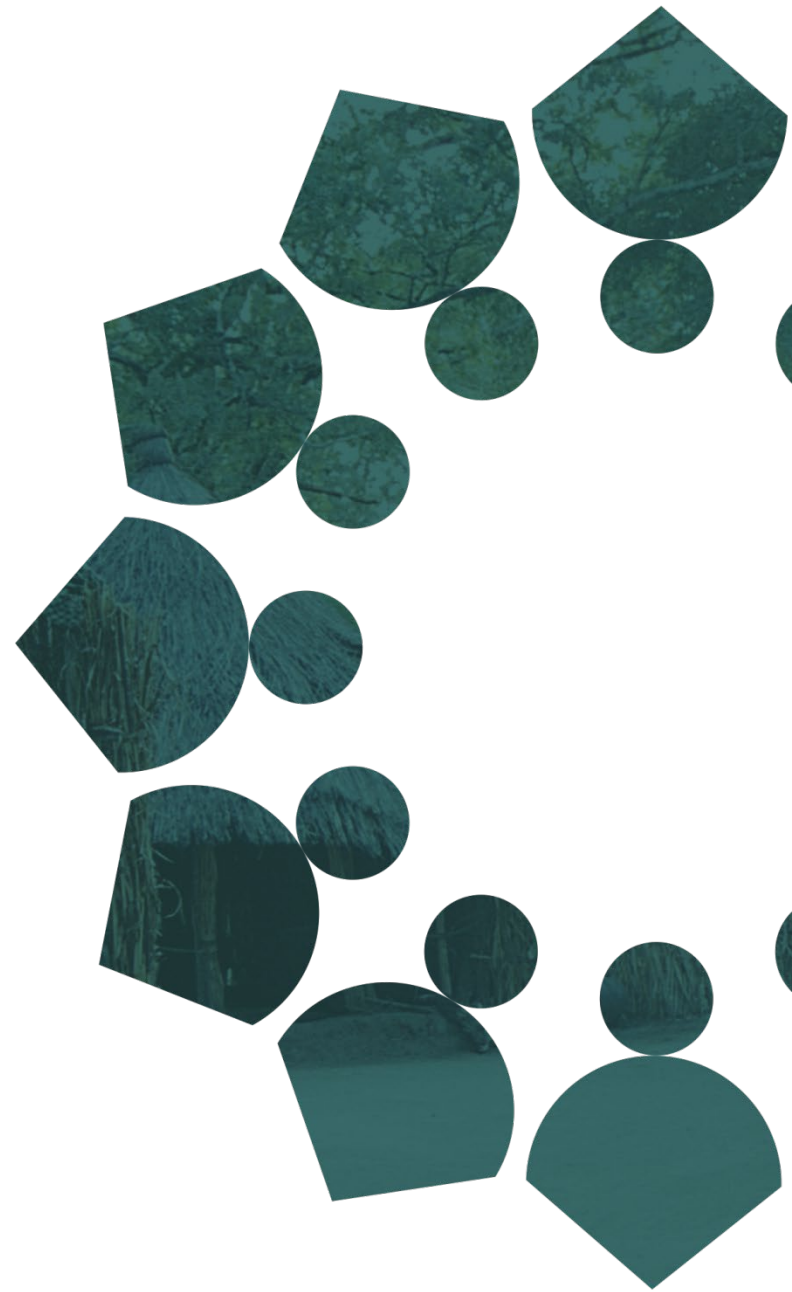




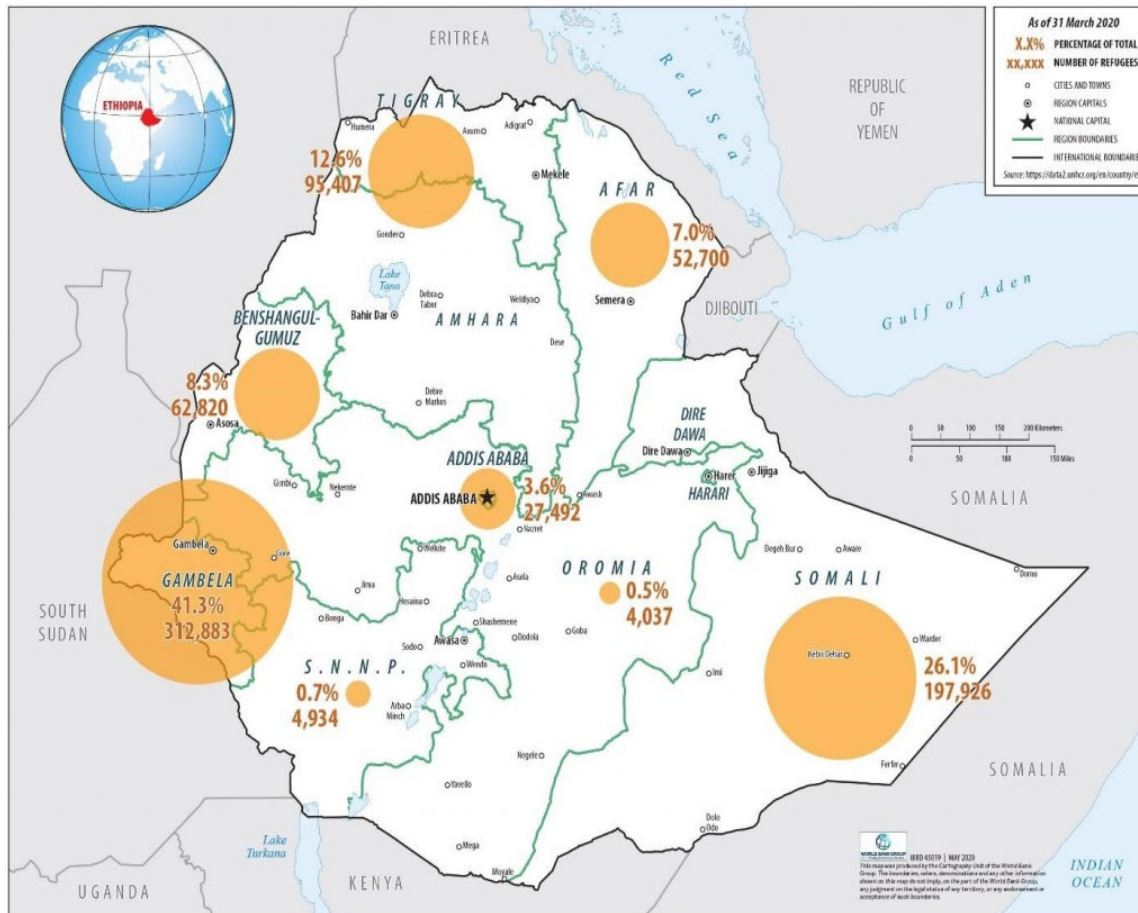
Bringing Markets to Refugees – Beyond the Last Mile

8th December 2022

AUK aid Funded Project



Country & Refugee Context



Long-term displacement – 4-31 years

Progress at the policy level – less progress on the ground.

Development actors starting to engage

Recognition of need for private sector to create economic opportunities

SHARPE Introduction



- FCDO funded, Sept 2019 – March 2023. Now in final 3 months
- Implemented by DAI & Opportunities Unlimited
- Bringing markets and the private sector to refugees
- Connect businesses to trade with each other – market system emerges that is more inclusive and responds better to the needs of refugees
- Finance, agri-business, energy



How SHARPE works



Analyse local economies & markets to identify the products & services people need - identify gaps and business opportunities - find business partner - negotiate 'deal' & co-invest in new business, product or delivery model - support/facilitate market development in new locations – monitor & adapt

101 partnerships – lead firms, regional MSMEs & local micro-business – last mile retailers, sales agents, refugee business

Market Systems Development vs Traditional Livelihoods Approach



Market Systems Approach

- Private sector partner leads, developing their market – bringing impactful goods and services to the market.
- Expanding a proven product/model to a new market OR developing a new product/model – profit seeking
- Operating on a commercial basis - no handouts
- Public subsidy matched with private investment
- Beneficiaries are self selecting, based upon individual preference & demand – early adopters.
- Need to prove the business case to the company, that their new product/market is viable & commercially sustainable. They will then continue without public subsidy.

Traditional Refugee Livelihood Approach

- IP / NGO leads and delivers goods/services directly to vulnerable groups for free
- Guided by core humanitarian principles – needs based, vulnerability focus
- Focus on capacity building / skills training + distribution of inputs – helping people to 'step-up'
- All public money – no additional private sector investment
- Selection of beneficiaries based upon project defined criteria – pre defined beneficiaries
- Activities end when the funding ends

Private Sector Perceptions & Barriers

- Refugees are in remote border regions, with poor infrastructure & telecommunications – difficult and expensive to reach (even for companies based in the main regional towns). Not an attractive investment
- Stereotypical images of refugees – poor/no purchasing power, can't/don't want to work, high risk/might return home
- Difficult market - aid sector 'handouts' distorting the market
- Refugees remain outside the formal economy – how to develop business relations with them?
- Unclear legal framework for private sector

PRIVATE SECTOR NEEDS A PARTNER TO ENTER THESE MARKETS

Business Partners – Why Firms Invest

Competitive pressure - national firms, such as Addis-based Ethio Chicken and Jijiga-based Shabelle Bank face competitive pressures and need to grow/expand (same product/new market) because of limited opportunities in already saturated markets.

‘Last mile’ companies - firms that deliberately target distant markets with poor infrastructure - such as solar energy companies / off-grid energy providers - because their product is designed for consumers in these markets

Values driven companies / inclusive businesses - some private firms (Shayashone, Ethio Feed) are organized around a social development vision, existing to solve a social issue through a for-profit model

Growth opportunity - many regional entrepreneurs, such as agro-vet dealers, see growth opportunities through geographic expansion by serving large and densely populated refugee camps with products they need.

First mover advantage – made easier, faster, cheaper, less risky through SHARPE support

Ethio Chicken - Poultry & Egg Production



32 poultry farms – *mother units* - established (9 in camps), supplying approx. 15,000 people with chickens & eggs

SHARPE co-finances business start-up costs for local poultry farms for 6-9 months (less than \$5,000 per farm)

EC supplies day old chicks, feed, medicines, technical advice

EC now invested in the market – EC-MU linkages will continue. MUs also should grow

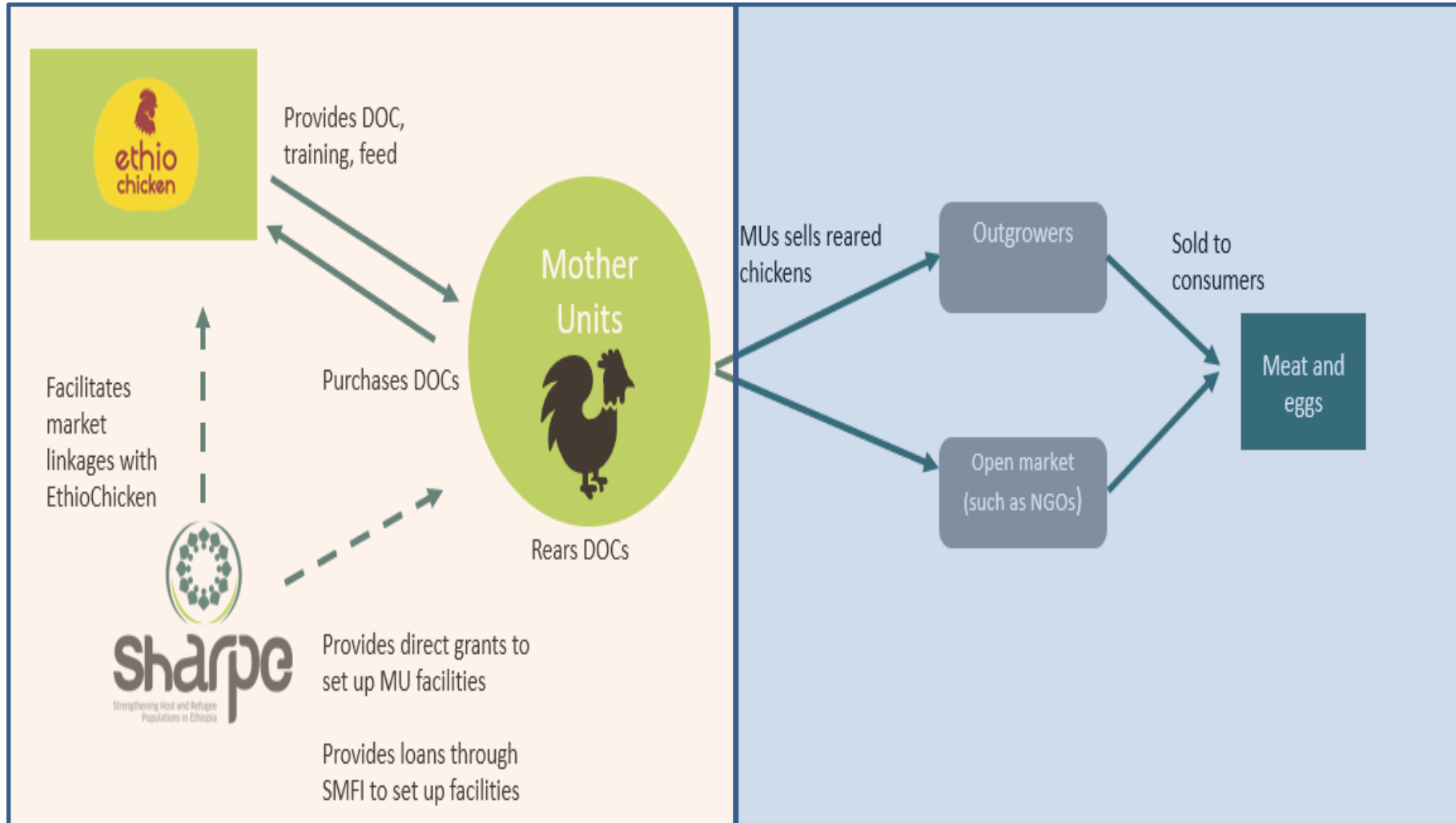


A U K a i d F u n d e d P r o j e c t

Strengthening Host and Refugee
Populations in Ethiopia



Ethio Chicken Model



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Agro-Vet Dealers – Access to Agri-Inputs

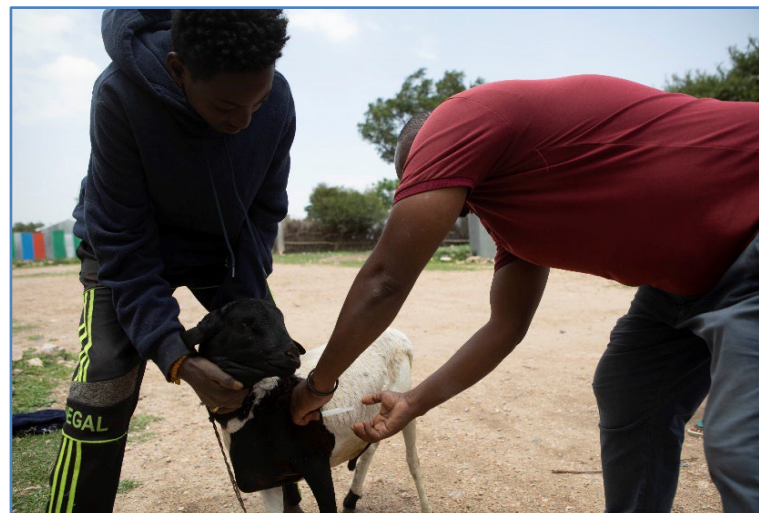


Invested in business expansion of 17 agro-vet dealers & their networks of village vets & agents

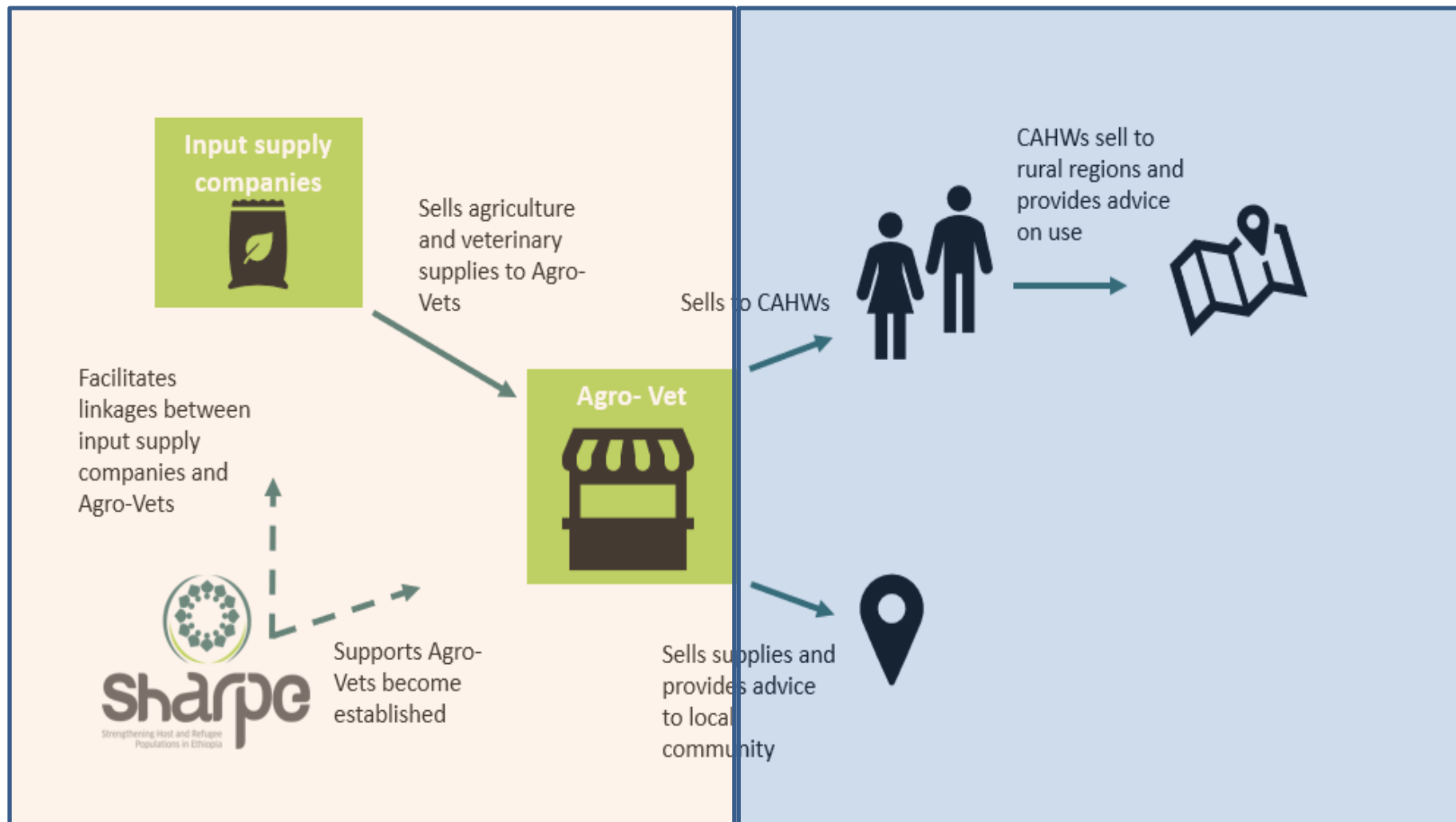
Medicines and supplies easily available for refugees – sales points & agents located in nearby markets & inside camps

Linkages with agri-input companies

Supplying more than 15,000 (pastoralist) customers, improving animal health & productivity – making pastoralist households more resilient



Agro-Vet Dealers



Shabelle Bank – Financial Inclusion



Digital Financial Services (HelloCash):

- 75,000 new clients (47,500 active, 12,000 refugees – 20% of refugee HH?)
- 258 new agents (32 inside camps) & 2,175 merchants.

DFS is safer, more convenient, saves time (& money) and facilitates business

Piloting new financing models for refugee owned micro-business – micro-loans (up to \$1,000) for refugees with no fixed collateral requirement



Some Results

- More than 8,000 market linkages created – linkages allow for continuous, sustainable change and offer resilience
- \$1.5 million of private sector investment leveraged into refugee/host economies matched with \$1M SHARPE investment
- 84,500 households benefitting from increased income, savings, jobs
- Additional sales value of \$33.5 million generated by our business partners – these markets are viable/profitable for the right company with the right product and right business model.
- Refugee engagement lags behind that of hosts – many additional barriers faced by refugees. For every partnership / business model, refugee engagement increases over time

Some Questions



- Do host and refugee communities have the purchasing power for the goods and services they need to improve their livelihoods and quality of life?
- Is there a business case for private companies, with the right business model and the right product, to expand into new more distant markets with which they are largely unfamiliar?
- Do recent refugee reforms agreed to at policy level translate into practical policies and programmes and enable business & market growth?
- Can the MSD approach in support of host/refugee business development complement a livelihood approach?

Thank you!

