



Sharpe
Strengthening Host and Refugee
Populations in Ethiopia

October 2021

Refugee Businesses in Ethiopia Gambella and the Somali Regions

A UK aid Funded Project



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List of Abbreviations

ARRA	Administration for Refugee & Returnee Affairs
BDS	Business Development Services
CRRF	Comprehensive Refugee Response Framework
DRC	Danish Refugee Council
GDP	Gross Domestic Product
GoE	Government of Ethiopia
GRC	Global Compact on Refugees
GTP	Growth and Transformation Plan
IES	Industrialisation Extension Services
MSD	Market Systems Development
MFI	Micro Finance Institution
MoALR	Ministry of Agriculture and Livestock Resources
MoTI	Ministry of Trade and Investment
NCRRS	National Comprehensive Refugee Response Strategy
MSE	Micro and small enterprises
MSMEs	Micro, small and medium enterprises
NRC	Norwegian Refugee Council
OoC	Out of Camp
OCP	Out of Camp Policy
PS	Private Sector
SDGs	Sustainable Development Goals
TVET	Technical Vocational Education and Training
UN	United Nations

1. Introduction and Approach

1.1. Introduction

The Government of Ethiopia has shown its commitment to refugee integration in the country through the establishment of key legal, policy and regulatory reforms that support sustainable solutions to integration. The establishment of the Comprehensive Refugee Response Framework (CRRF) in Ethiopia has provided the framework for a shift towards durable responses for refugees in the country, and other policy changes, such as the Refugees' Proclamation in 2019, have opened the way for more substantive changes on refugees' access to socio-economic rights, including refugees' rights to engage in self-employment.

In addition, the country is looking at how best to support economic initiatives that benefit refugees as well as their hosts¹. As part of the CRRF Plan 2020-2021, the Government is committed to expanding its Out-of-Camp policy, and advancing the CRRF pledges concerning access to employment and work permits, education and other benefits to which a foreign national with permanent legal residence is entitled².

Within the context of the CRRF, SHARPE works in Gambella and Somali regions to develop local markets and businesses in a way that is inclusive of both host and refugee communities. SHARPE partners with private and public sector actors to develop commercially sustainable solutions that strengthen regional markets and support the private sector to grow in ways that are beneficial to refugee and host communities. Refugee hosting areas, however, are among the country's poorest, located close to international borders and far from major markets, with the host community populations also having limited economic opportunities³. Markets in these locations are fragmented with significant distortions due to the presence of large numbers of humanitarian agencies working to provide essential services to refugees. The private sector in refugee hosting regions is characterised by large numbers of very small businesses, many of which continue to operate in the informal sector. Compared to host populations, refugees face additional challenges to engaging in the local economy – legal and administrative barriers, as well as (in some locations) conflict and security related issues which impedes their movement and their ability to engage with local markets.

Although SHARPE is working to create improved economic opportunities for both host and refugee communities, this study focuses exclusively on refugees, and specifically on refugee entrepreneurs, people who have set up and run their own business in and around refugee camps. To create improved economic and job opportunities for refugees in these remote, border locations, SHARPE is supporting refugee self-employment and entrepreneurship, and supporting these small businesses to grow. However, little is known about refugee business, their makeup and their impact on the local economies around them. This makes it more challenging to understand how best to support the establishment and growth of the private sector in refugee camps to increase economic opportunities for refugees. Due to this lack of knowledge of the dynamics of refugee businesses in the camps, SHARPE decided to undertake research to better understand the role refugee businesses play in their economies.

¹ The CRRF Plan indicates that a number of pilot interventions will be developed to promote self-reliance and integration of refugees. This will promote the economic rights of refugees through livelihoods development. CRRF Plan 2020 - 2021

² In 2019, following the passage of the revised Refugee Proclamation, a legal analysis of related laws and legislation was initiated. This review provided a basis for the development of supportive directives that will open formal economic opportunities for refugees. CRRF Plan 2020 - 2021

³ For example, even in Dollo Ado, where the international community has actively sought to create jobs and the IKEA Foundation has invested \$100 million USD, only 21% of refugees and 29% of the host community members have an income-generating activity (although this is significantly more than the other regions). Immigration Policy Lab (IPL) (2020). Forced Displacement and Asylum Policy in the Developing World. Blair, CW, Grossman, G and Weinstein, JM. March 2020.

1.2. Approach

The research built upon a market assessment conducted by the SHARPE team in the refugee hosting areas of Jijiga and Dollo Ado during January 2021. This first assessment - Business Development Services in Somali Region – researched the market for business development services in these areas. This market assessment surveyed 30 local businesses, both hosts and refugees, to better understand overall constraints to business growth, their support needs and the availability of different kinds of business development support (BDS) services.

The report highlighted that support services for small businesses in these areas are extremely limited for both hosts and refugees, whilst also pointing out that refugees face an additional set of barriers in running and growing their businesses, compared to their Ethiopian hosts. However, given the relatively small number of businesses that were interviewed during this market assessment, particularly refugee business, further research work was required.

To deepen our understanding of the kind of business activities commonly undertaken by refugees, this second research study was undertaken. The research was intended to understand better the nature of refugee self-employment in different economic and social environments with a view to developing strategies to support the growth and development of small refugee businesses and micro-entrepreneurship within refugee camps. It is intended that the research contributes to ongoing efforts among CRRF stakeholders to build an ecosystem that can better support economically active refugees to develop and grow their businesses.

The SHARPE research team targeted existing refugee businesses in Gambella and Dollo Ado for two reasons – these areas host the largest numbers of refugees in Ethiopia; and comparatively less is known about refugee entrepreneurship in these areas compared to the Jijiga area. They also represent two very different socio-economic situations in which micro-entrepreneurs operate.

The research focused on understanding the make-up of businesses in the selected refugee camps, profiling entrepreneurs and the types of businesses that refugees start-up and operate. The research also looked at the impact these businesses have on their local economies, as well as the barriers to growth, with the view to finding the most effective ways to support these businesses.

Qualitative and quantitative research methods were used to explore four inter-related themes:

-  1 Profiled **refugee entrepreneurs**, looking at ethnicity, age, education levels, gender and time in Ethiopia.
-  2 Outlined a **typology of businesses** in the camps, looking at sector, how long the business had been in operation, where businesses source from and whom they sell to.
-  3 Determined the **impact of refugee businesses** on the local economies, looking at formal and informal jobs, as well as size and turnover.
-  4 Outlined the **challenges refugee businesses** face in developing and growing their businesses, how they worked around these challenges, as well as opportunities to grow and develop further.

Research Methodology

The research methodology used a mixed methods approach which is detailed below.

Quantitative Research

A survey was designed that included questions on the characteristics of entrepreneurs, the type of businesses, their operations as well as key obstacles to growth. Local researchers were engaged to sample 200 businesses from different camps in the two regions. Refugee businesses were sampled using a cluster sampling approach. Gambella and Dollo Ado camps were grouped into two clusters per region.

In Gambella two camps were selected on the basis of host-refugee relations – Tierkidi camp, located in the ethnically mixed Itang special woreda where relations between host and refugee communities are relatively harmonious and where refugees can usually move relatively freely to and from the local market; and Pugnido (1 and 2) camp, located in primarily Anuak territory, where host-refugee relations are often tense and where refugee movement is much more restricted for safety and security reasons. The research team believed this would present two very different pictures of the local environment in which both hosts and refugees operate small businesses.

In Dollo Ado, host-refugee relations are generally harmonious and so the presence/absence of conflict and insecurity was not a factor in the selection of camps. Instead, given the cross-border nature of the local economy, the camps were clustered according to distance from Dollo Ado town (and therefore distance from the border) which is known to be a critical factor in the business environment because of access to cross-trade to purchase goods for sale.

Table 1: Sample and Sample Size

Region	Camps	Sample Size
Gambella	Pugnido 1 and 2	50
	Tierkidi	50
Dollo Ado	Buramino	50
	Melkadida	50
Total		200

The researchers then selected a random sample of businesses from each selected camp to survey and profile. The interviewed businesses were selected based on different criteria including female representation, location, size, sector and start-up stage.

Qualitative Research

The purpose of the qualitative research was to complement insights from the quantitative research. Qualitative research was gathered through field visits, key informant interviews and business profiling of refugees.

Out of the 200 businesses surveyed, 20 businesses were sampled and profiled in more detail to obtain a deeper understanding of specific issues. These interviews were done in person by SHARPE staff.

The profiles included the following:

- Entrepreneur: Women or men, age, area they are from, how long in Ethiopia
- Business operations: Types of enterprise, size, by turnover, and number of hired staff. How does their enterprise work: where do they source from? Who do they sell to?
- What are the main challenges and how do they work around challenges?
- What aspirations do they have for their business?

Key informant interviews were conducted with various stakeholders on the key issues that constrain refugee businesses from establishing, growing and expanding. This included meeting with government ministries, departments and agencies, NGOs, as well as UN organisations.

Data collection and analysis

Data was gathered and inputted by enumerators into the Kobo app. Data gathering was quality controlled by the SHARPE team, and data was cleaned throughout the gathering process and then analysed using SPSS.

Limitations of the data

The data collection methods used in this research do not aim to be statistically representative – sample sizes were not determined based upon the total number of business owners within the camps. Businesses were selected randomly on observation around the camps. If the business owner was not available, the business was left, and another was selected. However, care was taken to select a wide variety of different sizes of businesses to ensure the sample was as representative as possible, as well inclusive of female owned businesses.

It should also be noted that at the time of data gathering, Ethiopia was still battling the impact of Covid-19 which also affected the camps. However, most operations continued as per normal at the time of data gathering, and our observation was that business occurred as usual, including cross-border trade.

Methodology

This evaluation used a mixed methods approach.

Quantitative:

A refugee survey conducted in four camps (Tierkidi, Pugnido, Melkadida, Buramino) (total n= 200) targeting refugee business owners.

Qualitative:

Primary data collected through interviews with 20 business owners, KIIS with staff from NGOs, government agencies and other organisations.

Desk review of 30 documents.

2. Context

This next section provides a brief overview of the context of business in the two sampled regions: Dollo Ado and Gambella.

2.1. Dollo Ado, Somali Region

The Dollo Ado region hosts five refugee camps: Bokolmayo, Melkadida, Kobe, Hilaweyn and Buramino, with a total refugee population of 172,384⁴. The first, Bokolmayo, was established in 2009, quickly followed by Melkadida in 2010 as a response to refugees fleeing from violence in Somalia. The three remaining camps were created in 2011 in response to a new refugee influx caused by drought. The camp locations are sequenced by age – the oldest, Bokolmayo being the furthest from the international border and the newest, Buramino, being the nearest. The camps are relatively similar in terms of population size, with some limited variation in the economic opportunities that they offer. Buramino offers the greatest commercial opportunities due to its proximity to Dollo Ado town, while Bokolmayo benefits from being next to a small town. The camps next to the river – Kobe, Melkadida and Hilaweyn – offer some opportunities for fishing and agriculture.⁵

Research has shown that only 21% of refugees have an income-generating activity in the Dollo Ado camps⁶, compared with 29% of the host community, with the exception of Buramino where a much greater proportion are self-employed, often working as traders, connecting the Buramino camp to the Dollo Ado economy⁷.

An important characteristic of the Dollo Ado camps is that the economy is very highly dependent on cross-border trade with Kenya and Somalia. Entrepreneurial refugees in these camps primarily run small informal enterprises, dominated by the trade and services sector, for instance retail shops, food shops, beauty salons, tailors, barber shops, laundry services, as well as transport providers. The cross-border economy plays a significant role in these businesses. Commercial activities are significantly dependent upon the proximity to the border, and Dollo Ado town serves as a commercial hub, connecting the refugee camps with the Somali and Kenyan economies⁸. Although cross-border movement is officially prohibited by the authorities in the various camps, many refugees in the Dollo Ado camps travel regularly to Somalia and to Kenya⁹.

Refugee-host relations within the district are positive in the Somali Region. Refugees and hosts share a common ‘Somali’ identity and culture, language and religion, and the host population derives material and perceived benefits from the presence of both refugees and

⁴ UNHCR, 31st August 2021

⁵ Betts et al 2019.

⁶ For refugees, of those with an income-generating activity, around 28% are self-employed and around 72% are employed in some form. Among those with an income-generating activity, incomes are consistently low. The median reported income for people with a job is 800 ETB (28 USD per month) for refugees in all the camps except Hilaweyn (in which it is 1,000 ETB). Betts, A., Bradenbrink, R., Greenland, J., Omata, N., Sterck, O. (2019), *Refugee Economies in Dollo Ado: Development Opportunities in a Border Region of Ethiopia* (Oxford: RSC).

⁷ Betts et al 2019.

⁸ Many refugees retain family and even property in Somalia, also benefiting from economic opportunity, including through IDP assistance on the other side of the border. Betts et al.2019

⁹ For instance, in the nearest camp to the border, Buramino, 12% of refugees admitted travelling back to Somalia during the last year. According to IOM, about 1,000 people per day across the border bridge, which represents the only crossing point, and these numbers include both refugees and non-refugees. The IOM estimates that refugees constitute about 20% of those crossing (i.e. around 200 refugees per day). Betts et al 2019.

international humanitarian organisations¹⁰. This offers an opportunity for socio-economic integration.

Dollo Ado has also benefited from the IKEA Foundation’s large investment¹¹ into the camps which has improved infrastructure and economic opportunities¹². Additional livelihood projects been developed since then¹³.

Overview of sampled camps in Dollo Ado

Figure 1: Overview of sampled camps in Dollo Ado

Somali Region Melkadida Camp	Melkadida hosts 35,916** Somali refugees, 64% children and youth. This camp is located 65 km from Dollo Ado Town, on a rough, unpaved road, which takes approximately 3 hours using local transport. Many NGOs are based in Melkadida, meaning there has been NGO support to refugees and entrepreneurs. Hosts and refugees co-exist peacefully in Dollo Ado.
Somali Region Buramino Camp	There are 35,228** Somali refugees in Buramino; 65% children and youth. The camp is located 25km from Dollo Ado Town, approximately 1 hour using local transport, on a rough and unpaved road. Dollo Ado Town is 3 kms from the Somali border and 7 kms from the Kenyan border. This is the oldest camp in the region. Hosts and refugees co-exist peacefully in Dollo Ado.

*population totals as of 30 Jun 2021
**population totals as of 28 May 2021

Melkadida Camp

Melkadida hosts 36,027 Somali refugees, 64% children and youth <18 years. The majority of the refugees are from the Rahanweyn clan, with large numbers from the Maheren clan. The camp is located 65 kms from Dollo Ado Town, on a rough, unpaved road, which takes approximately 3 hours using local transport. Many NGOs and UN organisations are based in Melkadida.

In Melkadida camp refugees and hosts use similar markets in the camp, for instance research by Betts et al (2020) found that host members visit the camp markets to buy daily items. IKEA investments were focused on market infrastructure, as well as in cooperative livelihoods development.

Buramino Camp

There are 35,613 Somali refugees in Buramino; 65% children and youth. The majority of the refugees are from the Rahanweyn clan, with large numbers from the Maheren, Hawiye and Dir clans.

The camp is located 25km from Dollo Ado town, approximately 1 hour using local transport, on a rough and unpaved road. Dollo Ado town is 3 kms from the Somali border and 7 kms from the Kenyan border. The proximity to the border and to Dollo Ado town impacts on refugee businesses. Buramino has a much greater proportion of refugees self-employed compared to other camps in Dollo Ado, often working as traders, connecting the Buramino camp to the

¹⁰In addition, the DRDIP project – a compensation project aimed to benefit host communities located within a short radius from the refugee camps. DRDIP is a World Bank funded project focused on developing infrastructure such as schools, clinics, roads and water infrastructure

¹¹ This is the largest private sector investment ever made in a refugee setting. Betts et al (2020).

¹² Betts and Bradenbrink (2020). Building economies in refugee-hosting regions Lessons from Dollo Ado. Refugee Studies Centre, Oxford University.

¹³ New projects and approaches include the World Bank EOP project, EU RDPP, the German QEP (Qualification and Employment Perspectives for Refugees and Host Communities in Ethiopia).

Dollo Ado economy¹⁴. This is one of the newer camps in the region, established at the end of 2011.

Buramino refugees and hosts benefitted from the irrigation and farming investments by the IKEA Foundation, as they are closer to where GoE allocated farming land is.

2.2. Gambella Region

The Gambella regions hosts 348,699 refugees, mostly from South Sudan, in seven camps: Pugnido 1 and 2; Tierkidi; Kule; Jewi; Nguenyiel; and Okugo.

Inter-ethnic conflict poses a continual threat to safety and security in Gambella, particularly in areas where host and refugee populations belong to a different ethnic group, hindering the development of economic opportunities for refugees. According to a World Bank study, refugees primarily engage in three livelihood activities: cutting down wood or collecting grass for sale¹⁵; brewing local alcohol¹⁶; and selling/trading, such as selling grains, other retail goods and foods, sometimes items they receive in their food aid rations¹⁷. Some refugees have established more permanent businesses inside the camps, such as small shops that sell goods or provide cell phone or other power-charging facilities. Outside the camps, 'highlanders' dominate the local business environment and the more lucrative economic opportunities. 'Highlanders' are the larger traders in the region and own the majority of shops, restaurants and commercial buildings in the towns. Highlanders also occupy most positions in banks, UN agencies, NGOs, and federal institutions¹⁸.

Most livelihoods programming in Gambella is focused on traditional livelihoods initiatives, such as farm inputs or other asset transfers and is limited in size and scale. Some refugees have been given cash grants and business development services by NGOs and aid agencies for their microbusinesses to sustain trading and livelihood opportunities. New, more sustainable livelihoods initiatives are being explored by ARRA and UNHCR to increase access to farmland for refugees¹⁹. ARRA and UNHCR are also working to issue residence/work permits to refugees who are 'economically active' – in many cases these refugees are running small businesses.

Overview of samples camps: Gambella Region:

Pugnido Camp

Pugnido 1 was re-established in 1993²⁰, and is the oldest refugee camp in Gambella. Its two sections host South Sudanese Nuer and Anuak refugees. Anuak refugees are located in the section closest to Pugnido town, a ten to fifteen-minute drive. The second section hosts Nuer

¹⁴ Betts et al (2019).

¹⁵ Deforestation is a major source of tension with the host community, however refugees are compelled by their difficult situation: firewood is both a form of fuel and a source of income that enables refugees to cook and buy goods not found in their rations. Vemuru, et al (2020).

¹⁶ Brewing alcohol to sell in local towns is another popular livelihood source for female refugees at all three camps in Gambella. Even though the activity is taxed in the camps, it allows women to acquire essentials and lets them avoid confrontation with the host community over allegations of deforestation. Vemuru, et al (2020).

¹⁷ Trading of rations has become more challenging after UNHCR decreased the quantity of rations provided to refugees, although some trade of rations does still take place with the host communities. Vemuru, et al (2020).

¹⁸ Vemuru, et al (2020).

¹⁹ ARRA is working with the regional government to provide farmland to refugees and UNHCR is piloting a large-scale crop production initiative with 150 households in three camps; Nguenyiel, Pugnido and Okugo, based on the work in Melkadida in Dollo Ado. UNHCR Gambella Situational Update June 2020

²⁰ Pugnido camp was closed in 1991, after the fall of the Derg regime.

refugees. This section is about a 30 to 40-minute drive from Pugnido town and is separated from the town by a forest. Beyond the Nuer section of Pugnido 1 begins Pugnido 2. Anuak refugees in Pugnido 1 are from two regions in South Sudan: Pochalla and Akobo. The two groups have a good relationship with each other. The Nuer refugees in Pugnido come from a variety of regions in South Sudan: Akobo, Upper Nile State, Jongeli State with a capital of Boar town. Most of the refugees are from rural areas, except for some refugees from Upper Nile State, where there is a larger town, called Malakal.

Figure 2: Overview of Pugnido Camp

Gambella Region Pugnido 1 and 2 Camp	Pugnido 1 is the oldest refugee camp in Gambella. This camp and Pugnido 2 host South Sudanese Nuer and Anuak refugees surrounded by host Anuak communities. The population is 39,214* (P1) and 8,011* (P2). The refugee camp is located at about 100km from Gambella Town. The road is being constructed. Conflict between the two communities is common. Nuer refugees are not able to move freely due to insecurity.
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**population totals as of 28 May 2021

When refugees first arrived in Pugnido, both groups could access Pugnido town and travel to Gambella. However, movement to both locations is now restricted depending on the security situation. Violent attacks between the Anuak and the Nuer have escalated since 2016, and the host community members are also prone to attacks from the Murle—an ethnic group from South Sudan.

Insecurity has eroded trust between both ethnic groups and has created a deep sense of fear at night due to the unpredictability of the attacks. In times of insecurity, Nuer refugees are barred from accessing Pugnido town and the surrounding forest. The lack of mobility impacts on refugees' ability to successfully run and grow their businesses.

Tierkidi Camp

Figure 3: Overview of Tierkidi Camp

Gambella Region Tierkidi Camp	Tierkidi Camp hosts 67,089* Nuer refugees surrounded by Nuer host communities. The camp is also close to the border and cross border trade does occur. There is a peaceful coexistence between the host and refugee communities, and both do business with each other. There is some infrastructure: asphalt roads and access to banks. Tierkidi is also close to Gambella Town and refugees <u>are able to</u> move and do business there.
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In the three refugee camps in Itang, refugees primarily come from Nasir, Akobo, and Maiwut, and are predominantly Nuer. These refugees originate mostly from the rural areas, with some coming from a semi-urban setting if they are from Maiwut town. Cross-border movement among the Nuer at the Ethiopian–Sudan border has created transnational kinships, as Ethiopian Nuer and South Sudanese Nuer are related to each other. Nuer refugees therefore have deep and positive connections with the Nuer host community in Itang and are more easily able to integrate and assimilate into Ethiopian society²¹.

²¹ Ibid.

3. Analysis of Refugee Businesses in the Gambella and Somali Regions

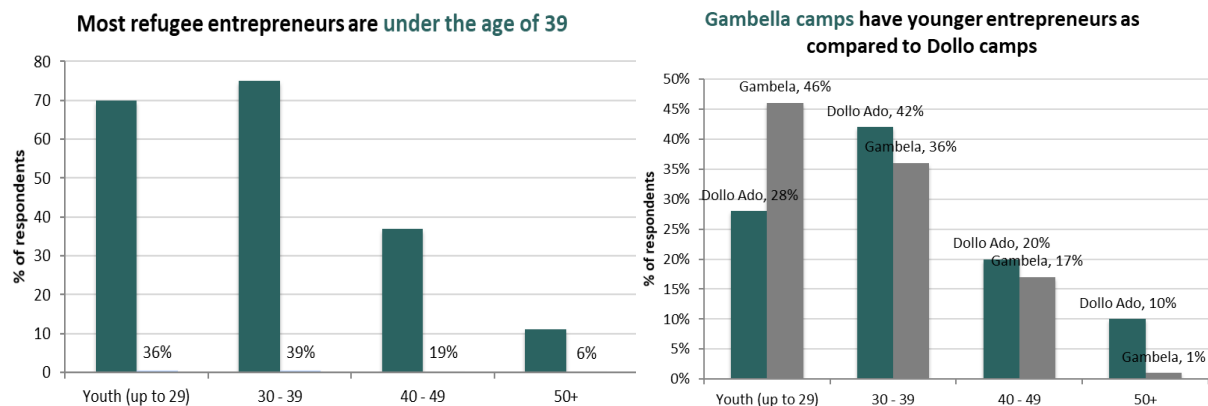
The following section analyses the primary research that was done on refugee businesses, looking at both Gambella and Somali Regions. This is broken up into four sections: an overview of the entrepreneurs; understanding the types of businesses in the camps; the impact on the local economies (looking at jobs created and turnover); and the constraints to growth.

3.1. Refugee Entrepreneurs

Business owners: Age and Gender

The average age of refugee entrepreneurs surveyed was 33.5 years, from an age range of 16 to 66 years. Younger populations mostly owned the enterprises surveyed, with 75% of the surveyed businesses owned by refugees aged 39 and younger. 36% of the businesses were youth-owned (< 29 years).

Figure 4: Age of Refugee Business Owners

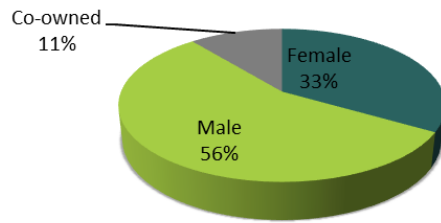


Gambella entrepreneurs tended to be younger than those in Dollo Ado - 46% of those surveyed in Gambella were younger than 29 years, almost 20% more than in Dollo Ado. Only 18% of entrepreneurs were 40 years and older in Gambella.

Women business ownership was higher than expected - 33% of businesses surveyed were owned by women, with an additional 11% co-owned by both men and women. This means that 44% of the refugee businesses that were surveyed had some form of women leadership. This may be reflective of the high numbers of women in the camps.

Figure 5: Gender of Businesses owner

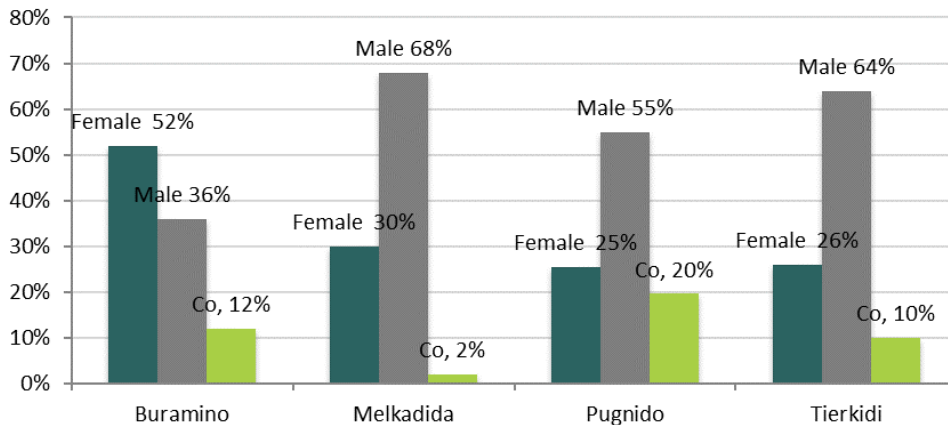
Women ownership represented 44% of refugee businesses



Women business ownership was higher among refugees in Dollo Ado compared to Gambella. This is especially interesting since South Sudanese women far outnumber men in the Gambella refugee population²². In Dollo Ado, the rates of women business ownership are significantly higher in the Buramino camp - 22% more women were running businesses in Buramino - as compared to Melkadida. Upon discussions with entrepreneurs in these two locations, the high number of women entrepreneurs in Buramino was linked to proximity to Dollo Ado town. Women did not have to travel such long distances to obtain goods (Buramino is only 30 – 45 minutes from Dollo Ado town), while Melkadida can take up to 3 hours to reach the town. Distance and time is a constraint for female entrepreneurs as it impacts their family responsibilities (see section 3.3.3 for specific barriers for women’s businesses).

Figure 6: Women ownership by Camp

Women ownership was highest in Buramino camp (52%)



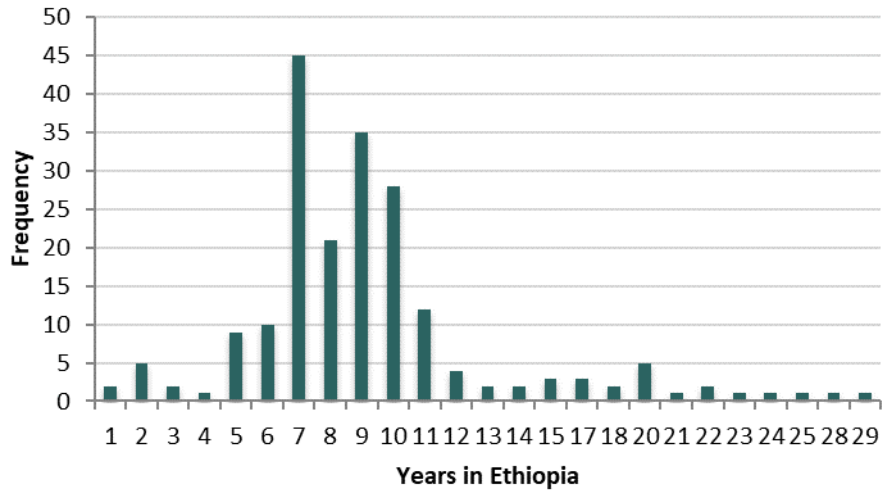
Business Owners: Time in Ethiopia

In looking at the age of the entrepreneurs, the research indicated that most refugees had been in Ethiopia for less than 10 years, with the average time in Ethiopia of 9.34 years.

²² 91% of households in the Gambella camps are women headed. World Bank Skills Report, 2019.

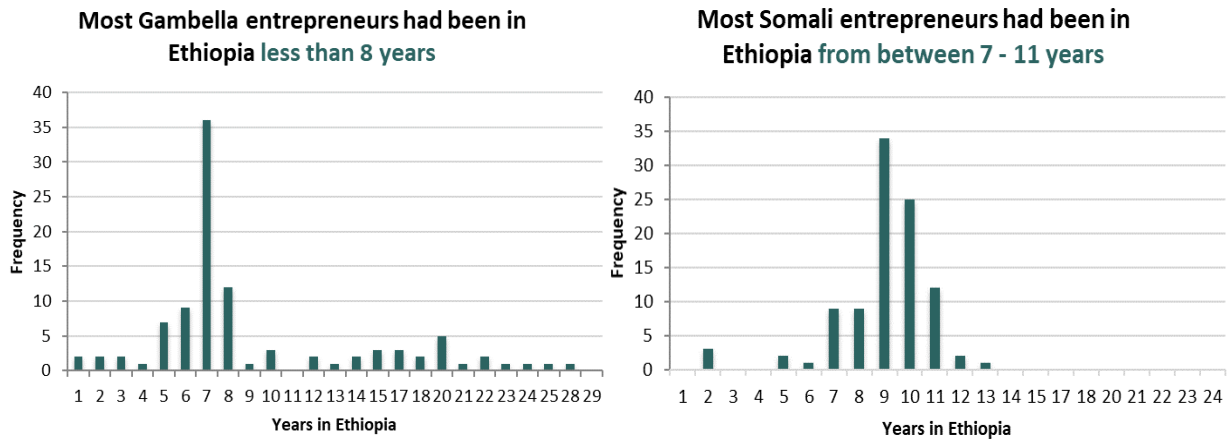
Figure 7: Number of years in Ethiopia

Most refugees had been in Ethiopia less than 10 years



Somali entrepreneurs had been in Ethiopia for an average of 9.2 years, while South Sudanese entrepreneurs surveyed had been in Ethiopia for 9.5 years. However the average for South Sudanese entrepreneurs was skewed by refugees who had been in Pugnido camp for many years. The frequency below shows this much better, with most Gambella entrepreneurs in the country for less than 8 years, and most Somali entrepreneurs in the country for less than 11 years.

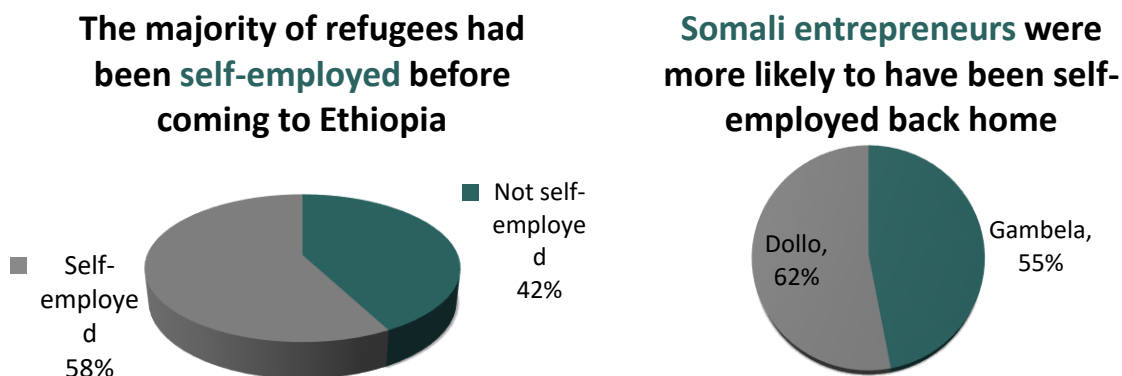
Figure 8: Number of years in Ethiopia by Region



Interestingly, the majority (58%) of refugee entrepreneurs had been self-employed (owned MSMEs) before coming to Ethiopia. This shows that self-employment is a natural and familiar approach to livelihoods for the refugees. This was comparable across the regions, although 7% more entrepreneurs in Dollo indicated self-employment in their home country as compared to Gambella.

Business owners: Previous Employment Status

Figure 9: Refugees indicating previous self-employment



A Youth Entrepreneur in Melkadida Camp

Assad is a 26-year-old refugee from Somalia. Two years ago, he began a retail shop (clothes and kitchen goods) in Melkadida Camp. He has lived in Ethiopia for 3 years. Before coming to Ethiopia, he ran a similar shop in Somalia.

He has two personnel who work in his shop, both refugees, who are his relatives, so they are not paid a regular salary. His annual sales turnover is estimated at 200,000 ETB (~4,500 USD pa). He sources his supplies from Dollo Ado (dresses that come from Somalia), and directly from Somalia (kitchen goods). He has both host and refugee clients but more refugee customers because the refugee population is bigger.

He doesn't have a registration permit, nor is his business registered. He would like to get both, and sees the value in registering his business as he knows he can get tax savings (purchase tax from suppliers), and also he can purchase more easily across the border if he has a business license.

Key constraints:

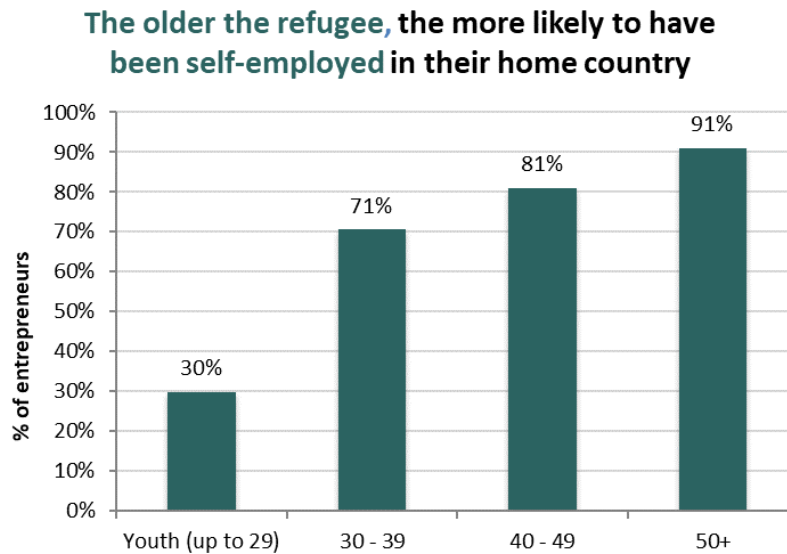
- Price fluctuations due to exchange variation
- Difficulty getting USD to purchase goods from across the border
- Late payments from his customers
- Challenges in crossing the border due to not being registered

He has an aspiration to grow his business by expanding the shop and serving more customers. In order to do this, he would need access to financial capital as well as capacity building regarding business operations and management.

He received no support from either the GoE and NGOs to start or grow his business.

If we control the data for age, we see a pattern of increasing levels of self-employment in home countries the older the refugee entrepreneur, for instance 30% of the entrepreneurs under 29 years had been self-employed in their home country while almost all the entrepreneurs 50 or older had been self-employed previously.

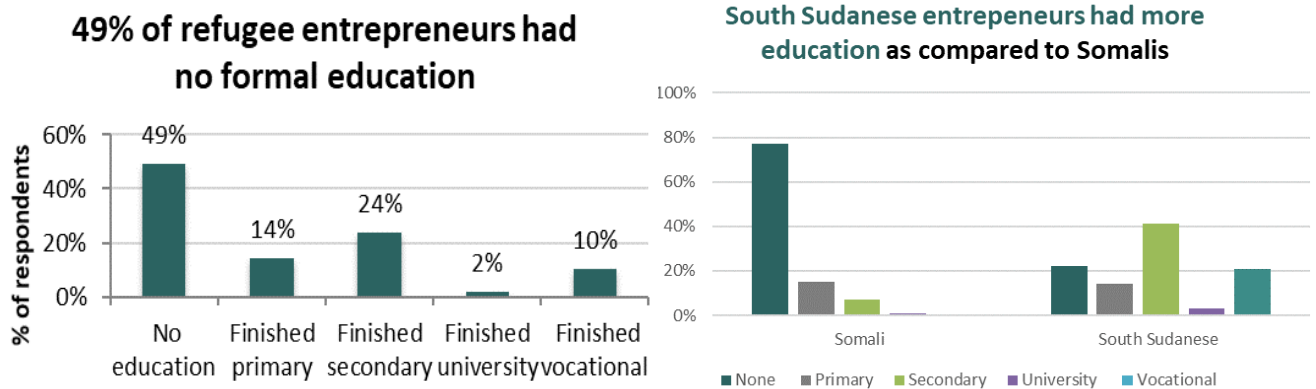
Figure 10: Previous self-employment by age



Most refugee entrepreneurs have had limited formal education. Half of all refugee entrepreneurs had no formal education, 49% having none, while 12% of the refugee entrepreneurs had some form of post-secondary education. However, this differed according to the regions with Somali refugees more likely to have no formal education (77%) compared to South Sudanese refugees (22%).

Business owners: Education levels

Figure 11: Levels of Education



This is not dissimilar to research done by the World Bank²³, which sampled across the camps (not entrepreneurs).

²³ World Bank, 2018. *A Skills Survey for Refugees in Ethiopia*.

Table 2: Comparison of education levels to World Bank data

	SHARPE Research		World Bank Research	
	Somali	South Sudanese	Somali	South Sudanese
No education	77%	22%	60%	38%
Finished primary	15%	14%	30%	47%
Finished secondary	7%	41%	9%	12%
Finished university	1%	3%	1%	2%
Finished vocational	0%	21%	N/a	N/a

The WB Report also confirms that Somali refugees were less likely to have any education at all compared to the South Sudanese. In addition, South Sudanese had a higher level (i.e. vocational), compared to the general Somali refugee population.

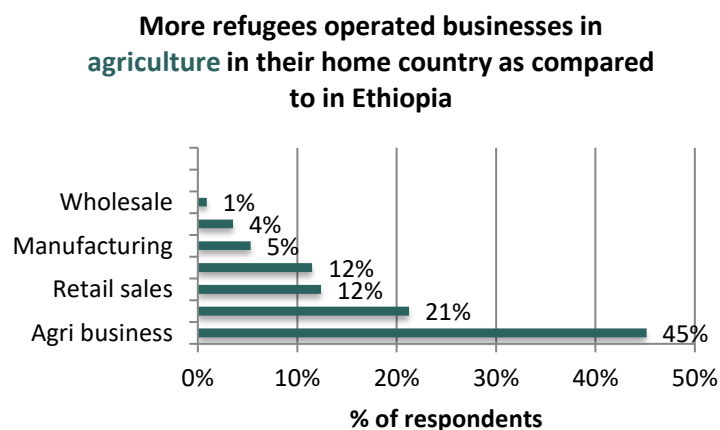
3.2. Typology of Refugee Businesses

This next section outlines the profiles of businesses surveyed in the Gambella and Somali Regions in order to better understand the makeup of refugee enterprises.

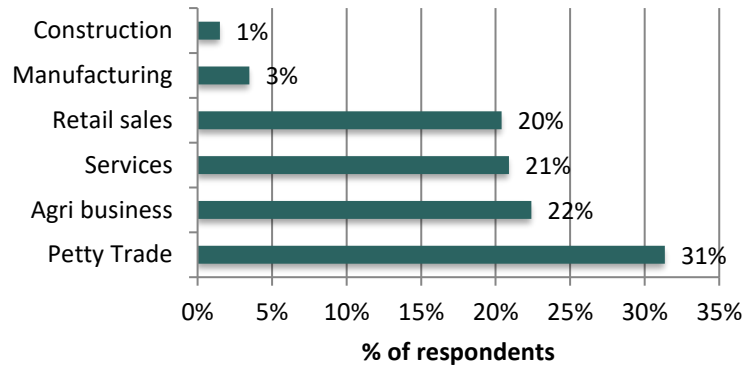
Sector of Refugee Businesses

Of the refugees that had been self-employed back home, most operated businesses in agriculture / farming (45%) and petty trade (21%) in their home countries. In Ethiopia, fewer refugees were currently working in agriculture (22%) and more were working in petty trade (31%). In Ethiopia, the refugees are more likely to set up businesses operating either in the service sector (21%, as compared to 12% back in their home country) or retail businesses (20% as compared to 12% in their home country). These differences are reflective of refugees' lack of access to the assets required for agriculture, such as land and equipment for cultivation and access to agricultural inputs, as well as the nature of the opportunities in the camps.

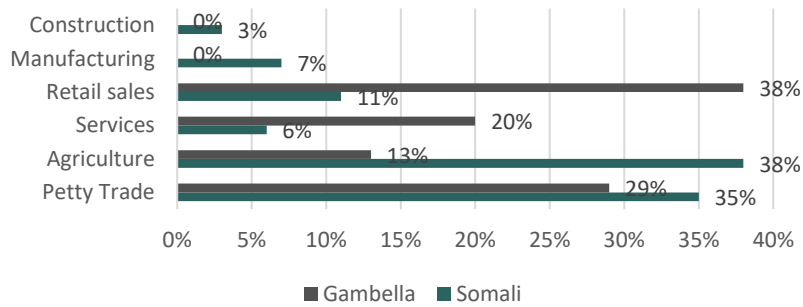
Figure 12: Sectors of Businesses Surveyed in Ethiopia and Back Home



Refugee businesses are mostly in petty trade, agriculture, services or retail sales



Somali entrepreneurs were more likely in agriculture and petty trade; South Sudanese were more likely in retail and services



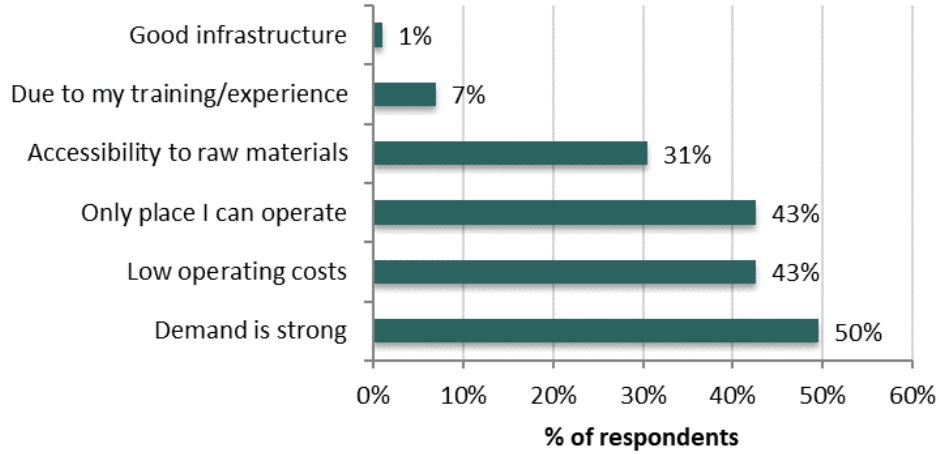
Somali entrepreneurs were more likely in agriculture (38%) and petty trade (35%), while South Sudanese entrepreneurs were more likely in retail (38%) and petty trade (27%). This is reflective of the regional economies (dependence on the cross-border economy for instance), insecurity and conflict, as well as investments in agriculture in Dollo Ado. These dynamics are explored more specifically in the regional reports.

Reasons for operating businesses in the camps

Refugees indicated they had started their businesses primarily because demand was strong (50%) and there were low operating costs in the camps (43%), although many also indicated they were operating in the camps as this was the only place they were able to and allowed to run a business (43% of respondents).

Figure 13: Reasons for operating a business in the camps

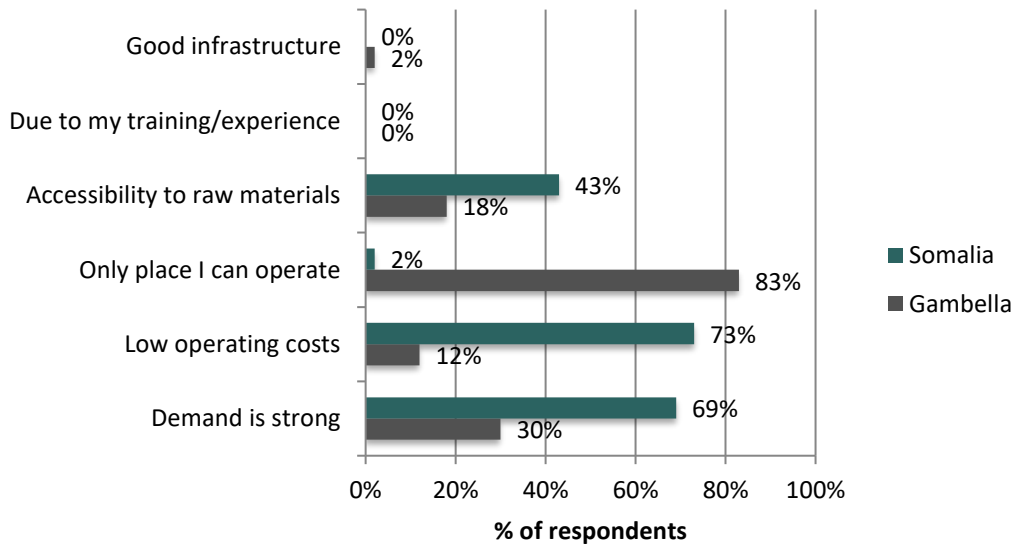
Demand for product or service was a key reason for operating the business



These responses were different based on the different regions.

Figure 14 Reasons for operating in camps

Refugee entrepreneurs from Gambella and Somalia differed in their reasons for operating in the camps

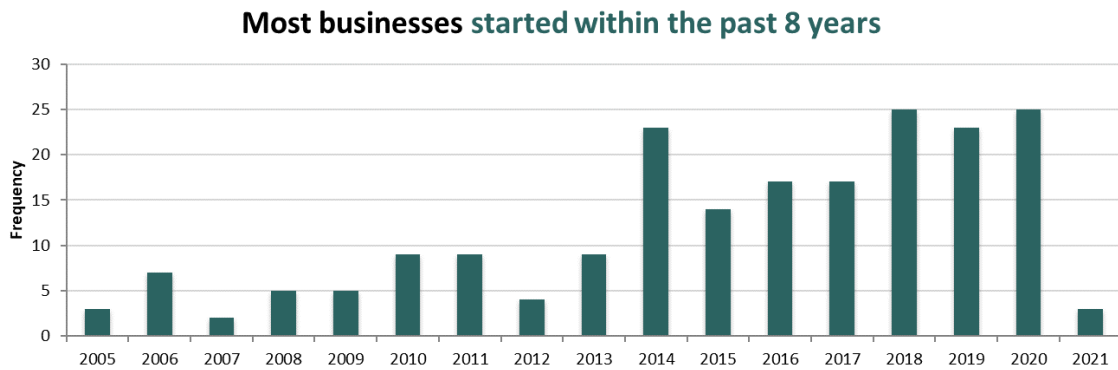


Refugees in the Somali Region were more likely to indicate reasons that were more typical of business owners such as strong demand, and low operating costs. However in Gambella, 83% of the respondents indicated this was the only place they could operate. This is reflective of the challenges with rights to movement and insecurity in the Gambella camps and specifically Pugnido. This is explored in more detail in the Gambella regional report.

Lifecycle of Businesses

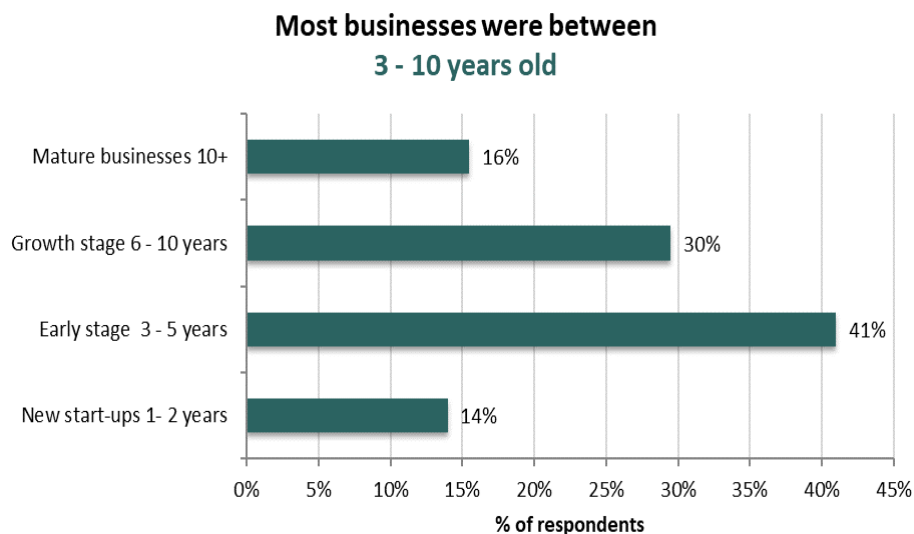
Most businesses owners had started up their businesses within the past 8 years. This makes sense considering the majority of refugees surveyed had been in the country for an average of 9 years.

Figure 15: Age of Businesses



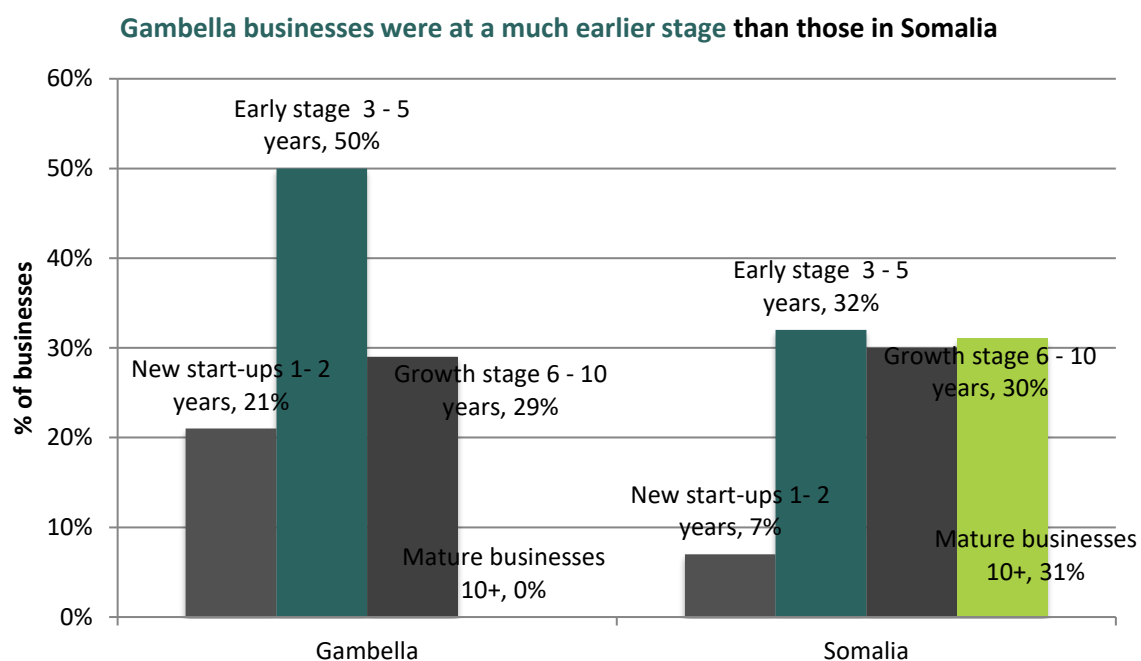
Most businesses were at their early stage, having been in operation from between 3 – 5 years (41%), with 30% having been in operation in the later stages (between 5 and 10 years). Only 14% of the businesses surveyed had started up within the past 1 - 2 years.

Figure 16: Stage of Businesses



However, this differed significantly between the different regions. Half of the Gambella businesses had begun in the past three to five years, and there were no businesses older than 10 years in the Gambella camps. This is an interesting finding, as Pugnido entrepreneurs had been in the camps on average of 12 years, compared to Tierkidi at 6 years. This is explored in more detail in the Gambella Regional Report and is reflective of the dynamics related to insecurity and the isolation of the camp. In Dollo Ado businesses were more equally dispersed in the early, growth or mature phases, although less in the start-up phase. There were significantly more businesses as new start-ups in Gambella (21%) as compared to Dollo Ado (only 7%).

Figure 17 Stages of businesses



Size of Businesses

The majority of refugee businesses surveyed (98%) were considered “micro” as per the definition in the MSME Policy, which defines a micro-enterprise as operating with five employees or fewer. Only three businesses out of 200 surveyed employed more than five employees - two of these were located in Melkadida camp in Dollo Ado and one in Tierkidi (In Gambella).

3.3. Economic Impact of Refugee Businesses

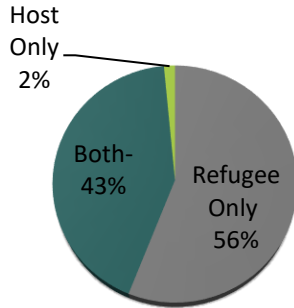
This next section explores the impact refugee businesses have on their local economies, including where they buy from, whom they sell to, the estimated annual sales of the companies and the numbers of people employed both formally and casually.

Customers and sourcing of raw materials

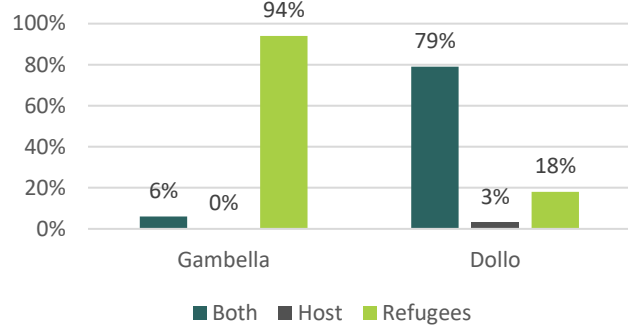
43% of refugee businesses sold to both host and refugees, while over half, 56% sold only to refugees. The figure of 43% indicates refugee businesses’ impact on their economies, including on host economies, and shows a strong integration with hosts.

Figure 18: Customers

43% of businesses sold to both host and refugees



Most businesses in Dollo sold to both refugees and hosts; most businesses in Gambella sold only to refugees



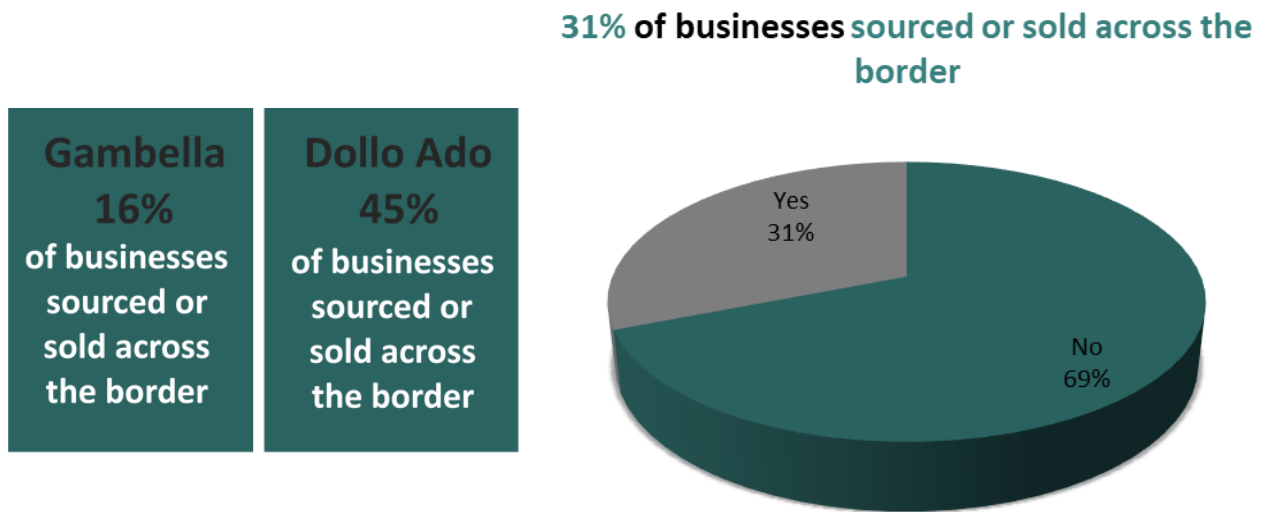
However, this differed significantly between the regions. In Gambella, 94% of the businesses sold only to refugees, while in Dollo this was reversed, with only 18% of businesses selling to refugees only, and 79% of businesses selling to both. This shows that there is much stronger integration of refugee and host economies in Dollo as compared to Gambella, particularly when we look at the situation for refugees in Pugnido camp. This supports research that economic integration happens more in areas where there are similar ethnicities of host and refugee, and less where there are diversities in ethnic groups among the two communities.

“I source my items from Mogadishu (Somalia), Kenya (Mandera) and Dollo Ado Town. I sell to both refugee and host communities – the hosts are my best customers.”

A 28-year-old refugee entrepreneur, running a mobile and electronic shop in Melkadida Camp

31% of businesses sourced or sold over the border. This was more prolific in the Dollo Ado region, where 45% of the businesses sourced or sold across the border, as cross border trade is integral to camp economies. Contrastingly, only 16% of businesses in Gambella sourced or sold across the border. In interviews with Gambella entrepreneurs, most sourced their supply from towns in the Gambella region, and many from the towns closest to the camps during times of insecurity (for instance Pugnido town for entrepreneurs in Pugnido town, and Terfam town which is the closest town to Tierkidi), due to restrictions on travel and ethnic dynamics. This is explored in more detail in the Gambella Regional Report.

Figure 19: Business operations across borders

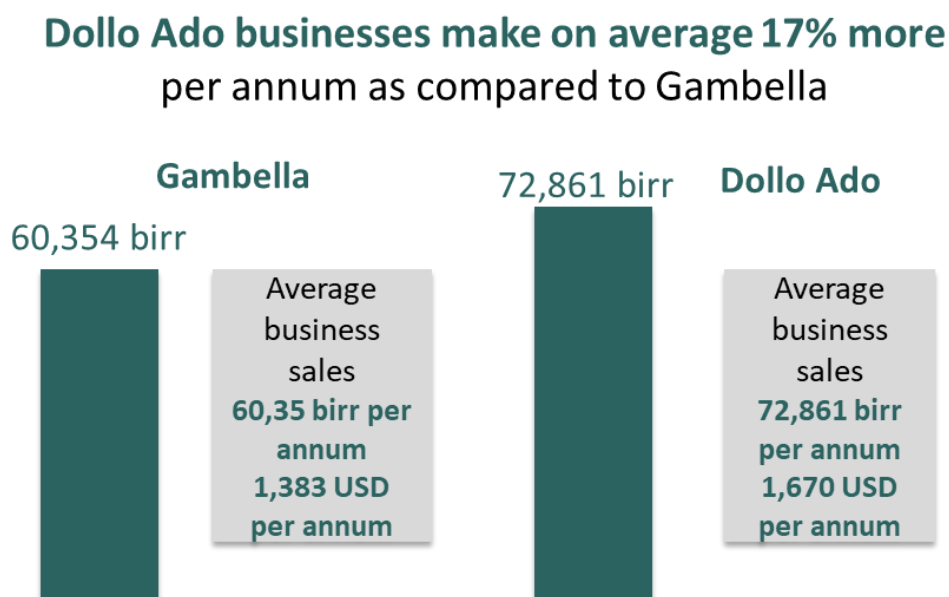


Sales and Employment

We wanted to understand the contribution of the businesses to the economy in terms of sales as well as employment. This was deemed important, as sales is an indication of the money circulating in the economies, and employment helps us to see how these businesses contribute to jobs.

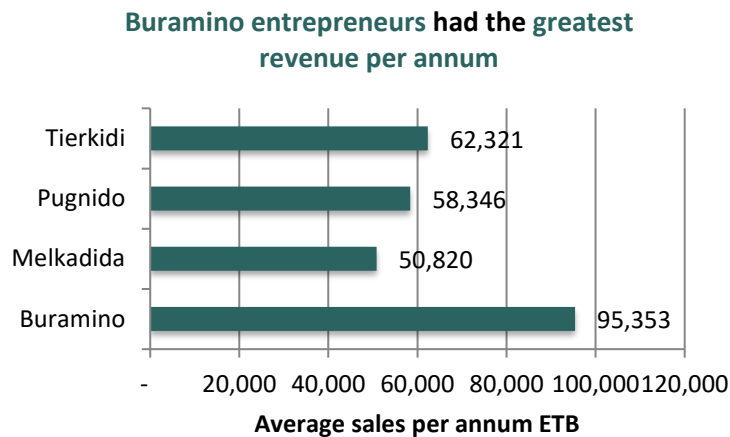
The average sales per business was 66,607 ETB per annum (1,526 USD). Dollo Ado businesses sold 17% more as compared to businesses in Gambella (Dollo 72,861 ETB per annum (1,670 USD) as compared to Gambella (60,354 ETB per annum, equal to 1,383 USD).

Figure 20: Average sales of businesses per region



If we look at this further, we see that Tierkidi businesses made more than Pugnido businesses, and Buramino businesses had a greater turnover compared to Melkadida businesses.

Figure 21 Entrepreneurs revenue per annum



Buramino entrepreneurs had the greatest revenue per annum. There were a number of factors in play here: mobility, cross border trade opportunities, regional economics, background of entrepreneurs. These are explored in more detail in constraints to business growth section, below, as well as in the regional reports.

The SHARPE team wanted to better understand the impact on employment by refugee businesses and asked a series of questions about numbers of people employed, their salaries and casual labourers.

Figure 22: Employment by Refugee Businesses

34% of refugee businesses employed at least 1 person



Most businesses were small and had little impact on employment in the camps, with only 34% hiring people beside themselves (66% hiring no additional staff). Of those that hired someone, the majority hired only one employee. A total of 107 people were hired from the 200 businesses surveyed. This was almost equally represented by region: 57 people hired from Gambella businesses and 50 from Dollo. This means that from every two refugee businesses, there is currently one person employed.

28% of businesses used casual labour sometime during the past year. Of those hiring casually, 75% of them hired only one casual labourer during the past year, with few hiring more than one. This equated to a total of 2,123 days of additional work for all the businesses.

Out of the 200 businesses surveyed, this equates to on average 10.65 days of casual labour per annum.

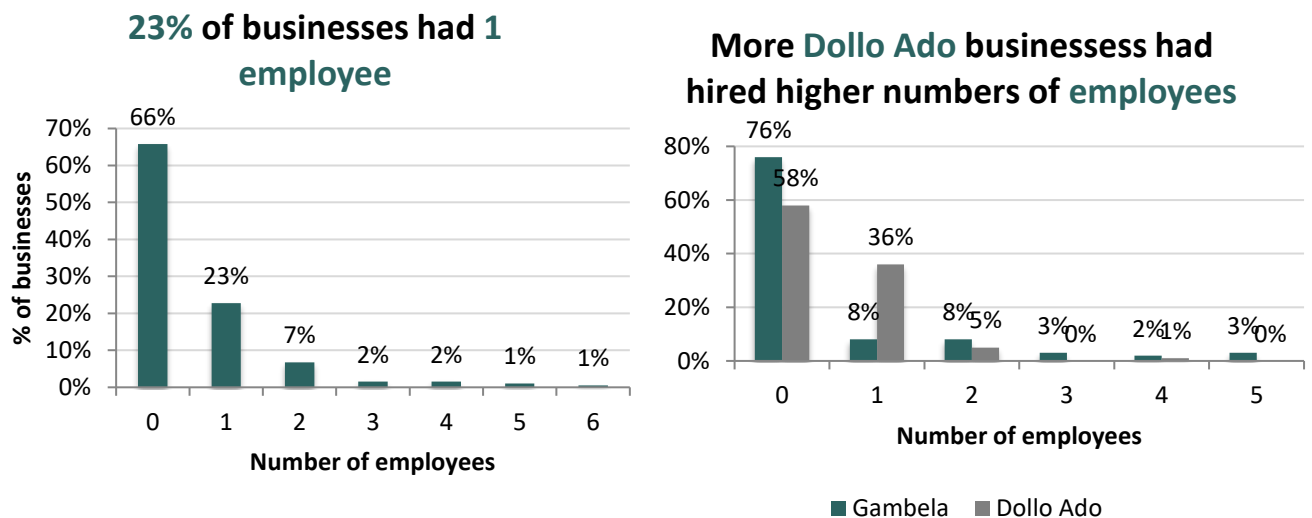
Figure 23: Businesses hiring casual labourers

Of those businesses hiring casually, 75% hired one casual labourer per annum



In looking at this disaggregated according to the regions, we see some distinctions.

Figure 24: Number of employees



More Gambella businesses hired no one besides themselves (76% versus 58% of Dollo businesses). 24% of Gambella businesses hired at least one employee, while 36% of Dollo Ado businesses employed one additional person. Thus, business is more vibrant in Dollo Ado than in Gambella. Of these companies who hired casual labour, more of Dollo Ado businesses (67%) hired casual labourers than those in Gambella (33%). Most casual labourers earned between 50 and 150 ETB per day.

Figure 25: Daily rate of casual labourers



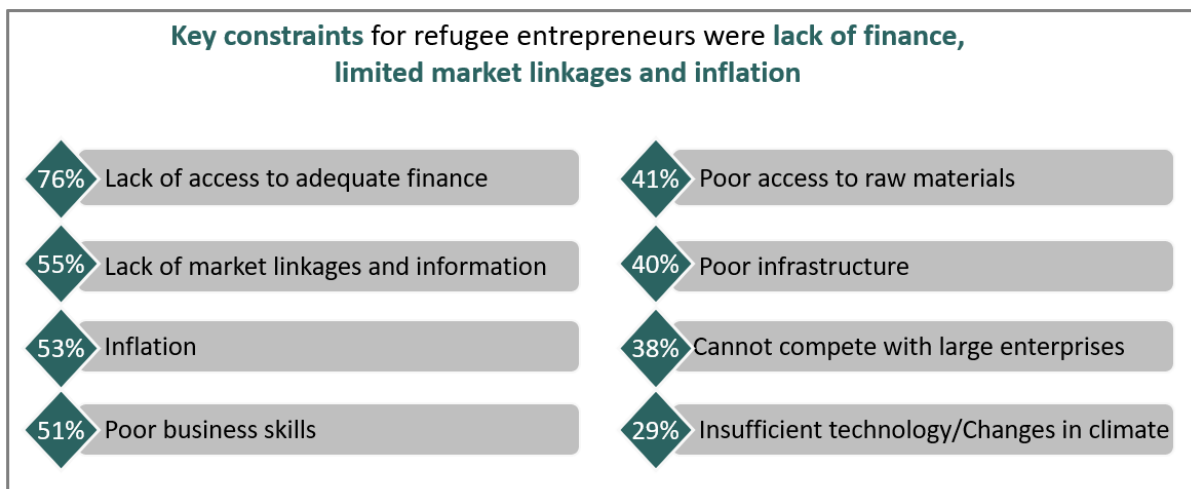
In Dollo Ado the 100 companies surveyed hired 1,772 days of casual labourers last year, while in Gambella the 100 companies hired only 351 days of casual labourer. This means that the impact on the wider economy is greater in Dollo Ado as compared to Gambella.

3.4. Constraints to Growth for Refugee Businesses

The enabling environment impacts the growth and development of the private sector in refugee-hosting areas and the ability of refugees to take advantage of the opportunities for self-employment and entrepreneurship. This section looks at refugee entrepreneurs and their perceived barriers to business registration, as well as growth.

Critical constraints cited by the surveyed entrepreneurs were lack of finance (76%), limited market linkages (55%), access to raw materials (41%), and inflation – meaning exchange rate differences (53%). Poor business skills was also indicated as a challenge by 51% of the entrepreneurs.

Figure 26: Key constraints for entrepreneurs



Conflict and instability were a constraint only for refugees in Pugnido and was not a major constraint for entrepreneurs in Tierkidi nor in the Dollo Ado camps. For Pugnido entrepreneurs, this is explored in more detail in the Gambella Regional Report.

These challenges are explored in more detail in the following sections.

Residence Permits and Business Registration

Poor access to raw materials caused by limited access to suppliers (often located far from the refugee areas) as well as challenges accessing products across the border, are also very highly cited challenges to business growth. Fluctuating currency exchange rates (that is, “inflation”) was cited by 53% of the respondents as a big challenge – this was primarily for those operating business near the borders, where prices fluctuated almost on a daily basis due to currency changes. This meant that businesses struggled to manage their operations, sometimes selling profitably, other times not, and was a motivator by many entrepreneurs to begin sourcing locally from wholesalers.

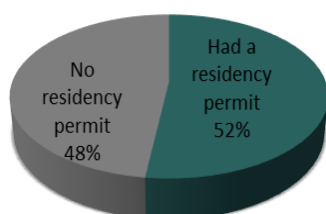
Obtaining residence permits and business licenses impacted on these sourcing constraints identified by the entrepreneurs. A lack of resident permit impacted mobility regionally, and a lack of business license affected the ability to source goods across borders legally (i.e. without paying bribes). Furthermore, business licenses were required to buy wholesale prices without paying purchase tax.

Resident permits. Over half of the business owners surveyed had resident permits, although this varied by region and camp, and is a recent phenomenon. In discussions with UNHCR, over 2,600 residence permits were given out in 2020, the majority in Dollo Ado - in Dollo Ado alone, over 1,600 refugees were issued with residence permits. The SHARPE research found that 47/50 refugee entrepreneurs had resident permits in Melkadida camp, while 33/50 had them in Buramino Camp²⁴. These rates were much lower in Gambella, with only 7/50 entrepreneurs in Pugnido Camp having residence permits, with 23/50 permits from entrepreneurs in Tierkidi.

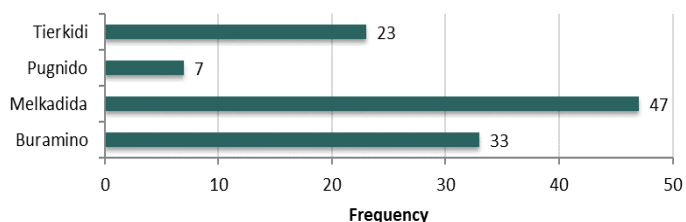
Business Owners: Residence Permits

Figure 27: Residence permits

Over half of refugee entrepreneurs had residency permits



Melkadida had the highest number of residency permits

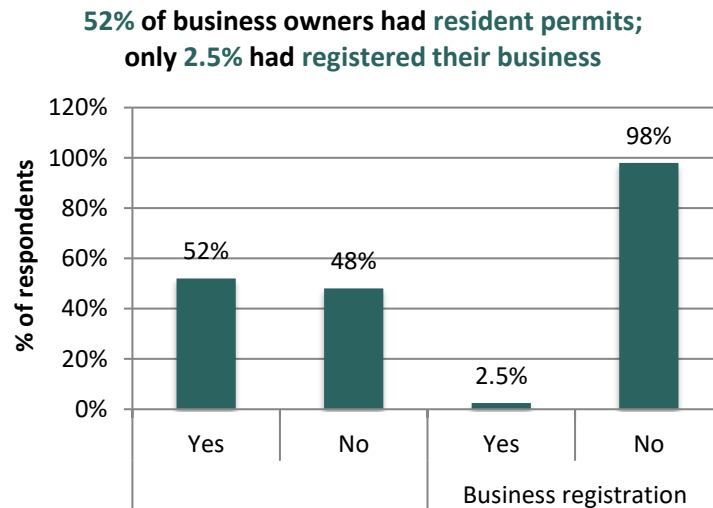


Business licenses. Few businesses had formalised operations: only five out of 200 businesses had business licenses. This was more weighted to Dollo Ado camps: there was only one registered business in Gambella while four were in Dollo Ado. The one business in Tierkidi that was registered had an Ethiopian business partner, and the businesses in Dollo

²⁴ ARRA and UNHCR have been prioritising refugees who are part of a joint project NGOs, and/or economically active. This is why such a high number of entrepreneurs surveyed had resident permits. Interview with UNCHR May 2021.

Ado had been helped by an NGO to register operations. One entrepreneur had registered his business as a cooperative, which appeared to be an easier process, but this entrepreneur was also helped by an NGO to register. All of these entrepreneurs had residence permits.

Figure 28: Registration Permits and Business Registration



Retail food shop in Pugnido Camp

Abdul is 35 years old and has been living in Ethiopia for 8 years. He owns a small shop selling food items such as biscuits, vegetables, sugar, coffee, and pasta to refugees in Pugnido Camp. He owned a small shop in South Sudan before he came to Ethiopia. He is the only one working in the business. He has a working capital of 10,000 birr, and makes annually over 180,000 birr (over \$4,000 pa).

He travels twice a week to the nearby market in Pugnido to purchase supplies from a supplier there. He is not able to purchase from Gambella Town because he is not able to travel without a travel permit. He does not have a residence permit nor is his business registered.

He understands the value of obtaining a residence permit for travel to marketplaces in Gambella or other, but does not see the value of registering his business.

“The price of raw material we buy in Pugnido Town is very high; and it is very expensive to refugees if we add some margin.”

The main challenges are:

- Inability to source supplies from other areas due to a lack of a residence permit and insecurity; instead he buys from the local market where the price is high. This results in his business not growing due to low profitability.
- There is no one to support him financially – loan or some fund to expand his business. His supplier in Pugnido won’t provide him supplies on credit.

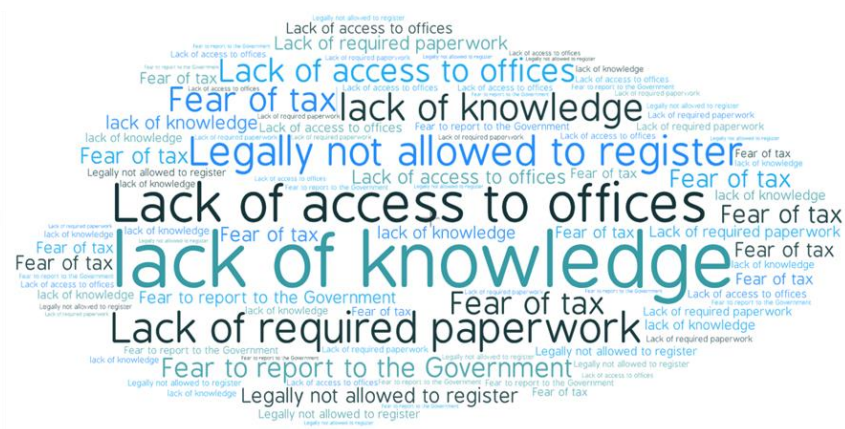
“I want to expand my business, to open a bigger shop. But that needs a residence permit, the ability to travel to Gambella as well as business loans or funds.”

There were a number of reasons why businesses had not formalised. Business registration was constrained by a lack of awareness of how to register their business (70% of business owners), followed by a lack of access to registration offices (36%) and that they were not legally allowed to register (24%).



Figure 29: Constraints for business registration

Business registration was primarily constrained by a lack of knowledge on how to register



The process to obtain a business license for a refugee entrepreneur is still not clear²⁵. The refugee entrepreneurs who had business licenses indicated they had assistance from NGOs to obtain these. There were one or two others who had registered as cooperatives, which appeared to be an easier process. At the time of writing there was no clear guideline as to how a refugee business owner could secure a business license.

“I don’t know how to register the business, I have no information about *this*.”

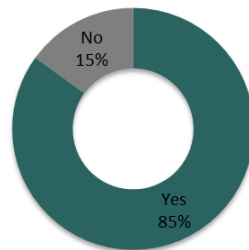
33-year-old refugee *entrepreneur* from Pugnido Camp, Gambella

However, there was significant interest among refugee entrepreneurs to register their businesses - 85% indicated a willingness to do so.

²⁵ The process was still unclear for many people in the camps. Our interviews with government and UNHCR indicated that refugees must have a TIN number and their residence permit, and a letter from ARRA. This needs to be given to the Trade Office who then provides a business license.

Figure 30: Interest in business registration

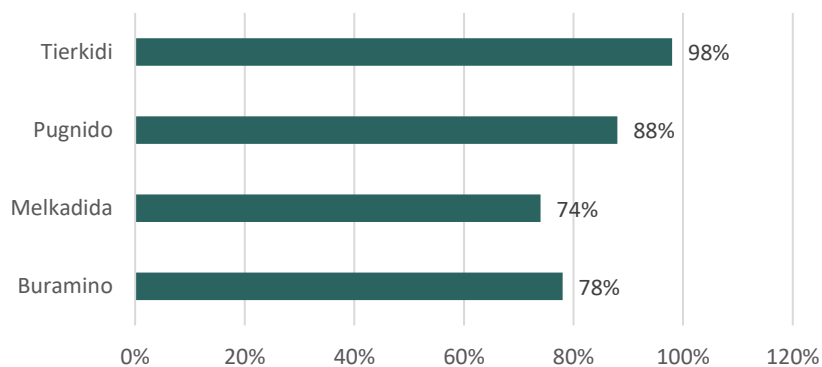
85% of entrepreneurs indicated they wanted to register their business



Gambella businesses were more interested in registering their businesses. This is possibly due to the fact that for entrepreneurs in Gambella Region, the biggest motivation to register their business was to have greater freedom of movement to allow them to source or buy goods from cheaper sources (e.g. in Gambella town). However, there may have been some confusion about what a residence permit offers to entrepreneurs versus a business license - freedom of movement should be resolved by having a residence permit. Interviews with UNHCR and ARRA confirmed that there should not be any issue moving goods at the checkpoints without a business license – movement is linked to residence rather than business registration. This could be an awareness issue rather than a policy issue.

Figure 31 Interest in registering their businesses

Gambella entrepreneurs were more interested in registering their business



If refugees obtained business licenses, they indicated they would have access to cheaper sources of raw materials (lower purchase tax) from nearby towns and can legally transport their goods to the camps and pass checkpoints without paying bribes. They can also cross the border more easily and can access formal loans through MFIs or banks.

Refugees indicated the following benefits to registering their business operations:

- ◆ Access to loans through banks or MFIs
- ◆ Access to support from the Government
- ◆ Ease of crossing the border
- ◆ Ability to sell to anyone in the country, including host communities
- ◆ Ease of importing goods
- ◆ Lower purchase tax
- ◆ Ability to purchase from anywhere in the country

The biggest difference between the regions is the entrepreneurs in Gambella region spoke more often about how access to a business license would help them source goods from Gambella town or to other wholesalers within Ethiopia. However some of the movement constraints would be resolved by a residence permit rather than a business license²⁶. However, it is true that accessing prices from Ethiopian wholesalers is less expensive as a formal business as businesses can avoid purchase taxes.

Few entrepreneurs in Dollo Ado spoke about movement as an issue, and rather focused on the other restrictions to grow their business that a business license would alleviate. These constraints were often focused on the ease of crossing the border. However, many also indicated a desire to source locally, which is a reflection of a major challenge in cross border

Wholesale business in Buramino Camp, Somali Region

Asha is 39 years old and runs a wholesale shop selling kitchen utensils and clothing in Buramino Camp. She has been living in Ethiopia for the past 9 years and has been operating her shop for the last eight. She has never received any support or help to start or grow her business.

She owned a clothing and utensils shop in Somalia before coming to Ethiopia. In her current shop she has two staff working for her. Both are refugees and they are relatives. The annual sales volume of her shop is estimated at ETB 290,000 (over 6,600 USD pa). She buys goods from Dollo Ado town, and refugees and host community members are among her customers though the majority of the customers are refugees. Sometimes she buys goods by the outside of the country.

Asha has a resident permit, but her business is not registered. She is interested in registering because she faces challenges with the customs authority to procure items from across the border legally. She does not know how to formalise business operations.

Some of the main challenges to the growth of her business are:

- Daily price fluctuations of goods (prices fluctuate dependent on the black market exchange rate) which increases her selling price, affecting the purchasing power of her customers.
- Late repayment of credit by customers.
- Buying goods from across the border is difficult because of a shortage of foreign currency.
- Encountering customs restrictions due to a lack of a trade license. This stops her from formally importing goods.
- The road is rough to Dollo town and to the border, so she pays a lot for transportation. However, she uses HelloCash to pay to her suppliers (both in Somalia and in Dollo Town), so she doesn't need to travel to pay for goods?, which saves time and money.
- Lack of access to finance to grow her businesses.

"My aspiration is very high and I want to expand my wholesale business, aspiring be a wholesaler to all businesses in the camp."

²⁶ There may have been some confusion about what a resident permit offered to entrepreneurs versus a business license.

trade in the country, accessing foreign currency to purchase goods and dealing with daily changes in exchange rates which affects business profitability.

Only a small percentage of business owners indicated a negative impact of registering their businesses: fear of taxation (5%), and a fear of reporting to the Government (2%).

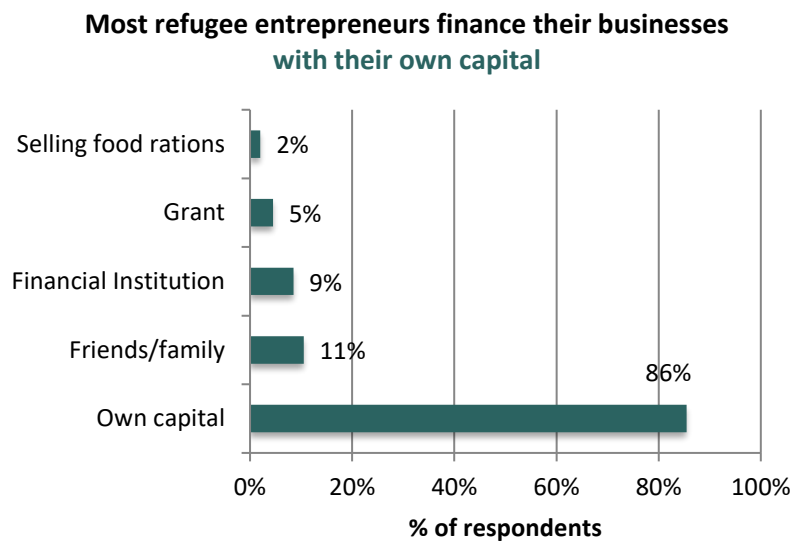
Access to Finance

Very few refugee entrepreneurs accessed formal financial capital, and also very few accessed finance from family or friends. Only four entrepreneurs indicated they sold their food rations to get the money to start their businesses. Those that had accessed grants in the past received small amounts from NGOs that were used to start up operations, but not grow their business.

“I use food from the food aid and buy some vegetables and fish from a local market in the camp to prepare traditional food and sell to refugees.”

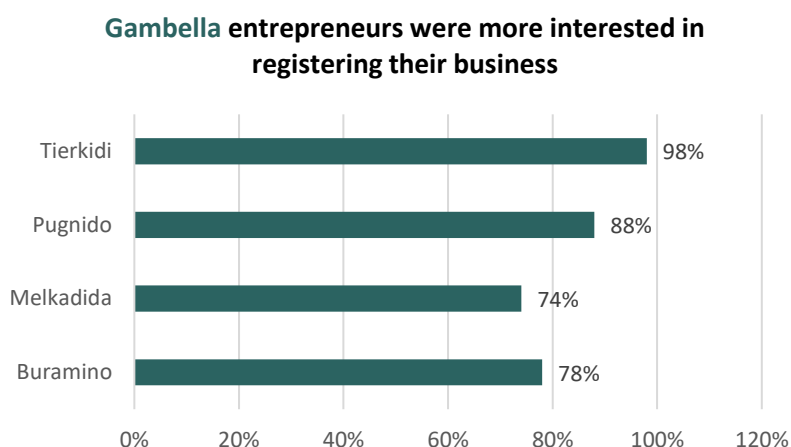
A 40-year-old female entrepreneur in Pugnido Camp

Figure 32: Access to capital for business start-up or operations



The main difference between the regions is that in Dollo Ado, 13% of the entrepreneurs indicated they accessed finance from formal financial institutions, as compared to only 4% from Gambella, and 9% obtained a grant in Dollo, with none on Gambella. The four entrepreneurs that sold their food rations were all in Gambella.

Figure 33 Interest in registering their business disaggregated



The majority of entrepreneurs indicated they did not have the finances to take advantage of opportunities to grow their businesses. There were a few surveyed entrepreneurs profiled who had bank accounts at Wegagen Bank and Awash Bank in the Gambella Region, and some refugees profiled in the Dollo Ado camps that had savings accounts with formal financial institutions. These refugees were able to access these accounts personally as they had resident permits.

Refugees could not access loans from MFIs or banks, nor grants from the government unless they were formally registered. The main difference between hosts and refugees is that refugees are currently constrained from accessing business formal financial services until they can legally register. Hosts, however, are more typically registered²⁷ meaning they can obtain a business loans, with their biggest constraint being poorly designed financial products or other access issues.

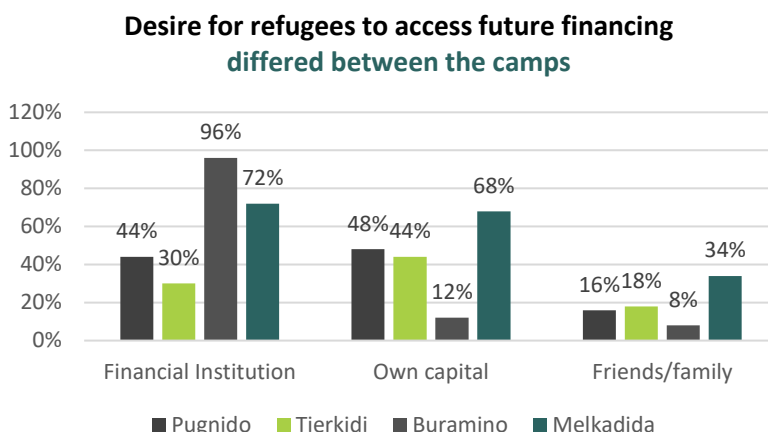
195 business owners (out of 200) indicated they are in need of additional finance to grow their businesses. These businesses indicated their wish to obtain financing from three different sources:



Entrepreneurs expected to get capital mostly from their own savings or business operations with some from friends and family. In Gambella, this is reflective of the limited formality of most businesses in Gambella, limited reach of financial institutions into the camps as well as refugees deterred by the concept of paying interest. This also suggests that the growth of these refugees businesses will continue to be constrained by a lack of finance to expand, making access to credit a critical issue.

²⁷ For instance, SHARPE research on BDS support done in host and refugee communities in Jijiga and Dollo Ado, found that 97% of host businesses were registered, while only 1 refugee business was registered

Figure 34 Desired route for financing

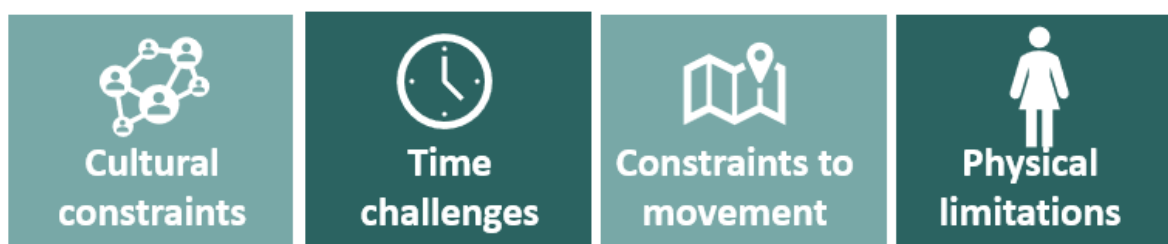


In Dollo Ado, there were distinct differences between Buramino and Melkadida entrepreneurs. In Buramino, refugees indicated more interest in accessing finance from formal institutions (96%) as compared to Melkadida (72%). Melkadida entrepreneurs indicated they would rely significantly more on their own resources to expand or grow their businesses or on family or friends. Buramino refugees being more integrated with Dollo Ado town and the formal financial institutions there explains this difference.

It appears there is a strong interest in accessing finances from formal financial institutions, however the reality is, very few refugees have accessed this and there are typically not the reach into these areas to service this need. This is a strong indication that if the right financial products were available, and if refugees had a permit and business license, many of these entrepreneurs would access finance formally to grow their businesses.

Constraints specific to women entrepreneurs

For women, there were similar issues, as well as specific challenges in running their business related to cultural issues, time challenges, constraints to movement, as well as physical limitations. However this would be no different for female host entrepreneurs. We didn't therefore find anything specific to women refugees that hindered their business. Their constraints were similar to male entrepreneurs.



Women spoke about cultural constraints that stop them from running their businesses especially as it takes them away from their family. In the Dollo Ado camps, many refugee women entrepreneurs indicated that in the past, women were limited by culture, however this has changed and there is openness to women doing business now.

- **“Females are the household head and can do all activities”**. Female entrepreneur in Melkadida Camp

- **“There are challenges only during pregnancy and feeding time.”** Female entrepreneur in Buramino Camp.
- **“In the culture women should stay in the home but in modern times women can do any activity.”** Female entrepreneur in Buramino Cam

In Gambella, women entrepreneurs still indicated cultural constraints to doing business, specifically related to responsibilities at home. These women entrepreneurs spoke about the shortage of time and having to balance between family responsibilities, which limited their time in their business.

- **“I am not expected to stay a long time at the business centre, I need to nurture the children, home food preparation and wash my husband clothes.”** Female entrepreneur Pugnido Camp
- **“[Constraints are] childcare and responsibility at home.”** Female entrepreneur Tierkidi Camp
- **“If I stayed in the business for long there is suspect from my husband.”** Female entrepreneur Pugnido Camp

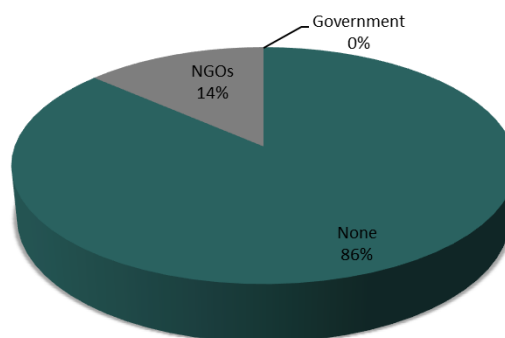
Some women indicated that moving around can be an issue – especially during pregnancy and breastfeeding of children, although this was more often cited by the Gambella women entrepreneurs. There were some women entrepreneurs that indicated they had physical limitations for lifting heavy objects.

Additional assistance received

Most entrepreneurs never received assistance to start or grow their businesses, only 14% indicated they received some assistance from an NGO to start-up (a total of 24 entrepreneurs). This includes two entrepreneurs in Gambella and 22 in Dollo Ado. This was often grants or training. None of the businesses surveyed received help from any Government services²⁸.

Figure 35: Type of assistance received

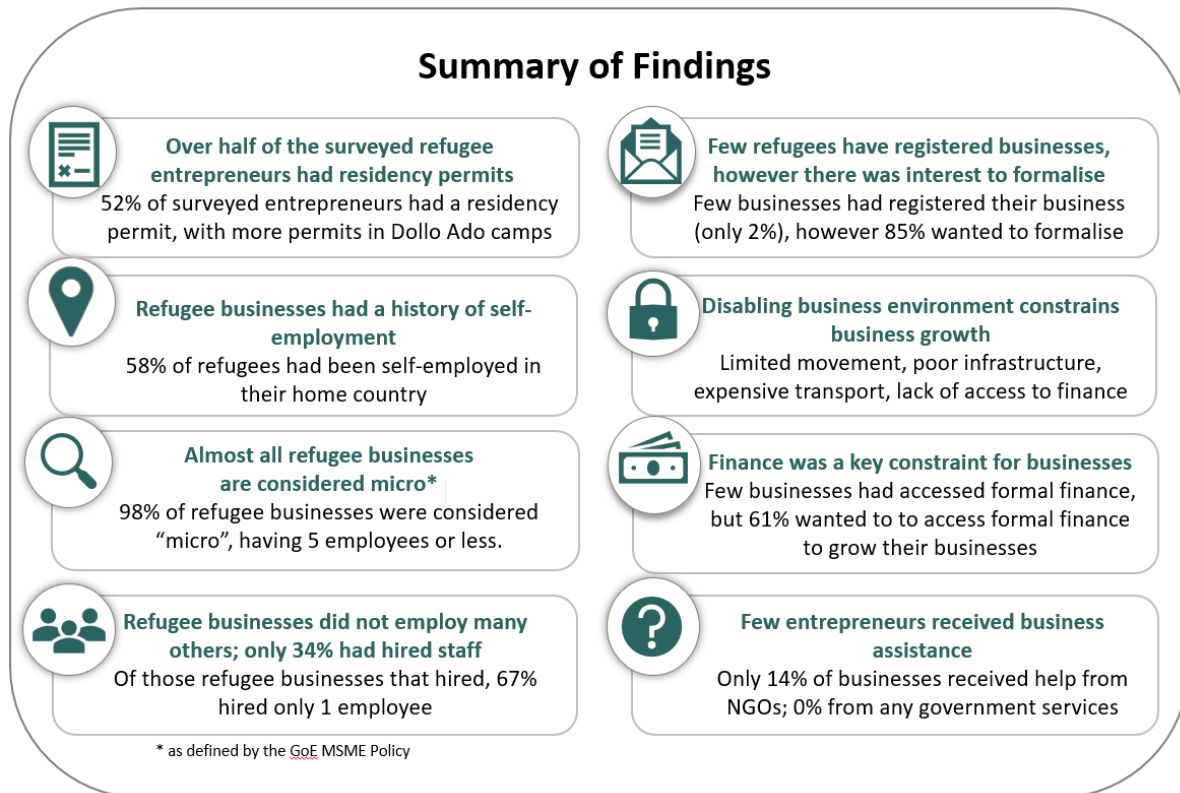
Most of the entrepreneurs received no assistance to start or grow their business



²⁸ BDS research by SHARPE in 2021 looked at both host and refugee businesses and the types of services they received to grow their business. The research found that 32% of businesses had received BDS (with refugees only 6% less likely to receive BDS support than hosts). Of those businesses that had received BDS support, almost 90% had received these from NGOs, with 10% having received assistance from the Government. However this higher percentage was most probably because in Jijiga there is more of a supply of government and NGO services to businesses, while in Dollo Ado, the supply is less.

4. Conclusions and Way Forward

The following summary of findings through our survey and business profiling in the four refugee camps in Gambella and Dollo Ado are outlined below.



I. Grow businesses by improving the enablers for refugee businesses: implementation of policy (permits, business permits), infrastructure, cross-border trade. There are a series of systemic enablers that will help to grow refugee businesses, and although the directives are in place implementation still needs to be addressed by key stakeholders.

Ensure economically active refugees have residence permits so movement restrictions no longer limits their business sourcing.

- In collaboration with UNHCR and ARRA there is a need to identify economically active entrepreneurs help them obtain residence permits.
- Improve the awareness of the benefits of residence permits for refugees. There is an awareness gap on what having a residence permit means, both for refugees as well as by local government and other stakeholders. This limits movement for entrepreneurs. It is recommended to conduct stakeholder awareness workshops to improve awareness on what a residency permit provides for refugees. It is also necessary to do this at camp level so that refugees are better informed about the benefits a residence permit can bring and are able to take more informed decisions.

Enable refugee entrepreneurs to register their businesses, to take advantage of the opportunities this brings them. This includes access to formal finance, ease in cross border trade, and increased savings on purchase tax which maximises profitability.

- The process for registering a refugee owned business with a business license needs clarification and simplification, and to be communicated among local stakeholders, including refugees themselves. In the absence of a formal business license, recommendation letters could be issued as a short-term solution to allow the refugee entrepreneurs to apply for business loans.
- Stakeholders, including SHARPE, should provide business support services to register as many businesses run by refugees in the camps so they can take advantage of the opportunities open to registered businesses (finance, formal cross-border trade, etc). Approximately 20% of refugee households are engaged in running a small, informal business

Encourage investments in infrastructure, including for cross-border trade, to focus on the refugee hosting areas. This could be through improving roads from the borders to the camps, improving markets and trading areas, border crossing, as well as other infrastructure such as cross border markets.

Encourage humanitarian aid delivery shift to cash so more money is circulating in these economies, and refugees can purchase from local businesses, further growing regional entrepreneurship in and around the camps. There is also a need for humanitarian agencies (UN and NGOs) to procure their goods and services locally to help grow the local economy and support local businesses. Refugee businesses should be integrated into these supply chains wherever possible.

II. Grow the businesses of refugees through enterprise development (i.e. work with core market actors and service providers). This will also help to demonstrate how focusing on growing refugee businesses helps to improve the economies in the camps, benefitting refugees and others.

Improve access to finance for refugees. Banks and micro-finance institutions currently offer no financial products for refugees, other than savings accounts. There is a need to work with financial service providers to help them understand and penetrate the refugee market with

appropriate financial services, particularly micro-loans for small business owners. This would allow refugees to make investments in their business and improve their profitability. This can be focused on two ways:

- **Increase formal loans to registered businesses.** SHARPE is currently working with SMFI to offer 'soft' loans to registered small businesses, currently among the host community. This will be expanded to registered refugee businesses.
- **Increase financial inclusion among refugees:** With very few branch offices of financial institutions located in refugee hosting areas, the development of digital financial services provides a cost-effective alternative. Refugee business owners need to be able to operate as mobile money agents within refugee camps, which will boost their businesses and make it significantly easier for refugees to do cash-in/cash-out. This requires a flexible approach to the current regulations around mobile money agents
- **Develop business lending for refugees:** As the credit environment in Ethiopia adjusts and more products are allowed digitally, there is a need to work closely with financial service providers, particularly micro-finance institutions, to develop new loan products for refugees. This may require developing a credit scoring system, based upon digital financial transactions, to help reduce the risk of lending to refugees.

Improve business development services for refugee businesses

- **Business development services need to be developed that work directly with refugee businesses.** This requires greater investment from donors and stakeholders in refugee entrepreneurship and a new approach to working with refugees in Ethiopia. Lessons can be learned from other refugee hosting countries related to the provision of tailor-made business development support services for refugees.

Work with existing business incubators in Addis or other areas to expand entrepreneurship programming to camps through regional locations, services, or competitions. SHARPE can de-risk such an investment by providing a pipeline of vetted entrepreneurs and businesses or additional funding.

APPENDICES

Stakeholders Consulted

Name	Role	Organisation
Dollo Ado		
Mohamed Shued Abdulle	Business Desk Officer and Acting Head	Dollo Ado Woreda Trade and Industry Office
Alinur Abdi Ahmed	4.1. Head of Woreda Agriculture and Natural Resources Office	Dollo Ado Woreda Agriculture and Natural Resources Office Response to Displacement Impact Project (DRDIP)
Ali Kuresh	Associate Head of the Youth Association	Dollo Ado Youth Association Office
Abdirazak Muktar	Head of Woreda Trade and Industry Office	Bokolmayo Woreda Trade and Industry Office
Musa Yusuf Ibrahim	Woreda Agriculture and Natural Resources Office	Bokolomayo Woreda Agriculture and Natural Resources Office Response to Displacement Impact Project (DRDIP)
Abdi Gaiye	Programme Coordinator	ZOA Dollo Ado office
Lilian Otieno	Livelihoods and Economic Inclusion Officer	UNHCR Melkadida Sub Office
Mohammed Hassen	Environment, Energy and Livelihoods Officer	ARRA Melkadida Office
Abubakarr Talib Jallow	UNHCR Melkadida Sub Office Head	UNHCR Melkadida Sub Office
Gambella		
Siraye Worku	ARRA – Tierkidi	Camp Manager
Yohannis Basazin	ARRA Zonal	CRRF Officer
Kwajo Fremntong	UNHCR	CRRF Officer
Llija Togorovit	UNHCR	Zonal Coordinator
Yewulsewu Nigussie	ARRA Zonal	Programme Manager
Weldegbriel Tesfa	ZOA	Manager
Shimelis Fantaye	DCA	Programme Manager
Habtamu	Pugnido - ARRA camp Manager	Camp Manager

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Annex: Ethnic Composition of Refugee Camps