

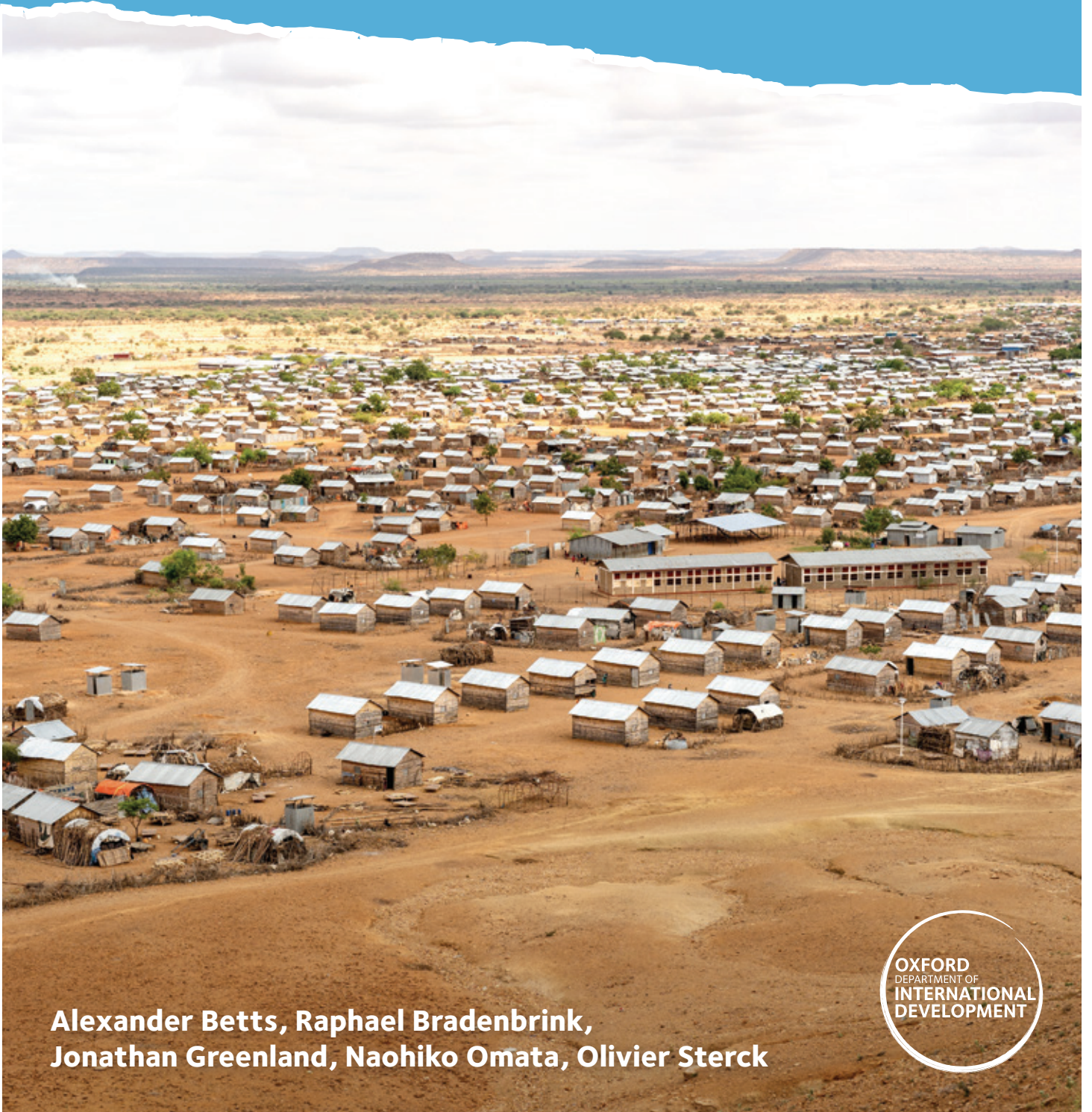


UNIVERSITY OF  
OXFORD

REFUGEE  
STUDIES  
CENTRE

# Refugee Economies in Dollo Ado:

## Development Opportunities in a Border Region of Ethiopia



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DEVELOPMENT







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Food distribution day in Buramino

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Cover photo: Melkadida Refugee camp, Raphael Bradenbrink.

# Executive Summary

- The five Dollo Ado refugee camps were created between 2009 and 2011 in the Somali Region of Ethiopia. According to UNHCR registration data, they host around 220,000 almost exclusively Somali refugees in a semi-arid and isolated border district in which refugees outnumber the host population.
- The camps and host community have benefited significantly from the IKEA Foundation's 75m Euro investment in the camps over a seven-year period. This globally unprecedented level of private sector investment has created a range of new opportunities in education, entrepreneurship, energy, agriculture, the environment, and livelihoods.
- Most refugees remain poor and dependent upon food aid. Only 21% of refugees have an income-generating activity, compared with 29% of the host community. The largest source of employment for both communities is with humanitarian NGOs and international organisations, or related government agencies like the Agency for Refugee and Returnee Affairs (ARRA). The median reported income for refugees with a job is 28 USD/month and 105 USD/month for hosts.
- The international community has so far focused mainly on developing livelihoods opportunities in agriculture, livestock, and commerce. Yet relatively few refugee households derive their primary income source from these activities. 4% of refugee households are involved in agriculture (compared with 16% of host households). Animal husbandry is not generally a commercial activity, and less than 2% of refugees have it as their primary income-generating activity, while only 5% of the adult refugee population are self-employed.
- For the majority of refugees and host community members, the economy is based mainly on two inter-related elements: aid and the cross-border economy. Food assistance, services such as education and health, and the sources of employment that result from the international humanitarian presence are crucial to the survival strategies of refugee and host community households. But so too is the often neglected cross-border economy with South-Central Somalia.
- Dollo Ado town serves as an economic lifeline to the camps and the district, connecting it to the economy of Somalia. 13% of refugees have travelled to Dollo Ado town at least once in the previous year (more than 20% in the two commercially most important camps), and an estimated 200 refugees cross the border bridge in Dollo Ado that leads into Somalia every day. In the nearest camp to the border, Buramino, 12% of refugees admitted travelling back to Somalia during the last year. 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.
- For many refugee households, the camps represent an important source of social protection. Children and the elderly remain in the camps, where they can receive access to assistance and services such as education and healthcare. Meanwhile, many of the adult men of working age are either based in Somalia or divide their time between the camps and Somalia. Evidence for this comes from the demographic patterns documented in our survey as well as the patterns of food distribution attendance documented by international humanitarian agencies.
- The country-specific focus of the international community means that the importance of cross-border dynamics, and the role of the camps within transboundary household strategies, is generally neglected. However, the Dollo Ado economy cannot truly be understood through a purely state-centric lens. It relies upon recognition of the transnational networks that have long shaped the socio-economic life of the region.
- Within the camps, there is also a complex political economy relating to aid. For example, food rations are often sold to host community brokers, who sell them onto businesses such as pasta factories, which then serve as pasta wholesalers to retail shops in the refugee camps. Meanwhile, access to opportunities such as cooperative membership in camps is often mediated by the Refugee Central Committees, which are sometimes accused of favouring the majority clan at the expense of minorities.
- Refugee-host relations within the district are exceptionally positive. They share a common 'Somali' identity and culture, language and religion, and the host population derives considerable material and perceived benefits from the presence of both refugees and international humanitarian organisations. This offers an opportunity for socio-economic integration.
- The next challenge is to ensure sustainable economic opportunities for both refugees and the host community by creating growth and development within the border economy. This will require building on the legacy of the IKEA Foundation's investment and extending its benefits across the community. Recognising and building upon the realities of the cross-border economy; improving infrastructure and transportation; catalysing growth in the digital economy; creating viable capital markets; developing a formal labour market; moving from a camp to a settlement model; and introducing cash-based assistance all represent some of the untapped opportunities.
- Although Ethiopia's refugee-hosting border regions are all distinctive, the report offers insights into the type of evidence needed in order to identify mutually beneficial development opportunities for refugees and hosts in other peripheral regions of the country, such as Gambella, Jijiga, and Shire.







# 1. Introduction

**Ethiopia hosts more than 900,000 refugees, of whom more than 250,000 are from Somalia. Most of these Somalis live in the Somali Region of Southern Ethiopia, and 220,000 are concentrated in the five Dollo Ado camps.**



The influx of refugees since 2009 has significantly increased the population of an area<sup>1</sup> that previously only had around 120,000 inhabitants, a mixture of nomadic and settler populations of ethnic Somali origin who speak either Somali or Mai-Mai. The host population largely belongs to the Degodia, Garre, and Hawiye Somali clans and engage mainly in livestock cultivation or agro-pastoralism.

There are five Dollo Ado camps: Bokolmanyoo, Melkadida, Kobe, Hilaweyn, and Buramino. The Ethiopian Government and UNHCR opened Bokolmanyoo in 2009 and Melkadida in 2010 as a response to refugees fleeing from violence and insecurity. A severe drought in 2011 led to a new influx and the creation of three more camps: Kobe, Hilaweyn, and Buramino. The camps are geographically sequenced in age order, with the oldest, Bokolmanyoo, being the furthest from the border with Somalia, and the newest, Buramino, being the nearest. A single dirt road, running parallel to the Ganele River, connects the camps and leads to Dollo Ado town at the border. To the north of Bokolmanyoo town, the small market town next to Bokolmanyoo refugee camp, the road leads to the Oromia-Somali Region border, which is beset by internal armed conflict.

The camps are relatively similar in 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 Bokolmanyoo also benefits from being next to a small town. The camps next to the river – notably Kobe, Melkadida, Hilaweyn, and Buramino offer some opportunity for agriculture, while Bokolmanyoo is further from the Genale River with few opportunities for agriculture.

The trajectory of humanitarian interventions in the camps has gone through three main phases.<sup>2</sup> Between 2009 and 2011, the focus was on stabilisation and emergency response, ensuring the camps had basic infrastructure and services. Between 2012 and 2014, the focus shifted to shelter and site planning, with a greater focus on the environment, energy, water, livelihoods, and education initiatives. Between 2015 and 2017, the focus shifted towards self-reliance and the creation of innovative approaches aimed at providing more sustainable opportunities for refugees and the host community.

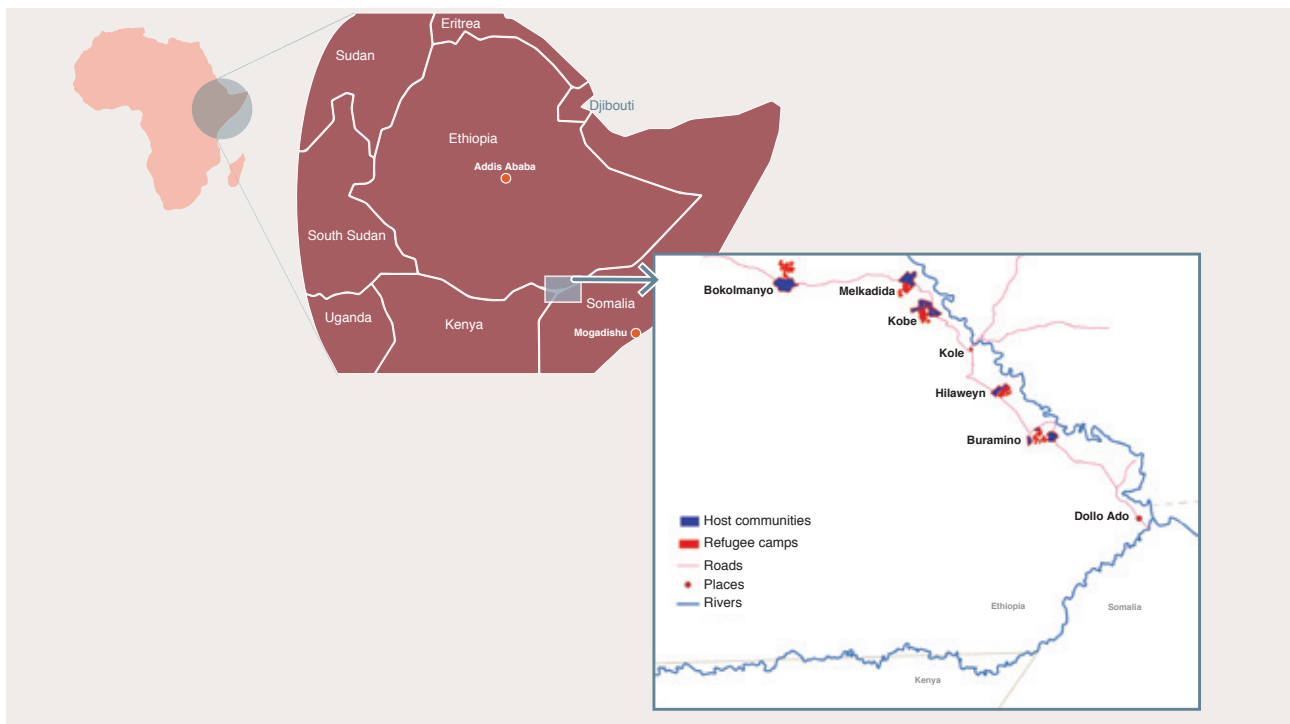
Throughout this time, a unique and defining feature of Dollo Ado is the role of the IKEA Foundation. The Foundation invested 75m Euros in the five camps over a seven-year period between 2012 and 2018 – the largest private sector investment in a refugee-hosting area in the history of the international refugee system. Its aim was to transform the lives of refugees and host communities in collaboration with the UNHCR, based on a long-term vision in which “addressing needs goes beyond care and maintenance, considering self-reliance from the beginning, to prevent dependence on aid, and looking to long-term sustainability, where refugees and their hosts thrive side-by-side, where refugee inclusion stimulates peaceful co-existence”.<sup>3</sup>

IKEA Foundation-supported projects have included investment in primary education; microfinance and entrepreneurship grants; irrigation projects covering over 1,000 hectares of land linked to agricultural cooperatives in Kobe and Melkadida; solar energy projects that connect energy, the environment, and livelihoods; the construction of a new market in Bokolmanyoo; and a new teacher-training college in Dollo Ado town. The Ethiopian Government’s

<sup>1</sup> Administratively, the area divides into two Woredas (districts): Dollo Ado and Bokolmanyoo.

<sup>2</sup> TRANSTEC (2015) *Baseline Assessment Dollo Ado Refugee Camps, Ethiopia – Draft final report* (Brussels, TRANSTEC).

<sup>3</sup> IKEA Foundation (2018), ‘Dollo Ado’ (Leiden: IKEA Foundation).



**Map 1:** *The refugee camps and communities of the Dollo Ado region*

positive experience of this investment has been identified as one of the reasons why, in 2016, it committed to change its legal framework to allow refugees the right to work and move freely, culminating in new national legislation in 2019.

Nevertheless, Dollo Ado remains poor and geographically isolated. There are few apparent options for creating economic sustainability. The area is cut-off from the rest of Ethiopia by conflict, and it has few natural resources and practically no industry. The nearest tarmac road is more than 300km in every direction.<sup>4</sup> Agriculture is limited by the arid climate and occasional flooding. Livestock is present but generally not commercialised. Commercial activity is present but generally on a small-scale. Reported remittance levels are extremely low compared to those of Somalis

**“The Dollo Ado economy can only be fully understood as part of a cross-border economy, interconnected to the national economy of Somalia.”**

in other parts of the world. And aid is limited to in-kind assistance mainly in the form of food.

It is therefore an ongoing challenge to create a sustainable economy for refugees and the host community in the Dollo Ado area. To achieve that, the first step must be to understand the Dollo Ado economy, including through evidence and data. We explore three inter-related questions. First, what are the structural opportunities and constraints on economic life in the area (structures)? Second, faced with these constraints, what economic strategies do refugees and hosts adopt to make a living in and around the camps (strategies)? Third, based on this analysis, what options can be identified as the basis for the sustainable development of the region (sustainability)?

Indeed, these questions have wider relevance for other regions of Ethiopia. The majority of the country’s refugees live in camps in peripheral border regions. Following the adoption of the new Refugee Proclamation giving refugees the right to work, a key challenge is how to shift from a camp to a settlement model that can offer mutually beneficial economic opportunities to both refugees and hosts.

In order to explore these questions, we undertook mixed methods research in and around all five of the Dollo Ado refugee camps between October and December 2018. This included a survey, based on random sampling, of over 5,600 refugees and host community members. Based on analysis of our qualitative and quantitative data, we argue that, although Dollo Ado is extremely poor, it nevertheless has a series of discernible economic systems that enable it to sustain and support the lives and livelihoods of refugees and the host community. Crucially, we suggest that these economic systems cannot be understood from the standard nation-state perspective usually adopted by the international community. The Dollo Ado economy can only be fully understood as part of a cross-border economy, interconnected to the national economy of Somalia.

In this report we first set out the methodology of the fieldwork before exploring the characteristics of the region where the camps are based. We then examine the structural constraints facing the Dollo Ado economy and the strategies refugees use to overcome them. We show how refugees strategically use both the cross-border economy and international aid, and how the host community benefits from the presence of refugees. We conclude by outlining some options for creating sustainable opportunities.

<sup>4</sup> In Ethiopia, the tarmac starts in Negele (350 km) and Addis is about 950 km far away. Djibouti port, where the food aid comes from is more than 1.500 km away.

## 2. Methodology

**Focusing on refugees and the host community, we employed a mixed methods, participatory approach. Our fieldwork in and around the five Dollo Ado camps took place between October and December 2018.**

Our qualitative research mainly drew upon focus groups and semi-structured interviews, comprising ten focus group discussions and about 40 semi-structured interviews with refugees, host community members, and non-refugee stakeholders including staff members of relevant UN agencies and NGOs, and local and national government officials in charge of refugee and host community affairs. The purpose of our qualitative research was both to inform our survey design, and to complement insights of our quantitative research. Throughout our fieldwork, we used participatory methods, including training and employing refugees and members of the host community as peer researchers and enumerators.

Our quantitative research draws on data collected during a household survey with a total sample size of 5,643 adults, constituting of 2,712 refugees, of whom 2,703 were born in Somalia, and 2,931 Ethiopians. Our objective was to interview 250 households in each of the five camps, and 300 households in each of the five host communities adjacent to each camp. Within each household, we aimed to interview up to three adult members (aged 18 to 65) – the head of household, the main food preparer and one other randomly selected member – in order to also explore intra-household dynamics.

For the refugee community, our sampling frame was based on a list of households provided by UNHCR which was compiled for the Standardized Expanded Nutrition Survey

(SENS). Households were sampled at random from this list in each of the five camps.<sup>5</sup> ARRA's community health teams worked with us to provide updated block-level information and to facilitate our initial interaction with the community. For the host community, a census of host communities surrounding the camps was undertaken by enumerators to create a comprehensive list of host households; a random sample of households was then selected from the list.<sup>6</sup>

In households with three or less adults, all adults were interviewed. When the number of adults was higher than three, we interviewed the household head as well as the main food preparer, and one other randomly selected adult. In cases where the household head was also the main food preparer, we selected two other adults to be surveyed, giving a total of three adults per household.

Camp	Refugees	Hosts	Total
Bokolmanyoo	497	598	1,095
Melkadida	593	684	1,277
Kobe	605	596	1,201
Hilaweyn	482	564	1,046
Buramino	535	489	1,024
Total	2,712	2,931	5,643

**Table 1: Sample size**



<sup>5</sup> Within the SENS data, the overall estimated refugee population in the five camps (based on multiplying the number of households by average household size) was 97,079 (16,939 in Bokolmanyoo, 22,776 in Melkadida, 25,337 in Kobe, 21,175 in Hilaweyn, and 10,952 in Buramino), meaning that the 2,712 refugees we interviewed represent 3% of the overall refugee population and 8% of the adult refugee population. It should be noted that the SENS data gives a different population size than UNHCR data.

<sup>6</sup> The overall estimated host population in our designated study areas (based on multiplying the number of households by average household size) was 16,122 individuals, meaning that the 2,931 people we interviewed in the host communities (around Bokolmanyoo, Melkadida, Kobe, Hilaweyn, and the villages of Bur and Amino) represent around 18% of the population in the study areas. It should be noted that our estimated total population does not represent the complete population of the kebeles in which the camps are located because: first, some households are scattered across wide, inaccessible areas; second, because part of the population is nomadic pastoralist and therefore very mobile; third, the selected study areas are based on satellite images in which minor areas may not be fully covered.



### 3. A Region of Limited Opportunity?

On the surface, refugees and the host community are poor and have few economic opportunities. Assistance is limited, most refugees do not have jobs, incomes are low even relative to the Ethiopian average, reported remittances are strikingly lower than other Somali communities, geography and climate make agriculture challenging, and livestock is generally not viewed as a sustainable income source. So what kinds of economic strategies do refugees adopt, and how might understanding them inform assistance models?



“Most refugees don’t have any means of generating income,” explained an elected refugee representative in Buramino. “Most refugees in the camp are not working. They are fully reliant on food rations,” highlighted another. Refugees in the Dollo Ado camps are entitled to World Food Programme

**“Most refugees in the camp are not working. They are fully reliant on food rations.”**

(WFP) food assistance, distributed by ARRA (with WFP and UNHCR monitoring) on a monthly basis. Their food basket (per person) consists of 13.5 kg of cereal, 1.5 kg of bean/lentils, 0.9 litre of oil, 0.15 kg of salt, 1 kg of corn soya beans blend, and one piece

of soap. Other than that, they receive non-food items on an occasional basis, most notably core relief items upon arrival such as kitchen utensils. There is currently no cash assistance.

Only 21% of refugees report having an income-generating activity, compared with 29% among the host community. Overall, the highest rates of economic activity are found in Bokolmanyoo and Hilaweyn (Fig. 1). For refugees, of

those with an income-generating activity, around 28% are self-employed and around 72% are employed in some form (Fig. 2). This ratio is similar for the host community, with the exception of Buramino where a much greater proportion (65%) are self-employed, often working as traders, connecting the Buramino camp to the Dollo Ado economy. For refugees, by far the most significant source of employment by someone else is as ‘incentive workers’ for humanitarian NGOs and international organisations or government agencies like ARRA (a total of 61%). For hosts, a similarly high proportion of those employed work for the government, NGOs, or international organisations (as, for example, security guards, community outreach workers, cleaners, cooks, and drivers), varying between 59% in Buramino and 87% in Bokolmanyoo (Fig. 3).

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/month) for refugees in all the camps except Hilaweyn (in which it is 1,000 ETB).<sup>7</sup>

<sup>7</sup> 1,000 Ethiopian Birr (ETB) is equivalent to around 34 USD.



Meanwhile, it is 3,000 ETB (105 USD/month) for hosts around all the camps except Buramino (1,820 ETB/month) and Bokolmanyo (3,150 ETB/month). Part of the reason for the strikingly consistent reporting across individuals and camps is that wage rates paid by ARRA, international

**“The bulk of the economy is an aid economy, based upon food assistance and employment by humanitarian agencies.”**

organisations, and NGOs are informally ‘capped’ at around 800 ETB/month for refugees and 3,000 ETB/month for locals, which may lead to homogenisation in incomes but also incentivises under-reporting.

From this, it should be clear that the bulk of the economy is an aid economy, based upon food assistance and employment by humanitarian agencies.

Against this backdrop, many refugees depend on food rations, but complain that the quantities are too small for them to sustain their households for the full month. A 45-year old unemployed male refugee in Bokolmanyo came to the camp in 2009 from the Bay region of Somalia explained:

*I have a minor disability with my right hand. I cannot do strenuous work, so I rely on food rations alone. This sustains me for 15 days. Once the food ration is depleted, I turn to support from other refugees. They give me food... When I need cash, I beg my friends. Or I simply request what I need, like soap...*

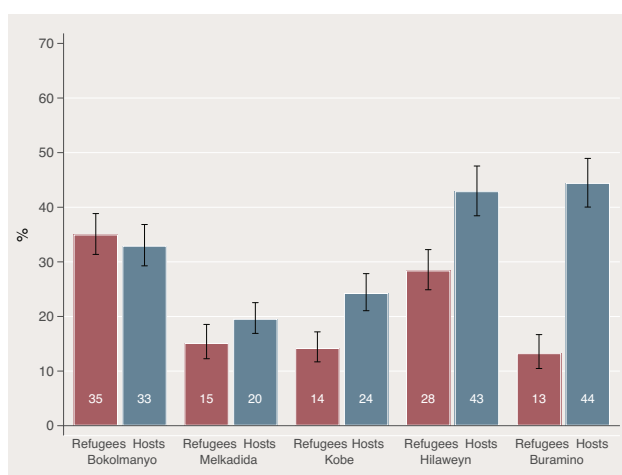
The fact that food assistance is inadequate is given support by indicators relating to the comparative food security of refugees and the host community. For example, on average, refugees are more food insecure (Figs. 5 and 6)<sup>8</sup> and have poorer diets (Fig. 7).

## Opportunities in Farming, Livestock, and Retail Commerce

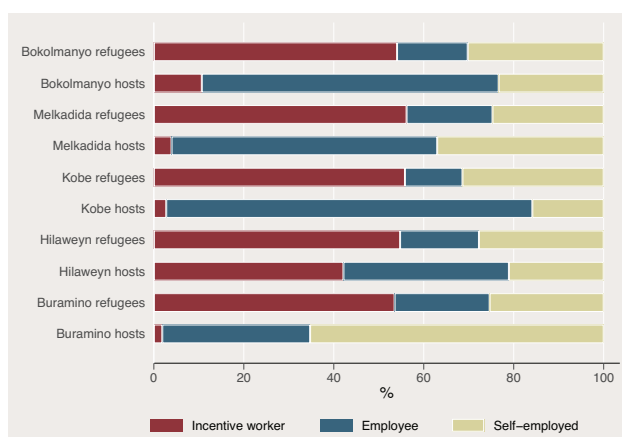
UNHCR has chosen to focus on three main economic pillars – farming, livestock, and retail commerce – in their programmes to support livelihoods. As one staff member explained:

*In agriculture, we are providing 1,000 hectares of farmland to produce 2,000 jobs (1,000 for refugees and 1,000 for hosts). There is an MoU with the hosts about usage of land for farming. Crops are onions, maize, watermelon, etc... The main livestock are goats, donkeys, camels, and cattle. We provide support for animal health workshops and hygiene training for refugees and hosts. Local hosts are mostly pastoralists so they are more active in this area... For business activities, we target retail shops, hotels, restaurants, and theatres. We provide access to group loans to encourage refugee entrepreneurship.*

There is certainly evidence to support these areas of focus. But at the moment, each one has limitations. In terms of agriculture, relatively few refugee households are engaged in agriculture: 1 to 4% across all the camps, except Hilaweyn, where it is 9% (Fig. 8). There are both cultural



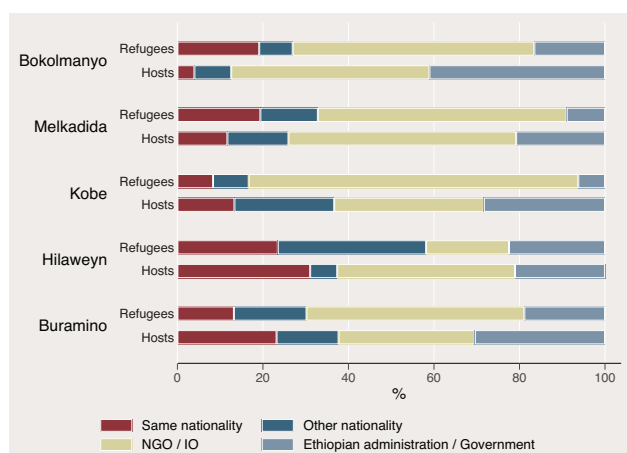
**Fig. 1:** Proportion of the population with a remunerated economic activity (including businesses, employed and self-employed workers)



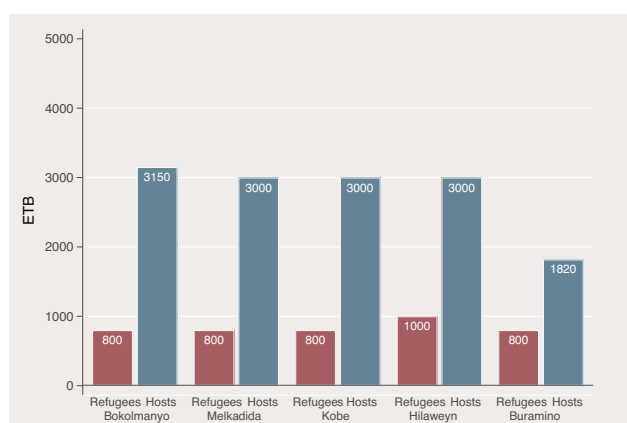
**Fig. 2:** Proportion of incentive workers, employees, and self-employed among those who have an economic activity

<sup>8</sup> The Food Consumption Score (FCS) is a composite score that aggregates information on dietary diversity, food frequency, and relative nutritional importance. Household consumption is then categorised as poor when the score is below 21, borderline when the score is between 21 and 35, and acceptable when the score is above 35.





**Fig. 3:** Type of employer (for those employed)



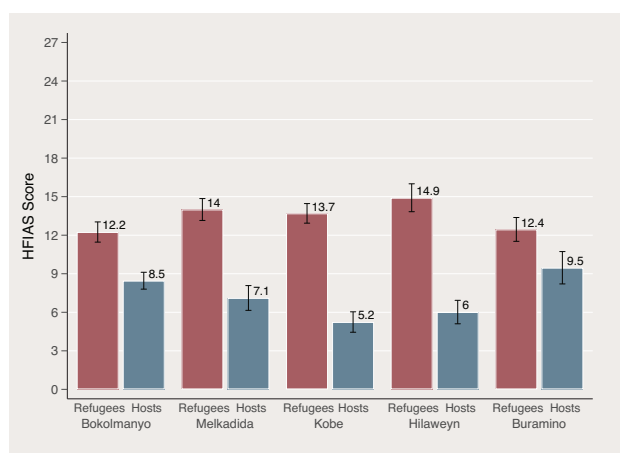
**Fig. 4:** Median monthly income (ETB) from an economic activity<sup>9</sup>

and environmental reasons underlying these low numbers: Somalis tend to avoid agriculture, and the combination of an arid climate and seasonal flooding risks from the river makes farming unpredictable. Nevertheless, it is clear from the IKEA Foundation's investment in irrigation projects for agriculture in Kobe and Melkadida, that these barriers are potentially surmountable, albeit for relatively small numbers.

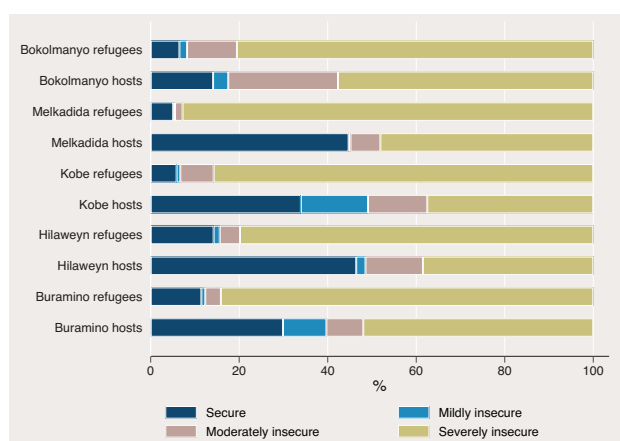
Just outside Kobe, and serving the local town of Kole, the IKEA Foundation has funded the construction of an irrigation system. It has created enough arable land for 130 members of a cooperative, involving 65 refugees and 65 nationals. They each have 0.5 ha of land and they are growing onions, maize, watermelons, and papayas, for example, depending on the season. They sell their crops to Ethiopian brokers who then resell them outside the camp. In a focus group, members described the enormous benefits provided by the irrigation scheme; for example, one explained:

*At the moment, we have flooding due to heavy rains. But the irrigation ensures we have water even in the dry season and so we can grow crops all year round. It offers us an income. Nearly all of us were farmers in Somalia and this gives us a way to continue to grow... The cooperative includes refugees and Ethiopians, and we all work together.*

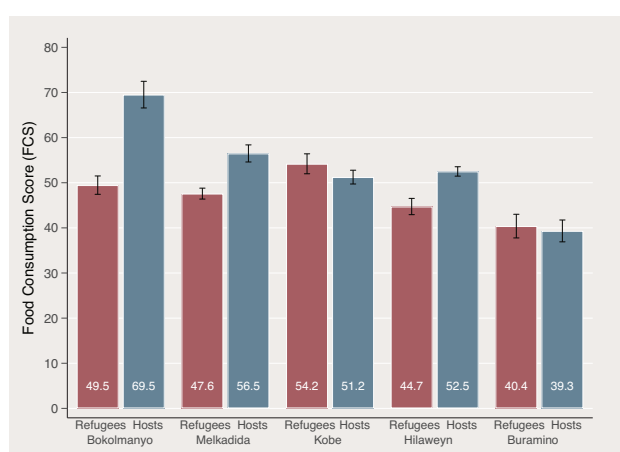
Just outside Melkadida is an almost identical project with 2,500m of concrete canals on government-allocated land,



**Fig. 5:** Household Food Insecurity Access Scale (HFIAS)<sup>10</sup>



**Fig. 6:** Household Food Insecurity Access Prevalence



**Fig. 7:** Food consumption score (higher score means greater variety)



Credit: N. Omata

Market in Buramino

<sup>9</sup> Includes employed, self-employed, secondary economic activity, excludes incomes ≤ 0; trimmed.

<sup>10</sup> Household Food Insecurity Access Scale (HFIAS).





offering 0.5 ha plots of land to cooperative members. There are 180 members, again divided between 90 Ethiopians and 90 Somali refugees. Again, members spoke favourably of the opportunities created by the irrigation canals and the linked cooperatives. The challenge, though, is that although the aspiration is to increase the number of farmers over time, there are so far relatively few direct beneficiaries.

In relation to livestock, Somalis have a pastoral heritage, and many keep small animals. A significant proportion of both refugees and host households have animals. Although there is some variation across the camps, an average of around 55% of refugee households have animals (Fig. 9). They mostly have small animals like chickens, goats, and sheep. For most households, livestock ownership is not viewed as a livelihood activity; it is a savings mechanism or a source of food. According to our data, animal husbandry is a primary activity for only 1.7% of the refugees with an income-generating activity. It is unclear whether external attempts to commercialise livestock by, for example, creating a slaughterhouse based on a cooperative model and a livestock market in Melkadida will lead to increased uptake.

The Melkadida slaughterhouse began in 2016 in response to the recognition that many refugees resorted to unhygienic slaughtering practices. It is overseen by the local NGO Wa-PYDO and run by 43 cooperative members who work in shifts, and charge a fee of 30-40 ETB per animal for checking, bleeding, carving, and transportation. But the rate of use gives an insight into the constraints on the commercialisation of livestock. The Wa-PYDO coordinator reports that, on average, just 36 animals per day are slaughtered, and most

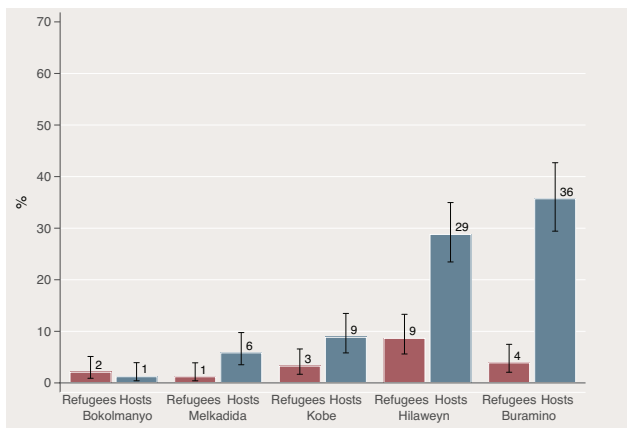
are small animals. Many people, we were told, still adopt less hygienic slaughter practices and are unwilling to pay the required fee per animal.

In total, among those with an income-generating activity, farming and animals make up just a small (but variable) percentage of refugees' primary livelihoods activities (Bokolmanyi 5%; Melkadida 4%; Kobe 16%; Hilaweyn 38%; Buramino 21%). The range across the camps is similar for the host community, and reflects variation in climatic and geographical opportunity for agriculture. In Melkadida, Kobe, Hilaweyn, and Buramino there is a significant difference between refugees' and hosts' degree of involvement which may be partly explained by the host settlements' greater proximity to the river (Fig. 8).

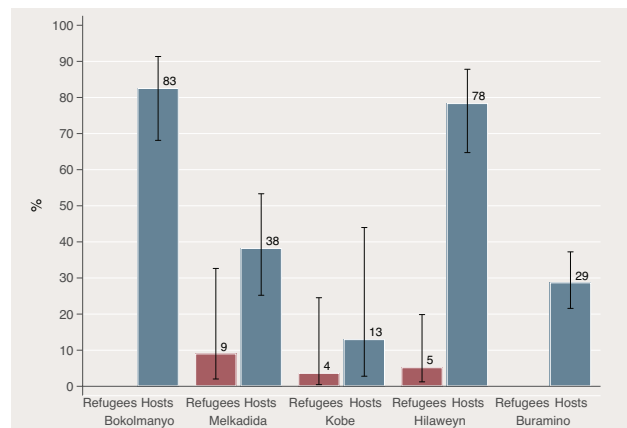
In terms of commercial retail, there is greater uptake, reflected in the 28% of refugees with an income-generating activity being self-employed. But that is still only 5% of the overall adult population and, many are service providers in areas such as transport or manual work, rather than shop owners (Fig. 10). Most business owners are operating in the informal sector, with significantly less than half being licensed and very few paying taxes (Fig. 11). One of the biggest reported barriers to entrepreneurship is the lack of access to capital. Few refugees have bank accounts. Even participation in informal savings schemes is low. And, most surprisingly within a Somali community, an average of only 7% of adult refugees receive any remittances at all (the only outlier in this regard is Buramino, for which 19% of refugees receive remittances) (Fig. 13). Hosts are more likely to receive remittances than refugees, which is also unusual compared to other contexts.<sup>11</sup>

<sup>11</sup> See, for example, Betts, A et al (2019), *Refugee Economies in Uganda: What Difference Does the Self-Reliance Model Make?* (Oxford: RSC), p. 26.

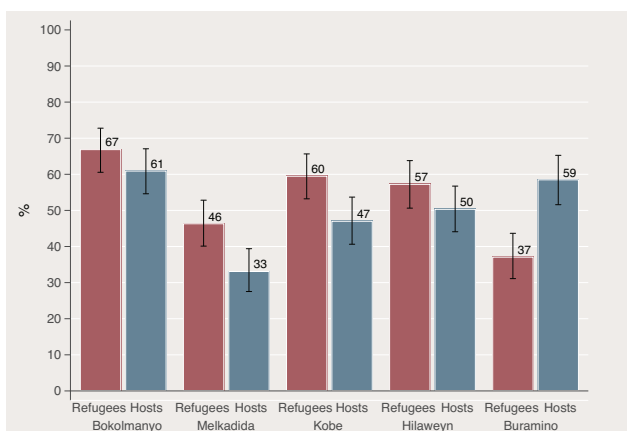




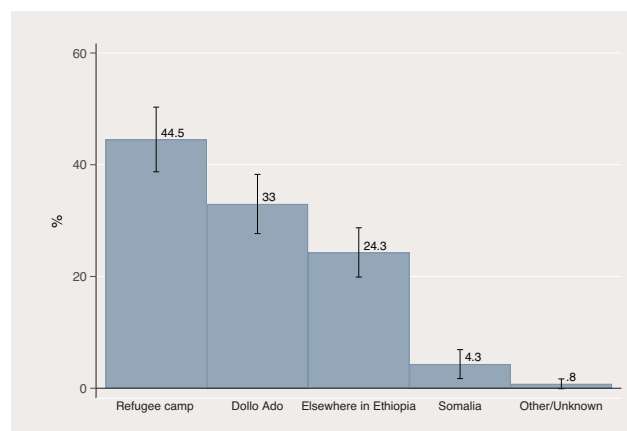
**Fig. 8:** Percentage of households involved in agriculture



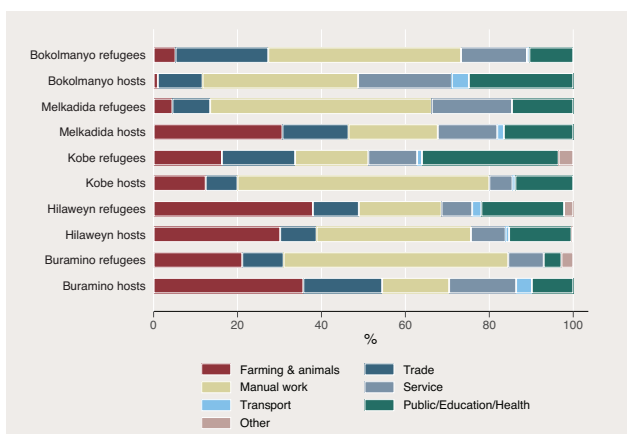
**Fig. 11:** Proportion of taxpayers among those who are self-employed



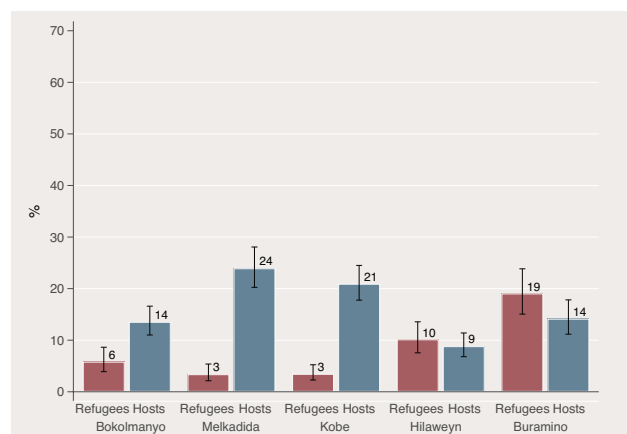
**Fig. 9:** Percentage of households with animals



**Fig. 12:** Source of business inputs for shop owners<sup>12</sup>



**Fig. 10:** Category of activity for population with a remunerated economic activity



**Fig. 13:** Proportion that received remittances last month

<sup>12</sup> More than one source of inputs per business possible.



# 4. Cross-Border Economy

**The cross-border economy with Somalia underpins the livelihoods strategies of a significant proportion of both refugees and the host community. Staff of international organisations and local authorities are aware of this phenomenon. However, it is rarely acknowledged due to a combination of the state-centric design of humanitarian programmes and the government's security concerns. Nevertheless, the refugee economy of Dollo Ado cannot be fully understood without regard for the transnational and regional nature of the economy.**

Other authors have highlighted the importance of cross-border strategies within the economic lives of refugees. For example, Alessandro Monsutti has shown how Hazara refugees from Afghanistan use transnational networks across the Afghanistan-Pakistan border as a key part of their survival strategies.<sup>13</sup> Meanwhile, work by James Ferguson and others has shown how and why transnational economic strategies often appear invisible to the international community because they transcend state-centric and Westphalian modes of analysis.<sup>14</sup> Both of these sets of ideas are particularly relevant for interpreting our observations in Dollo Ado.

Informally, UNHCR staff have recognised a pattern of oscillation in the number of actual recipients of food rations relative to those registered. For a period of up to two consecutive food distributions heads of households will frequently delegate food collection to another household member but then reappear for the third collection to avoid having their entitlement quashed. Some staff suspect it is because some refugees with the greatest capacity to work may return to Somalia to work, even within the war economy, before returning to meet bureaucratic requirements. As a UNHCR staff member explained to us: “UNHCR pays less attention to this phenomenon. [The lack of attention] may be related to the way work is defined based on national borders and the country-based approach.”

## Dollo Ado Town as an Economic Lifeline

Across the camps, there are vibrant commercial areas, where customers move between retail shops, cafes, restaurants, butchers, livestock yards, and open markets. Dealers negotiate prices over tables laden with vegetables, firewood, second-hand clothing, and other wares. These commercial activities are significantly dependent upon the cross-border economy, for which Dollo Ado town serves as a commercial hub, connecting the refugee camps with the Somali economy.

Ibrahim runs a retail shop inside the Melkadida camp. He came to Melkadida in 2010 from Baidou town in the Bay region of Somalia. His business is based on buying from wholesalers in Dollo Ado town and selling with a mark-up to refugees in the camp:

*I started this shop in 2014. I sell dry food items, soap, beauty goods, spices, cosmetics, batteries, toothpaste, etc. I receive 15-20 customers per day. Mostly refugees...I buy most of the items from Dollo Ado town from [Somali Ethiopian] traders. I go there once per month.*

Dollo Ado town is the biggest commercial hub in the area, and its economy is based on a three-country nexus between Ethiopia, Somalia, and Kenya. It is only 500 km away from Mogadishu. On the Kenyan side, Mandera town is only 37 km away. One Dollo Ado Woreda official explained: “Currently, most residents here are business people. They have retail shops selling food items, cosmetics, and other household items. Some run restaurants and cafes. There are also many casual labourers. Some are employed by NGOs and the government”. The livelihoods officer of an NGO explained the trade networks that intersect in Dollo Ado town:

*From Mogadishu, many electronic items such as mobile phones, televisions and fridges are imported [to Dollo Ado], since it is cheaper than importing them from Addis. Food items such as rice, pasta, soft drinks, as well as clothing and shoes are coming from Mogadishu... Also, there is a trade of livestock like goats and sheep from Ethiopia to Somalia. Khat is brought from other parts of Ethiopia like Negele and taken to Somalia. Some khat comes from Mandera [Kenya].*

Refugees visit Dollo Ado town regularly for purposes including business, employment, education, and to meet friends and family. Refugees can access the Hawala system, an informal money transfer system, from Dollo Ado town. Refugee shop owners from the camps purchase commodities unavailable in the camps from Ethiopians in Dollo Ado town and sell them inside the camps such as sugar, wheat flour,

<sup>13</sup> Monsutti, A. (2005), *War and Migration: Social Networks and Economic Strategies of the Hazaras of Afghanistan* (New York & London: Routledge).

<sup>14</sup> Ferguson, J. (1990), *The Anti-Politics Machine: Development, Depoliticization, and Bureaucratic Power in Lesotho* (Minneapolis: Minnesota University Press).



Ibrahim, Somali refugee in Melkadida

iron sheets, hardware, construction materials, electronic items, sim cards, and clothing.

Abdulah, a Somali refugee who started a small retail shop in Kobe camp five years ago dealing with food items and other household materials, travels frequently to Dollo Ado town: “I visit Dollo Ado two times per month. [In Dollo Ado town] I buy rice, pasta, flour, sugar, stationary, and soap. I buy items from Somali Ethiopian wholesalers there.” He initially worked as a casual labourer, shining shoes and working on construction projects both in and outside the camp, which enabled him to save the capital needed to open the shop.

One Somali Ethiopian explained that he regularly serves refugees at his clothing shop in Dollo Ado: “I receive many refugee customers from all five camps. They regularly come and buy from me. They are very important customers for me.”

Some refugees draw upon pre-existing business connections with Somali Ethiopians who are based in the town. For instance, a Somali male refugee runs a clothing shop in Melkadida camp:

*I have a Somali Ethiopian friend in Dollo Ado town. He runs a wholesale clothing shop... I knew him from Mogadishu. I was running a clothing shop in Mogadishu and he was one of the regular customers at my place... He was living in Dollo Ado but often travelled to Mogadishu to buy from my shop there... when I met him here, I asked him to help my clothing business in Dollo Ado. He gave me clothing on credit to start a business in the camp.*

All of these refugees who visit Dollo Ado town are in theory required to obtain travel permission from ARRA in advance of their trips. Some informants described the challenges of obtaining authorisation:

*When I go to Dollo Ado, I have to get a pass permit, and it permits me to stay only for three days. But the process takes a long time, often about five days. ARRA's offices are not open on Friday afternoon or over the weekends, but for business purposes, I need to be quick.*

A small number of refugees even stay in Dollo Ado town to engage in economic activities. During a focus group interview with refugees in Melkadida camp, we learnt some refugees rent a small house in Dollo Ado and work as casual



Abdulah, Somali refugee in Kobe

labourers in the market. By residing in town, they save the cost of transportation between Dollo Ado and the camp. We met one female refugee who owns a retail shop in the town. She is officially registered in Hilaweyn camp but works with a Somali Ethiopian partner who regularly takes care of business in Dollo Ado.

As these examples demonstrate, the Dollo Ado economy has a significant impact on refugees' economic lives in the camps. As a senior UNHCR official put it:

*Economic connections with Dollo Ado town keep the camp economies alive...this town has a well-established informal economy. Many items are traded from and to Mogadishu and Mandera, and so many people here rely on the informal economy and benefit from it. This is the lifeline of locals as well as camp residents. Addis is far away, so Dollo Somalia (and Somalia) is a more important market for locals.*

In addition to commercial links, Dollo Ado town serves as a communications gateway between Ethiopia and Somalia. For instance, in Dollo Ado town, refugees can access Hormuud, the major telecommunications network service in Somalia, and make international calls to their relatives and friends living in Somalia. Inside the Dollo Ado camps, they only have access to Ethio-telecom, which cannot connect their contacts in Somalia. Our data highlights that, as refugees move further from Dollo Ado town, the number of phone calls they make per month to Somalia drops considerably. Access to Hormuud enables refugees to use Somali money transfer services – including the EV Plus service provided by Hormuud – in order to send and receive remittances to and from Somalia. In this way, Dollo Ado town becomes an integral hub where two nations' infrastructural systems cross over. According to one EV Plus agent, many refugee customers in the area receive money via this service.

Our survey data suggests that an average of 13% of refugees have travelled to Dollo Ado town at least once in the previous year (Fig. 14). But the numbers are higher in the two camps with the greatest levels of commercial activity: Buramino (20%) and Bokolmany (22%). Across all the camps, the surrounding host communities are more likely to make the trip to Dollo Ado town. This may be because they face fewer regulatory and resource constraints to do so. Refugees ranked the primary reasons for visiting Dollo Ado town as follow:



visiting family (35%), business or work (28%), visiting friends (16%), medical reasons (20%) (Fig. 15). However, given the regulatory restrictions on moving for work and business reasons at the time of our research, we suspect some degree of under-reporting for all questions related to cross-border movements.

## Socio-Economic Lives Across Borders

Local pastoralists have historically moved across the Ethiopian-Somali border in search of water and grazing land, and their movement is accompanied by an informal trans-boundary economy. According to Ethiopian business owners in Dollo Ado town, wholesale and retail in Dollo Ado ‘import’ nearly all their merchandise from Mogadishu. For Somali Ethiopians, cross-border movement is routine and regular.

Although cross-border movement is officially prohibited by the authorities in the various camps, many refugees in Dollo Ado camps travel regularly to Somalia. 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). Their head of office told us:

*They move to Somalia and come back to the camp to receive their food rations. So before and after food distribution, the movement frequency usually increases. The refugees want to keep their refugee status, but they often go back to Somalia... International borders don't mean much for Somalis in this area.*

A staff member from an IOM and UNHCR return helpdesk listed three reasons for refugees to move back and forth: first, to maintain and cultivate land in Somalia based around two main cultivation seasons (October to December, and July to August); second, to support livelihoods activities, including commercial activities; third, for family reasons.

We interviewed 15 refugees who had recently visited Somalia. One important reason to return was to visit family, especially elderly parents. Indeed, our survey data also reveals that most refugees have family members living in Somalia (Fig. 16).

For instance, one Somali refugee living with his wife and seven children in Melkadida camp had recently visited Somalia: “In February 2018 [I went] for about one month. I went to my hometown Esow [because] my mother was very ill. She is 76 years old...I kept my family here in the camp...I was only given 10 days to travel up to Dollo Ado. When I was passing from Dollo Ado to Somalia, no one stopped me. But when returning, I was stopped by Somali officials, and I had to bribe them to let me in.” A female Somali refugee travelled back from Kobe camp to her hometown of Baidou in December 2017 and January 2018 to see her ill mother and to attend her brother’s funeral: “I went there alone. My neighbours took care of my children. I also told RCC [Refugee Central Committee] members, who in turn informed an ARRA officer and asked him to provide food

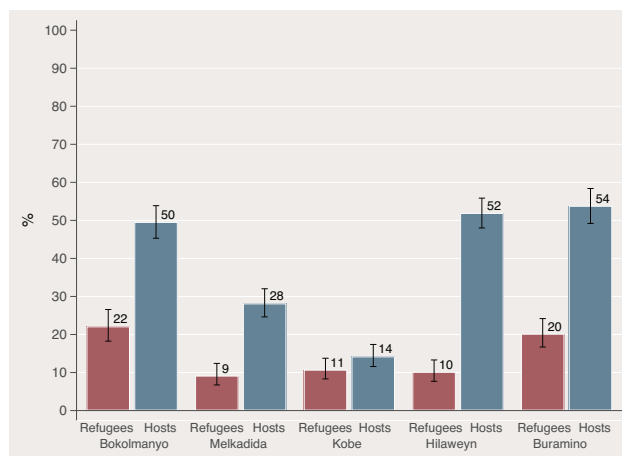


Fig. 14: Proportion of the population that travelled to Dollo Ado at least once during the last year

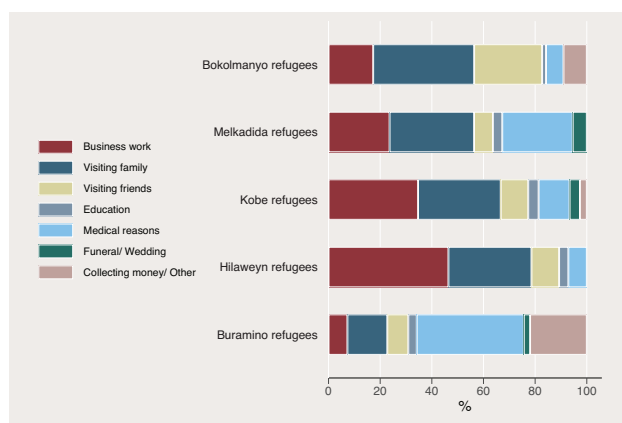


Fig. 15: Reasons for refugees travelling to Dollo Ado<sup>15</sup>

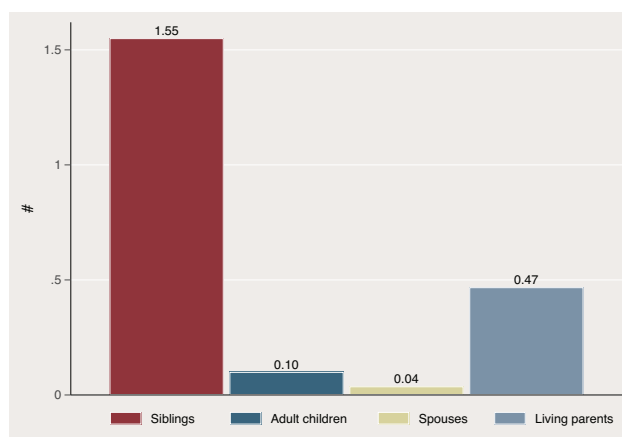


Fig. 16: Average number of family members of refugees who live in Somalia, per refugee

rations to my children as usual while I was away...When I came back to the camp, I immediately reported to my zone and block leaders, and they reported my return to RCC, who passed the report to ARRA.”

In some cases, family visits are connected to economic strategies. Some male refugees also have more than one family, either side of the border. For example, one refugee recently travelled to visit his second wife and check the security of his property in his home village in Somalia:

<sup>15</sup> Refugees (n) that travelled to Dollo Ado last year 386. Multiple reasons allowed per respondent. Percentage of total reasons given.

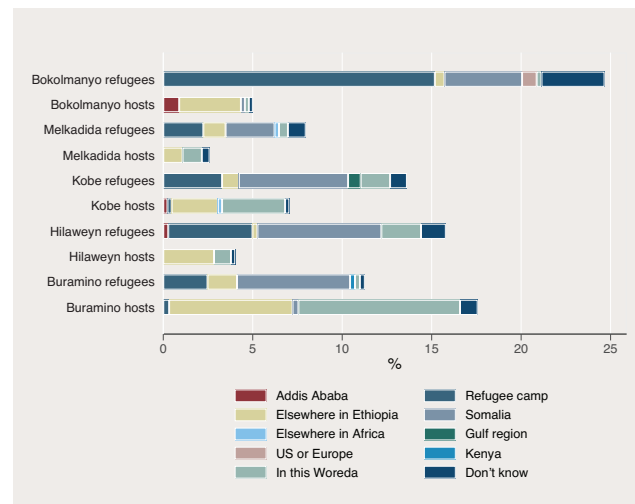
“I have two wives, one with six children who all live in the camp, the other with four children live in Somalia. They live in Gurmay in Bay region. This is my hometown too. I still have my own farmland there...I want to keep my family in Somalia to take care of my plot. This is why I kept them there.” Others visited family in order to borrow money. A widowed refugee visited Baidou for two months between June and August of 2018, and she explained: I needed to borrow some money from my family. I had to pay debts... [In the camp] I bought clothing for my children and food items like pasta and milk powder on credit from the shops... In total, I had debts of 20,000 birr [around 700 USD].”

Some of our interviewees went to Somalia to access economic opportunities provided by aid agencies supporting internally displaced persons (IDPs). For example, the Kabasa IDP camp, was set up near Dollo, Somalia, in May 2018. Unlike the refugee camps in Dollo Ado, Ethiopia, Kabasa provides cash assistance. A refugee from Hilaweyn camp, described his trip:

*I went to Dollo Somalia for two months between September and October 2018. I only recently came back... I visited Kabasa IDP camp. I wanted to register myself to access cash support in order to assist my family. I learned they give 100 USD per household...Food rations in Dollo Ado are too small.*

Another refugee who went to Kabasa camp explained that there is a trade-off:

*Buramino gives us peace, good education and health facilities, as well as food rations. Kabasa gives people cash support, but there is no peace there. Al-Shabaab is still active in that area. I prefer peace over cash. Many refugees who went there were attracted to the cash programme, but most of them came back [to Ethiopia].*



**Fig. 17:** Proportion of people with spouses living outside of the household whose spouse lives in Somalia, per refugee





As the existing literature indicates, refugees make constant assessment of the risks and opportunities in different sites.<sup>16</sup> For aid organisations operating in Dollo Ado camps, refugees' cross-border movements to Kabasa came as a 'surprise'. The head of IOM in Dollo Ado explained the inflationary impact of Kabasa's cash assistance model:

*The provision of cash [in Kabasa camp] caused many issues. In Dollo Ado Ethiopia, suddenly the price of animals went up sharply. One goat here is usually between 500-800 birr. 800 birr is the maximum I have ever seen but at one point, it went up to 1,200-2,000 birr. The price of chickens was 70-80 birr but it went up to 200 birr. The cash offered in IDP camps was flowing here and used in Dollo Ado town.*

The difficulty is that while refugees' economic strategies transcend the border, UN agencies' programmes struggle to take into account these cross-border movements. One WFP employee told us:

*When food rations are reduced in [Dollo Ado] camps, more refugees move to Somalia to seek cash benefits offered in Kabasa camp....[But] UN agencies in Somalia and Ethiopia operate separately so if refugees are doubly registered in two sites, there is nothing we can do. For WFP, these are two different operations and we don't exchange such information. Since there is no communications on both sides, we cannot check each other to see who is cheating.*

## Limited Enforcement at the Border

ARRA and the local government are aware of refugees' movements to Somalia, receiving information from the RCC. One ARRA staff member in Kobe explained how the government views refugees' cross-border movements:

*We are aware that many refugees visit Somalia. The main reasons are family visits and keeping their properties there. They also have to attend some important family ceremonies and events, like funerals...ARRA only gives permission to go to Dollo Ado town but never to Somalia. It is prohibited officially. For ARRA, security is the biggest concern due to Al-Shabaab movements near the border areas. But if people's reasons for visiting Somalia are not security related, we allow them to go, although with a warning.*

This ARRA officer also described how the Refugee Central Committee (RCC) and zone and block leaders in the camp function as a monitoring system for security issues inside the camp, including cross-border movement:

*Zone and block leaders know who has gone out. Those who return to the camp must report to block leaders immediately and explain why they went [to Somalia]. The leaders then report this to ARRA. Refugee leaders serve as security patrol on the ground, a monitoring system inside the camp.*

During our research, we undertook an escorted visit to the border bridge over the Daws River. While security guards on the Ethiopia side were checking people's goods, at least when we were there, no one was rigorously checking their

documents. Camels and carts moved unimpeded across the bridge. The head of IOM in Dollo Ado, who has worked in the area since 2012, confirmed the relatively relaxed border arrangement:

*Refugees need a pass permit at the border, in theory. But border officials do not enforce this very rigorously, as long as they don't see security concerns. If travellers show refugee documents, the officials usually let them go. These are 'tacit rules' here...I see Dollo Ado town as part of greater Somalia. Many residents here don't have the same sense of international borders as expatriates. This is indeed 'Somali Land'.*

However, it is also important to keep in perspective the number of individual refugees actually crossing the border with Somalia. Although there is a likely degree of under-reporting due to the illicit nature of most of the movements, the percentage of Somali refugees who have travelled to Somalia in the last year declines markedly the further away from the border you go (12% Buramino; 6% Hilaweyn; 8% Kobe; 1% Melkadida; less than 1% Bokolmanyoo) (Fig. 18). Furthermore, while Somalis were prepared to report visits back for family or social reasons, very few refugees openly admitted to going back primarily for business or work-related reasons (Fig. 19).

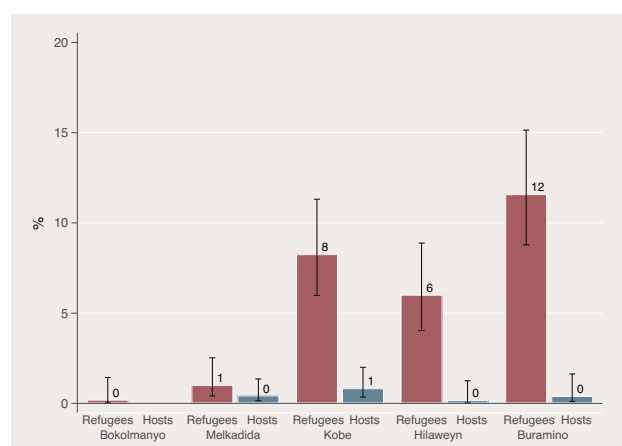


Fig. 18: Proportion of the population that travelled to Somalia at least once in the last year

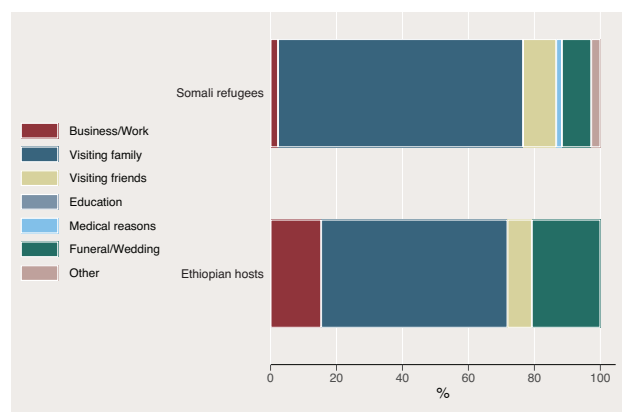


Fig. 19: Reasons for travelling to Somalia<sup>17</sup>

<sup>16</sup> See, for example, Ayalew, T. (2018), 'En Route to Exile: Organizing Refugee Journeys from the Horn of Africa Towards Europe', EU Trust Fund for Africa, Working Paper No. 3 (London and Nairobi: EUTF); Iazzolino, G. (2017), 'A Shelter or a Springboard? Somali Migrant Networks in Uganda Between Crisis and Opportunities'. EU Trust Fund for Africa, Working Paper No. 1 (London and Nairobi: EUTF).

<sup>17</sup> Individuals (n) that travelled to Somalia last year: Refugee (148) Ethiopian (11).

# 5. The Camp as Social Security

Some Somali households adopt ‘split family’ strategies. Children and the elderly remain in the camps, where they can receive access to assistance and services such as education and health care. Meanwhile, many of the adult men of working age are either based in Somalia or divide their time between the camps and Somalia.

## Social Protection

The camps are often used strategically by refugees. They are often just one part of a household strategy in which the camps offer a set of resources, but so does ongoing engagement with the economy of South-Central Somalia. One striking piece of evidence for the commonality of so-called ‘split family strategies’, in which households sub-divide, is the demographic profile of refugees who were actually in the camps at the time of the survey. In particular, there was a disproportionately low percentage of male adults in the age groups of 25-30 and 30-35, especially when compared to the demographic profile of the host community (Fig. 20). Meanwhile, there was also a disproportionately higher number of women than men within the refugee community, but not the host community (Fig. 21).

The camps are valued by refugees because they provide a source of social protection. One Somali refugee who lives in Bokolmanyo camp with his wife and 10 children, recently went back to Somalia to see his relatives but returned to the camp. He explained his long-term hopes in terms of residency:

*In the long term, I would like to go back [to Somalia]. But now my children are getting access to education in the camp. Until they finish schooling, I should stay in the camp... Education in the camp is better than in my hometown in Somalia. In fact, there is no primary and secondary school in my village... Another reason to stay here is security. For my children, the camp is more peaceful.*

An Ethiopian staff member who has been working in Hilaweyn camp, highlighted how refugees try to take advantage of opportunities in the camps:

*Access to education and health facilities is much better in the camps than in Somalia. Refugees in the camp benefit from free vocational skill training provided by UNHCR and its IPs. In their home regions in Somalia like Bay and Bakoo, educational opportunities are very limited. The country is still unstable in many areas, or under reconstruction in others. Refugees hope that if they get education and vocational skills here, they can utilise them upon their return.*

Across all camps, most refugee interviewees emphasised better access to education and health facilities as advantages

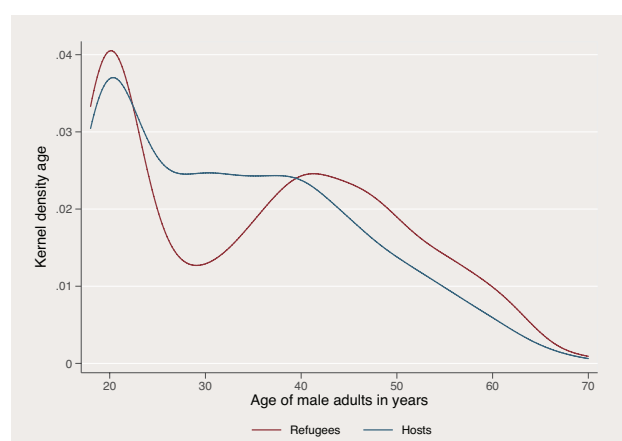


Fig. 20: Age profile of refugees and the host community (male adults)

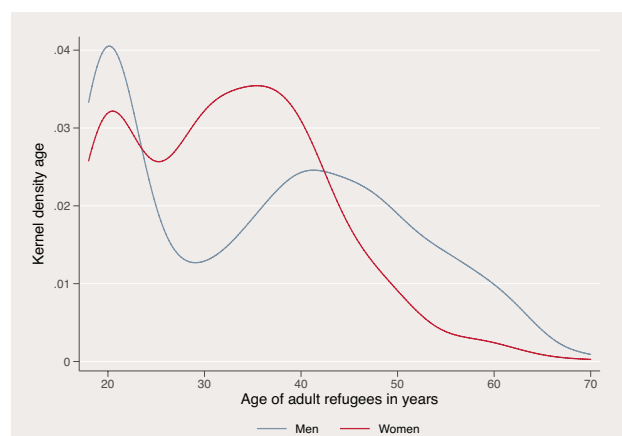


Fig. 21: Age profile for refugee adults

of camp life. They are trying to maximise the value of better social services inside the camp, while also maintaining a foothold in Somalia. Our survey data reinforced the importance of the Dollo Ado camps as a source of social protection. In contrast to the host community, refugees identify NGOs and UNHCR as important sources of protection if they face, for example, an emergency, a shortage of food, unemployment, or get into trouble with the police (Figs. 22-25). And the important place of these institutions contrasts with responses given to the same questions in camps and settlements in Kenya and Uganda, for example, where family and community were perceived to be relatively more important.<sup>18</sup>

<sup>18</sup> See, for example, Betts, A. et al (2018), *Refugee Economies in Kenya* (Oxford: RSC) and Betts, A. et al (2019), *Refugee Economies in Uganda: What Difference Does the Self-Reliance Model Make?* (Oxford: RSC).



## Cooperatives and Livelihoods

Many refugee businesses have benefited from support from aid organisations, many of which are funded by the IKEA Foundation through UNHCR.

Having started working in Melkadida, a microfinance project is being implemented by the Dedebit Microfinance Institution in conjunction with the Relief Society of Tigray and the local NGO CPDA. It offers a savings available across all the camps, with total savings levels (in May 2018) of 770,000 ETB in Melkadida, 920,000 ETB in Kobe, 171,000 ETB in Bokolmanyoo, 317,000 ETB in Buramino; and 375,000 ETB in Hilaweyn. It provides in-kind loans based on Islamic finance principles, whereby the microfinance institution purchases the requested loan items and provides them to the borrower. Recipients are selected by a committee involving UNHCR, ARRA, the RCC, and the national Implementing Partners. It is only lending in Melkadida where it is currently providing 2.15m ETB to 105 borrowers (51 men and 54 women), who were selected in November 2017. The loans are between 500 and 20,000 ETB. The aim is to add 1,000 borrowers across all 5 camps. The scheme offers a rare source of capital in a context in which refugees are not allowed to access the formal banking system.

According to a beneficiary of the microfinance programme,

it allows him to achieve considerable expansion in his retail business, in which he sells food items such as pasta, cooking oil, and vegetables:

*I started this business in 2016 with my own savings. It was a small-scale business. In December 2017, I got access to micro-finance. I received 19,000 Birr. With this money, I decided to expand my business. I bought more items to sell in my shop.*

Across the Dollo Ado camps, one distinctive characteristic of livelihood assistance for refugees in the extensive use of cooperatives, which usually include both refugees and hosts. This model has been strongly supported through the IKEA Foundation's funding for livelihoods projects that connect themes such as agriculture, energy, and the environment.

In Hilaweyn camp, one refugee explained the development of his agricultural cooperative:

*The cooperative was established in 2015. In 2015, the IKEA Foundation and UNHCR initiated construction work for an irrigation canal. In 2018, we finally started farming maize and onions. This [2018] is our first harvest season, but farming is going well. This is good for us since many refugees have experience as farmers from Somalia...Now we have a total 146 members, 66 refugees and 80 hosts.*

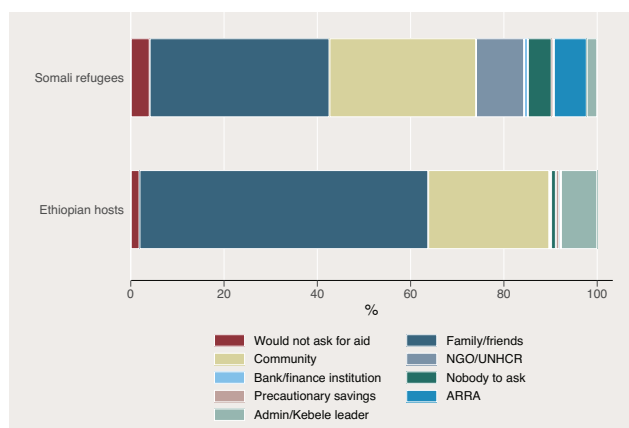


Fig. 22: Who would you ask in case of an emergency?

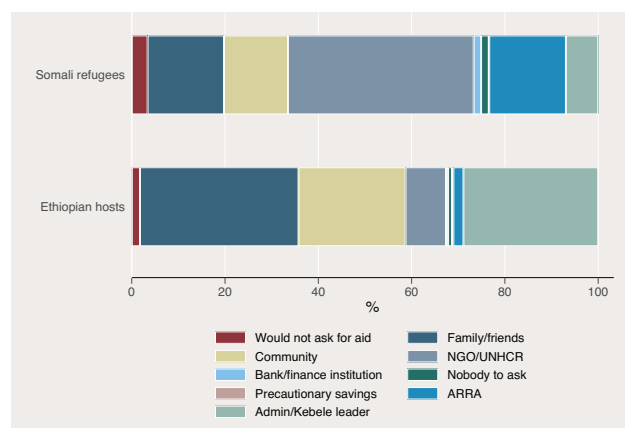


Fig. 24: Who would you ask if you were looking for a job?

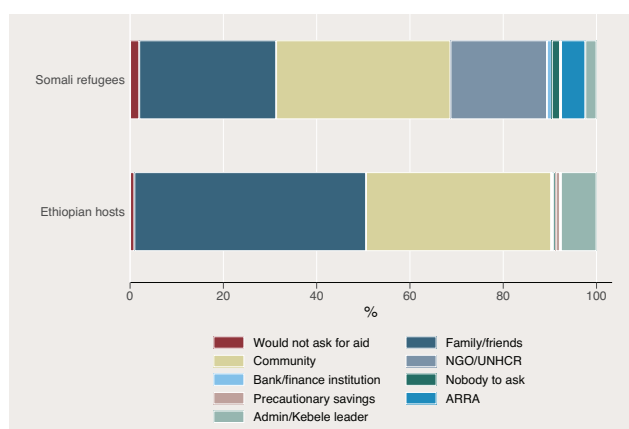


Fig. 23: Who would you ask if you did not have enough food to eat?

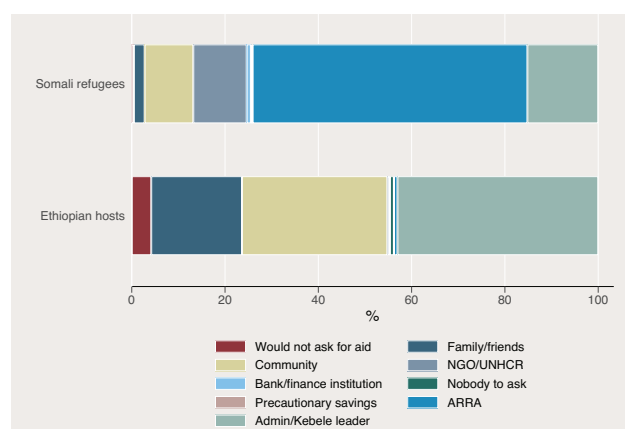
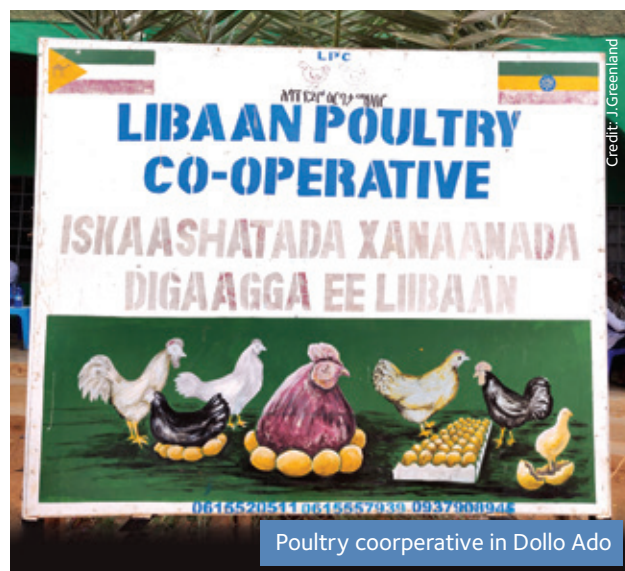


Fig. 25: Who would you turn to if you had problems with the police?



Visit to a meat and milk selling space

Credit: Dejan Tanaskovic



Poultry cooperative in Dollo Ado

Credit: J. Greenland

There are several agricultural cooperatives across the five camps, and members we interviewed emphasised the significance of the IKEA Foundation-supported irrigation system as a key enabling factor for sustainable farming in the camp area. The programme officer of a UNHCR IP that supports irrigation-based crop production explained the impact of irrigation systems in this arid area:

*Natural rainfall here is very little, so we need irrigation to support farming... We have now built eight irrigation systems across four camps. The biggest one is in Buramino camp, providing for 200 hectare of farmland. The smallest is in Melkadida, irrigating just 24 hectares. These projects benefit 1,500 people – 750 refugees and 750 hosts – across the five camps.*

Cooperatives seem to be popular among both refugees and host populations. When we spoke to the founder of a cooperative of milk sellers in Buramino camp, she explained with passion the importance of cooperatives:

*We needed to come together as a group. We should avoid conflict and competition with other refugees. It is especially important that we avoid price competition... We can purchase milk together. If one does not have enough money to buy milk, others can assist them. Wa-PYDO, UNHCR and Right to Play helped to set up a cooperative, buy a refrigerator and pay for electricity. Each of our 17 members contribute 100 birr, which we use to buy milk and cover other costs like refrigerator electricity.*

Cooperative systems are also used in other livelihood activities such as tailoring and trading. At the time of this research, 13 refugees and host members in Bokolmanyoo camp were preparing to start a UNHCR and IKEA Foundation-supported energy cooperative, which will use solar panels and generators to provide access to electricity, alongside creating sustainable livelihoods opportunities.

A senior officer of a UNHCR IP described the reasons for the good reception of cooperatives in the Dollo Ado camps:

*In cooperatives, both refugees and hosts can work in unity and harmony. We don't duplicate parallel structures for refugees and hosts. The important element for successful cooperatives is that the customary leadership by religious leaders, elders and clan leaders is the same for both refugees and hosts. These are very familiar structures for both refugees and nationals here. This makes it easier to set up orderly systems and authorities across both communities, and they can communicate in the same language.*

In the Dollo Ado camps, aid strategies such as these innovative cooperative schemes appear to be functioning well.

## The Political Economy of Access

The RCC (Refugee Central Committee) is the official camp leadership across all five camps in Dollo Ado. The principal role of RCC is to assist refugees and deal with challenges in the partnership with UNHCR and ARRA: they function as informants and mediators between camp residents and external authorities. They seem to pay particular attention to security-related issues inside the camp, which they report to ARRA.

While there are some differences in the organisation of the RCC across the five camps according to their relative size and layout, the general structure consists of so-called 'executive members' that usually include a chairperson, a vice-chairperson, a secretary and others in charge of security, protection, youth and gender issues. They also often include representatives from each of the zones and blocks of the camp. For instance, the executive board of the RCC in Melkadida camp consists of the 20 members as well as four representatives from each of the 20 zones. In Hilaweyn camp, there are 17 executive members alongside some 120 zonal and block leaders. In some cases, the RCC also engages clan leaders and religious leaders outside the formal structure.

Across all five camps, all RCC executive members are elected democratically by camp residents, and they work as



volunteers without any financial or material benefits. In our interviews, RCC members agreed that no one gains from their position: “We don’t get any material benefits, but we are happy to work as volunteers. We are working for the benefit of the community”.

RCC executive members are elected. Interviewees in Kobe camp explained some of the characteristics likely to lead to election: “the executive members must know the camp community well and need to be trusted by refugees. We must have good connections and relationship with partners including UNHCR and IPs. Literacy is essential.”

The reputation of the local RCC differs across the camps. In Buramino camp, most refugees commented that RCC members are well respected and trusted by other refugees. In contrast, refugees in another camp voiced some concerns about the incumbent RCC members. In one focus group discussion, participants explained: “Yes, they are our leaders, but they don’t do anything for us. They cannot solve the issues facing refugees in the camp.”

Others highlighted the disproportionate representation of certain clans in RCC positions and problems with the election processes. According to one focus group participant:

*The biggest clan group in [our camp] is Rahanwin, and minority clan groups are Gabooye, Hararsome, Mareham... Those elected for RCC are mostly from Rahawin...Minority clans are excluded from such influential posts.*

According to the participants of this focus group, minority clan groups are handicapped in other ways as well. One male refugee from the minority clan Gabooye explained: “We are excluded from opportunities. We are even denied access at the water points when there is not enough water. Even in Somalia, we were marginalised. We had no land. And now minority clans find themselves excluded in the camp.”

In another camp, one refugee in his late 40s told us: “there are 20 RCC executive members but 15 of them are from the same clan, Darod. Elections are not always fair. Simply put, large clans get many RCC members.”

While clan differences explain some of the power dynamics at play, some refugees also criticised general corruption and nepotism amongst members of the RCC. One refugee in his 20s and from a minority clan group complained that some RCC members get indirect benefits from their positions:

*RCC members have better opportunities to access certain jobs. UNHCR and NGOs often ask RCC to pick up good candidates for jobs, and RCC often selects their relatives or close friends.*

A former executive member of the RCC even suggested that some RCC representatives may benefit economically from their positions:

*The current RCC executive members are often in power for more than 5 years. It is better to replace them with new members...They take indirect benefits. They are corrupt. They give priority to their own clan members or relatives.*



*If there are jobs for refugees, they usually give them to their clan group members. I don’t know about other camps, but I think similar things happen in those places as well.*

Another Somali refugee told us:

*I work as an incentive worker for ARRA. I serve as a community mobiliser...there is so much competition. There are many applications for a single post, because there are so few alternative economic opportunities...one requires connections to certain networks to be selected. It is important to know people if you want to get a job in the camp. UNHCR takes a community-based consultative approach to hiring and often seeks advice from RCC. Therefore, it is a big advantage to know RCC members. Many jobs are not open advertisement. RCC does screening and recommends candidates for the post.*

These comments imply a relationship between political power and economic opportunities inside the camps. We found that for a whole range of organised livelihoods opportunities, from cooperative access to small grants, RCCs are heavily involved in candidate selection, and they have disproportionate representation by some clans.

## The Food Aid Economy

Refugees in the Dollo Ado camps are entitled to monthly food rations. According to WFP staff, their food basket consists of 13.5 kg of cereal, 1.5 kg of bean/lentils, 0.9 litre of oil, 0.15 kg of salt and 1 kg of corn soya beans blend. Local traders offer opportunities for refugees to sell their food rations for cash, which allows them to buy other preferred food items like pasta and rice. According to the head of WFP in Dollo Ado:

*Refugees have a clear preference for certain food items. First, rice and wheat. Second, maize. Third, sorghum. The more it is preferred, the higher the price. While refugees eat these food items, they can also make money by selling these commodities. This is one of the livelihood strategies inside the camps.*

Some refugees, mostly women, collectively organise to sell food rations even though, officially, WFP prohibits the sale of food rations. We interviewed the founder of one of these groups in Hilaweyn camp:

*Many refugees are involved in the sale of WFP food items. Refugees in the camp need cash to buy other items not provided by UNHCR... I sell rice, porridge, sorghum and maize. Taking maize as an example, I buy one kilogram at 12 birr and sell at 13 birr. For rice, I buy one kilogram at 15 birr and sell at 20 birr. Rice is more popular, so the profit margin is higher.*

While the sale of WFP food rations is commonly observed in many other camps, the strategy seems to be particularly prevalent in the Dollo Ado camps because of the lack of income-generating alternatives.

Our survey shows that the number of households willing to admit to selling part of their food ration is relatively low: an average of 10% across the camps, with a range of between 4% in Melkadida and 28% in Bokolmanyo (Fig. 26). Meanwhile, the median proportion of food rations sold by these households was 43% (Fig. 27). However, our qualitative research suggests that there is likely to have been significant under-reporting of selling food rations as respondents fear losing their ration entitlement. A senior staff member of WFP explained:

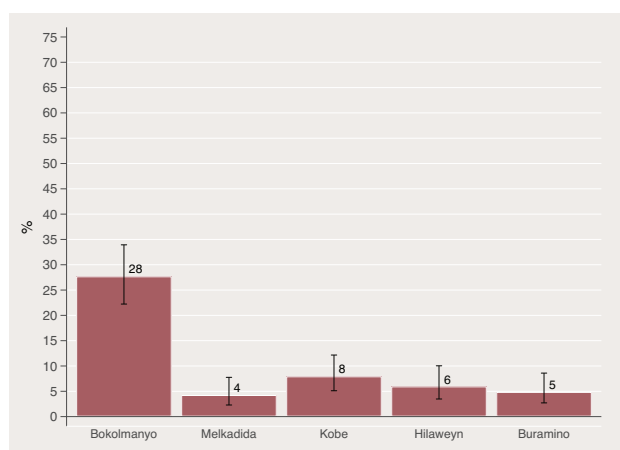
*Some donor countries get upset when they see that food given to WFP for aid purposes is being sold, but what is wrong with it? How can we expect that refugees eat only the food that is given to them all year? Fresh foods like vegetables, meat and fish are not included in the food ration. They have to sell something for barter trade. But donor states don't always understand this basic logic. For instance, China and South Korea both provided rice made in their country. When their representatives saw their rice bags being sold in the camps, they became very upset.*

More importantly, refugees in the camps also use the food rations as 'currency' or 'collateral' to buy items on credit. A donkey-cart driver in Bokolmanyo camp explained:

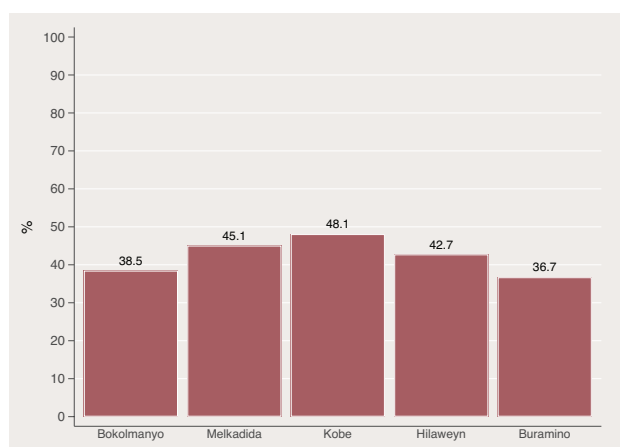
*My main work is to go outside the camp and collect firewood and carry it back to the camp. Also, on the day of food ration, I collect food and carry it to host community wholesalers...I earn 100 to 200 birr per day on average. Some refugees pay me with their food rations. Not always a full bag, but small portions like a cup of rice. I save these food rations and sell them onward to other refugee food sellers... Yes, I also run ROSCA [rotating savings and credit scheme] with two other donkey cart riders. All of us bring together the food rations, and one person sells it in the market for cash. This is rotation system.*

A WFP staff member in Dollo Ado also shared an intriguing story about the use of WFP food rations as currency inside the camps:

"In Bokolmanyo camp, UNHCR built boarding schools for refugees which must feed the students. UNHCR asked



**Fig. 26:** Proportion of households that sold part of the food aid they received



**Fig. 27:** Median share of food ration sold, for refugee households which sold part of food rations





WFP to supply prepared food to the children at the school feeding centres, but parents refused. If only prepared food is provided, refugees cannot sell a portion onward for cash. They lose control of these food items. They prefer to decide how much they eat and how much they sell, depending on the household situation.”

Referring back to this episode, the same person emphasised the significance of free food rations for refugees in the camps:

*For refugees in Dollo Ado, food rations become a key asset for all refugees. They are entitled to it every month, so refugees see it as a reliable source of income inside the camps... There are also well-established market mechanisms for the food trade here. Once refugees receive their food rations at distribution centres, they sell it to Somali Ethiopian traders. These traders are aware of the exact dates of food ration distributions in the camps. Many of them are from Dollo Ado town. They sell items to Kenya, Ethiopia and Somalia.*

According to the WFP representative in Dollo Ado, every month, WFP’s investment into the Dollo Ado camps has a total value of about 11-12 million USD, including the transportation and indirect costs relating to food delivery. With relatively few livelihood options in the camps, food rations are a key resource for refugees in the camps. The representative explained: “Food rations are more than just food. Food rations are also a tool of empowerment, giving an alternative to refugees. This is a key ingredient of the refugee camp economies.”

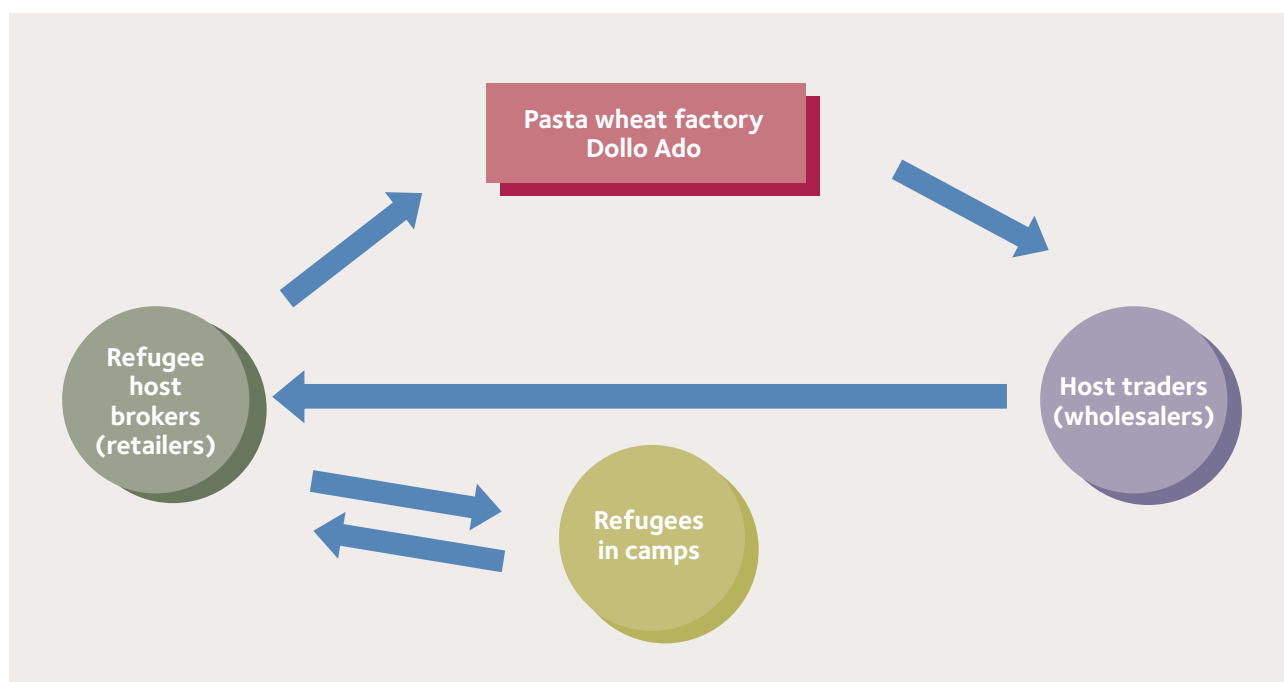
Another WFP employee explained that some WFP food items like wheat are given to refugees but are sold onward to private companies owned by Somali Ethiopian business people in Dollo Ado town:

*WFP provides the following cereal items to refugees: wheat, rice, sorghum and maize... Wheat must be converted into flour, which Somali people frequently use to make pasta, bread and Somali injera... Once the private companies process these cereals into flour, some of it is sold back to the refugees in the camps and hosts populations living nearby.*

In Dollo Ado town, there is a particularly well-known wheat processing factory owned by a Somali Ethiopian host businessman. Although we were not able to meet the owner, one of his close relatives gave us a history and overview of the company:

*This factory was established in 2014 as a private company. He [the owner] buys wheat from refugees on the day of food distribution. There are no processing factories in the camps, so he takes the wheat to his factory in Dollo and processes it into flour, small pasta. Then he sells it in the refugee camps, among host communities, and in Dollo Somalia and Mandera... It is not easy to get wheat in large quantities in Dollo Ado. Without refugee camps, this business would be hard to run. In Dollo Ado, this factory is the only local provider of flour and pasta; the rest is imported.*

Within this business model, the refugee camps appear twice in the supply chain. First, they are a source of wheat, and, secondly, they are consumers of the pasta that is produced. According to a number of sources, refugee or host community brokers buy the WFP food rations from refugees, and then sell the wheat flour on to the pasta factory in Dollo Ado. The pasta factory will then distribute pasta to host traders at wholesale prices. They then sell them on at a mark-up to refugee and host brokers operating at the camp level, who in turn retail the pasta back to refugees.



**Chart 1:** The wheat factory value chain

# 6. How the Host Community Benefits

The relationship between the refugee and host communities is extremely positive. Both groups have positive perceptions of one another. The Ethiopian host population derives considerable material and perceived benefits from the presence of both refugees and international humanitarian organisations. High levels of social cohesion can be explained by a combination of the shared identity of refugees and hosts, and by the fact that the presence of refugees creates employment and self-employment opportunities for host nationals.



Washing powder business in Dollo Ado

Refugees almost universally perceive Ethiopians to be ‘trustworthy’, ‘culturally similar’, and see themselves as well integrated (Fig. 28). Ethiopian hosts living adjacent to the camps almost universally perceive refugees positively; for example, they are seen as ‘friendly’, ‘trustworthy’, and a ‘benefit to the economy’ (Fig. 29). This is unsurprising given their positive economic contribution. Around 45% of the employed host community rely upon humanitarian organisations or NGOs for their primary income-generating activity (Fig. 3). Meanwhile, many others either work for government agencies that serve refugees (like ARRA), or run businesses that depend upon the presence of refugees or humanitarian workers.

Culturally and ethnically, both hosts and refugees generally self-identify as Somali people, and they share a common language. When asked about refugees’ views of hosts, an executive member of the RCC in Kobe camp explained:

*The host communities are hospitable. We are thankful to them for the brotherhood they have shown us... In the initial stage, some locals had negative views toward Somalia and saw us as warriors or fighters, as a problematic people. But we have lived here for many years. Now we are part of the community. Refugees and hosts have bonded beyond where we come from.*

Somali Ethiopian host communities largely shared the same positive view. Elders living near Melkadida camp told us:

“We are all Somali. We have common religion, language and culture. They are our brothers and sisters. There are no differences between refugees and hosts”.

The commander of Kobe camp emphasised this point:

*Clearly, the Somali bonds facilitate their interactions. There are many livelihood activities that refugees and hosts do together through cooperatives. There is even intermarriage. I must say that this is largely due to UNHCR efforts to bring them together by providing equal opportunities to both refugees and hosts.*

Across all five camps, interactions between refugees and host populations are frequent, although mainly transactional. In a focus group discussion with hosts from villages that neighbour Melkadida camp, the participants echoed: “We use the same markets as refugees. We regularly visit the camp to buy daily items. We provide farmland to refugees and share the harvests. Some hire refugees as farm workers”. Most interactions, though, are market-based rather than social, and relatively few refugees had shared a conversation or a meal with a member of the host community during the previous month (Figs. 30 and 31).

According to both refugees and hosts, being accustomed to the same ‘Somali systems’ also fosters peaceful relationships. At Kobe camp, the local elder representatives highlighted the role of the conflict resolution committee:

*In this area, we have a conflict resolution committee consisting of five elders from both the refugees and hosts. We have equal power. If there are individual-level conflicts like rape, violence or resource disputes over matters like grazing zones, we deal with them through the committee... The conflict resolution committee follows customary laws as overseen by elders and decides how to settle the case, by mechanisms such as financial compensation, livestock sacrifice, etc.*

Recently, a refugee torched a local’s vehicle and damaged it. He was detained by the police. Both refugees and hosts came together under the committee and clarified that this incident



was an accident. Elders from both sides sat down and decided to collect contributions from clan-mates of this refugee. The collection of money spread beyond just refugees, and even hosts made contributions to compensate the owner of the car and have the alleged perpetrator released. Both refugees and hosts made a joint petition to the police for his release. The same elder representative continued:

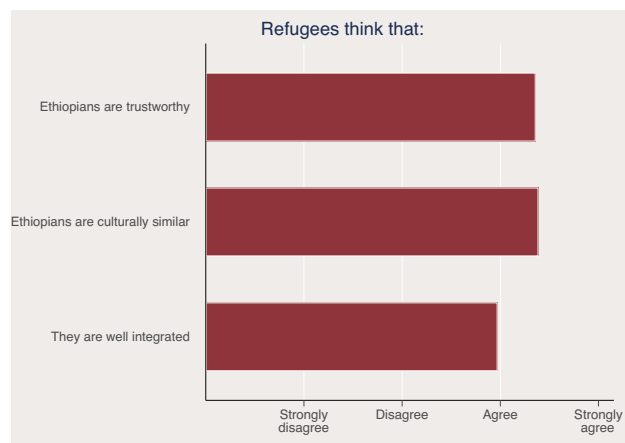
*Most issues in the camp do not reach ARRA or UNHCR because the committee is able to resolve most problems peacefully and systematically following customary laws and processes.*

In addition, refugees and hosts collaborate on economic activities beyond the purview of the cooperatives. For instance, in Bokolmanyo camp where farming is especially difficult due to the shortage of water and poor soil quality, refugees with an agricultural background often find employment with farmers in local villages. One of these refugee farm workers described his work with a Somali Ethiopian farm owner:

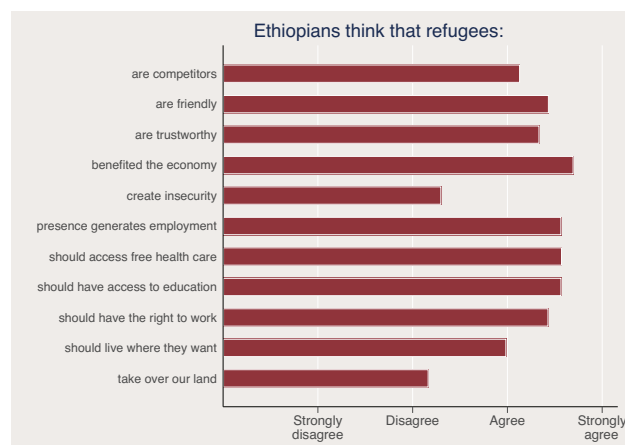
*I have to travel to Sablaley (a farming village on the other side of the river). I go there and stay two to three weeks in a hut to work as farm labourer. The land is owned by a Somali Ethiopian national...I enjoy a share of the crops – like tomatoes, onions and maize – with the owner. He does not pay me any money, only crops. This owner provides all necessary items like seeds, water, fertilisers. I use crops for my own sustenance and sell surplus in the camp.*

The cordial relationship between hosts and refugees seems to stem historically from their common understanding that they are both Somali and that the camps in Dollo Ado are all part of a Greater Somalia. RCC executive members in Buramino camp stated: “[For Somali refugees] Dollo Ado is the best place to be a refugee because this is a Somali area”. When we asked a Somali Ethiopian business owner in Dollo Ado town about his opinion of refugees, he stated: “We see them as equal to ourselves. Refugees should be treated as ‘Somali’ in this area. The only difference between us is the documents we possess.”

Such comments imply that refugee-host affinities draw on more than just common language and cultural similarities. The influence of shared principles of authority also seems to be influential. During a focus group, local village



**Fig. 28:** Opinions of refugees. Refugees think that Ethiopians...



**Fig. 29:** Host community opinions of refugees. Ethiopians think that refugees...

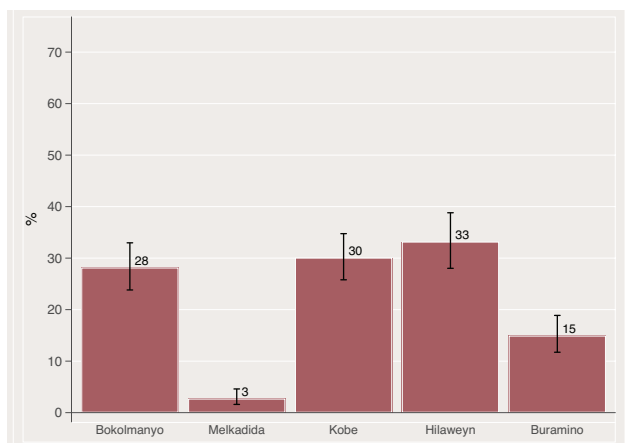
leaders around Hilaweyn camp told us: “Somali bonds are much more important than differences in nationality”. Furthermore, most of residents are Muslim and they follow Islamic laws when dealing with engagements, marriage, divorce and domestic violence, which are the same systems used by Somali refugees in their homeland.

The influence of the king of the Somali region – King Abdille – is another sign of the traditional Somali regional authority at play in the Dollo Ado camps. According to Ethiopian village leaders living near Hilaweyn camp:

*Abdille ordered us to treat refugees well. He said “refugees are our Somali people, don’t disturb them”. He prohibited discrimination and exclusion of refugees in this zone. His order is one of the major reasons why refugees and hosts are living peacefully and well here. He also provided land to host refugees. Liben zone is in Ethiopia but is part of Greater Somalia. In this area, the king is our leader and we follow his instructions.*

An Ethiopian representative of a local humanitarian NGO also emphasised the significance of the Somali regional king of the Degodia clan, whose jurisdiction covers Dollo, Bokolmanyo, Filtu, and Dekosuft. While the king is not formally incorporated under the regional government of the Somali region, he is a customary clan and ethnic leader who represents the elders of this region, and he is respected and officially recognized by the Ethiopian Government.





**Fig. 30:** Proportion of refugees who had conversations with Ethiopians in the last month

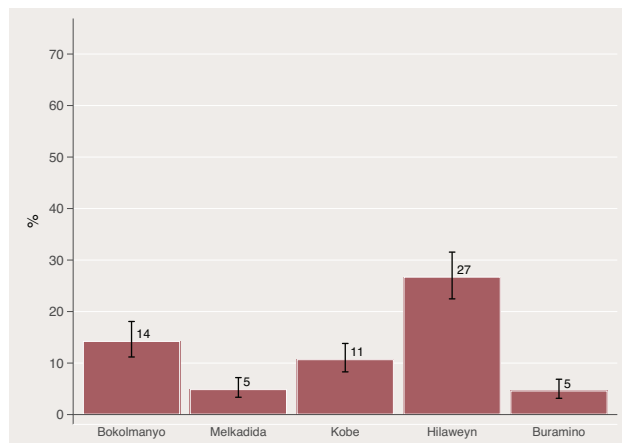
Economically, while some members of the local host communities initially raised concerns about the negative effects of the influxes of refugees, such as local deforestation and subsequent reduction of wild animals, the vast majority of hosts currently acknowledge that the socio-economic benefits of the camps far outweigh the negative consequences. The Ethiopian Government official of the Woreda explained how the emergence of the camps has transformed the landscape:

*Before, Dollo Ado town was very small. It was just a small cluster of businesses. At that point, there were only 7,000 people. But after the camps were set up, both the population and businesses increased. Market expansion brought many jobs. Professional traders from Mogadishu started to come and do business in Dollo Ado. This diversified the goods that are sold here.*

A Somali Ethiopian chief and elder in Dollo Ado town emphasised this transformation. At the time of this interview, he was 47 years old and considers himself a native of Dollo Ado town:

*[Before] I did not see many vehicles in the [Dollo Ado] town as there are today. The population of residents was low. Many of them were pastoralists who moved back and forth across the border. After the camps were set up, this area became a cosmopolitan city with so many different people beyond the original clan. The population size has increased, especially the number of business people. They are from Mogadishu and other parts of Ethiopia like Negele and Godey. Infrastructure and other developments were built like schools, houses, garages and health facilities.*

It is widely recognised that the influxes of refugees and aid organisations can dramatically change the socio-economic landscape of hosting areas, in part due to the investments made by humanitarian and development actors. One of the staff members of an international organisation described the multicultural aspects of contemporary Dollo Ado; for instance, he said despite the prevalence of Islam, it is quite easy to buy different kinds of beer or other alcoholic beverages in town. This reflects the diverse forms of consumption and demand in the region, and the presence of a significant number of non-Muslim people in the population.



**Fig. 31:** Proportion of refugees who shared meals with Ethiopians in the last month

Refugee residents in the five camps regularly travel and buy items and services in Dollo Ado town, consequently contributing to the growth of host economy. One Somali Ethiopian owner of an electronic shop in Dollo Ado told us: “Refugees are important customers. We sell televisions, electronic cables, and solar panels to them.”

The villages near the five camps also experienced similar processes of transformation. During a focus group discussion with host community elders from near the Kobe camp, we received an account of these changes:

*Kobe camp was established in 2011. Before that, it was very much like a forest, surrounded by trees and bushes. We had wild animals like deer and gazelle. It was an open land, not developed at all. It was very different from what you see now... After the camp was established, there was serious environmental degradation and depletion due to the large refugee population. Many trees were cut down for firewood and charcoal. Wild animals disappeared... But on the other hand, we received new forms of international assistance. Job opportunities emerged. Many educational and health facilities were set up. Water points were drilled. Many locals migrated to Kobe camp area to access these benefits. According to our data, before Kobe camp was established, we had about 500 households and 3,125 individuals here, but as of this year, we have 825 households and 4,425 individuals.*





# 7. Creating Sustainable Opportunities

A decade has elapsed since the creation of the first Dollo Ado camp. Despite the remote geographical location, the area has benefited from the IKEA Foundation's unprecedented investment in a range of innovative interventions. The challenge is to build upon its legacy to create sustainable opportunities for refugees and hosts.

A recent UNHCR Briefing Note on Melkadida states:

*By adopting a strategy informed by the Comprehensive Refugee Response Framework, UNHCR seeks to create new opportunities in order to improve the living conditions of both the refugee and the host communities. It aims to leverage the people's skills and knowledge, introduce new business models, bolster the local economy and create new infrastructure in a remote and arid part of the country (UNHCR 2018).*

Despite the progress made, however, significant challenges remain. Income, employment, wealth, food security, health, and life satisfaction (Fig. 32) indicators are low among refugees, and generally worse than for the host community. Unsurprisingly, a significant proportion of refugees in Dollo Ado currently aspire to leave both the district and the country (Fig. 33). In order to create more sustainable opportunities, the challenge is nothing short of building the economy of a border region. Eight recommendations stand out as possible pathways to sustainability.

## 1) Recognising the cross-border economy

One of our key findings is the recognition that the Dollo Ado economy only makes sense from a regional and transnational perspective. Refugees and hosts are dependent upon a combination of the aid economy and the cross-border economy with Somalia. At the moment, the state-centrism of international organisations tends to exclude recognition or programming based on cross-border economies. Meanwhile there are legitimate government security concerns relating to cross-border movement. For example, Al-Shabaab controls territory and roads between Dollo and Mogadishu, including Luuq, the next biggest town after Dollo. Nevertheless, market-based interventions can and should take into account the value-chains that connect the camps with the border.

For example, international organisations are supporting agricultural cooperatives for refugees and hosts. These cooperatives include marketing and value chain officers. They check the market demand for different kinds of produce, which informs the choice of crops that are farmed each

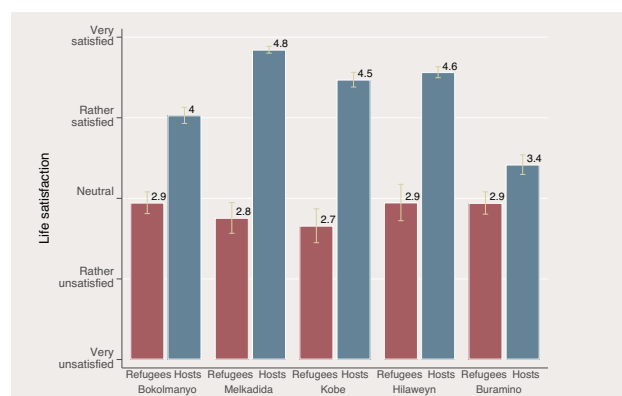


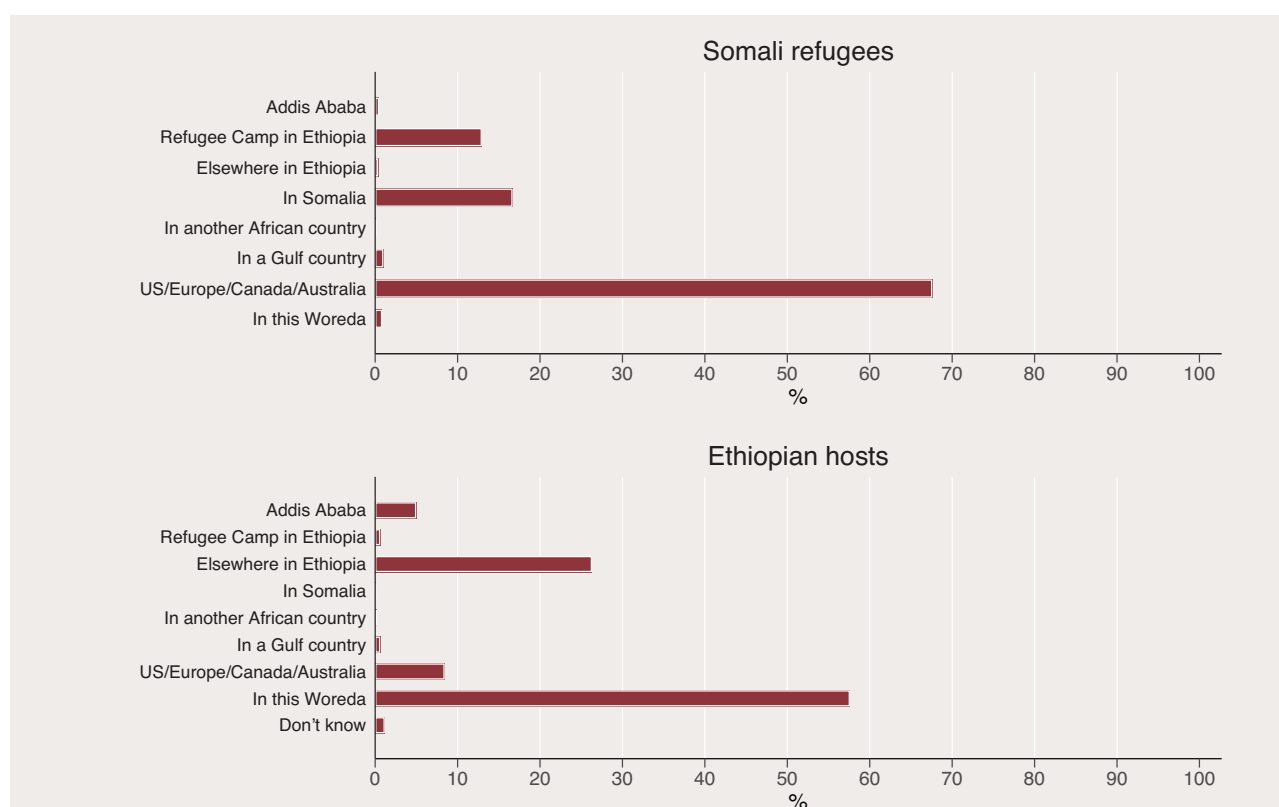
Fig. 32: Life satisfaction for refugees and hosts

season. After harvesting, some crops go directly to camp businesses but others are exported by Ethiopian traders to markets that include Dollo Ado town, Mogadishu, and Mandera. Similarly, it needs to be recognised that retail shops in the camps depend upon goods that come in from Somalia and, to a lesser extent, Mandera County in Kenya. There are few factories in the vicinity of the camps, and the vast majority of merchandise is imported from Dollo Ado town, which is linked with commercial hubs in Somalia, even if the ultimate origin may well be China or the Middle East.

The implication is that the policy and legal constraints on the cross-border movement of goods, services, and people should ideally be reduced to the greatest extent that is compatible with security. The connection with the Somali and, to some extent, Kenyan economy represents an important lifeline for both refugees and hosts, and the de facto economic integration of the region requires greater recognition by both national and international actors.

## 2) Introducing cash-based assistance

In-kind assistance in Dollo Ado is inefficient and ineffective. The cost to WFP appears to be around 11-12 million USD per month. This works out as around 50 USD per person per month in order to access 13.5 kg of cereal, 1.5 kg of bean/lentils, 0.9 litre of oil, 0.15 kg of salt, and 1 kg of corn soya beans blend. Many refugees are selling their food rations, and the market value of these goods is about 20 ETB per kg for



**Fig. 33:** *Where do refugees and the host community hope to be living in 3 years' time?*

cereals and beans or lentils, and about 50 ETB per litre for oil. This implies that the total market value of the food ration is about 400 ETB or 14 USD, which is much lower than the 50 USD cost to WFP, and very close to the value of Bamba Chakula cash transfers used in the Kalobeyei settlement in Kenya (15 USD per person per month).<sup>19</sup>

A cash transfer system would not only be more efficient but it would also provide a means to develop the local economy. A spectrum of options exist for phasing in cash-assistance, including models such as Bamba Chakula. A thorough market assessment should be undertaken to determine the feasibility of particular cash-based assistance models.

Irrespective of the type of assistance provided, our research suggests that improved monitoring and implementation are needed. The current system gives refugees strong incentives to access aid and opportunities on both sides of the border. For example, there are significant discrepancies between UNHCR registration data and government SENS data,<sup>20</sup> which can probably be explained by movements between Somali and the camps. The challenge, though, under the current system is that these cross border movements are an essential part of refugee households' strategies.

### 3) Building upon the existing investments

Over a seven year period, the IKEA Foundation has invested over 100m USD in the five camps and the surrounding areas in areas as diverse as education, agriculture, energy, the environment, and livelihoods. In collaboration with UNHCR,

ARRA, and a range of NGO partners, it has designed and implemented a range of innovative interventions. These interventions have important implications for the development of the regional economy. In particular, the investments appear to have expanded opportunities relating to agriculture, livestock, and commerce. And while a relatively small proportion of refugees are employed in these sectors (around 10% of adults), the numbers are not negligible, and the opportunities are among very few that have the potential to be sustainable given the economic constraints. There is some qualitative evidence, for example, that investment in irrigation canals and the creation of related agricultural cooperatives has led to the export of agricultural produce from the region northwards to other parts of Ethiopia, including Tigray. Meanwhile, infrastructure and educational opportunities appear to have been greatly expanded. These unprecedented investments offer an opportunity to learn and provide a legacy on which to build.

### 4) Improving infrastructure and transportation

Creating a thriving market relies upon facilitating the movement of people, goods, and services, and also enhancing capacity for communications. Through the IKEA Foundation's commitment to irrigation and solar energy projects, and through work by UNHCR's implementing partners to enhance access to water, the infrastructure has been vastly improved. But there is still scope for development. The road network is extremely unreliable. The single, dirt road that connects Dollo Ado town with

<sup>19</sup> Betts. A. et al (2018), *Self-Reliance in Kalobeyei? Socio-Economic Outcomes for Refugees in North-West Kenya* (Oxford: RSC).

<sup>20</sup> UNHCR data suggests that there are about 30,000 households in the camps, and SENS data, which we used for sampling, suggests that there are about 15,000 refugee households. The SENS numbers are probably lower because of movements between Somalia and the camps.

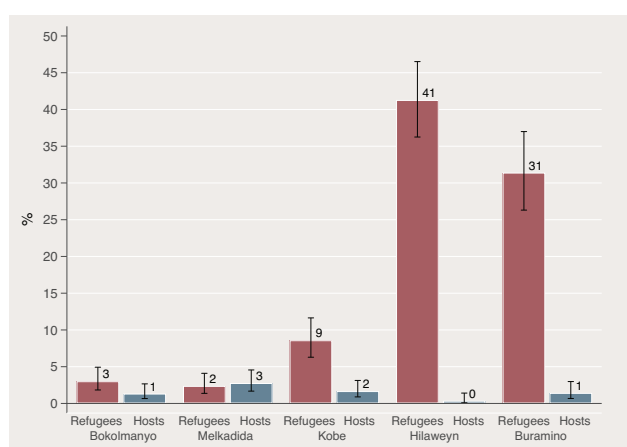


the five camps is often blocked by collapsed bridges, flooding, or road traffic accidents. An improved, tarmac road could enable much more efficient movement and enhance market access. Public transport could also enhance

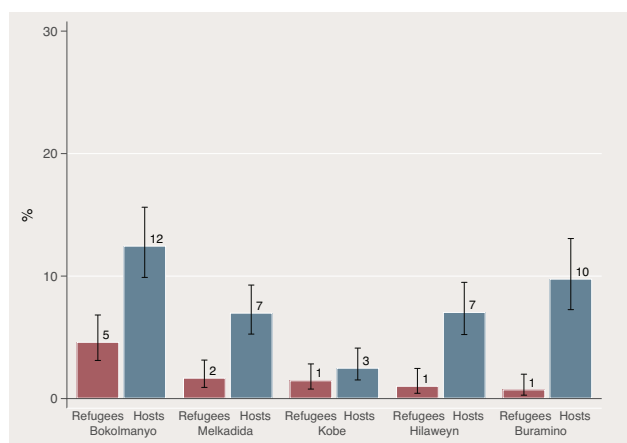
**“Labour market access is potentially a transformative opportunity.”**

mobility and economic opportunity. A related infrastructural challenge faced by refugees is telecommunications. In the refugee camps close to Somalia, many refugees use the Somali phone network to stay in touch with Somalia. For example, we found that while 41% of

refugees in Hilaweyn and 31% of refugees in Buramino (the closest camps to the border) called Somalia last month, the proportion fell to 3% for the furthest camp (Fig. 34). This suggests that investment may be needed to address uneven network access and to enhance communications access across the camps.



**Fig. 34:** Proportion of population making at least one phone call to Somalia in the last month



**Fig. 35:** Proportion of the population that has a bank account

## 5) Creating viable capital markets

Dollo Ado does not have a viable banking system, whether for refugees or the host community. There are only two banks, the Commercial Bank of Ethiopia and the Somali Microfinance Institution, as well as a Western Union Office in Dollo Ado town, and most refugees and host community members do not have a bank account (Fig. 35). This is partly because they lack the collateral or savings to be able to access the banking system. Refugees face regulatory restrictions to access formal banking due to a lack of relevant documentation. Although there are informal savings, lending, and social insurance schemes operating both in and around the camps – such as ayutos and iqubs – only very few people have the means to participate in collective saving (Fig. 36). The microfinance programme that is gradually being rolled out in the camps offers an important starting point for expanding refugees and hosts’ access to capital. Further research is needed to explore the types of finance that are likely to be most effective in supporting sustainable entrepreneurship within the refugee and host communities. For example, should they be complemented by training or mentorship? How should repayments be structured, and what types of collateral are realistic? Is there the potential for greater use of mobile money, such as M-Pesa in Kenya?

## 6) Developing a labour market

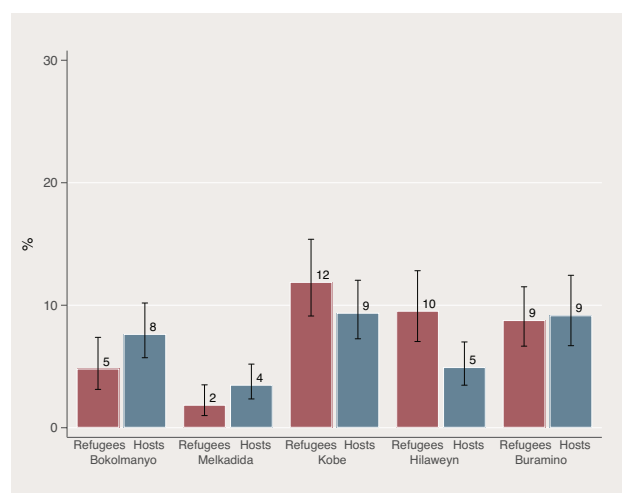
Ethiopia has embarked on the pioneering step of passing legislation to allow refugees the right to work and freedom of movement. Labour market access is potentially a transformative opportunity. But as with other refugee-hosting areas across the country, the challenge remains how to create new employment opportunities for both refugees and hosts. Creating a functioning labour market is a multi-faceted process. It includes the following: implementing a means to enable informal work to be formally recognised, enabling refugees to register their businesses, creating processes for advertising job opportunities and matching demand with supply, considering the creation of multi-stakeholder employment agencies, and developing infrastructure that enables people to work including through services supporting women’s participation in the labour market. Above all, the biggest challenge will be to attract investment that can stimulate sustainable job creation across the district. While Ethiopia’s ‘Jobs Compact’ has offered employment opportunities for up to 30,000 refugees within the country’s industrial parks, such opportunities are not available in areas that are geographically close to Dollo Ado. Creative alternatives are needed for the Dollo Ado region in order to stimulate sectors in which the region and its populations have a comparative advantage, whether in agriculture or cross-border trade, for example.

## 7) Considering the digital economy

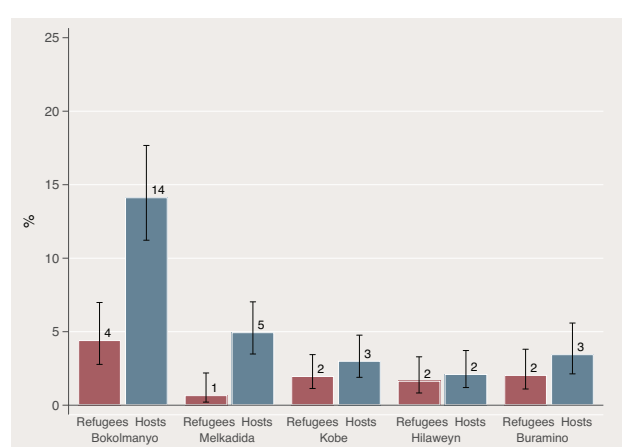
The Dollo Ado camps are remote and geographically isolated. But in the twenty-first century, this does not make them inevitably cut-off from the global economy. Dollo Ado is precisely the type of environment in which digital education and employment could make a difference to the economy. With the government's new legislation allowing refugees the right to work, the challenge will be to create new jobs for both refugees and hosts. And the digital economy represents an important means to achieve that. Microwork, data-entry, Somali language translation, Somali language call centres, coding tasks, or other forms of digital supply chain could have a role to play. Although Dollo Ado is likely to be perceived as a high-risk environment for investors due to ongoing internal armed conflict and the proximity to Somalia, the area immediately surrounding the camps benefits from relative stability, high levels of social cohesion between refugees and hosts, and an increasingly auspicious regulatory environment. However, at the moment, it is clear that both refugees and hosts have extremely limited access to electricity, computers, smart phones, or the internet. For example, levels of e-mail and social media use are low, including when compared to other refugee populations within East Africa (Figs. 37 and 38).

## 8) Moving from camps to settlements

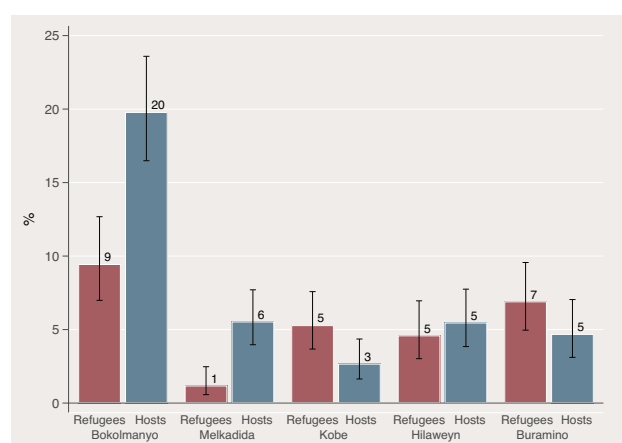
In January 2019, the Ethiopian Parliament passed a new Refugee Proclamation, giving refugees to right to work and freedom of movement. Although this is expected to be implemented only gradually, it offers an opportunity to think beyond long-term encampment for refugees in Ethiopia's peripheral border regions, including in Dollo Ado. Our research reveals that Somali refugees in the Dollo Ado camps depend upon mobility between the camps, and visits to Dollo Ado for their economic strategies. Meanwhile, it reveals a host community that is dependent upon the presence of refugees and the humanitarian community. In order to create sustainable opportunities that will endure even after Somali refugees eventually return home, the national and local governments should consider a model based on market-based settlements with integrated service provision for both refugees and the host community. Within such a model, refugees and host community members would be able to live and work alongside one another, move freely within the Woreda, and share in the benefit of infrastructure and services offered by the international community. An integral part of such a shift might also be the move from in-kind assistance towards cash-assistance for refugees, not least given the inefficiencies associated with long-term food aid.



**Fig. 36:** Proportion of the population participating in an Ayuto/Iqub scheme



**Fig. 37:** Proportion of the population with an email address



**Fig. 38:** Proportion of the population with a social media account (e.g. Facebook)



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