

THE DANISH REFUGEE COUNCIL

Preliminary impact assessment of DRC's livelihood projects



Summary

This assessment is carried out by a team of DRC staffs over all the three operation camps of DRC and its surrounding host communities.

DRC-assisted livelihood projects are currently at their initial stages of operation. But, the assessment revealed some groups to attain increased income. Yet, this is only a preliminary impact assessment. Hence, subsequent assessments are deemed necessary to enable proper follow up.

I. Introduction

In a bid to improve the welfare of Somali refugees and its hosting communities in Ethiopia, Danish Refugee Council (DRC) joined the humanitarian team on the 1st July, 2009.

Realizing the enormous livelihood needs of the target communities, DRC launched its livelihood development projects in late March, 2010. These projects are set under the DAR¹ framework, where networking with a number of agencies is made possible to avoid any sort of duplication. DRC is an active member of the livelihood taskforce established by UNHCR, the government refugee agency (ARRA), and other sister partners like IRC and LWF.

At this end, DRC has tried to fill the observed gaps in and around the refugee settlements of Aw-barre, Shedder and Kebribeyah camps. So far, DRC introduced micro- credit scheme for petty traders; sewing and pasta making machines, and push-carts are also availed for certain groups. Other groups in all the three camps, on the other hand, are trained to produce locally made soaps.

Although the projects are only at their very start, while some not even started, it would be hardly possible to visibly see the impact in the lives of the people. Above all, the local market is responsive to the open local economy .In this case, however, the refugee-economy is subsistent and less likely to award good returns for business establishments in short period. Yet, the preliminary impact assessment deserves its own merit as it would help to figure out some of the outstanding challenges for possible solutions thereof. In addition, indicative results are expected out of this assessment to help project managers analyze the preliminary-stages of project impacts.

II. Objectives

- To examine the preliminary impacts of DRC's livelihood projects in view of socio-economic indicators.
- To assess the prevailing challenges and opportunities of the livelihood beneficiaries by conducting a situational analysis.

¹ Development Assistance for Refugees (DAR) is one of the strategic objectives of UNHCR for the Somali caseloads in Ethiopia. The main objective of DAR is to seek durable solutions for refugees by improving their livelihoods.

III. Methodology

The assessment team has made use of focus group discussions and transect-walk observations for its analysis. Based on a checklist prepared, one-to-one interview is also administered for cluster samples taken from each group of beneficiaries. Effort is made to make the sample comprehensive and representative by analyzing the different groups under DRC's assistance. These groups- namely, the Micro-Loan Revolving Fund (MLRF), Pasta-making, Push-cart, Sewing machine, and Soap-making are reviewed by the team. Despite the paucity of data from one MLRF group in Aw-barre, this report has a leeway to cover a sample from all DRC-assisted groups in the three refugee camps and its hosting communities. This is inclusive of the MLRF group in Lefeisa² town.

While analyzing the data, simple descriptive measures of statistics is used along with narrative explanations for a sample of 66 beneficiaries. Discussion with ARRA field offices is also made, and the results are included in this report.

IV. Major Findings & Discussions

4.1 Operational Context

At the outset, the life of refugees in all the three camps is heavily dependent on the daily rations. Other means of livelihoods are barely available. And, rampant unemployment is overspread across the camps. The inhabitants encircling these camps are predominantly agro-pastoralist. As an alternative inlet to the land-locked Ethiopia, cross-border contraband trade has also grown up to increasingly gear the life of the inhabitants and their local economy. The domestic economy is poor, and it does not suffice to ensure food security at household level. According to the district governments, majority of the inhabitants are food-aid recipients even during good harvest seasons.

Like any other peripheral boundaries of the country, the charactering features of the area in terms of infrastructural development, levels of poverty and general welfare indicators lies below the bare minimum (1 USD /person/day).

² This town, located on the way to Aw-barre and Shedder, hosted asylum seekers from Somalia two years ago.

4.2 Preliminary Impact results of Livelihood projects

Despite the infancy of the projects to bring about changes to the lives of beneficiary groups, there are few improvements observed in their businesses. The study revealed a 13.5% increase in the disposable income of MLRF groups after the projects. These groups are mainly dependant on petty trade and retail businesses. Some 21% of the MLRF groups from the host community reported to own arable land, and cultivate cereals once a year. The rainfall in their local surroundings is, however, erratic and agricultural yield is usually insufficient to cover household food requirements.

Likewise, the sewing machine groups reap lucrative businesses. On average, a 12% increase in their disposable income is reported after the project. Like their MLRF counterparts, some 67% from these groups have some other household incomes. That is, majority of them make money with the income they get from tailoring.

This shows how important the role of livelihood projects is in terms of creating livelihood opportunities amongst both groups. The businesses have not yet created a multiplier effect to the boost of other related businesses and/or significant expansions. Instead, reports indicate that they invest their increased income to supplement their household needs. This is due to the high dependency ratio at household level. According to the findings, 75% of the women headed households in the two groups are the sole bread winners supporting the lives of 9 to 10 individuals in the family. That is, income is spelled to lavish spending with barely low saving for re-investments in their businesses.

In this regard, there is no modern banking or any other micro-finance institutions (MFIs) in the vicinity of the villages. *Hadbuds/Ayuntas*, traditional saving associations, are found in some places. Only 6% from the sample (particularly in Lefeisa) are members of these associations. Financial portfolios are held with zero-interest, and that suits to the values and traditions of Muslim communities like the Somalis. These associations are mainly run by women groups involved in making businesses.

Other livelihood sub-projects imparted little significance yet. Push-cart groups have started making their own businesses in the open markets of Shedder and Kebribeyah. Meanwhile, the pasta-making groups have not been able to enter into the market despite pasta-making machines given to them with the accompanying training. Soap production is also delayed due to some reasons that will be discussed under the next section.

This has increased the economic cost of portfolios in these sub-projects. Discounting the returns to investments at the prevailing shadow market price implies for 19%. In contrast, the commodity price index (CPI) ³at the end of March, 2011 is at 25%. This means, a Birr of cost-share invested by individual beneficiaries is costing them to a loss of 0.6 Birr than it would otherwise be if invested somewhere else in the open local economy. This is attributed to the delays from operation each single day.

4.3 Challenges and opportunities

The DAR concept is little conceived by most of the agencies working in the refugee operation. Only few agencies are assisting refugees' effort to diversify their livelihood. The government counterpart seems sidetracked to encourage "large-scale" physical assistance. This is reflected in almost all the discussions made with field offices of ARRA at camp level. Assistance to petty traders is perceived by camp commandants as trivial intervention options. And, DRC is advised to scale-up its intervention. The skeptic ARRA has also suspended the provision of plots of land for the soap production centers in all camps. This has left soap making groups to remain idle for the last six months.

The prevailing limited access to the open local market is another challenge for group of refugees in some places. Respondents from sewing-machine groups mentioned limited access for refugees to work inside the towns of Aw-barre and Shedder. A comparative analysis over the local and refugee beneficiary groups indicate a significant income disparity to prevail. On average, the MLRF beneficiaries from the former groups earn better than the latter by 24%.

Apart from this, the growing contraband trade is menacing the success of some businesses. A kilo of smuggled pasta is sold cheaper than the unit cost of producing home-made pasta. Although the mark-up difference is as low as 2 Birr, it erodes the incentive of rational customers from buying home-made ones.

The refugee operation, on the other hand, is getting its momentum and the spillover is spreading to the benefit of blooming local markets. This would better off small businesses with yet additional room to make profit. Furthermore, the DAR framework is inclusive of

³ Source: Central Statistical Agency, March 2011

benefiting the locals as well in a way that promotes mutual co-existence between refugees and locals.

V. Conclusions

There is an overriding need of refugees to either maintain or diversify their livelihoods. Similarly, the surrounding inhabitants have common needs to share with their nearby neighbors – Somali refugees. DRC has tried to harness the livelihood opportunities these two communities share through different supports. Selected individuals grouped in five different income generating groups received the relevant trainings, in-kind grants, and professional supports from DRC.

This preliminary assessment is conducted ten months after the first start of DRC's operation with the MLRF groups. Other groups like sewing-machine and push-cart groups came into the market later on, while still some others lagged behind.

The assessment revealed a positive change to influence the lives of some groups. Disposable incomes improved slightly after the introduction of part of the sub-projects. School attendance and food-intakes at household level remained indifferent to the project interventions. In short, the changes in the lives of people are significantly positive, at least in monetary terms. This is particularly important given the vulnerability of the groups to recurrent risks of drought and fragile economic ground.

Delayed projects, however, need special considerations as they are associated with implicit economic costs. Broadening market access for refugees is also equally important for DRC to step on as a way forward. In this regard, DRC's planned market-center in Shedder is expected to alleviate the problem.

The assessment unveiled the paramount little saving of the livelihood groups. Hence, little chance for re-investment. Promoting saving in these groups is, therefore, a crucial element that would contribute to make the livelihood groups get sturdy.