



Nimo Farah Mohamed, a Refugee Poultry Farmer, Sheder Refugee Camp



Going Beyond the Last Mile: Adaptation to Increase Refugee Adoption

Written by **Marshall Bear**
Paul Joicey and Anne Brady

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Fadumo Tahir Abdi, a refugee poultry farmer, Sheder Refugee Camp

1. Introduction

The Strengthening Host and Refugee Populations in Ethiopia (SHARPE) programme has used a market systems development approach in three refugee hosting regions of Ethiopia to foster greater economic inclusion and increase the resilience of both refugee and host community households. Implementation has been a journey of discovery, learning about economic and business opportunities in these remote, fragile settings; working with businesses to connect them to the refugee market; and aligning incentives to form and sustain mutually beneficial relationships. One of the most important lessons has been the need to continually learn and adapt to reach refugees and create opportunities for refugees to engage in commercial markets as producers, customers, entrepreneurs and employees. Using SHARPE's engagement in the poultry sector as an example, this case study will illustrate the critical importance of informed and continuous learning and adaptation to increase refugee participation in markets and overcome the many barriers that refugees face in running their businesses and livelihood activities.

2. Background

2.1 SHARPE Programme Design

SHARPE was purposely designed by FCDO to search for longer term sustainable solutions at scale by testing a private sector-led, market systems development approach in a situation of protracted displacement. SHARPE was expected to illustrate practical, private sector driven models in a traditional humanitarian context by testing the ability of these new business models to impact positively on the lives of refugees and hosts. More specifically, through its portfolio of sector engagements applied in three very different refugee hosting regions, SHARPE would generate lessons while showing the benefits of greater economic integration to both host and refugee communities.

When using an MSD approach in a protracted refugee context there was no roadmap the SHARPE team could consult. However, the combination of humanitarian and market systems development experience within the leadership team allowed SHARPE to draw on the 'MSD in thin markets' playbook¹ – few marketbased transactions within wider systems characterized by weak or missing support functions. It was quickly apparent that a 'light facilitation' approach would not work in this market setting. SHARPE needed to take on some market functions in its role as market development facilitator: cost sharing grants to business; search costs to find relevant partners by SHARPE staff; direct technical training for its local business partners; and payment for product promotion and market expansion costs either directly or indirectly through partners. SHARPE's exit strategy was built into the overall design and individual partnership agreements.

2.2 Early Lessons: More Adaptation for Increased Refugee Adoption

An early programme design assumption was that by making beneficial products and services more accessible and easier to reach in local markets that were closer to refugee communities, refugees would be able to access and benefit in the same way as their Ethiopian neighbours. However, three years in, a review of the SHARPE programme² showed that comparably fewer refugee business owners (20% percent of the total) were benefiting from direct partnerships with SHARPE with most business partnerships being with Ethiopian host community business owners – 80% of the total. Similarly, comparatively fewer refugee consumers and suppliers of goods and services had benefited from SHARPE's partnerships with private sector partners.

Proximity of refugees to local markets in the nearby host community turned out to be just one of the barriers restricting refugees from participating in markets. Through careful monitoring of the portfolio of private sector led interventions the many unique characteristics of refugee markets became evident, as well as key differences both between and within regions when it comes to the barriers that refugees face³. Some of the more common constraints and barriers include:

- **Lack of socio-economic rights.** At the time of the review, refugees had few socio-economic rights, with freedom of movement and the right to work granted to only a very small minority. This makes it difficult for companies to hire refugees and to partner with them as suppliers and/or sales agents. It is also very difficult for companies to get permission to enter the camps.
- **Informality.** The official government refugee agency, the Refugees and Returnees Service (RRS), does not have the mandate to issue business licenses for self-employed refugees⁴. Potential refugee business partners are therefore unable to register their businesses and operate outside of the formal economy. This excludes them from accessing any kind of business loan from a financial institution, while making it very challenging for a programme such as SHARPE to provide grant finance to refugee entrepreneurs.

1 Part 3 of the Messiness Series examines the sweet spot for MSD facilitators when working in thin/weak markets. <https://beamexchange.org/resources/1040/>

2 A Review of Strengthening Host and Refugee Populations in Ethiopia Program (SHARPE), November 2022.

3 See, for example, 'Can Market Systems Approaches Catalyze Self-Reliance for Forcibly Displaced and Host Populations? Key Considerations and Strategies' published by the Refugee Self-Reliance Initiative, September 2024.

4 This is now being addressed through the 2024 Directive to Implement Recognized Refugee and Asylum Seekers Right to Work.

- **Socio-cultural norms.** Cultural and economic issues within and between the regions also influenced the business environment. Similar kinship groups in the Somali region facilitated freedom of movement and business, including cross-border trade. In the Gambella region, however, ethnic division and frequent outbursts of inter-communal violence make business, travel and trade more challenging.
- **Assets.** Compared to their Ethiopian neighbours, refugees typically have less purchasing power, fewer assets (including livestock), less land and capital.

2.3 Adaptation

Adaptation is the norm in MSD projects because of the difficulty to predict in advance just how market actors will respond to a project's interventions in a diverse mix of market settings and economic subsectors. In the context of refugee markets, to increase refugee engagement every SHARPE supported intervention had to learn and adapt in order to go beyond the host community market and establish themselves inside the camp environment.

- Hello Solar, a supplier of quality home solar kits sold through a PAY-GO payment model, learned that an initial up-front payment of ETB 1,500 was affordable within the host community but too expensive for refugees. The payment modality was changed for refugees to an initial payment of ETB 500 and a longer re-payment period, which immediately increased the uptake within refugee camps from 5 in 2022 to 569 in 2024.
- To onboard refugees as 'Hello Cash' mobile money agents, Shabelle Bank had to increase their cash assets. A special loan package of ETB 60,000 (\$1,100) was developed to finance new mobile money agents, including refugees, with no fixed collateral requirement. The Bank also had to develop four new physical bank branches inside refugee camps to increase their access to cash and help them with their liquidity. Through this process Shabelle Bank learned that refugees are bankable and that the refugee market is profitable. These adaptations resulted in Shabelle onboarding an additional 22,344 refugee customers.
- Agri-vet dealers had to recruit sales agents from within the refugee camps to increase their reach and sales within the camps. SHARPE also supported by training refugees to allow them to work as certified Community Animal Health Workers (CAHWs) and linking with the agri-vets. By extending an agri-vets distribution network, 10,276 refugee customers benefitted from increased access to agri-vet solutions by 2024.



Abdullahi Mohamed, Poultry Farmer, Awbare Camp

3. The Case of Poultry: A Journey of Discovery

3.1 Initial Assumptions

A deep dive into SHARPE's poultry sector engagement in the Jijiga region offers the best case within the overall portfolio to show how continuous adaptation by SHARPE and its partners incrementally moved the intervention in the right direction to achieve its desired outcomes and impact. Poultry was quickly identified as a subsector with potential for SHARPE and an agreement was signed with EthioChicken⁵ during the first year of the programme. The basic idea was to support their expansion into the markets in and around the Somali regional capital, Jijiga, a region which hosts approximately 45,000 Somali refugees in three camps, Kebribeyah, Sheder and Awbare, supplying live chickens and eggs to the predominantly ethnic Somali population. The following set of assumptions informed the initial design and implementation of SHARPE's poultry intervention in the Somali region:

1. The proven and well established EthioChicken business model, supplying day old chicks, feed, medicines and equipment to last mile distributors called 'mother units' who rear the day old chicks into two month old pullets for sale on local markets, would be successful in a different cultural context, in this case the Somali region of Ethiopia. The initial plan was to establish 35 'mother units', supplied and supported by EthioChicken producing live chickens for sale on local markets.
2. An initial start-up size of 500 day old chicks, smaller than the usual EthioChicken mother unit model, would be large enough to be profitable but critically would be inclusive i.e. small enough for women and for refugees to get into the business.
3. To supply live chickens to refugees, which in turn would support the spread of small-scale backyard poultry farming within the camps, it would be necessary to establish mother units inside camps, owned and operated by refugees.
4. Mother unit start-up costs could be financed through a subsidised loan from a financial institution, in this case Somali MFI (now Shabelle Bank).
5. Once the business case was established, the EthioChicken lead firm model would continue to drive change and market growth into refugee communities beyond the lifetime of the SHARPE programme.
6. Our own internal vetting, due diligence and grant making processes would allow SHARPE to work directly with refugee businesses and to finance refugee business owners.



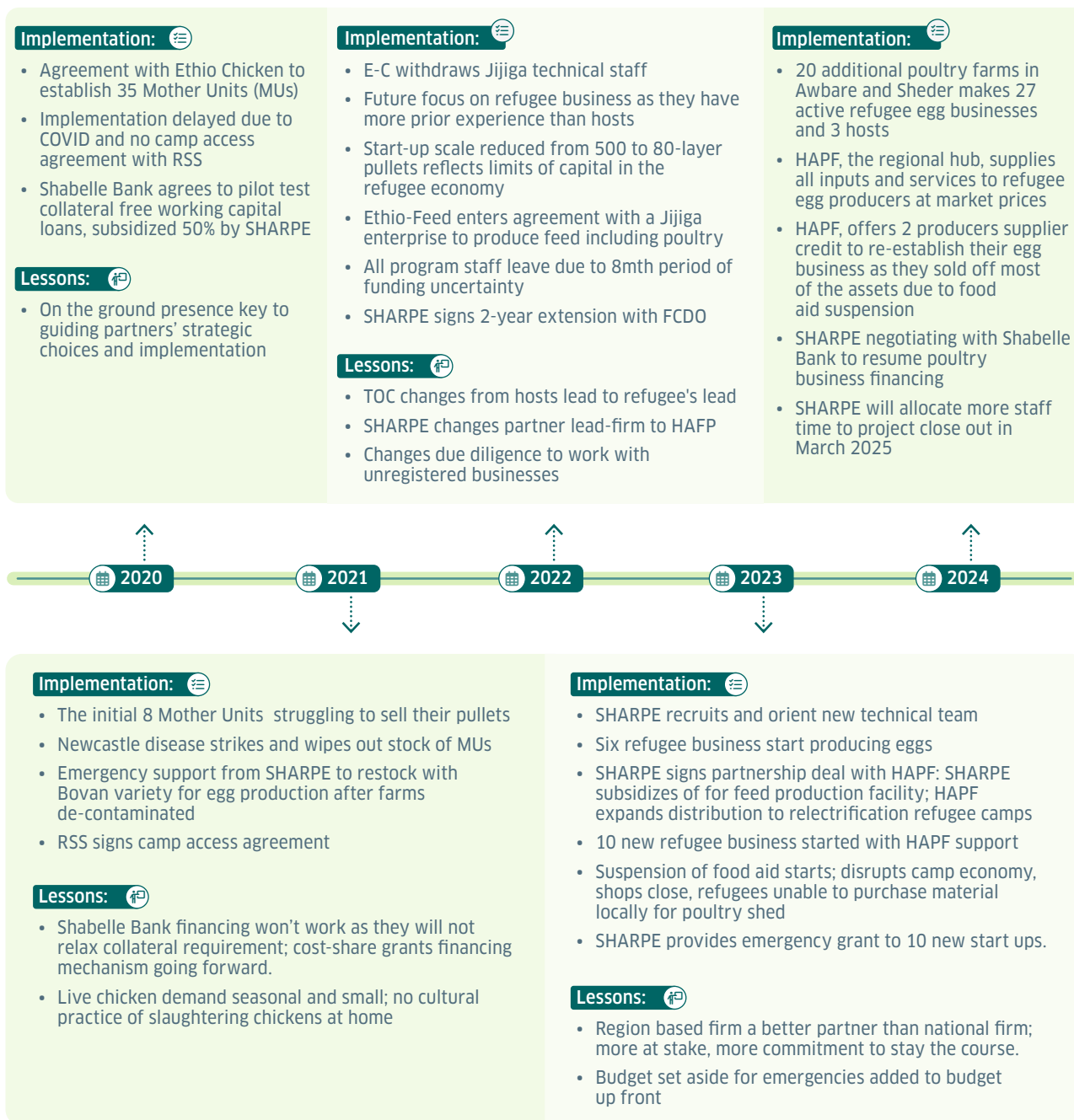
Halimo, a Refugee Poultry Farmer, Jijiga Town

⁵ EthioChicken is part of the pan-Africa Hatch Africa group that supplies high quality poultry and eggs in six countries.

3.2 Learning Fast

The first round of eight (8) mother units were quickly established in 2021, six (6) in the main markets of Jijiga town, with one run by a refugee cooperative in Kebribeyah camp and one in Sheder town, just outside the refugee camp – seven host and one refugee owned. Problems with the model (incorrect product/market mix), with our initial assumptions (start-up scale too big for refugees and women) and external factors (Newcastle disease, budget cuts and uncertainty, outbreak of war in northern Ethiopia) it quickly became evident that SHARPE would have to rethink its poultry intervention. **Figure 1: Shocks and Adaptations – Poultry in Jijiga** provides a timeline of the many bumps in the road SHARPE encountered during implementation and lessons against which the programme would need to adapt.

Figure 1: Shocks and Adaptations – Poultry in Jijiga





Horn Afrique retail shop, Jijiga town

The following points summarize the reality of intervention implementation against SHARPE's initial assumptions.

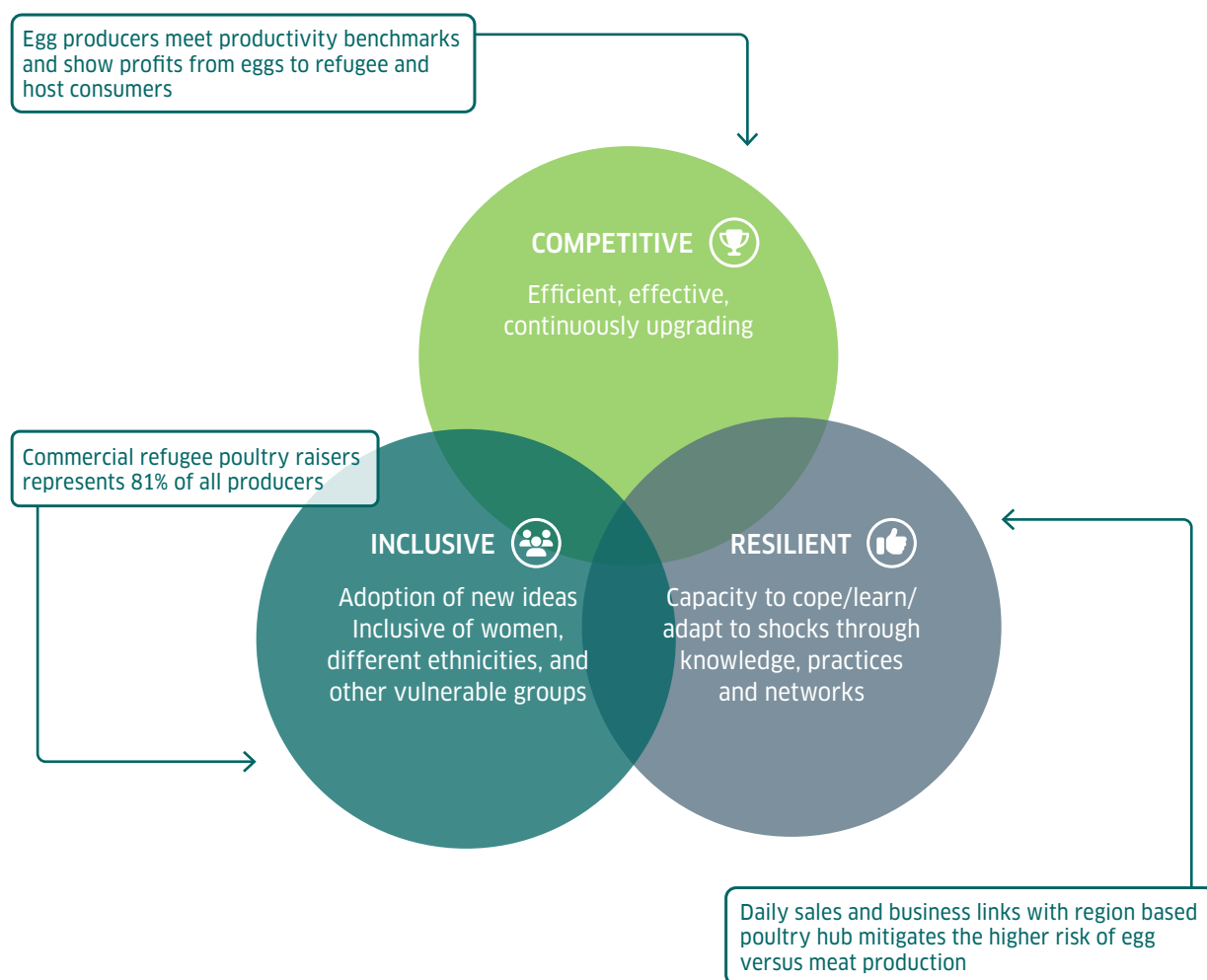
1. In the different socio-cultural context of the Somali region there was little demand for live chickens – the first round of mother units could not sell their chickens but could sell eggs. The initial choice of the dualpurpose Sasso breed had to be replaced with the Bovan breed to allow the farms to focus on egg production. This required SHARPE to provide a second round of funding to re-stock the farms and change the business model.
2. A start up size of 500 was too large for refugees to get into the business, and also made it difficult for women. With a larger 'more formal' business, men tended to dominate. To make the model more affordable, accessible and manageable for refugees, particularly women, the start-up size had to be reduced to 80-100 Bovan breed chickens.
3. Although the first refugee owned business in Kebribeyah failed, the assumption that to bring benefits to the wider refugee community it is necessary to establish egg producing poultry farms inside camps proved to be correct. In the Somali region SHARPE quickly went from a portfolio of seven host and one refugee owned poultry farm to an overall portfolio of 30 active farms – 3 in the host community and 27 refugee owned.
4. Refugees were not willing to take a loan from a financial institution to finance their start-up costs. Banks also cannot provide business loans to refugees because they do not have a business license or tax number. SHARPE had to develop a micro-grant model to provide grant finance to the refugees which in turn allows them to enter the business.
5. Due to difficult economic conditions throughout the country, the initial EthioChicken interest in expanding to the Jijiga market started to wane. The reduced start-up size of 80-100 chickens for refugees was also much too small to be supplied and supported by EthioChicken. In their place SHARPE developed a partnership with a Jijiga based, vertically integrated poultry farm, Horn Afrique Poultry Farm (HAPF), which had already started to show an interest in the refugee market. Horn Afrique now provides the critical link between EthioChicken and the refugee farmers while being the driving force for the development of poultry farming, particularly in the Awbare and Sheder refugee camps.

6. SHARPE's internal vetting and due diligence processes had to be simplified to provide grant finance to informal refugee businesses with no business licenses or tax identification numbers. SHARPE had to support refugees to get a bank account; the grants manual was changed; and ultimately an organisational decision was taken to accept this level of risk. Cost-sharing expectations were reduced, and a reimbursable payment model was changed to an advance payment model to accommodate cashpoor refugee households⁶.

3.3 Now, An Adapted Model

It's September 2024. SHARPE's poultry intervention in Jijiga is now delivering against its promise when taking an MSD approach to improve refugee self-reliance. The combination of three graphics tell this emerging story. **Figure 2: MSD Approach Objectives in a Refugee Context** shows that refugee egg producers – the majority female owned – are operating small-scale, competitive egg production and retail businesses with monthly sales ranging from a high of 32,700 Birr in Jijiga town to 22,400 Birr in Awbare and 15,500 Birr in Sheder (see Figure 3 below for the data). A significant portion of monthly revenues is saved for reinvestment in their business (around 80%) with the balance used to cover household expenses.

Figure 2: MSD Approach Objectives in a Refugee Context



6 'Use of Financial Subsidies for the Private Sector in the Context of Host and Refugee Communities'. Gareth Davies, February 2024

3.3.1 Competitive

SHARPE's 27 refugee egg producer partners in the Jijiga camps are still in the early stages of their egg production/retail sales business. Their current levels of production and productivity are at or above best practice standards reflecting the quality of inputs they buy and their good husbandry practices. SHARPE data shows that most refugee producers produce about 75 eggs per day from a stock of around 79-80 layers; that's a productivity rate of just over 93%, higher than Horn Afrique's own farm productivity rate of 88% according to its owner, Ferhan Abdulkadir.

Ferhan believes that most refugee producers could expand up to a stock of 150 layers without sacrificing productivity. At this scale producers can earn and save enough to grow their business, weather shocks in feed price hikes or, possibly lower egg prices through more competition in the marketplace and contribute more to their household expenses. The jury is still out as to how many start up poultry farms can and want to reach this scale.



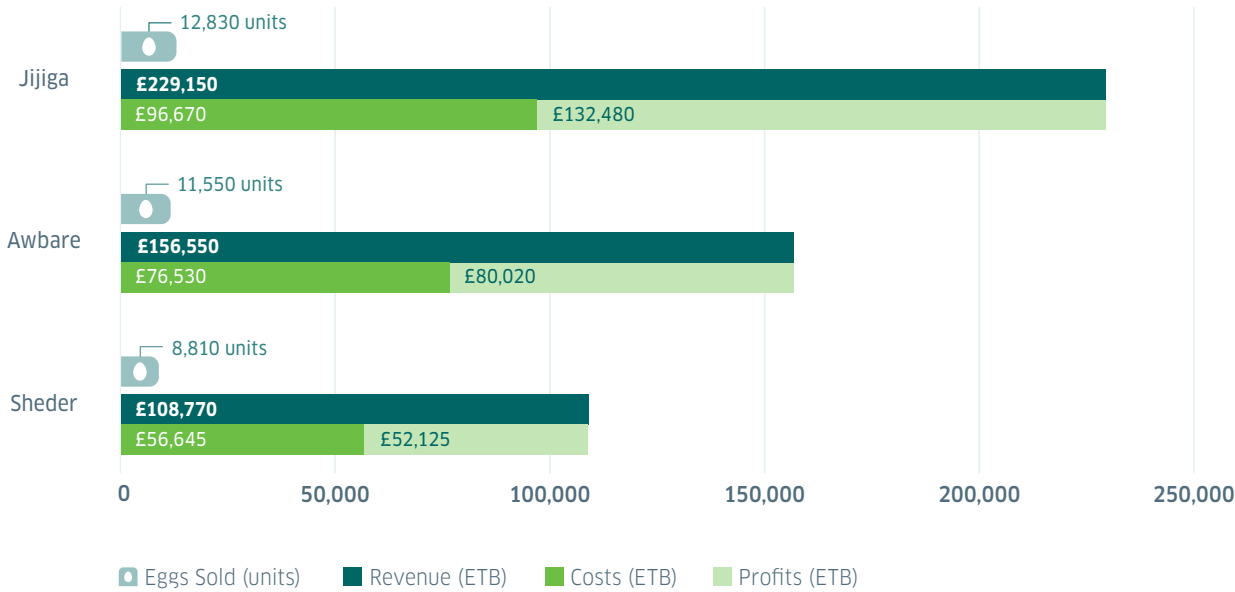
Hinda Ibrahim Aden, 38

Resides in the Awbare refugee camp together with her 7 school age children and her husband, who does not work. She has 72 Bovan layers, producing an average of 70 eggs/day which she sells. She prioritises her monthly income this way: Birr 19,300 for feed; Birr 4,000 to buy additional pullets; Birr 2,000 towards household expenses in addition to the Birr 200 she allocates every day for herself and her family. She saves any balance with the bank either at the bank or in her digital account. She currently has a Birr 40,000 savings balance.



Producers can sell all they can produce both in local and regional markets. **Figure 3: Production and Sales Data**, shows the seven month totals, from February to August 2024, for the average producer in each location. At current prices producers are profitable. Production and productivity, however, is most sensitive to the price of feed. With overall industry shortages of feed supply, prices are likely to continue to increase which is why most refugee producers allocate up to 75 percent of their revenues for future feed purchases. Producer supply links with Horn Afrique – brokered by SHARPE – ensures quality feed as Ferhan, the owner, prides himself on buying only the best grain available for his feed mill.

Figure 3: Production/ Sales Data, February – August, 2024

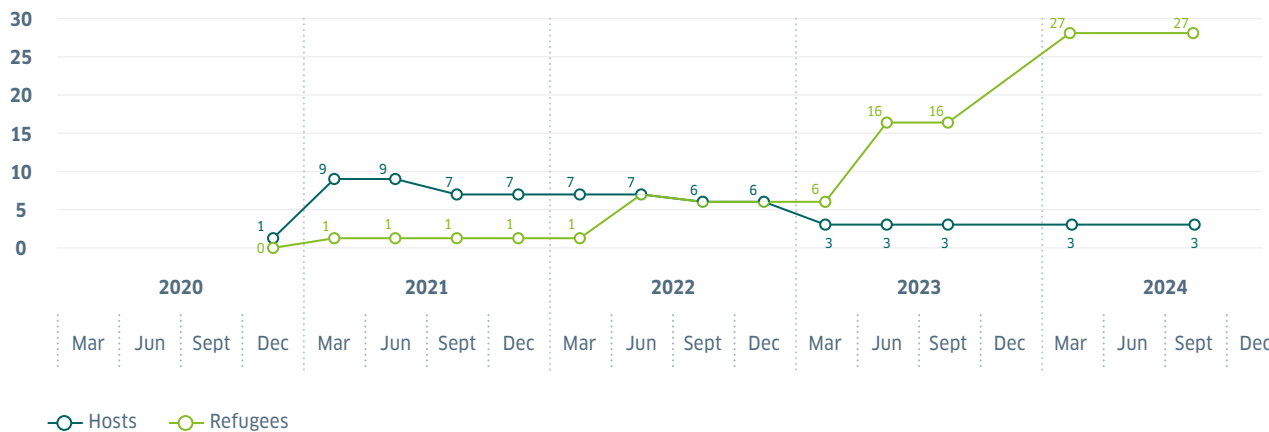


3.3.2 Inclusive

Chart 1: Compare Host and Refugee Participation Over Time shows that refugees, the majority women, are taking the lead to meet the underserved demand of fresh eggs in both refugee and host communities by investing in commercial egg production and retail sales.

The table shows that of SHARPE's thirty (30) active partners, twenty-seven (27) or 90% are located in the refugee camps of Sheder and Awbare. Females represent 59% of all active producers located in refugee camps.

Chart 1: Compare Host and Refugee Participation Over Time



3.3.3 Resilient

In the EthioChicken model resilience was built into the technology. The dual purpose Sasso variety, a hardy breed that can produce both meat and eggs (though mainly for meat), offered poultry raisers an opportunity to shift from local chickens to a more productive breed with income prospects without the need to invest in a purpose built shed or purchase a large amount of supplemental commercial feed. This resilience strategy failed because of the limited demand for live birds. The changed technology – Bovan breed for specialized egg production – offered poultry raisers a different risk/reward calculation: they are exposed to more risk as they shift from a batch (meat) to continuous production with layers (eggs) but with much greater reward. The resilience strategy, or managing producer risks, is now built into the supply, training and technical support relationships between producers and Horn Afrique, the regional lead firm. There are few accessible and affordable poultry inputs and service providers to which refugees can turn; however, SHARPE investments in Jijiga-based animal feed producer, agri-vets and community animal health workers should be able to provide more options. Right now, some refugee egg producers are starting to pool their eggs and sell together, a positive sign to lower their selling costs. Their neighbours and friends show interest in egg production as a viable income source with some evidence starting to emerge of them wanting to adopt modern methods.

3.3.4 The Way Forward for SHARPE support

The SHARPE programme will end in March 2025. They are actively addressing ways to lower the barriers to entry and operations for other refugees who want to invest in modern methods of egg production without future SHARPE support. This includes looking at cheaper technologies and searching for financing options to provide capital for start-up costs. They are also seeking ways to reduce feed costs for refugees, investing in hydroponics training for poultry farmers and providing working capital to one refugee from Awbare camp who is starting to work as agent for poultry feed agent. This capital injection allows him to increase volume and reduce the number of journeys he has to make to Jijiga to purchase the feed.





Shukri Abdi Gurhan, Jijiga town

4. Lessons: Applying an MSD Approach in a Forced Displacement Context

4.1 Lack of Leverage Points in a Weak Market System

SHARPE's initial design assumed it would enter into around 12 partnerships with lead firms to leverage much greater market integration between host and refugee communities. While this assumption works in stronger, more robust markets it doesn't work in weak market settings where many system functions – especially support services – are missing. It also became clear that the typical lead firm model does not work in refugee markets – regional/local businesses are more viable business partners than national firms to penetrate the refugee market. SHARPE approached this challenge in a couple of ways:

- **Cross Sector Engagements:** Partnerships were established with a local bank, 19 agro-vet dealers and a feed processor to fill in key missing functions in crop and livestock subsectors as a whole. In the Jijiga region, fifteen (15) refugees, 5 per camp, have now been trained as Community Animal Health Workers (CAHWs) which included practical modules on poultry done by Horn Afrique technicians. Links are being made between the newly trained CAHWs and established agro-vets. This cross sector strategy takes time as is evident in the poultry market systems as only now is there enough local egg production to provide incentives for these firms to support egg producers in addition to Horn Afrique.
- **Multiple partnerships with individual micro and small enterprises:** SHARPE has developed partnership deals with 235 micro and small enterprises. In poultry, the number of partnership deals with egg producers totals 104 enterprises across all three regions. Market system weakness explains why SHARPE – as opposed to MSD programmes in more dynamic/robust market systems – has so many partners. Lead firms like Horn Afrique in poultry need a supplier base but in thin markets like poultry this base does not exist as the majority of poultry raisers use traditional methods primarily for their own consumption. SHARPE played the crucial role of reducing the search costs for Horn Afrique by identifying the early adopters in refugee settings, and, supporting them until they become viable customers of poultry inputs and sources of egg supply.

4.2 Theory of Change

SHARPE's theory of change at the start and throughout the first two years of implementation was essentially this: host community entrepreneurs will lead and refugee enterprises will follow. Essentially, this theory of change was formulated in this way as a risk reduction strategy for less prepared, refugee households who wanted to shift from traditional poultry raising and invest in more modern techniques. Midway during implementation in Jijiga SHARPE realized that its original theory of change had to be re-formulated to "refugee poultry raisers will lead and host entrepreneurs will follow." SHARPE's assumption that refugees would be less prepared to adopt new modern methods was incorrect: refugees from Somalia, many from Mogadishu, had much more experience in using modern poultry raising techniques to produce surpluses for sale than poultry raisers in host communities. With this knowledge, SHARPE's decision to focus its Jijiga poultry intervention in refugee communities offered a demand side lever to bring about wider system change especially the weak services part of the system including finance, technical and business linkages.

4.3 The Role of the Market System Development Facilitator

The role of the facilitator does not change by context, but the interpretation of the role must be more liberal when working in a protracted refugee context. Refugee camps supported by SHARPE are in remote locations distant from main market centers; yet the high population density of camps offers the private firm with the right offers a concentrated "market" of customers. Digital payment platforms like Hello Cash used by Shabelle Bank in the Somali region provide a good illustration of the private sector taking advantage of this market opportunity as well may be egg production and retail as the subsector grows.

Unanticipated economic, social and climatic shocks affect all business. In addition, however, refugee businesses remain quite dependent upon the aid economy and are uniquely affected by shocks to the aid economy – such as when rations are cut (as they were for 5-6 months during 2023 in Ethiopia) or camp closures are suddenly imposed (as in Gambella during 2024 after outbreaks of inter-communal violence).

This places an added burden on the facilitator to 'be there' for its refugee partners who don't have the assets to weather shocks⁷. A key lesson here is that MSD facilitators need to budget for 'emergency funds' – as did SHARPE – to help refugee businesses overcome shocks and become more resilient.

'Light touch' MSD facilitation will not work in a protracted refugee context. SHARPE's decision to place teams in each region were critical to identifying partners, lower the search costs for lead firms, frequent troubleshooting on behalf of its partners and monitor performance. The tools in the facilitator's tool kit must include cost-sharing grants, using donor funds for purchase of fixed assets when appropriate (e.g. purpose built poultry sheds), and emergency funds as noted above. The 'heavy touch' facilitation approach is justified to facilitate the alignment of incentives for refugee market inclusion and building capacity so that host and refugee business can enter into and sustain mutually beneficial business relationships.

4.4 Participant Self Selection

In poultry, as in all its sectors of engagement, SHARPE's criteria for partner selection includes an up-front cost share component. Refugee poultry raisers who partner with SHARPE are required to cost share the fixed and variable costs for two months of production operation with an initial stock of 80-100 layer pullets. This costs a total of ETB 240,000 with SHARPE's refugee partners contributing 24% or ETB 85,000, primarily for the materials, labour, and equipment costs to construct and equip the purpose-built poultry shed. This cost share arrangement serves as a mechanism for refugee entrepreneurs to self-select. In 2024 SHARPE increased refugee participation in the poultry sector by 69%, from 16 refugees at the end of 2023 to 27 refugees by September 2024. Though a small percentage of all refugees in the Jijiga camps, this percentage offers a useful assessment of 'early adopters' of a new way of raising poultry with a commercial mindset. These are the role models that are expected to 'crowd-in' other adopters (the early majority)⁸ once they can see the benefits/costs/risks of a small scale egg production and retail business. SHARPE reports that there is evidence of a growing number of refugees who are showing interest in this business opportunity.

⁷ SHARPE's forthcoming study on resilience among refugee business.

⁸ Diffusion of Innovation by Everett Rogers, 1962



Website

Ethiopia–Strengthening Host and
Refugee Populations (SHARPE)
DAI: International Development

Contacts



Marshall Bear Writer,
marshallbear@comcast.net

Paul Joicey Team Leader,
paul_joicey@sharpethiopia.com

Anne Brady Senior Programme Manager,
anne_brady@dai.com

Nandi Hall Project Director,
nandi_hall@dai.com