do not have enough access to finance to establish a business on their own. With a cooperative, the group can access loans provided by microfinance. The government then allocates the budget through credit schemes based on the level of the enterprise. For example, "One to seven owners is an enterprise. More than seven, it's a cooperative."[87] Based on the number of the sharing community and the amount of start-up capital, loans to cooperatives can range from ETB20,000 – 1.5 million. Members also see their cooperatives as an opportunity to fill in skills gaps required for the profit venture, "where you need someone else to complement your capacities."[88]

[86] Article 33 of Proclamation No. 147/1998.
[87] KII with Urban Job Creation and Food Security Bureau, Jigjiga.
[88] FGD with cooperative members, Jigjiga.

Furthermore, according to an FGD with cooperative members, all agreed, "there are no identity limitations attached with cooperative membership. You are able to join cooperatives regardless of your background and status." Some NGOs provide funding for refugee cooperatives, and there are numerous reports of mixed refugee-hosts cooperatives. Cooperatives have proven to be particularly effective in expanding women-led income-generating activities. According to a leading local NGO that provides cooperative loans, "we mainly consider women to be the one receiving the loans because in pastoralist households, all the workload is on women. It is also economically wise. Women are usually more available than men." Women also tend to have better payback rates on loans, as "most men do not return the money lent" according to the SME agency in Kebribeyah.

> "The government does not fund higher levels nor do they consider vocationally trained people. They only consider the most vulnerable, and no one is supporting the higher-skilled business start-ups."
>
> (FGD with NEET, Jigjiga, Sep. 2019)

Cooperatives constitute a large part of the government's strategy for job creation, with the logic that they would boost market demand for youth employment. The objective of Ethiopian social policy is to promote host employment opportunities and income-generating activities for vulnerable groups, such as youth, women and "the poor with low incomes and who have difficulty in getting food." According to Save the Children International (SCI) in Jigjiga, the political reason behind the set-up is because "the government would not allow giving money to just one person. It is better to give group financing to increase the number of jobs created." Thus, cooperative training and start-up capital funds receive significant government investment. The job creation budget in Fafan zone fund prioritizes unemployed graduates in Jigjiga. In 2018, ETB60 million was allocated to create 73 cooperatives, which results in over ETB800,000 for each cooperative (Table 23).

Table 23. 2017/2018 Fafan zone youth job creation plan

Woreda	Amount paid ETB	# Cooperatives	# Beneficiaries	ETB/cooperative
Jigjiga	60,000,000	73	1,166	821,918
Kebribeyah	6,000,000	18	450	333,333

The main office in charge of the Fafan zone is the Office of Cooperatives, which is under the Ministry of Agriculture, reflecting the office's focus on agriculture and livestock. The office works closely with UNHCR and on the Pastoral Communities' Development Project (PCDP) funded by the World Bank. The Office of Cooperatives assists with capacity building training, licensing and marketing but does not provide funding nor tools to cooperatives. It serves as a central partner to many NGOs that do provide funding and tools, such as SCI, Oxfam, Mercy Corps, OWDA, SOS, ACPA and PWO, who "work with us to form cooperatives for the people."

Box 6. A successful cooperative, SABATI textiles

In best-case scenarios, cooperatives are an important step in transitioning to a formal economy. Their members may start as informal units, but they can grow to become formal business entities. Cooperatives also offer an accessible means of gaining legal recognition since their capital requirements are minimal. They offer a basis for their members to take more financial risk and gain access to credit and other services collectively. Several profitable businesses interviewed in Jigjiga started as primary cooperatives, for example, SABATI textiles.

The SABATI business designs and tailors clothing for various customers, including large government and private contracts for school uniforms, health worker scrubs and others. The business started as a one-person enterprise by Ali Shukri, and expanded to Kebribeyah before reaching Jigjiga, where it was established as a cooperative in 2000. In 2015, the cooperative received 100,000 ETB from SMFI to expand the cooperative and "buy more sewing equipment and hire more staff. This helped us a lot." The cooperative never received assistance from humanitarian NGOs. Today, SABATI is a private firm fully registered with the Cooperatives Office, Commerce and Industry Office, and Revenue Authority Office. Trainings are done internally, and are conducted upon recruitment and as continuous development, including customer care, designing and sewing clothes, and financial management. As one of the most well-known cooperatives turned profitable businesses in the region, "we can now get a loan from microfinance institutions or banks in Jigjiga at any time we request."

While some cooperatives grow into sustainable profit-making ventures, the vast majority in Jigjiga and Kebribeyah fail to be profitable because they lack knowledge or training to carry out their business. Cooperatives often lose money and close down within a year; the status of many others is unknown because of lack of oversight from the relevant cooperative agencies. A prominent local NGO testified that "instead of creating jobs, projects have caused many youth to fail. There were some who succeeded with their entrepreneurship, but most have failed." The approach taken by many in supporting cooperatives seems to be simplistic: providing the money to a cooperative is expected to lead to success. However, a number of other questions must also be considered:

Cooperative membership: *How are cooperative members brought together, and do they have the necessary market, skills and trust in each other?* According to profitable cooperatives, success depends on trust among members, earnest interest, relevant skill sets or capacity building to acquire needed skill sets, and continuous advisory services. Personal motivation in seeing a cooperative succeed is further lowered when cooperative members are artificially grouped together by regional bureaus,

> "This is the big challenge. The youth they select do not know how to do business. The government wants to create more jobs to solve youth unemployment and they want to solve it through entrepreneurship but it's all propaganda on the TV."
>
> SMFI manager, Jigjiga, Sep. 2019

rather than coalescing organically amongst motivated members with a keen desire and skill set to start a profitable business. According to FGDs with cooperative members: "If not, they will take the money and vanish."

Business plans*: How is the collective viewed by participants?* Primary research underlined that many participants do not see cooperative funding as a loan but as a social protection scheme, indicating that they may have low interest in pursuing the economic endeavour in the first place. Officially, the cooperatives are targeted towards the most vulnerable and accordingly: "Cooperatives are attractive for students with layman-level skills, but not for those with higher skills."

Ulterior motives: *What is the objective of the entity providing the financing for the cooperative?* The government tends to use cooperative funding as a mechanism to soothe social unrest from the lower, unemployed social classes. According to SMFI, the official distributor of government funding to cooperatives, "There is social abrasion when jobless people are not given this money. The government wants a fast timeline to calm them, but the results are bad. For example, in a short amount of time, the government gave us 30 million ETB, but the government did not want to wait to make a proper selection of eligible cooperatives." By solely targeting the most vulnerable youth, government-funded job creation opportunities, such as cooperatives, do not provide adequate support to higher educated youth, who also need assistance in expanding their business ideas.

Integration tool*: Can cooperatives contribute to promoting the economic integration of host and refugee communities?* The Somali regional government does not provide funding to refugee-owned cooperatives. Cooperatives owned by refugees are serviced by UNHCR and ARRA and are donation-based. In general, various NGO programmes support refugee cooperatives through short-term training and in-kind funding, while local government offices support host community youth with training and financial credit to form cooperatives. Refugee-owned cooperatives are not allowed to receive a licence from government agencies. SMFI facilitates the cash transfers to refugee cooperatives on behalf of NGOs, but the loans themselves are not provided by SMFI – a partially government-funded organization. Thus, officially, the cooperative system is for hosts, but on the ground, refugees also actively participate in cooperatives. Most cooperatives are based on personal relationships, where the mentality of joining is essential: "I will go with my friend, no matter their status, to start a cooperative." With the implementation of the CRRF and the new refugee law, amending the existing regulation seems not only coherent but also pragmatic, given the de facto inclusion of many refugee youth in the cooperative landscape.

Annex V provides a step-by-step roadmap toward the development of a more efficient and inclusive model of cooperatives in Jigjiga and Kebribeyah.

Box 7. Another successful cooperative, Hilla'a2 Grains and Butter

The Hilla'a2 cooperative is a Kebribeyah all-female cooperative that mainly sources and supplies butter and grains. The business model is to buy grains during the wet season and to sell during the dry season when the market demands a good price. In the beginning: "We didn't know one another. We used to work in this market separately but with the same business until one of our members mobilized us to establish a cooperative so we can strengthen our businesses together." The Office of Cooperatives then provided technical support to assist the cooperative's legalization process. Hilla'a2 maintains close relationships with the trade office and women empowerment NGOs.

When asked of the foundation of their success, the members emphasised that cooperatives must "organize without external interferences and with support for each other in the group." It is commendable how they appointed their representative through transparent voting, considering they all pay equally and make decisions together. Today, the cooperative is doing well, and has a storefront for business, however, they are in need of capacity building and additional capital to expand their business. Unlike men running cooperatives, women seem less willing to engage in illegal cross-border trading. The cooperative also conducts a level of market assessment to understand what goods are profitable at what point of the year.

Promising sectors for business development and job creation

To assess promising sectors and activities in the two surveyed locations, employers and business owners were asked to provide unprompted answers to the following open-ended questions: 1) what are the most promising traditional sectors in your market in terms of business development and job creation? and 2) what are the most promising modern and innovative sectors? The tables below give a detailed account of business owners and employers' answers.

Comments: Consolidated synthesis of survey respondents' comments, paired with direct field observations.

Triangulation: Research team's assessment of the integrative socio-economic potential of each sector or activity (for refugees and host) to corroborate, based on field visits, focus group discussions and key informant interviews. The colour code indicates the level of programmatic prioritization for the ILO and its partners (green = high, yellow = intermediary, red = secondary).[89]

COVID-19: Priority sectors or activities to mitigate the consequences of COVID-19 on local communities in Jigjiga and Kebribeyah. The green exclamation point indicates a high priority sector (through their direct and significant impact on i) food security and resilience, ii) employment and livelihood promotion, iii) companies' survival).

ILO Decent Work:[90] possible risks traditionally and contextually associated with the sector or activity. These risks should be monitored, and mitigation strategies and referral systems put in place to ensure compliance with ILO standards.

[89] Here, it is important to mention that sectors or activities in red are not "secondary" per se. However, it is assumed that they may not be prioritized in terms of technical assistance or development interventions.
[90] The four pillars of the Decent Work Agenda – employment creation, social protection, rights at work, and social dialogue – involve "opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men." (ILO, 2015)

Table 24. Most promising traditional sectors in Jigjiga and Kebribeyah

Traditional Activities	Jigjiga	Kebribeyah	Comments	Triangulation	COVID-19	ILO Decent Work
Agriculture	36	5	The potential is huge, given the local pastoralist history and economy. Some important productivity gains can be generated, and a stronger focus on agribusiness and processing is needed to create more jobs (quantity) and more diversified ones (semi-skilled and skilled). In the COVID-19 context, it can also contribute to improving households' food security as well as the overall community resilience.	Jigjiga	!	Unfair income, child labour, bonded labour
Livestock	33	3	Strong potential through a horizontal development (meat, dairy products, hides and skins) and a better integration of the other profitable segments of the value chain (processing, transformation).	Jigjiga	!	Unfair income, child labour, bonded labour
Restaurant	18	4	In both locations, a lot of demand (also in FGDs) for more and better restaurants. Given the increasing "middle class" in Jigjiga, all types of restaurants were mentioned, which shows the importance of the socialization component. Not a priority with COVID-19 any longer.	Jigjiga Kebribeyah		

Accommodation	14	3	The strong demographic and economic growth has made accommodation a priority. Many traders complain about the poor quality and scarcity of correct hotels in both locations.	Jigjiga Kebribeyah		
Construction	10	4	The economic growth pre- and post-COVID-19 naturally makes construction a key sector and enabler of the region's future urban development. Important gains can be generated by using new techniques and environmentally sound approaches. On the short run, targeted investment in large-scale infrastructure projects (with the support of the World Bank and other donors) as well as cash-for-work community-based interventions (drainage, roads, maintenance, etc.) could provide livelihood opportunities and safety nets to many households.	Jigjiga Kebribeyah	!	Security on the workplace, child labour, bonded labour
Food stores	5	6	Small retail shops mirror the local domestic growth, which is a concrete indicator to measure economic growth and people's consumption. Not a priority in terms of programming.			
Supermarket, wholesalers	5	7	Wholesalers are scarce, and a lot of survey respondents insist on the poor diversity, quality and availability of products. More			

			competition would be needed. Not a priority in terms of programming.			
Banking	5	3	Financial institutions (banks or microfinance) need to tailor new services and products to start-ups, small and mid-size enterprises, with adjusted interest rates. Awareness and case management approaches are also needed.	Jigjiga Kebribeyah	!	
Clothes (sweatshirts)	2	5	One of Somali refugees' key income-generating activities. Brought from neighbouring markets to urban centres by refugee traders, they are valued among local populations.			
Electronic repair	1	5	Strong demand, in particular in Kebribeyah, as economic development has brought a range of technological products and solutions that require more skills.			
Cafes, tea shops	5	0	Like restaurants, the demand for cafés and tea shops express a growing interest in social and recreational spaces where people can meet.			
Education and TVET	4	2	While the mention of TVET and educational centres remains modest in both locations, it would be a changemaker given the positive economic dynamics and the skills gaps identified by employers and business	Jigjiga Kebribeyah		

			owners. The COVID pandemic will lead to prioritize more essential and short-term outcomes, but the TVET value chain must be assessed, contextualized and developed for the formal and informal sectors of key local activities (agribusiness, construction, mechanics, etc.)			
Business services	3	2	Like financial services and TVET, the development of business services will be essential to the consolidation (professionalization, competitiveness, productivity, sustainability) of local marketplaces. The COVID pandemic will lead to prioritize more essential and short-term outcomes, among businesses and donors.	Jigjiga Kebribeyah		
Other activities: Fuel station (3-0), Car spare parts (3-0), Car wash (2-0), Milk and dairy (2-0), DSTV (0-2), Manufacturing (1-0), Barber (0-1), Carpentry (0-1), Cosmetics (0-1).						

Table 25. Most promising traditional sectors in Jigjiga and Kebribeyah

Modern or innovative activities	Jigjiga	Kebribeyah	Comments	Triangulation	COVID-19	ILO Decent Work
Trade	24	6	Beyond advanced business development services, survey respondents insisted on the need to develop skills and capacity to better connect the Jigjiga (or Kebribeyah) commercial platform to others, nationally or in Somaliland. The two surveyed locations still rely directly or indirectly on cross-border trade with Somalia and Somaliland for the provision of goods and livestock: imported commodities from the ports of Berbera and Bossaso cross the border to supply the Somali region, which is poorly integrated into Ethiopia's economy. More efficient and effective trading systems, as well as trained professionals, are a requirement.	Jigjiga Kebribeyah	!	
Construction	18	7	Important productivity gains by optimizing construction techniques. New eco-friendly material (through recycling) can also be developed to reduce the economic impact in Kebribeyah while controlling some negative externalities of the urban expansion of Jigjiga. TVET centres needed on the supply side of the value chain.	Jigjiga Kebribeyah	!	

Computer and ITC	16	4	In both locations, important demand for technical skills in the IT, smartphone and computer sector.	Jigjiga Kebribeyah		
Manufacturing	16	0	With an emphasis on quality (and a possible brand – made in Jigjiga) in the tailoring, embroidery, leather, gemstones, etc. sectors, with the objective of creating jobs for women and developing a wide range of skills along the vertical value chain (production to sales).	Jigjiga		
Supermarket	17	1	Beyond small shops, there is a growing demand for better prices and quality products. Supermarkets are perceived positively on both accounts.			
Hotels, accommodation	13	0	Growing demand for quality and availability, in particular in Jigjiga, which has become a key economic and trading hub in the Fafan zone. Capacity is needed.	Jigjiga		
Playgrounds	8	2	Like cafés, arts, entertainment, the demand for sport, playgrounds, in particular football, confirms that local youth is more and more in need of social space and cultural activities.	Jigjiga		
Cafés	7	4	The demand for cafés, entertainment, arts, and culture confirms that the rapid development of			

Arts, entertainment	7	1	Jigjiga and Kebribeyah have generated new needs and aspirations – following Maslow's theory of well-being, and wellness.			
Private financial institutions	6	2	The development of efficient private financial institutions with attractive and contextualized financial instruments is not only a prerequisite to the future development of surveyed businesses, but it is also the best safety net during and post-COVID-19.	Jigjiga Kebribeyah	!	
Agribusiness	6	2	Beyond basic production and harvesting, an important effort must be made to ensure that more profitable segments of the value chain are developed locally (processing, transformation, up to packaging, marketing, etc.) to capture more margin and ensure more food security in a fast-growing post COVID-19 urban environment.	Jigjiga Kebribeyah	!	
Bus services, taxi, transportation	5	6	At a time when out-of-camp policies will become legal realities, a strong focus on transportation would promote stronger integration.	Jigjiga Kebribeyah		
TVET education	4	5	The progressive specialization of multiple activities has created an important demand for more skilled employees in particular in Jigjiga, where capacity remains low. In Kebribeyah, professional TVET is quasi non-existent.	Jigjiga Kebribeyah		

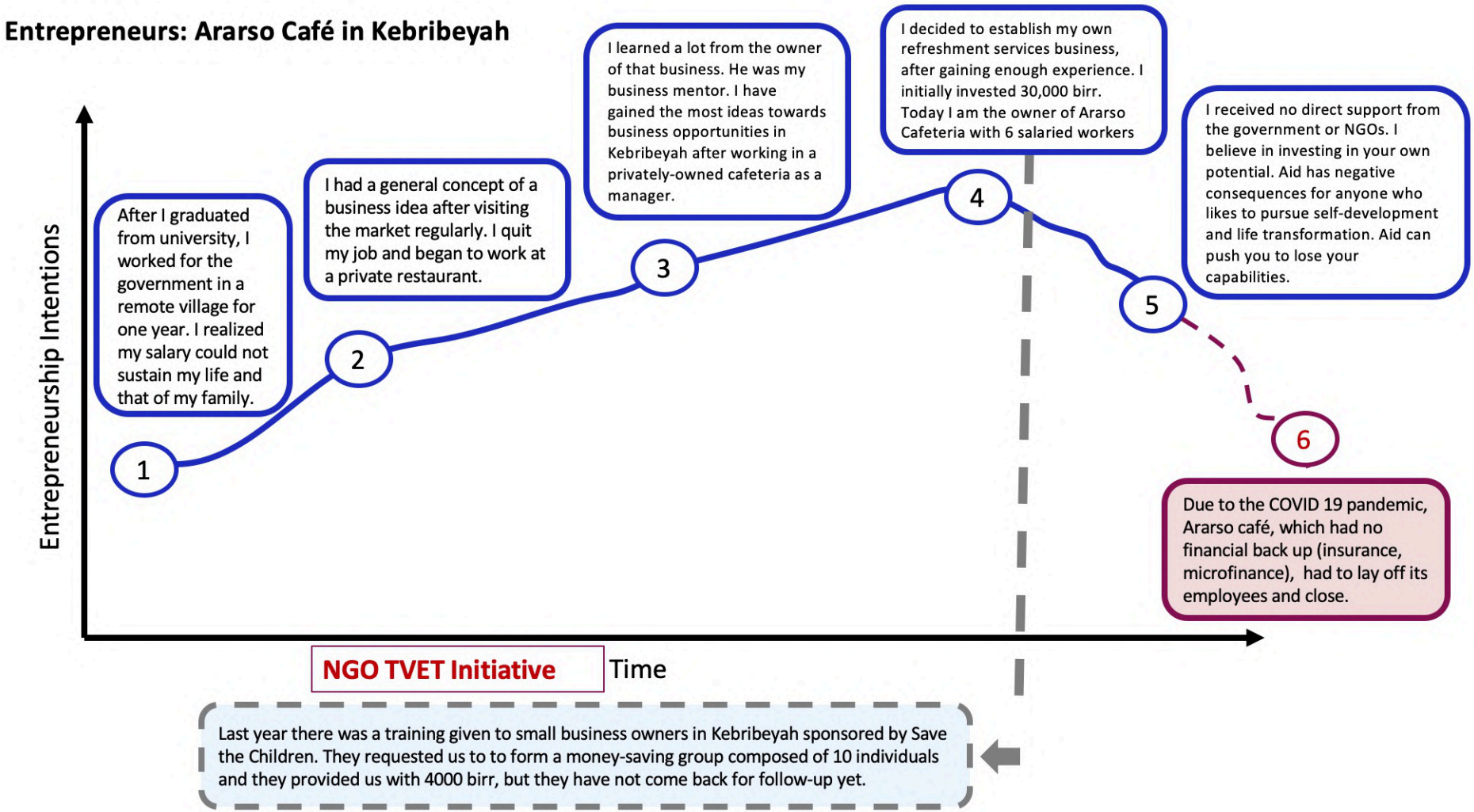
Waste management and recycling	4	3	One of the main negative impacts of refugees' presence in Kebribeyah, as reported by host communities, is the negative environmental externalities. Developing waste management chains (plastic, glass, metal, chemical products) at a time of rapid urban expansion is a requirement. Recycling activities could then create a bridge with other industries (e.g. construction, packaging, etc.).	Jigjiga Kebribeyah		Security on the workplace (toxicity)
Cooperative sectors	4	2	Like financial services, cooperatives would provide individual businesses with a stronger bargaining power and a capacity to sell their products on other markets in Somaliland or Ethiopia. A focus on international quality standards was also mentioned to develop exports. Cooperatives can also play a safety net or self-help role to deal with the consequences of the COVID-19 pandemic and other cyclical natural disasters.	Jigjiga Kebribeyah	!	
Information and communicatio n	4	1	An important difference between Jigjiga and secondary towns like Kebribeyah is their poor access to information and communication network. Improving general access to the Internet (connectivity) as well as key market information systems (livestock, agriculture, market prices), would reduce the gap.	Jigjiga	!	

Cosmetics, gym, pharmacy	2	3	Recent experiences of refugee women successfully creating beauty parlours and exporting some of their cosmetic products were mentioned as a model in Kebribeyah, while the demand for body and beauty products, as well as indoor gymnastics and sports clubs.			
– Other activities: Mining (2-0), Fuel station (2-0), Bakeries (2-0), Camel milk and dairy products (2-0), Car wash (2-0), Printing (1-1), Photography (0-1), Water Company (0-1).						

Box 8. Case study of the Ararso Café (Kebribeyah)

The case study below presents both a remarkable individual journey and a promising sector. The Ararso cafeteria is a good example of business developed without any direct support from a third party (NGOs, microfinance) by a pragmatic businessperson who identified a market opportunity at a time when Kebribeyah only had a few available cafés and refreshment services. “I had studied the market and saw an opportunity.” With an initial investment of approximately 1,000 $, he rented a place not far from the central mosque. By betting on quality, he quickly won over a local clientele and managed to retain them beyond his own expectations. As shown in the W model developed with the interviewee, the key steps of his journey have to do with learning, trial and error, positive mentoring and coaching, and creative business models. Unfortunately, with the COVID-19 pandemic, the Ararso Café had to close in April 2020.

Figure 20. A long and winding entrepreneurial road in Kebribeyah (Case study)



Situation and perception of refugees

Situation and perception of refugees

Ethiopia's commitment to protecting refugees has made the country's national refugee law one of the most progressive in Africa, and it is going to be further strengthened by the implementation of the Nine Pledges. The implementation of the Government's CRRF Pledges and Global Refugee Forum (GRF) commitments will expand access to rights to work and reside out of camps, access social and financial services, register life events (including births and marriages), and self-reliance opportunities in the longer-term, through a stronger integration. How do local communities perceive such a historical change? What do labour market players think about the implementation of the new law, in the specific context of the two surveyed communities?

When it comes to the integration of protracted refugees in the Ethiopian context, the supply side is composed of unskilled or semi-skilled youth who cannot get a work permit and may only find job opportunities in the informal sector and with micro, small or medium enterprises. However, it is also true that the separation between refugees and the host community is porous and often irrelevant in both Jigjiga and Kebribeyah, as mentioned by all surveyed respondents and focus group participants: "Refugees have lived in Kebribeyah for more than twenty years now. So, they are now fully integrated into the host community in terms of the skills or education provided to them. They go to the same colleges and universities to get education and skills. And the barrier between formality and informality does not apply in the real business life, at least in Kebribeyah." (FGD, male, 42, Kebribeyah, Mar. 2020.)

The reality of refugee socio-economic integration in Jigjiga and Kebribeyah is multi-layered and situational. All registered refugees in Kebribeyah camp are Somali, as well as 84 per cent of residents of Jigjiga.[91] The differences between hosts and refugees are difficult to discern even within the community. The TVET schools "do not ask for refugee status unless they mention it themselves,"[92] and at least one microfinance bank manager – interview by the research team – claimed to have never met a refugee in Jigjiga before. However, refugees face legal barriers to services and social exclusion that impact the way they participate in the labour market.

This sub-section draws a picture of the interactions and relationships between host communities and refugees: first by questioning the dichotomy and labelling themselves (host vs. refugees), secondly by presenting the positive and negative perceptions of refugees' presence and giving a voice to refugees on existing opportunities, and finally

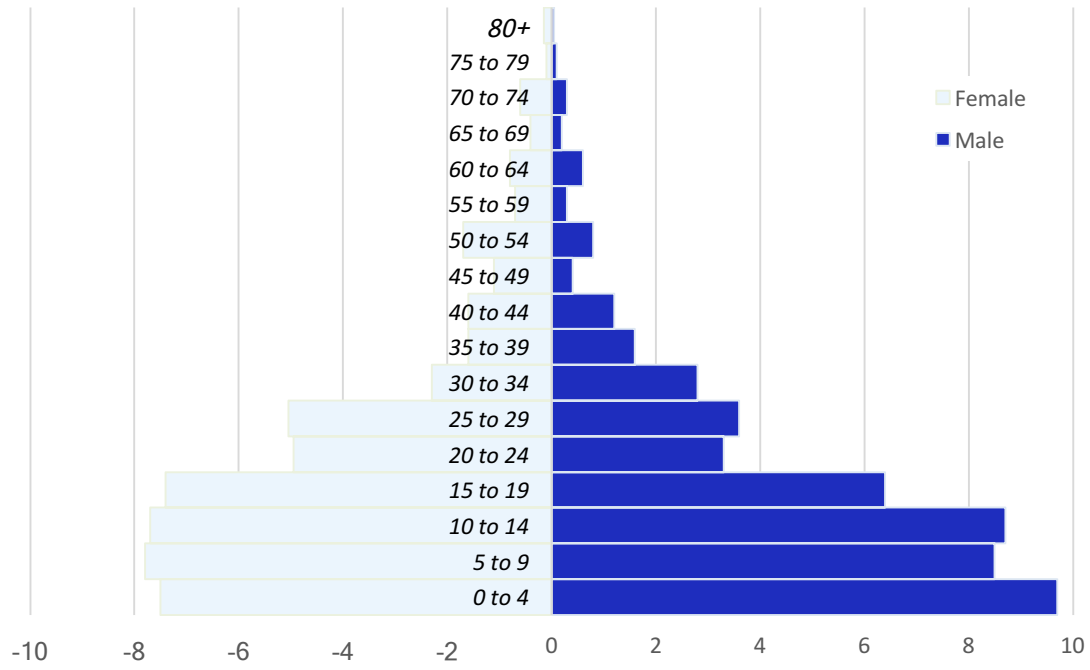
[91] UNHCR L3-Level Registration Data.
[92] KII with Principal of Jigjiga Polytechnic College, Oct. 2019.

by discussing what employers and business owners – echoing other community members' perception – know about and think of the CRRF.

Refugee population in Kebribeyah

The Kebribeyah refugee camp was officially opened in February 1991, about 685 km from Addis Ababa and 55 km southeast of Jigjiga. Between the first and second phases of the survey, the population has remained stable, with a slight increase according to UNHCR data: from 14,198 in August 2019 to 14,616 in April 2020. Around 57 per cent of the camp population is under the age of 18, which means that more than half of the camp population was born in the camp. The female to male ratio is fairly even, with 51 per cent of women. The expansive population pyramid below shows a larger percentage of the population in the younger age cohorts, which confirms: 1) the importance of socioeconomic integration on the short and long run; and 2) the correlated relevance of a pragmatic implementation of the new refugee law.

Figure 21. Population Pyramid (Kebribeyah camp - December 2017 – numbers represent percentages)[93]



[93] FDRE, UNHCR, and World Food Programme, "Standardized expanded nutrition survey: Awbarre, Kebribeyah and Sheder Refugee Camps in Jijiga, Ethiopia Somali Region" (FDRE, May 2018), https://data2.unhcr.org/en/documents/download/63529.

Box 9. Double registration – a data challenge

A major and fundamental data challenge for the past 30 years has been determining the level of double registration, or the number of people who are registered as both a citizen of Ethiopia and a refugee from Somalia. According to several key informants, a substantial percentage of registered refugees in Jigjiga area are also Ethiopian citizens, motivated by the prospect of resettlement. However, no official exercise has been conducted to provide a comprehensive snapshot of double registration. In 2002, it was estimated that only around 50 per cent of its population were "bona fide refugees". According to a 2018 World Bank study, 30 per cent of registered refugee respondents reported that they were also registered Ethiopian citizens, which indicates a significant overlap between these two categories.

The Jigjiga area refugee population is in a protracted, generational situation of displacement, with most refugees in Kebribeyah having arrived during the 1990s from Somalia. Accordingly, 97 per cent of refugees who have received an education were educated in Ethiopia. More than half of the camp population were born in the camp and have grown up there. According to 2019 UNHCR data, the vast majority (85 per cent) do not have intentions of returning to Somalia. Echoed in all the focus groups and interviews is the sentiment that "refugees and locals are integrated deeply. We have learned, married and interacted with each other positively for more than 20 years." (FGD, female 32, retail, Kebribeyah.

Refugees vs. host communities in context

While most donors, policy-makers and assistance agencies work under the assumption that the divide between "host community members and refugees" is intuitive and self-explanatory, it requires some contextualization in the case of the Fafan zone and in particular in Kebribeyah, as the line between the two labels is somewhat blurred politically, culturally and socially. From this point of view, it can be argued that the CRRF will be the logical and legal translation of what already exists in practice.

Complex labelling: As mentioned by Zetter (1991, 2007), in the context of public policy practices, labelling can have important consequences – including stereotyping, conformity, stigmatization, identity disaggregation and political/power relationships.[94] The labelling process in the two surveyed locations is, however, different, as the refugee status is superseded by: 1) the common Somali religious beliefs, cultural views, and ethnolinguistic roots (commonality principle = "we are all brothers"); 2) the clanic and tribal affiliations (distinction principle = no intermarriages with lower clans). Most refugee households present in Kebribeyah belong to the Darod clan (Merihan, Awlian, Majerteen and Harti clans) followed by Hawiye. In this regard, it is worth noting that while most refugees present in Kebribeyah or Jigjiga (or their family) came from different parts of Somalia, hosts only perceive them as "refugees": 'From the day of your arrival, you are seen as qaxooti, meaning refugee. What you call "host communities" and "residents" are Somali, but they are from here. They grew up here. So, it is more important for them to know your clan or tribe, than your place of origin or personal history."

Cultural solidarity: Another characteristic of the context of displacement in Somali region is the close cultural proximity between host community members and refugees, as both groups are Somalis and thus share the same language, culture and religion. It has contributed to peaceful coexistence between communities and groups. It has also led to a faster and greater integration, compared to other displacement settings and situations in Ethiopia. Compared to refugee populations in other areas of Ethiopia, those in the Somali region are in most ways indistinguishable from their hosts, sharing ethnic, tribal, religious and linguistic identities. Despite many divisions of the Somali population into clans and sub-clans, the relative homogeneity in clan composition, religion, language and culture has made their acceptance and continued asylum in Ethiopia and the local community easy: "In most ways these communities are one population separated by a national border." (International NGO, Jigjiga, Sep. 2019.) This border, militarized in times of conflict and regional turmoil, generally remains permeable, allowing for great volumes of trade in contraband ranging from cars to khat.

Protracted situation: Refugees living in Kebribeyah are in a protracted situation. Many of them were born in the camp or Kebribeyah town and do consider it is their hometown or actual place of origin. "Somalis are one family ethnically and culturally. These people have lived here for more than 20 years and they adopted the environment and became

[94] Roger Zetter: "Labelling refugees: Forming and transforming a bureaucratic identity", in *Journal of Refugee Studies* (1991, 4, No. 1), pp. 39–62, https://doi.org/10.1093/jrs/4.1.39.

part of it. The refugee people in Ethiopia and particularly in Kebribeyah are big part of our society. We learned, married and interacted from each other positively. When job vacancies appear, people are considered according to their qualification experience not as a refugee, that is a resident. For example, Kebribeyah administration is governmental, and there are many refugee people who work there, so, there is no competition between the refugees and host community about jobs." (FGD, male, 41, Kebribeyah, Mar. 2020.)

Abdinur, 18, I was born here, I belong here: "I'm a refugee, my parents migrated from Somalia a long time ago, and I was born here, in Kebribeyah refugee camp. I have the same rights that hosts have, and there is no job-based challenge I face, I work freely. I belong here."

Economic integration

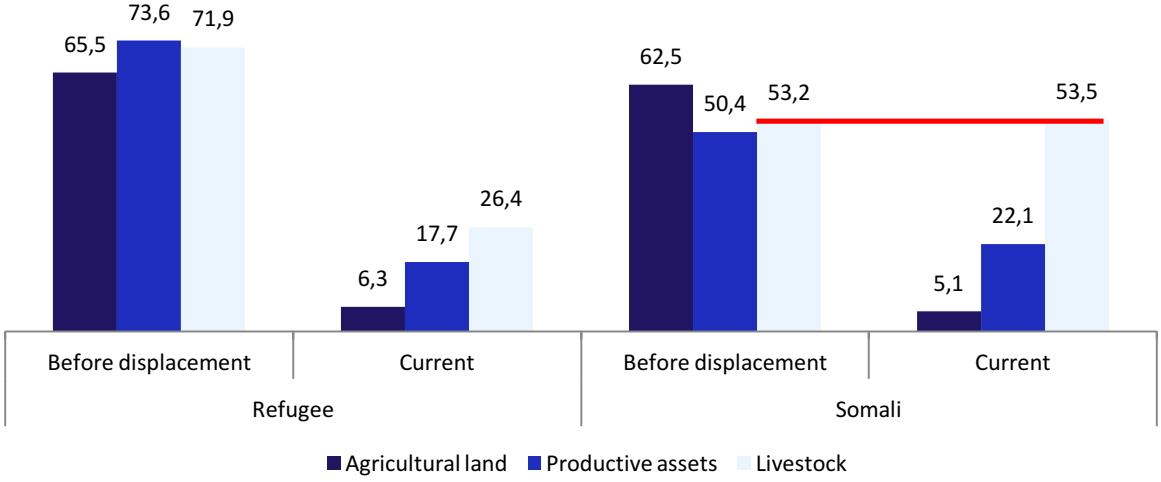
Despite these reports of deep social integration, economic exchanges are the primary medium for refugee-host interactions. Refugees and hosts meet on different occasions, but markets and mosques are the main places of interaction. When it comes to economic exchanges, refugees and hosts are interdependent. While refugees receive support from the host community, refugees' needs, and consumption habits have also encouraged local producers to adapt and tailor their production to refugee households.

The livelihood strategies of both host and local populations continue to revolve around the 30-year presence of humanitarian assistance, which provides substantial tangible benefits to refugees not afforded to hosts. According to the ILO (2018), the main sources of refugee income are: humanitarian assistance and incentive work for ARRA and NGOs; refugees' own informal enterprises including rental assets, trade and services; remittances; and small-scale livestock training.[95] "The best option for refugees who have completed higher education would be working for ARRA as a teacher, or as a health provider with lower incentive salaries compared to national staff." (International NGO, Jigjiga, Oct. 2019.) Many refugees and some hosts continue to hope for resettlement or sponsorship in a third country for better economic opportunities and plan their future around this possibility.

Compared to other refugee-hosting regions in Ethiopia, the Jigjiga area's sedentary and agro-pastoral activities are more developed, and its refugee economy is more integrated with the Ethiopian state.[96] Contributing to this livelihood opportunity, unlike other refugee populations in Ethiopia, Somali refugees were able to retain a comparable level of access to assets post-displacement, especially in livestock (Figure 22). The level of socio-economic integration in the livestock sector is well documented in the 2018 ILO report focusing on the ruminant value chain in Jigjiga.

[95] ILO, 2018.
[96] DRC, 2018.

Figure 22. Assets before and after displacement for all refugees, all Ethiopians, and Somali refugees (ESS 2016)



In anticipation of the labour market implications of the CRRF, hosts in Jigjiga are not too concerned about increased competition due to increased work rights for refugees. Several host participants during FGDs did not see refugees as competition, explaining: "When they first arrived, refugees created competition in low-income jobs. But… there has been no recent influx of refugees in Kebribeyah for the last 15–20 years. Today, the only sector that refugees compete in is business, and there are big businesses owned by refugees." (FGD, male, JPT, Nov. 2020.) Positive relations along clan lines have also eased the acceptance of certain refugees with the local community. For example, the Darod clan is well represented among refugees in Kebribeyah and has close relationships with the majority Ogaden clan host community.[97]

Finally, the strong transnational characteristic of the Somali community[98] has made it particularly challenging for international laws and humanitarian interventions to fit Somali communities into standard protection frameworks. Compared to other refugee populations in Ethiopia, Somali refugee families remained the most intact during displacement, with less than 5 per cent separated from household members during displacement.[99] Somali host and refugee households alike incorporate migration and international protection systems as an integral household-level livelihood diversification strategy. It is common for households to send one member to be registered as an IDP, one on tahrib,[100] one to register as an Ethiopian national and another to register as a refugee.[101] Often, these decisions are not made as individuals, but as a household.

[97] ILO, Market Systems Analysis for Refugee Livelihoods (2018).
[98] According to the ESS 2016, out of all the regions in Ethiopia, citizens residing in the Somali region are most likely to be residing outside of Ethiopia at the time of the survey (10.53 per cent).
[99] Ethiopia Skills Profile Survey 2017.
[100] Tahrib is the Somali term for irregular migration, usually referring to hazardous journeys to Europe.
[101] KII with Mercy Corps consultant, Jigjiga, Oct. 2019.

Photo 1. Lorry from Jigjiga to Kebribeyah

Photo 2. A shop in Kebribeyah stocked with goods from cross-border trade

Regulations affecting refugees in Jigjiga and Kebribeyah

The shared ethnical and cultural background accounts for much of the easy and positive relations between the refugee community in Kebribeyah and the host community in Jigjiga. In times of hardships such as drought, host populations, without the obstacle of legal restrictions imposed on refugees, have been able to access land, livestock and bank accounts allowing them to turn to new entrepreneurial forms of livelihood by establishing businesses and selling goods at the market. However, this cordiality, prior to the Proclamation of 2019, did not reflect the position or policy of the federal government nor ARRA, with one respondent having quoted: "If refugees were to travel to Jigjiga, ARRA will check their papers." The enforcement of laws pertaining to refugee access to documents such as licences, IDs, and permits, was, at best, ad hoc, depending on various arbitrary factors. In this light, refugees in the Jigjiga area maintained (largely) informal access to employment services and the labour market. If refugees did not mention their refugee status, they "won't face any discrimination, because no one knows his background in the market, so he can work and stay in the town as long as he wants." Similarly, a refugee could obtain a driving licence from the transportation school without a national ID and "the requirements for a trading licence are accessible to refugees because the trade office does not ask for IDs."

> "Here in Kebribeyah, the market is free. Anyone can open any business and can easily get a legal trade licence by the Office of Trade in Kebribeyah town. Before it was hard to get licences and most of the people were doing illegal businesses like contraband, but now it seems that things are becoming more transparent."
>
> (Trade sector business owner, Kebribeyah, Sep. 2019)

Refugees' ability to earn a living is facilitated by the fact that income-generating activities are generally informal for both hosts and refugees in Jigjiga, especially in the staple

sector of cross-border trade. The informal nature of this trade affords a level of equality for the legal status of host and refugee traders. From the perspective of a refugee in Aw Barre: "Refugees and locals are the same when it comes to doing business illegally. When goods enter Ethiopia, we are the same." Refugees with formal jobs also exist, but "they did it illegally, they got identification illegally to be citizens on paper." Refugees are still left out of formal employment opportunities that require a valid ID or background check that remains out of reach for the lower-skilled and less connected refugee.

Labour and movement restrictions

Legal limitations on refugee employment manifest themselves in disparate wages for formal labour, although in some cases, personal networks can help refugees overcome status barriers to employment. This situation has often discouraged refugees from seeking employment in the formal sector, even if many bridges do exist and in particular with the new refugee law.

The disparity in wages between refugees and hosts are more prominent in formal labour, particularly with NGOs within the camp and for teachers, further dissuading refugees from pursuing formal employment. On incentive jobs with NGOs, a refugee Jigjiga University student stated: "We get very little money by the end of the month compared to Ethiopian nationals who earn higher salaries. So professional opportunities are not equally distributed among the communities who live in our region." Refugee youth note that discrimination does occur against refugees solely based on their status, citing, "Even if they have the same knowledge, the national person will be prioritized." Legal limitations on work still affect refugees' access to the full labour market, leaving refugees more often reliant on informal systems and networks.

Government jobs offer more parity in salaries, for example: "The Kebribeyah administration is a governmental office and there are many refugee people who work there, and they receive the same salary as hosts." However, such anecdotes run counter to the legal fact that refugees are technically ineligible for government jobs. It implies that, while refugee status is a barrier to employment, for certain demographics of refugees, barriers to formal employment are surmountable with the right networks. This is explored further in the Labour Demand section.

Presently, labour protection agencies for host or refugee youth are not fully functional in Jigjiga, even if it is technically BoLSA's mandate. The consequence is that the advocacy for refugee rights during employment remains at the Addis-level, spearheaded by UNHCR and DRC. However, in Jigjiga, labour protection is not yet connected to CRRF implementation, which means that "at the moment we do not have a legal precedent that applies to refugees. Legally, they are not supposed to be doing business so we cannot protect them."

Box 10. A heated debate over a double pay scale in Kebribeyah

(Focus Group Discussion in Kebribeyah in October 2019)

Respondent 3: Some factors that are considered when employing people are whether a person has experience for the work or certificates. There are differences in employment opportunities between a person who is a refugee and a national. Even if they have the same knowledge, the national person will be prioritized.

Respondent 4: I am a refugee. I have a diploma. The national employees earn more money than me regardless of our qualifications simply because I am a refugee. Sometimes I see some people who are working with me and I don't know when and from where they have been employed. Their salaries are almost ten times higher than my salary. Women are given more priority in jobs because they are more educated than most men these days.

Moderator: Do you think this is fair? Are you frustrated?

Respondent 4: Naturally, I am frustrated because we are not treated equally. We are paid twice less and sometimes four or five times less for the same tasks. Does it mean I am five times inferior to them as a person?

Respondent 5: I understand. We hope things change with the new law, but it is also a cultural thing.

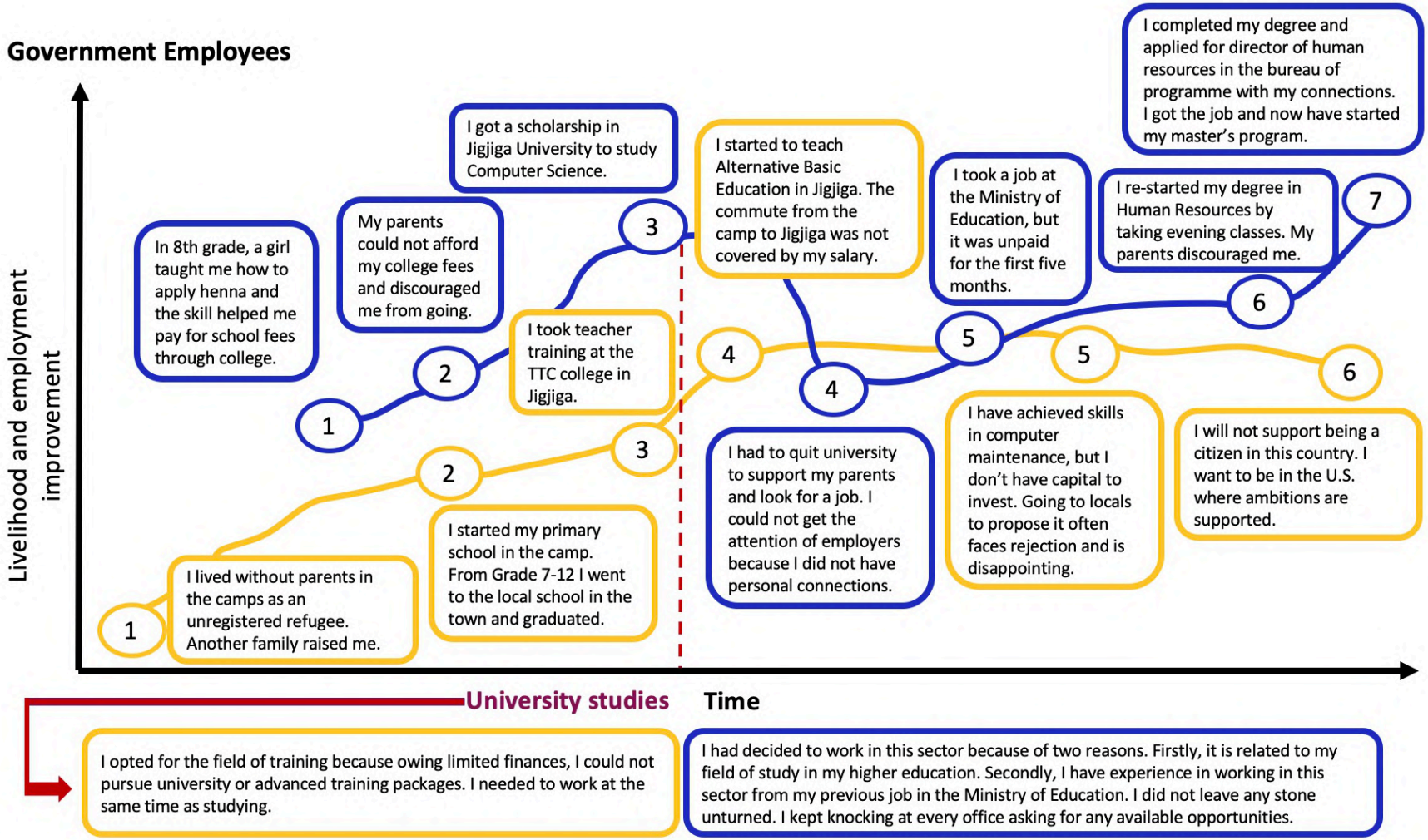
Box 11. Comparative case studies of Somali refugees and government-track employees

The W-models below illustrate the beneficial impact of networking on a female respondent's perceived livelihood improvement, compared to another case study with an urban refugee, who lacked such social resources. The female employee case study revealed that she believed her persistence in networking and interactions made during her previous work experience were the most important aspects of her success at landing her current position as the director of human resources at a government agency. In her own words, "I did not leave any stone unturned. I kept knocking at every office asking for any available opportunities."

Though it is possible to overcome a lack of existing networks, the system still presents a structural barrier for many. The model also demonstrates the ambiguous value of certification of education ("University Studies") in hiring practices. "Diplomas are important, as it is the doorway to getting a decent job. On the other hand, it is still difficult to get a job even with a diploma, which has made it without value."

There are certain sectors for which having the necessary skill set is highly important in the hiring process. According to an NGO livelihoods specialist, "There are private sectors that employ everyone regardless of clan. They are the hotel and hospitality industry, beauty salons, and metal/carpentry workshops. Big hotels need different employees like receptionists, accountants and waiters. They are open to all, and you only need the skills to be hired. Because of the demand, they prefer quality in an employee for the international client."

Figure 23. Impact of university studies on livelihood and employment of two Somali refugees and government-track employees



Access to finance

Refugees are severely restricted in their entrepreneurship endeavours because they cannot access formal financing tools, such as opening a bank account. The crucial right to accumulate personal savings and apply for business loans reflects the diverging pathways host and refugee youth have to access finance. International and local agendas both aim to aid youth financially in their pursuit of self-employment and entrepreneurship. Jigjiga and Kebribeyah's high level of natural integration allows substantial overlap to be possible. However, while hosts are eligible for loans from government-funded initiatives and microfinance banks, refugees are restricted to in-kind donations from NGOs.

Since the aid provided to refugees is not enough to live by, many refugees engage in informal loan activities. In the face of lack of formal financial access, refugees often organize themselves in savings groups to collect money and meet unexpected expenses. Refugees also depend on shop owners from the host community to "borrow" goods and pay later, after they received their food rations. However, with the implementation of the CRRF and the new refugee law, which grants refugees and asylum seekers access to banking and financial services, the situation may evolve positively. Since September 2019, under the coordination of UNHCR and ARRA, Somali refugees residing in Kebribeyah Camp can open bank accounts, in particular with the Commercial Bank of Ethiopia (CBE). This followed a one-day briefing session by CBE managers who orientated the refugees on the key requirements for opening a bank account.

Remittances are another major source of income for Somali refugees in Kebribeyah (camp and town) as well as Jigjiga, even if it is almost impossible to get accurate figures, either from recipients or from Money Transfer Operators (MTOs). With the COVID pandemic, there is a risk of reduced remittances for Somali refugees (and host community members in the months and even years to come). The coronavirus outbreak comes at a time when Ethiopia is already dealing with the consequences of years of persistent drought as well as flash floods and a locust infestation. An indirect impact of COVID-19 is the loss of income from abroad for many vulnerable households. According to Somali MTOs: "Remittances have already declined substantially since the onset of COVID-19 due to economic pressures on members of the Somali diaspora." (Oxfam et al., 2020.) Many members of the Somali diaspora have lost their jobs in Europe or Gulf countries and are unable to send money to their relatives. Moreover, even when people still have the ability to send money, it has become technically more difficult to remit, as many MTOs had to close their online activities (anti-money laundering and anti-terrorism), and movements are restricted in Europe and the US.

Perceived impact of refugees' presence in local communities

Undoubtedly, the host community in Kebribeyah and Jigjiga has benefited from refugee presence, which has fostered economic development and improved service provision. However, in today's context, with the uncertainties around the consequences of COVID-19 and given that economic opportunities may soon be limited in the area, additional competition on the labour market – formal as well as informal – might create tensions. The following quotes extracted from focus group discussions conducted in Jigjiga and Kebribeyah in September 2019, November 2019 and March 2020 present a nuanced and somewhat ambiguous picture of the relationship between host communities and refugees; while most of the surveyed local employers and business owners agree on the social and economic added value of refugees, heightened economic tensions – due to COVID-19 – might lead to stigmatization, othering, and scapegoating.

Before refugees came: "Before refugees arrived here, more than thirty years ago, most people were illiterate, they couldn't get education, all of them were pastoralist herders rearing livestock without any access to regional markets. They allowed this town to become what it is today, by their network, connections, education. Despite their legal status. Also, refugees are supported by international NGOs and UN agencies. They spend this money buying from local markets." Furthermore, it should be noted that many companies in Kebribeyah (15 per cent, mainly retail, food) reported having the refugee camp in their client portfolio, which shows that beyond the direct contribution of (out-of-camp) refugees on the local economy and the indirect dividends from development and assistance programmes, the camp also represents an important commercial and economic issue itself.

Table 26. Geographic sales breakdown by location (n = 209)

	Jigjiga	Kebribeyah
Local only	49%	41%
Somali region	42%	39%
Kebribeyah Refugee Camp	0%	15%
Addis Ababa (Highlands)	5%	6%
Somaliland (Somalia)	4%	0%

Stronger educational background: "I don't know where they are from in Somalia, but they often come from urban and modern places. So, they are more educated than us and their kids are often better in Kebribeyah's schools. I heard it is the same in Jigjiga. They learn faster, it is in their imported culture."

Entrepreneurial mindset: "I remember there was some people trained by IRC in the past, they were trained on carpentry work, and some of them become successful entrepreneurs and even improved their skills by working on it. A women group was also trained on beauty salon work and henna application and they further developed their skills too. Some of them still remain among the best beauty parlours in Kebribeyah. They always want to learn, create, do things, improve. Maybe because surviving was difficult and also because their parents lost everything."

Innovative and creative ideas: "Refugees brought a lot of new designs, ideas, and technical solutions here. They brought them from Somalia and they also keep innovating. One of the new opportunities that refugees created include the construction of whole house made up of sheet metal, it was a new idea and the refugees were the first to build it."

Easy access to jobs: Surprisingly, a handful of surveyed companies reported hiring or working with refugees (7/154 in Jigjiga and only 4/54 in Kebribeyah town), whereas many focus group discussion participants (both local employers and refugees) confirmed that refugees were generally more skilled and could easily find jobs on the local workplace: *"Compared to the other camps in the region, like Sheder and Aw Bare, Kebribeyah is more abundant in size and population. So, we, refugees, have a lot of employment opportunities in Kebribeyah, namely; we can establish our own private business like I did. Those who have education and qualifications have the opportunity to get jobs from Kebribeyah administration offices. They can become teachers, accountants, doctors, coaches, work in local government offices – like water, agriculture and electricity departments. Even if it is sometimes legally impossible, these offices need more qualified people for certain positions. And some of us can fill them. Those who lack education and skills could also find jobs in tailoring, carpentry, laundry, textile, poultry, sweatshirts, and construction."*

Based on the qualitative findings of this study, it is clear that surveyed business owners and employers have a very positive image of refugees. When asked to discuss the impacts generally associated with refugees' presence and subsequent changes in their area, focus group participants unanimously focused on positive outcomes of the coexistence. It is only when asked to highlight some negative consequences that surveyed employers end up identifying four correlated aspects.

High inflation: The rapid development and the increase in demand generated high inflation, and paradoxically, according to some focus group discussion participants, it contributed to creating another category of worse-off people among local residents: "Pastoral communities and poor communities, lower clans, in particular, cannot afford living in Kebribeyah any more." (FGD, female, 23, retail, Mar. 2020.)

Competition over low-paid jobs: Given their legal status, refugees had little or no access to local job markets, which exacerbated the competition over low-paid and informal jobs: *"The labour supply also increased after the refugee influx, lowering the labour wages in the area as a result of increasing needs. For example, the construction workers now receive a half or less than what they used to receive as wage ten years ago, because the refugees brought cheap labour."* (Survey respondent, Mar. 2020.)

1. Tensions with pastoralist communities: The population influx has created tensions over lands: "When refugees first came here, Kebribeyah was a very small cluster of villages. Refugees contributed to the growth and development of this town. But for many pastoral communities, their presence forced them to leave these lands, as they lost grazing lands and pastureland." (Survey respondent, Mar. 2020.)

Environmental degradation: Refugee presence has caused environmental degradation, forcing pastoralists to leave: "The population has quadrupled in a few years in Kebribeyah and it had an impact on lands. (Survey respondent, Mar. 2020.) More nuanced, a focus group discussion participant: "Environmental issues are a big concern. Can we hold refugees responsible for that? Or the economic development of our town? I don't know, but for us, no development without refugees, so it is difficult to say." (FGD, male, 23, microfinance, Jigjiga.)

There remains a sense of otherness, inter-community sub-division, and formal legal restrictions that can motivate refugees to hide or "rebrand" their identities in Jigjiga. These nuanced identity dynamics can be exacerbated by competition for limited resources and employment, for which service delivery remains divided and separate between hosts and refugees. Moreover, in the first days of April 2020, two weeks after the first COVID-19 case in Ethiopia, call-backs with some FGD participants identified a risk of scapegoating or stigmatization, if the COVID-19 were to cause a massive and long-term economic downturn.

2. Risk of COVID-related tensions on the job market: "I agree with all of you, there is no competition between refugees and hosts. But there is a specific challenge that refugees face when employment opportunities come. Refugees work and can work for the Kebribeyah administration, and they have equal rights with hosts and receive the same salary they receive. That is true. But when refugees are working in the refugee camp things change. There are schools run by IRC, refugee teachers only receive ETB800 as a salary while the host teachers in Kebribeyah collect ETB5,000 monthly. That is a big challenge. And the same happens with low-paid jobs, refugees are paid less on informal and unskilled jobs in the construction or agriculture sectors. With COVID, some employers may be tempted to hire more refugees, especially for unskilled positions, because it is a cheap workforce. But everyone will want these jobs in a few weeks! There will be social clashes and risks of tensions between clans, refugees and locals." (FGD, male, 30, public servant, Kebribeyah.)

3. Risk of COVID-related othering phenomena: The killing of 60 *habesha* (Amhara or highlanders) in Jigjiga in August 2018 showed that the "ethnic card"[102] can still be played by local politicians and strongmen to affirm the "Somali" power vis-à-vis the federal government in response to the Somali-Oromo conflict. Likewise, divisions between Somali and *habesha* (Amhara, Oromo, Gurage, Tigray and others) but also between host communities and refugees may be politicized should the COVID-19 pandemic have devastating consequences on employment and livelihoods. *"I know a refugee man who*

[102] See Annex IV with a synthesis of T. Hagmann and M.M. Abdi: *Inter-ethnic violence in Ethiopia's Somali regional state, 2017–2018.* Research Memo for the Conflict Research Programme (London School of Economics, LSE, 2020).

came from Somalia, he bought some shoes from Wajale (a town in Somalia, 70 km away from Jigjiga town) *and tried to sell them at the roadside near the business of another man. Then the man stood up came to him and has thrown away his items telling him that you are refugee get away from here. Then I intervened. I told the Somali Ethiopian man, 'this is your brother, why do you care about his status?' He started telling me why should he do his business near me? So, this kind of discrimination takes place every day in this town. It is here, even if we don't see it and hear it that often. And with COVID, the risk is that people lose their jobs, fall into poverty and fight for their survival. This is when the divisions between groups reappear and politicians use them."* (FGD, male, 41, financial services, Jigjiga.)

Finally, there is sometimes some resentment from local community respondents toward NGOs and governmental authorities, as they are perceived as intercessors who favour specific minorities over other local vulnerable groups. It naturally applies to organizations working with refugees, even if refugees are generally perceived positively, as shown in the next chapter. While these criticisms do not translate a dominant perception, it is, however, important to factor it when designing interventions targeting refugees' integration, through participatory approaches and inclusive awareness-raising campaigns. Polarized answers are often indicative of greater tensions, should the economic or social situation deteriorate, which will be the case with the consequences of the COVID-19 pandemic in the short and long terms. Some respondents and focus group participants praise the work and impartiality of NGOs and governmental agencies: "If the employer is an international or local NGO working with refugees or a governmental agency the requirements will be certified knowledge and experience, unlike most small business like mine. These organizations are less personal, more professional and that's why they work so well with refugees." (FGD, male, 31, agriculture, Jigjiga.) Others show an unequivocal resentment towards or distrust in these same organizations: "Whatever you do and CV you have, NGOs will not hire you because they only favour refugees working for NGOs or even governmental agencies. It is unfair, because we also have people who are in pain and need here." (FGD, male, 40, construction, Jigjiga.)

Local government perceptions of refugees

In general, local government staff tasked with a part in implementing the CRRF overestimate the degree of integration among refugees and hosts ("There are no restrictions for refugees in Jigjiga"). Representatives at BoFED, the agency effectively at the helm of CRRF integration in Jigjiga along with ARRA and UNHCR, do not have working experience with refugees and tend to be preoccupied with securing a fair support for the host community through the CRRF. Nonetheless, in Jigjiga, ARRA and BoFED maintain a close working relationship with and have offices next door to each other.

Within ARRA, officials have a range of understanding of the political orientation of the CRRF. On the one hand, some employees hold similar views as other local government agencies like BoFED. One Kebribeyah-based ARRA employee frankly referred to the international focus on integration as a mischaracterization and "a fake problem." "Everyone is talking about integration when everyone is already integrated and I'm

getting frustrated." On the other hand, certain officials understand the gravity of the shift in ARRA's organizational purpose that the CRRF represents.

The range in perspectives is due in part to the fact that government officials in Jigjiga are of mixed origin, with varying degrees of familiarity with the local context. ARRA employees include local Somali region officials as well as government officers from the Highlands. Local government officials from the Somali region generally hold some contempt for government employees hired from outside the region, arguing that, "they occupy local jobs while Somalis never get jobs in Addis."[103] These local political dynamics should be kept in mind while planning the implementation of the CRRF in the Somali region.

Coordinated approaches and employment programmes

At both the national and local levels, there is a clear lack of communication and shared knowledge as coordination of policies pursuant to refugees breaks down along two dimensions: (1) between host and refugee-focused organizations; and (2) between the highlands and the peripheries. There is also an entrenched lack of trust between decision-makers based in Addis Ababa and the local government stakeholders in Jigjiga. The centralized implementation of the CRRF remains under the direction of national-level committees, while federal government officials and local stakeholders have yet to be involved in – or even informed of – the decision-making process.[104] Regional and woreda-level governments carry the responsibility for service delivery in the areas around camps, but as no guideline has been communicated from the national government in terms of implementation, local actors have been reluctant to share information with communities in order to avoid creating false expectations.[105]

In line with the core federal focus on raising employment and encouraging entrepreneurship, initiatives are being designed yet implemented in an uncoordinated manner with an array of different actors targeting various activities. There is a clear lack of coordination between ARRA and UNHCR, and existing local service delivery actors who support the host community. Table 26 is a current snapshot of the multiplicity of internal and external funding sources for employment-related interventions and illustrates that much remains to be done to ensure joint assessment, planning and implementation.

Table 27. Key employment-related programmes in Jigjiga

Donor	Programme details	Activity areas	Status
EU	RDPP, implemented by NGO consortia (SCI, OWDA, IRC, NRC). The only large-	Job creation, TVET, food-security assistance, SMEs creation and support,	Under implementation since 2015

[103] Bureau for Job Creation and Food Security manager, Jigjiga, Sep. 2019.
[104] DRC, 2018.
[105] Key informant interviews with various iNGOs and local bureaus in Jigjiga and Kebribeyah.

	scale project to include a local NGO (OWDA).	economic IGAs for both refugees and hosts.	
EU	CRRF livelihoods component implemented by Mercy Corps and DRC. Mercy Corps historically focuses on host communities.	Job creation, TVET, SMEs creation and support, internship and entrepreneurship for both refugees and hosts. Mercy Corps approach is based on market systems development.	Not yet under implementation
World Bank	DRDIP, implemented through the Ministry of Agriculture	Wage employment, self-employment, business and entrepreneurship for both refugees and hosts, through local employment creating investments.	Under implementation since 2018
World Bank, DFID, EU, EIB	Jobs Compact/Economic Opportunities Programme (EOP)/Employment Promotion and Protection (EPP)	Budget support to the government, waged employment in or outside an industrial park, and self-employment, for both refugees and hosts. EPP is the key element focused on refugees.	Locations yet to be decided; livelihoods interventions are yet to start
DFID	Strengthening Host and Refugee Population Economies (SHARPE) is an NGO consortium	Wage employment, self-employment, and direct aid. Target sectors: agriculture, fisheries, pastoralism, agro-pastoralism, jobs and small business and enterprises for hosts and refugees.	Not yet under implementation
Government of the Netherlands	Partnership between ILO, UNHCR, UNICEF, World Bank and IFC	Quality education and learning, work transition support; labour market governance, business support and financial inclusion, and improvement of working conditions for hosts and refugees.	Not yet under implementation

Government of Germany	Qualification and Employment Perspectives (QEP), implemented by GIZ with local TVET actor (JPC)	Job creation (for wage employment) and entrepreneurship and business plan development (for self-employment) for hosts and refugees.	Under implementation for 2017–2022

Perception of the CRRF in theory and practice

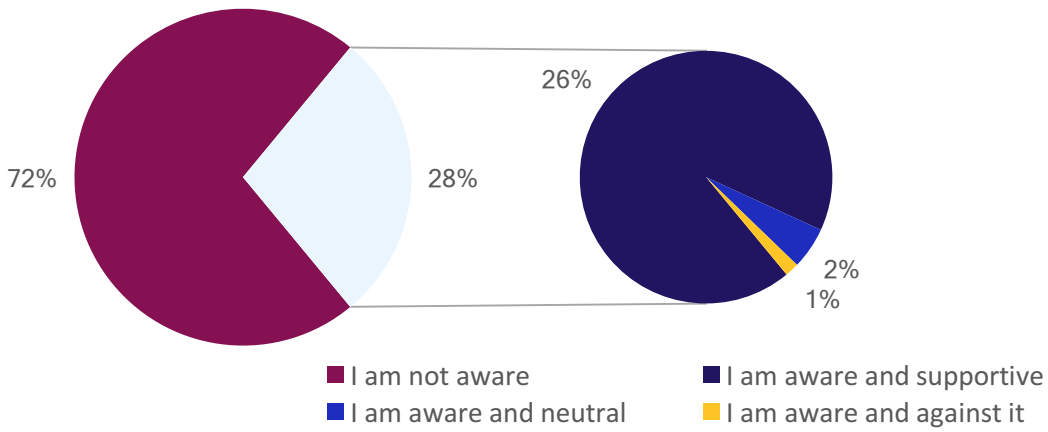
To conclude on the perception of the implementation of the CRRF and the new refugee law in Jigjiga and Kebribeyah, it is important to reiterate its timeliness for local stakeholders – and in particular for local businesses and workforce. A lot remains to be done. Although a national CRRF coordination meeting was established, bringing together different stakeholders for the first time, there has been no joint assessment, planning or implementation so far. The most concrete implementation of the CRRF in Jigjiga is the monthly woreda-level meetings between NGOs, ARRA and local government representatives to discuss the challenges of coordination. These coordination meetings are limited to information sharing regarding the projects and activities implemented by each "side". However, both local government and local communities have limited awareness of the CRRF. With no explicit implementation guidelines from the federal level, local actors are reluctant to share incomplete information in fear of creating false expectations that may exacerbate tensions if they are not met. At the federal level, officials are experiencing a stalemate with the technicalities of the CRRF, particularly in sensitive policy areas where it is unclear where accountability will lie.

In practice, the level of knowledge about the government's plans regarding refugees' integration is limited and at best vague for surveyed employers as well as host community members and refugees who participated in focus group discussions on that topic. The pies below show that most surveyed business owners and employers (72 per cent, with 71 per cent in Jigjiga and 74 per cent) have no information at all on the ongoing process, while others have generally heard about job creation opportunities and equal rights for both communities, without further detail. This limited information can be explained by the lack of clarity around the plans shared by relevant national and local authorities, as implementation has not started at the local level yet and remains unclear in practical terms. Two important points should be highlighted here:

1. The absence of difference (+3 percentage points only) between the two communities and the relatively lower awareness of the implications of the CRRF in Kebribeyah show that national debates and decisions remain largely unknown at the local level – even in a community that strongly benefits from the presence of in- and out-of-camp refugees;
2. The strong support to the general orientations of the CRRF pledges, with more than 93 per cent of supportive opinions among the surveyed employers who knew about the new context is extremely encouraging: *"There are many*

immigrants living in Kebribeyah, and upon their arrival, they created competition on low-income jobs, also they brought new skills like how to make sweatshirts. But they have been living in Kebribeyah for the last 15–20 years. Today, the new rule gives the refugees more rights than before, so after implementation of this rule, I hope they will compete in every sector or industry, as it is positive for business." (FGD, male, 26, retail, Kebribeyah.)

Figure 24. Awareness of and support to the CRRF in the surveyed locations (n = 209)

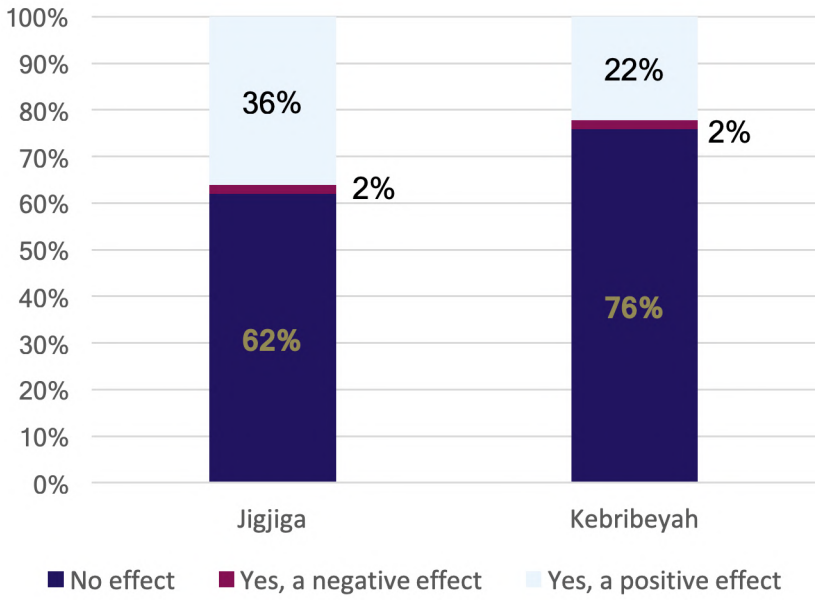


Finally, when asked if the implementation of the CRRF would have an impact – negative, neutral, or positive – on the actual integration of refugees and local social cohesion, a large majority of surveyed employers and business owners who reported having some knowledge of the new refugee law said it would have "no effect" (62 per cent in Jigjiga and 76 per cent in Kebribeyah). These results do not actually contrast with the initial answer on the CRRF, as respondents:

Either have doubts on the capacity of the central government to implement high level policies at the local level and turn pledges into practice;

Or consider that the socio-economic and societal integration of refugees has been happening de facto for decades and that the new refugee law will not change much to their day-to-day business, interactions with refugees and direct environment.

Figure 25. Impact of the CRRF on the integration of refugees and local social cohesion



Recommendations

Recommendations

The CRRF, federal-level social policies and international donor agendas are aligned on the importance of increasing socio-economic integration through access to finance and providing qualitative skills-building and equal opportunities to both host and refugee communities. Despite perceived differences in service provision and legal restrictions on refugees, and though the coordination between agencies and the capacity within local government entities are in high need of improvement, the economic integration of hosts and refugees in Jigjiga and Kebribeyah has improved over the past three decades. The natural integration of hosts and refugees in the Jigjiga area is a positive force, in light of the CRRF.

Rapid response to the COVID-19 pandemic and its consequences on Jigjiga and Kebribeyah's markets and economies

As the COVID-19 pandemic is likely to have durable consequences on the economy, the recovery is expected to be uncertain, slow and uneven. Given the lack of income-generating options in both locations, the predictable significant decrease of international remittances, and the structural absence of social protection systems, many micro, small, and medium business owners will have no choice but to cease their commercial activities – as already observed with a vast majority of the focus group discussion participants called back a month after the first COVID-19 case was made public in Ethiopia. In addressing the impact of the current crisis, regional and local policy responses in Jigjiga and Kebribeyah should be based on the ILO's Decent Work Agenda for responding to the COVID-19 pandemic, which is comprised of four correlated pillars: 1) stimulating the economy and employment; 2) supporting enterprises, jobs and incomes; 3) protecting workers in the workplace; and 4) relying on social dialogue for solutions. The following set of recommendations for immediate action relies on these pillars.

1. **Mapping the urban and rural critical perimeter.** In dealing with a major pandemic crisis, it is crucial to consider the essential supply chains, as well as the most relevant networks (hubs, secondary cities, supply chains, alternative routes, marketplaces, labour, information flows, but also internal displacement corridors). The objective, despite the confinement, is to strengthen the overall resilience of these key networks in the Fafan zone and Somali region. The absorption and adaptation (resilience) capacity only makes sense when considering a broad understanding of the market. However, to do so, it is important to assess and share a common understanding of the "critical perimeter". Likewise, it is important to assess better the risk of massive displacement consecutive to years of droughts and ongoing natural disasters

(floods, locusts), should the agrarian economy deteriorate sharply in the coming weeks or months.

2. **Prioritizing agricultural production and food supply chains.** Given the prevalence of the agrarian economy, including agriculture and livestock, in the Somali region (50 per cent of the income, 70 per cent of employment), appropriate emergency measures must be adopted to: 1) secure the continuity of the food supply to local urban centres and rural areas (including Jigjiga and Kebribeyah); 2) support local producers, herders, farmers, through financial incentives and logistical support (loans, fertilizers, vaccinations, transportation, etc.); 3) ensure that agricultural workers continue to receive minimal decent wages, in the absence of any professional protection mechanism; and 4) provide cash-based assistance for agricultural workers who lost their jobs.
3. **Funding a two-year cycle of Labour-Intensive Public Works (LIPW) interventions** focusing on: 1) the creation or upgrading/repair of social and/or economic community infrastructure; and 2) the provision of minimal wages to vulnerable populations in both urban and rural environments of Jigjiga and Kebribeyah in exchange of work, albeit temporarily. In parallel with a necessary focus on food supply chains, LIPW programmes would improve access to basic public services and create temporary employment opportunities in Jigjiga and Kebribeyah and their surrounding network of secondary towns, villages, and rural community clusters. It would also contribute to the overall resilience of the social and economic network at the local and regional level. Based on past community assessments conducted by Samuel Hall in the region, small sub-projects may focus on: 1) water supply, sewage, water harvesting schemes; 2) stone paving of roads, containment walls, streets and vocational training; and 3) maintenance of existing community infrastructure. The abundant workforce of casual labourers in the construction sector, in particular in Jigjiga, may be targeted by LIPW programmes. The World Bank, as well as relevant governmental counterparts at the national, regional and local levels, should drive the project, with the ILO's technical input.
4. **Ensuring access to essential health care services, including testing for all agricultural and LIPW workers** (and beyond them, for the local workforce in Jigjiga and Kebribeyah) is naturally essential to guarantee their safety and health at work and prevent the spread of the virus. It is also aligned with ILO's Decent Work Agenda.
5. **Supporting both host and refugee communities equitably while acknowledging their respective needs and specific vulnerability.** At a time when all the socio-economic and demographic segments of Jigjiga and Kebribeyah populations are likely to fall into poverty, it is essential to support all people in the community, without any preference. More than ever, prioritizing the needs of refugees and ignoring the host population in the community can lead to creating resentment and social divisions in the community, especially against other communities such as IDPs and refugees. However, it does not mean that the specific vulnerabilities and needs of each community should not be acknowledged for emergency and recovery (post-COVID) programming.

Moreover, avoiding "othering" and "scapegoating" phenomena, at a time of durable local recession, will be essential to enhance the existing positive social dialogue between host and refugee communities.

6. **Providing micro and small enterprises easy access to financial mechanisms**, such as cash transfers and "free" loans. After the absorption phase, another set of financial tools (credit-life insurance products and weather index insurance) should also be explained and made readily available. This can be particularly important for enterprises operating in the agriculture and livestock sector and may also strategically support resilient food supply chains to Jigjiga, Kebribeyah and other secondary locations. Other critical economic sectors (construction, retail, manufacture) may also benefit from preferential access to financial instruments, in cooperation with local banks and microfinance institutions, and possible support from international donors and the Ethiopian government.
7. **Facilitating urgent wiring or other payment settlement mechanisms for Somali MTOs**, given today's alarming level of remittances to Somali refugees and host community members. International banks and governments, in particular, should work in collaboration with Somali MTOs and CSOs to enable mobile money transfer and online remittance platforms.
8. **Localizing assistance in Jigjiga and Kebribeyah through an increased actual presence of UN agencies, INGOs partnership, in Jigjiga, Kebribeyah (town and camp) as well as partnerships with local NGOs and CSOs "to enable decision making and take actions at actual level".**[106] The Somali region is affected by multiple crises, with different time scales, direct and indirect consequences, that require specific mitigation strategies and types of assistance. In this context, both humanitarian and development actors need to have a direct and real-time understanding of Jigjiga and Kebribeyah. They need to capture the differences between vulnerable host community members, urban refugees and refugees living in the Kebribeyah camp. In this regard, greater localization of humanitarian and resilience organizations would strongly benefit the effectiveness and efficiency of their operations. International stakeholders should increase their presence on the ground, develop real partnerships with LNGOs and CSOs (beyond basic "implementation" and delegation), and refine their approach to capacity strengthening of local actors.

[106] Barbelet and Wake, 2019.

Optimal and durable socio-economic integration of host and refugee communities in Jigjiga and Kebribeyah

Institutional support (CRRF)

1. **Sharing an effective localized CRRF roadmap through enhanced cooperation with local, national and international actors as equal partners.** From Jigjiga and Kebribeyah's local perspective, the lack of clarity and realistic agenda may result in missed opportunities, especially with the post-COVID new deal. Concretely, integrated approaches and equal support should be prioritized, through better coordination between stakeholders at the local level, i.e. organizations working with refugees and those supporting host communities. Progress has been made in this regard, especially through the establishment of the CRRF coordination meetings, but many improvements can be made to ensure and localize assessment, planning and implementation.

2. **Developing pragmatic sensitization and information campaigns on CRRF and the new refugee law** to make sure the information is accessible to all and understood. In the 2020 context (COVID-19 and lack of knowledge of the new laws) and given the risk of societal tensions, awareness-raising on the policies and their benefits for both communities is crucial. To date, limited information has been shared by local authorities, NGOs and UN agencies, partly due to the many uncertainties regarding the implementation of the CRRF at the local level. The information delivered needs to consider the expectations and concerns in each community (e.g. Jigjiga's socio-cultural and political context being very different from that of Kebribeyah).

3. **Using the well-established CSO network (in particular in Jigjiga) to develop cultural activities and participatory work sessions between refugees and hosts.** It will contribute to mitigating the risks of othering and stigmatization while improving the awareness of the new refugee law and enhancing the mutual benefits from a stronger socio-economic integration between the two communities.

Economic promotion and job creation

4. **Adopting a cluster approach, supported by a pilot Jigjiga Cluster Development Policy (JCDP) to expand the role of the still underdeveloped private sector and enable business operations and transactions in both Jigjiga and Kebribeyah.** The end goal is to improve local trade competitiveness and resilience to shocks by developing a network of sectoral champions and

innovators. Porter[107] states that a cluster is a geographic concentration of businesses in one or more interrelated sectors, specialized suppliers, businesses in auxiliary and related sectors, distribution companies and their customers, educational and research institutions (such as universities, laboratories and technology centres) and other institutions (governments, business associations, cluster associations), whose purpose is to work to constantly improve competitiveness and productivity and, therefore, the ongoing development of long-range competitive advantages. Since 2005, foreign investment and industrial parks have generally been favoured in Ethiopia. More modestly and pragmatically:

- The JCDP should identify four to five key sectors and set reciprocity principles (with cluster members);
- Eight to twelve companies per cluster would be selected and benefit from an enabling administrative, logistical, and legal environment;
- Cluster members would abide by ILO Decent Work guidelines, with the technical assistance of the ILO and newly created workers' unions and business associations;
- Cluster members would develop capacity development plans, with the financial and technical support of NGOs, ILO, the World Bank, and governmental counterparts.

5. **Developing an effective JCDP** for achieving close collaboration between diverse actors over the years, to ensure the provision of public inputs (ease of doing business, through administrative, logistical, and legal enabling environment) necessary for production, and to help internalize within the cluster a joint process of ongoing learning and improvement. While piloted in Jigjiga, owing to its prominent administrative, political, and economic role, the cluster approach could progressively integrate host and refugee communities in Kebribeyah.
6. **Selecting sectoral clusters to implement the JCDP by supporting productive activities** that meet certain requirements, to promote both economic growth and social development in Jigjiga city, and the Fafan zone more generally, given the centrality of the urban-rural relationship (on social, societal, environmental, economic and internal mobility issues). The following clusters may be considered:

- construction;
- agribusiness with a focus on processing and transformation segments of the value chain;
- livestock (and derived segments of the value chain);
- electronic, IT, and communication; and
- green jobs and energy, waste management, and recycling.

7. **Benefiting from the new Berbera corridor to establish strong formal relationships with Somaliland.** The proximity and access to cross-border trade

[107] Porter, M.E., 1998, "Clusters and Competition: New Agendas for Companies, Governments, and Institutions," in M.E. Porter (ed.), On Competition, Harvard Business School Press, Boston, pp. 197–299.

is the driving force of Jigjiga's development and an important site of refugee-host cooperation. However, over-reliance on the informal and illegal trade networks to Somalia can hurt businesses when customs authorities confiscate key goods. Income-generating activities are largely informal in Jigjiga, which provides easier access for refugees, yet exposes both hosts and refugees to exploitation. It is therefore recommended to use the construction of new infrastructures from Somaliland to Jigjiga as a transformative and inclusive agenda, built around: 1) the *participation* of the local workforce to large scale public work construction projects; 2) the *inclusion* of local communities in social, economic and environmental impact assessments; and 3) the *formal* development of commercial exchanges between Jigjiga and Kebribeyah's small and medium companies (as defined in this study) and Somaliland's companies. On the medium to long run, participation, inclusion and formality are key to a sustainable socio-economic dividend-sharing of this drastically transformative project for both host and refugee communities in the Somali region.

8. **Encouraging green jobs and economies**, which are not only relevant to the Jigjiga context and integration of refugee communities but also central to responding to the global challenges of environmental protection, economic development and social inclusion. At the Jigjiga and Kebribeyah scale, the existing tensions on environmental depredations caused by the presence of refugees (according to some local community members) or the rapid urbanization may present multiple business and job creation opportunities. Two approaches can be developed in parallel or conjunction, given that both apply to the respective environmental needs of Jigjiga and Kebribeyah:

- Either by promoting the greening of enterprises, workplace practices and the labour market as a whole;
- or by creating decent employment opportunities, enhance resource efficiency and build low-carbon sustainable societies, through a focus on renewable energies, waste management, and recycling value chains.[108]

9. **Rethinking the existing model of cooperatives.** While the cooperative model is promising in theory, it has clearly not delivered on its promises in Jigjiga. Cooperative members are under-trained and under-motivated to run a profitable business. Government stakes a substantial budget and programming on cooperatives to solve youth unemployment. However, the majority of cooperatives fail because members are not given adequate training to run a profitable business or were not interested in joining in the first place. In the eyes of policy-makers and beneficiaries, the cooperative system operates more as a social protection scheme than a loan. Annex V proposes a step-by-step roadmap toward more efficient and inclusive cooperative models in the context of Jigjiga and Kebribeyah.

[108] Samuel Hall: Doing business in Dadaab – Market systems analysis for local economic development in Dadaab, Kenya (ILO, 2019).

Business development services and financial intermediation

10. **Promoting business development services and supporting activities for businesses and private sector actors – as well as other stakeholders –** to help companies increase their financial autonomy, productivity competitiveness, export, and job creation potential. In particular, an assessment of existing connection gaps must be carried out to help Jigjiga and Kebribeyah's economic agents benefit from a multiplier effect. Microfinance institutions, banks, government job creation bureaus, business development services, TVET agencies and TVET providers, as well as research consultants, legal service providers, marketing agencies, etc., do not work together and barely know each other. As shown in the Business Network Analysis, these key market players are non-existent in Kebribeyah and insufficient (qualitative and quantitative terms) in Jigjiga. Development of the capacity, availability, and coordination of these essential actors should be geared towards market-driven objectives, through a voluntary business development services strategy, in parallel with the cluster development policy and bearing in mind contextual realities and differences (Jigjiga vs. Kebribeyah).
11. **Investing into employment services and job placement centres,** with a focus on case management approaches (as much as possible), job counselling, financial inclusion, and intermediation for youth. An adaptation of traditional employment services to more vulnerable segments of the population should also be developed, with a specific reception centre and tailored services (beyond youth and women – ethnic minorities, refugees, displaced, persons with disabilities, as well as older people). This is where BoLSA, theoretically in charge of job intermediation but almost inexistent locally, would be pertinent in terms of facilitation and technical support.
12. **Focusing on financial intermediation based on more commercial and market principles, especially for micro, small and medium companies.** The variety, sophistication and use of financial tools are still limited. The lack of adequate financial instruments is a bottleneck for any business that wants to scale up. Significant efforts have to be made to: 1) diversify group lending modalities and include individual as well as village banking models; and 2) organize training for local agribusinesses in the various fields of financial literacy and microfinance to help them optimize the use of financial tools.
13. **Promoting youth's contacts with the burgeoning private sector in Jigjiga and progressively in Kebribeyah (through job fairs, training, and internships).** Usual linkages between TVET schools and private sector companies include sharing information, case referrals, guest lectures, participation in school sector committees, and apprenticeship programmes. However, none exist formally yet at JPT or any other public or private school or TVET programme.
14. **Streamlining diaspora investments into productive sectors.** Diaspora investment and increased presence of international business in Jigjiga have created more job opportunities for youth in hospitality, construction and

teaching. As highlighted in this study, the private sector has increased and will play a significant role in youth employment, yet is still largely isolated from NGOs, ARRA and the implementation planning meetings for the CRRF. In this regard, the Ethiopian and Somali diaspora could favour a transformative socio-economic agenda by investing in local clusters of companies (productive sectors). National and local governmental counterparts, private sector intermediation agents, banks and microfinance institutions, as well as international agencies (ILO, the World Bank) may play a key facilitating role in this regard.

Social dialogue and social protection

15. **Promoting social dialogue through the creation of legitimate community and professional representative organizations**. As they operate in the informal economy, with poor working conditions and very constrained financial and productive capacity, micro, small, and medium-sized companies operating in Jigjiga (and in the Fafan zone) have limited (if any) bargaining power, cannot generate jobs (in terms of numbers, skills diversity or decent work), and their voice is often not heard when it comes to designing policies. More specifically, it is essential to develop the culture and role of workers' unions and employers and business organizations to compensate for the absence of real social dialogue and collective bargaining in the region. In particular, rural workers' organizations do not exist in the Somali region, which further contributes to making rural workers "poor among the poor". It is thus important that rural workers are progressively represented in social dialogue at different levels and that their voice is heard on various matters impacting their work conditions as well as rural communities and rural development. Other unions and workers' associations should be developed with a priority on the key productive clusters.
16. **Supporting the ILO Decent Work Agenda, with a specific focus on the progressive eradication of child labour, bonded labour and the promotion of safety and security on the workplace.** The case studies and focus group discussions conducted during the field research clearly suggest that some essential key activities in Jigjiga and Kebribeyah (construction, agriculture, livestock) may sometimes be associated with child labour or bonded labour. Likewise, local construction companies and waste management (should it be developed) are not always compliant with ILO occupational health and safety standards.[109] A special emphasis should be to put on awareness-raising and sensitization – with governmental counterparts, employers and business owners – to ensure that local companies progressively apply occupational Safety and Health standards. The education and TVET roadmap (through Adult Literacy Classes), as well as the Jigjiga sectoral clusters, may contribute to mitigate these risks and promote the Decent Work principles in Jigjiga (and Kebribeyah).

[109] See in particular ILO: International Labour Standards on Occupational Safety and Health, Labour Standards, 2020.

17. **Accelerating the extension of a universal, collectively financed, comprehensive and universal social protection systems "for all" in Ethiopia to increase the resilience of the population and better respond to recurring natural disasters and risks** (including the long-term consequences of COVID-19). Aligned with the Federal Government of Ethiopia's new set of policy frameworks for social protection and ILO's *Social Protection Floors Recommendation, 2012 (No. 202)*, to cover a greater proportion of Ethiopians against a broader range of risks. Given the recurrence of shocks and stressors, this would particularly benefit communities and households in the Somali region and directly contribute to the sustainability of local markets.
18. **Considering the social, psychosocial, and environmental aspects of integration when designing programmes towards refugee and host community youth.** Youth do not pursue employment in a vacuum; rather several levels, including their immediate social networks, their own community (host, refugee, other) as well as the broader community, and the regulations created by regional or national policies, influence their individual aspirations and motivations.

Education, training, and capacity development

19. **Investing in education from early childhood education to TVET**, as it has proven as a major agent of poverty alleviation and job creation in Ethiopia. Through partnerships with the Ministry of Education, relevant UN agencies, other international organizations, NGOs and CSOs, as well as the private sector, it is recommended to launch a large multi-year plan to:

- promote early childhood education, which can have exponentially positive impacts on the development of the child; and
- eradicate adult literacy, which would contribute to decreasing child labour and school dropouts significantly.[110]

20. **Promoting new educational programmes for teachers and students, as well as for workers, with a focus on marketable skills, training and internships.** These programmes include professional associations, universities and training centres. Dual education (students within enterprises), in particular, should be an important component of a new TVET model geared towards marketable skills and private sector needs.

21. **Developing an Accelerated Learning Programme (ALP) for refugees and deprived host community members** (pastoralist communities, ethnical minorities) to make up for possible education and skills gaps, as an overwhelming proportion of refugees do not go beyond grade 6 (primary education), even if

[110] On the correlation between adult literacy and child labour, see T.N.K. Raju: "Child labour, adult literacy and employment rates in India", in *Indian Journal of Pediatrics* (1989).

some of them are among the best JPT students. However, to avoid social stigmatization phenomena, it is important to monitor people's perception of ALPs.

22. **Enhancing the capacity of BoLSA and other relevant governmental and public stakeholders** to progressively increase the quantity (visibility) and quality of their human resources (technical knowledge, legal awareness, decent work).
23. **Creating a local policy framework to promote small companies' investments in skills development** and enhance the opportunities for small enterprises to adopt market-driven approaches to skills development, with a dual focus on formal *and* informal learning in micro, small and medium-sized companies in Jigjiga and Kebribeyah. The objective is to enhance the role of formal and informal learning in business growth and productivity improvements.
24. **Selecting micro, small, and medium-sized companies, training them over the course of 12 to 18 months and funding them either via a full grant or a subsidized and conditional agreement.** Sustaining Competitive and Responsible Enterprises (SCORE) is an ILO global programme that improves productivity and working conditions in SMEs. The primary goal of the global programme is the effective implementation of SCORE Training – which combines practical classroom training with in-factory consulting.[111] Cluster members would be strongly incentivized to benefit from similar capacity development programmes.
25. **Promoting informal learning modules and capacity development plans, better adjusted to the informality, and specific constraints and needs of the micro, small, and medium-sized companies present in Jigjiga and Kebribeyah.** Given that employers often do not have the time and money to train their staff, it is essential to demonstrate the added value of training and capacity development plans.
26. **Promoting formal learning modules and capacity development plans to balance the existing disadvantages of informal learning,** namely the acquisition of too specific, narrow and practical skills, without enough provision for off-the-job reflection or training in theoretical principles) that underpin these specific activities.[112]
27. **Combining TVET (employees, workers) and business management skills (employers)** while recognizing the need for other support services (access to financial services, market access facilitation, other complementary financial or non-financial business development services), as these services significantly

[111] SCORE Training is a modular programme that focuses on developing cooperative relations at the workplace. The five modules cover: 1) workplace cooperation; 2) quality management; 3) clean production; 4) human resource management; and 5) occupational health and safety. Since inception, SCORE Training has been delivered to more than 2100 SMEs globally. This represents a total workforce of more than 403,000 workers who have benefited from enterprise improvements, including efforts to develop a culture of respect, trust and communication in the workplace. SCORE Training has improved productivity up to 50 per cent in participating SMEs and has a 91 per cent satisfaction rate.

[112] Jamie Barber, Skill upgrading within informal training: lessons from the Indian auto mechanic, International Journal of Training and Development, Volume 8, Issue 2, June 2004, pages 128-139

optimize the impact of skills development on the company.[113] The extremely difficult market environment of Jigjiga requires strong entrepreneurial and business management skills to ensure that businesses are growth-oriented and sustainable. Despite high motivation to start a business, most business owners in the region lack such skills, which also further limits their ability to access finance. When both managers and workers are trained, necessary organizational, technical, human resources or cultural shifts become easier to implement within a company and resistance to changes (in particular from business owners and managers) less problematic. Given the development and growth objective of the cluster approach, in particular in Jigjiga, it is indeed essential to rethink local managerial, organizational and technical models.

28. **Aligning certifications and promoting market-driven qualifications.** There is varying quality of TVET offerings. While JPT offers quality education and nationally recognized certificates, not all programmes that are run through JPT are as impactful. The NGO-run programmes, independent and through JPT, are often shorter-term and do not result in a formal certification. The soft skills taught also do not align with the needed technical skills for some business endeavours, particularly in agriculture and livestock.

Gender equality

29. **Adjusting financial services to address women's needs better.** Microfinance and banking generate different outcomes for men and women. It is therefore essential to incentivize microfinance players (traditional banks and actual MFIs) to tailor product specifications, such as loan amounts and repayment schedules, to diverse client needs. A diversified and pragmatic financial offer should include other financial services to reduce vulnerability and manage risk, such as microinsurance. In the Jigjiga context, revising collateral requirements and encouraging the more frequent registration of property in women's names are other possible components of gendered microfinance. Likewise, in the context of Kebribeyah and with refugees in particular, non-financial services with conditionalities to credit access may also be developed. Examples could include adult literacy classes and business-training programmes which would facilitate women's access to better jobs and income-generating opportunities.
30. **Generalizing community awareness to positively influence both men and women's attitudes on women's status,** entrepreneurial role and employment in the community, and incentivizing male community members to accept economic opportunities for women on the basis of pragmatism (women are essential income generators and contributors) and ethics (they should be treated equally). This would directly promote women's self-confidence and increase the acceptability of women's projects (especially in more traditional or rural communities, where women play a central but subordinate economic role).

[113] ILO, 2016.

31. **Creating networks of businesswomen's groups and associations to strengthen women's networks in Jigjiga and Kebribeyah** with a focus on host, refugee and refugee-host groups and networks. Traditionally women's groups are useful vehicles for financial and non-financial service delivery, such as literacy and health programmes. From a business perspective, businesswomen's groups may increase individual bargaining and negotiation capacity. It may also further encourage linkages between women and: 1) other active community associations; 2) the larger civil society network as a whole; 3) private sector actors and business opportunities; and 4) other national and international businesswomen's groups to learn from them and share experiences.

Labour Market Information System

32. **Developing a comprehensive and accessible Labour Market Information System (LMIS)** as a tool for promoting a functioning labour market. The functioning and performance of the labour market are dependent on the availability of transparent information for workers, employers, and other stakeholders. Given the multiple asymmetries noted not only by workers and employees but also by employers themselves during FGDs in Jigjiga and Kebribeyah, it is necessary to make information available on various aspects ranging from market prices, business opportunities, job announcements, salary scales, workers' rights and obligations to skill development opportunities.
33. **Building the awareness and technical capacity of key stakeholders of the local labour markets to develop and contribute to the integrated LMIS.** Capacity-building could include interpreting the information, the ability to use the system, effective dissemination activities, and identifying data gaps. The stakeholders in this regard may include officials, journalists, workers, trainers and trainees of TVET centres, NGOs working in the relevant fields, and other relevant authorities.
34. **Creating dissemination strategies to ensure wider use of the LMIS.** In the context of Kebribeyah and Jigjiga, even when a web-based system can work, internet access might be limited for various groups of people in different regions of the country – in particular pastoralist communities and refugees. In this regard, with broader use of hand-held devices, the web-based system must be suitably designed for portable devices, and specific attention must be given to ensure people without internet connectivity can access the information (mobile phone SMS based technology).
35. **Using a results-based management system for the implementation of the LMIS and ensuring that, beyond information sharing, the system reaches its intended users and goals.** To do so, it is essential to clarify a pragmatic and straightforward theory of change and consider a robust results framework to determine the desired impact (number of connections and jobs created through the platform, diversification of sectors, urban/rural, host/refugee and skilled/unskilled jobs offered, etc.).

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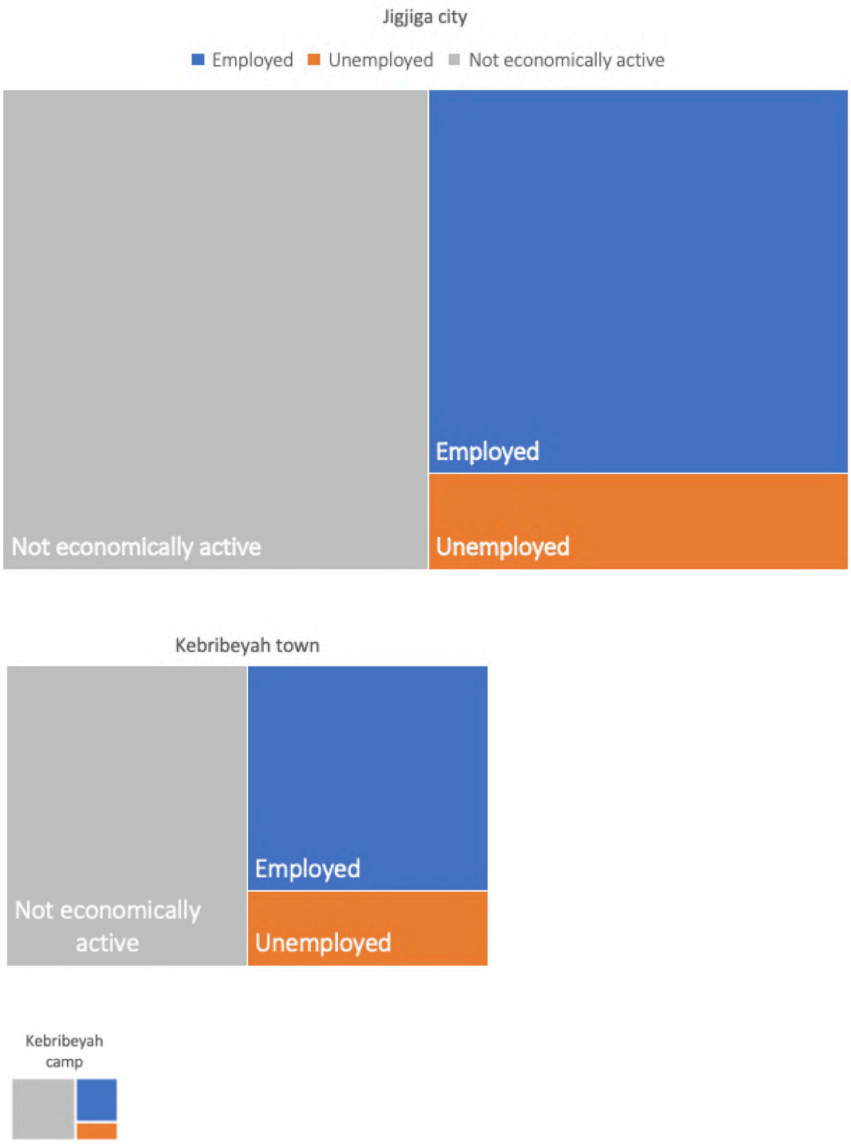
Annex II: Indicative estimates *(treemaps)* of local labour markets

The graphs below present basic visual representations of local employment dynamics, bearing in mind key caveats highlighted in the introduction to the present study, namely: 1) the absence of standard definitions of employment, unemployment, economic activity in official CSA data; 2) the fact that underemployment is the most relevant variable to consider, given the characteristics of local labour markets (seasonality, informality, skills, etc.); and 3) the impact of COVID-19, which is of course not accounted for.

Figure 26: Treemaps of Jigjiga city, Kebribeyah town and Kebribeyah camp (demographics, economic activity and employment) from top to bottom.



Annex III: Data Summary Sheet

FGD Groups

#	Location	Participants	Nationality
1	Jigjiga	NEET	Mixed
2	Jigjiga	NEET	Mixed
3	Jigjiga	Current students	Mixed
4	Kebribeyah	Current students	Mixed
5	Jigjiga	Service sector, high-skilled workers	Mixed
6	Jigjiga	Service sector, low-skilled workers	Mixed
7	Kebribeyah	Service sector, high-skilled workers	Mixed
8	Kebribeyah	Service sector, low-skilled workers	Mixed
9	Jigjiga	Cooperative members	Ethiopian
10	Kebribeyah	Cooperative members	Ethiopian
11	Jigjiga	TVET educators	Mixed

Semi-Structured Interviews

#	Location	Participants	Nationality
1	Jigjiga	Trade sector employee	Ethiopian
E	Jigjiga	Trade sector employee	Ethiopian
3	Kebribeyah	Trade sector employee	Ethiopian
4	Kebribeyah	Trade sector employee	Ethiopian
5	Kebribeyah	TVET beneficiary	Mixed
6	Jigjiga	TVET beneficiary	Mixed

Case Study

#	Location	Participants	Nationality
1	Jigjiga	Urban refugee	Somali
2	Jigjiga	Disabled youth	Ethiopian
3	Kebribeyah	Entrepreneur	Ethiopian

4	Jigjiga	Entrepreneur	Somali
5	Kebribeyah	Female employee	Ethiopian

Key Informant Interviews

#	Location	Office	Position
1	Addis	International Labour Organization	Programme Manager
2	Addis	World Bank	Project Coordinator
3	Addis	International Finance Corporation	Consultant
4	Addis	Mercy Corps	Head of Programmes
5	Addis	Danish Refugee Council	Country Director
6	Addis	Danish Refugee Council	Livelihoods Specialist
7	Addis	Mercy Corps	Labour Market Specialist
8	Addis	World Bank	Energy Consultant
9	Addis	Mercy Corps	Markets Consultant
10	Jigjiga	UNHCR	Director
11	Jigjiga	Urban Job Creation and Food Security Bureau	Director of Capacity Building
12	Jigjiga	Save the Children	Youth Manager
13	Jigjiga	Mercy Corps	MEAL Advisor, STEDE Manager
14	Jigjiga	UNHCR	Protection Officer
15	Jigjiga	Rays Microfinance	Manager
16	Jigjiga	Somali Micro Finance Initiative	Programme Manager
17	Jigjiga	Liberty College	Principal
18	Jigjiga	Cooperative Agency	Marketing Department
19	Jigjiga	Organization of Welfare and Development in Action (OWDA)	Education and Training Manager
20	Jigjiga	Pastoral Community Development Project (PCDP)	Livelihoods Manager

21	Jigjiga	TVET Regional Office	Results-Based Training Director
22	Jigjiga	Bureau of Finance and Economic Development	External Resources Mobilization, Coordination and Management Director
23	Kebribeyah	Woreda Office of Cooperatives Promotion	Cooperative Expert
24	Kebribeyah	SME Business Development Branch	Manager
25	Kebribeyah	Cross-border Trade sector	Businessman

Identified Quantitative Databases on Somali Refugees

Dataset	Description	Relation to Methodology	Indicators of interest
Ethiopia Socioeconomic Survey (ESS) 2015	Nationally representative panel survey of 5,000+ households over three waves (2011, 2013, 2015). Focused on agriculture and links to other sectors of the economy. Sample size in Somali region: 123 Disaggregation by refugee status: No	The limited sample of responses for the Somali region renders this dataset unrepresentative for our geographic focus. However, questions on the livestock and agricultural assets of 50 households in the Somali region will be used to assess agricultural livelihoods.	• Agriculture i.e. land size, crop yield, agricultural input, output, livestock • Cash and food transfer prevalence • Consumption • Shocks/coping mechanisms • Access to finance
Skills Profile Survey (SPS) 2017	Socioeconomic survey conducted in four refugee areas with host and refugee populations. Sample size in Somali region: 1,174	The breakdown of questions by host/refugee populations will be used to examine differences between the two populations. This information will be particularly useful	• Poverty incidence • Food insecurity • Living conditions • Source of livelihood • Employment indicators

	Disaggregation by refugee status: Yes	in studying labour supply.	• Access to productive assets • Education attainment • Social cohesion • Movement and returns
UNHCR Household Registration Data for Ethiopia	Individual data collected during registration and every three months after. Dataset designed to be disaggregated to identify individuals and groups for interventions. Sample size in Somali region: 14,133 Kebribeyah Camp Disaggregation by refugee status: Only refugees	As of 13 August, UNHCR has agreed to share their anonymized data. It would be used to understand the skills level, occupational sectors, vulnerability level, and changes over the past two years among Somali refugees in Kebribeyah.	• Demographics (ethnicity, legal status, age, etc.) • Return intention • Income and alternative income i.e. remittances • Employment and type of occupation • Skills • Education • Expenditure • Property owned

Annex IV: Clanic violence of 4 August 2018 in Jigjiga

"Conflict between Somali and 'highlanders' has a long history in eastern Ethiopia. Somalis often refer to the latter as 'Amhara' or habesha, even though they include a varied group including Amhara, Oromo, Gurage, Tigray and others. The most recent conflict incident was the anti-habesha violence of 4 August 2018, during which Somali youth gangs killed some 60 persons, all non-Somali, in the regional capital Jigjiga. This pogrom was accompanied by the destruction and looting of shops and the burning of several churches. What led to this sudden outburst of anti-highlander violence? (...)

At the popular level, 'Amhara' settlers and other non-Somali town dwellers and Somali inhabitants look back to over a century of co-existence in Jigjiga. (...) By the time of the 2007 census, Jigjiga's Somali population had reached 57 per cent. Given rapid demographic growth and rural migration this share is likely to be between 60 and 70 percent today. Undoubtedly, the 'Somalization' of Jigjiga reflects shifting state formation dynamics in the Ethio-Somali frontier.

It is in this context of imminent downfall that the SRS leadership resorted to ethnic incitement and violence – a deliberate and desperate ploy to demonstrate 'Somali' power vis-à-vis the federal government. Some 10 days before the anti-habesha pogrom of 4 August, Abdi 'Iley' held a speech in the presidential compound, warning that he 'would turn Jigjiga into Mogadishu' (or, turn Jigjiga into a situation worse than Mogadishu). (...) He called upon the heego and the public at large to 'defend the region'. (...) The heego – the name of which can be loosely translated as 'harbinger of rain' or 'being on the rise' – were created as a government affiliated youth militia that could be used against domestic opponents and ethnic outsiders. (...)

The Jigjiga pogrom was not a spontaneous outburst of popular sentiment, but had been planned beforehand. The heego militia were a state sponsored youth group, which was organised by the regional youth bureau. The latter oversees the SRS chapter of the Ethiopian Youth Federation, a government sponsored programme facilitating youth involvement in development. (...) They were a response to the Oromo qeero, which had dominated protests in Oromiya and were part of the Somali- Oromo conflict, including attacks on Somalis in eastern Oromia in late 2017. (...)

When the political centre appears weak or reinvents itself, regional and local elites reposition themselves to settle old scores and to advance their interests. While the centre and its federal institutions are in crisis or survival mode, local strongmen get a free pass to play the ethnic card. Observers tend to designate these conflicts as 'ethnic'. But they are ethnic more in form than in substance. In reality state institutions that define poverty and political order in Ethiopia – from the federal constitution to regional and local administrations – are the prime cause of these inter-ethnic conflicts."

Annex V: Factsheet – Jigjiga Polytechnic College

Jigjiga Polytechnic College

Jigjiga Woreda, Fafan Zone, Somali Region

Jigjiga Polytechnic College (JPT) is the **main TVET institution** in the **Fafan zone**, offering **13 distinct sector programmes** taught by **168 teachers** to between **1000-1500 students** every academic year. JPT enjoys a **strong reputation and respect** among students, local government and international organizations. While its programme offerings reflects national and local demand-driven TVET strategies, **lack of youth interest in these prioritized skills** undermines the college's effectiveness in producing adequate labour supply for the local economy.

KEY CHALLENGES:

Student aspirations do not match the labour market demand.
Only 2.7% of unemployed graduates surveyed believed that the reason they are unemployed is because the skills they have gained are not useful. Though 29% contribute their unemployment to limited supply of jobs in the community.

"Students do not yet understand the importance and marketability of each program, even though we have sensitisation sessions at the beginning of each semester."
KII with Administrator

"Students do not understand the aim of hard skill TVET programs. 70% of students would highly prefer to learn soft skills like ICT. 30% would prefer hotel and tourism or beauty salons. They assume these programmes are more sophisticated than the others, but they do not realize that these skills are more saturated in the market. National TVET strategy prioritizes hard skills like construction, GMFA, furniture and electronics."
KII with Principal

Less than **one in five** graduates from the **class of 2016-18** are currently **employed**.

"To retain teachers and trainers, they should be motivated. They should be given some incentives and tokens, and capacity building trainings."
FGD with JPT Teachers

Student enrollment is lower and drop-out rate is higher for hard skill TVET programs, compared to soft skills like ICT and hotel/tourism.

SCHOOL PROFILE

of ACCEPTED STUDENTS IN 2019
1,000

# of Registered Students:
750

% of Female Students:
30%

STRUCTURE OF INSTITUTION

Total # of STAFF OF INSTITUTION
224

# of TEACHERS
168

# of NON TEACHING SUPPORT STAFF
56

% of ADMISSION
90%

Amount of INCENTIVE (IN BIRR) PER STUDENT
300

# of OFFERED PROGRAMS
13

JIGJIGA POLYTECHNIC PARTNERSHIPS

GOVERNMENT ACTORS:
Regional Government
Bureau of Technical Vocational and Educational Training
Federal Government
Federal TVET Agency, Ministry of Education

JPT

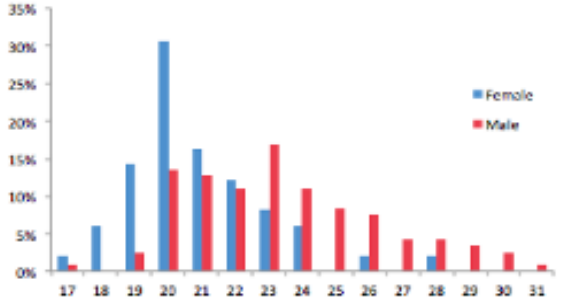
INTERNATIONAL ACTORS:
OXFAM
Save the Children
GIZ
Mercy Corps

PRIVATE SECTOR:
Not established

Average age of FEMALE STUDENTS
20.9

Average age of MALE STUDENTS
23.4

ENROLMENT RATE OF JPT STUDENTS BY GENDER AND AGE



COMPLETION RATES

Driving	100%
Beauty Salon	100%
Water	90%
ICT	90%
Furniture	80%
Agriculture	60%
Metal Fabrication	60%
Hotel and Tourism	50%
Electricity & Electronics	40%
Garment	30%
Construction	20%
Auto Mechanics	20%
Surveying Technology	10%

EMPLOYMENT PROFILE

CURRENTLY EMPLOYED:

Less than **1** in **5** **GRADUATES FROM CLASS OF 2016-18**

% of 2016-18 graduates that
ARE CURRENTLY UNEMPLOYED
78%

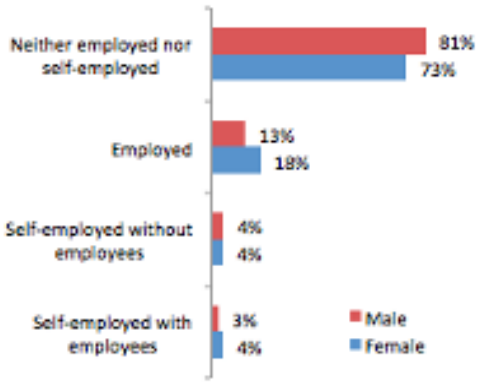
# of respondents that
EMPLOYED
36

Local government:
16

Self employed:
12

Private Sector:
8

EMPLOYMENT RATE OF JPT STUDENTS



% of **male** respondents that are
NOT EMPLOYED
81%

% of **female** respondents that are
NOT EMPLOYED
73%

FEMALE STUDENTS OVER-REPRESENTED IN:
1. Hotel & Tourism Module
2. ICT Module

EMPLOYMENT CHALLENGES AND OPPORTUNITIES

% of all students surveyed that
NEED ADDITIONAL TRAINING
83%

# of students surveyed that seek to acquire:
ADDITIONAL LEVEL OF COMPETENCY
49%

COMPLEMENTARY SKILL SET
4%

COMPLETELY NEW SET OF SKILLS
11%

COMPLETELY NEW SET OF SKILLS
10 Out of **60** **ICT GRADUATES**

% of students who:
PREFER TO LEARN SOFT SKILLS LIKE ICT
70%

% of students who:
PREFER HOTEL AND TOURISM OR BEUATY SALONS
30%

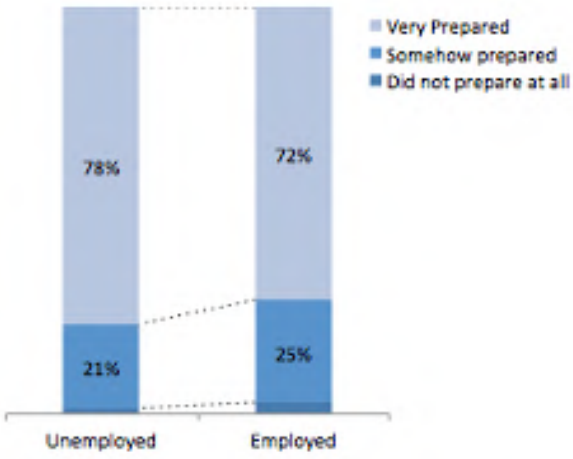
% of unemployed graduates that stated
LACK OF CAPITAL TO START OWN BUSINESS
35%

% of surveyed students that received
START UP CAPITAL DURING SCHOOL FROM THE GOVERNMENT THROUGH JPT
2%

CURRENT JOB IS NOT THE SAME AS WHICH THEY WERE TRAINED FOR:
12 Of **36** **EMPLOYED GRADUATES**

REASONS CONTRIBUTING TO UNEMPLOYMENT	% OF UNEMPLOYED RESPONDENTS
There are limited jobs	45%
Lack of capital to start business	35%
Does not know how or where to apply	14%
Awaiting the season to work	8%
Still in school for another course	6%
Discrimination	6%
The skills we gained are not useful	3%
Family responsibilities	3%

JPT'S PREPARATION FOR LABOUR MARKET



Annex VI: A shift towards actual "cooperatives"

The ILO definition of cooperatives reads: "A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise." [114] Given that today's cooperatives are perceived and used as a social protection instrument, it is important to distinguish social assistance from collective entrepreneurial initiatives, as showed in the table below. The shift from today's understanding of cooperatives in Jigjiga to a more traditional model would generate 1) a direct impact on the demand and supply side of the labour market, at the "producer" level; and 2) an indirect impact on the rest of sectoral value chains by reducing transaction costs and generating economies of scale.

Table 28. Towards the creation of an efficient model of cooperatives and business associations

Label	Cooperatives
Objective	Developing mutually profitable business relationships with reduced transaction costs and economies of scale for both cooperative members (= producers or micro-entrepreneurs) and traders, with a specific focus on: 1) host community members and Somali refugees; 2) minorities (women, youth); 3) skilled and semi-skilled individuals with a minimal social capital (vs. the poor among the poor).
Target Population	• Suppliers, producers and traders; • Host community members and refugees; • Gender-balanced approach; • Focus on semi-skilled and skilled individuals (vs. today's focus on the most socioeconomically deprived).

[114] ILO Promotion of Cooperatives Recommendation, 2002 (No.193). See also ILO (2012). The role of cooperatives and business associations in Value Chain Development, VCD Briefing paper 2, Geneva.

Roadmap	• Short-term: light footprint strategy with rigorous principles – Learning from the positive experiences of traditional associations that actually operate as cooperatives (according to the ILO definition); – Distinguishing today's cooperatives (= social protection mechanisms) from more traditional cooperatives and relabelling the former; – Identifying a limited number of sectoral activities for potential cooperatives and business associations; – Selecting cooperative members based on their willingness to contribute, socio-economic profile, collective business plan; – Providing members with information about market trends, opportunities, requirements; – Providing training and improving skills in production and management techniques; – Increasing members' bargaining power and profit sharing; • Longer-term: consolidation and development of a network – Supporting members in complying with market regulations and requirements; – Improving members' access to business development services and getting better collective deals for services provided to members. – Organizing trade fairs to link members to new buyers and suppliers; – Representing members towards local and national government, playing an advocacy role; and exercising influence on rules and regulations that might affect members' interest; – Providing finance and business services to their members and inking up to existing financial institutions and business service providers; – Developing learning exercises between cooperatives to capitalize on lessons learned, successes and failures; – Hosting regular meetings with local authorities to discuss topics related to tax and land issues, sectoral issues and how local authorities can help solving arising problems between host community members and refugees (if any).

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Made possible thanks to the generous support of the:

Ministry of Foreign Affairs of the Netherlands