

**Sharpe**  
Strengthening Host and Refugee  
Populations in Ethiopia

September 2021

# Refugee Businesses in Ethiopia: Dollo Ado Region

A UK aid Funded Project



FIRST CONSULT MARKET SHARE  
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## List of Abbreviations

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

# 1. Introduction and Approach

## 1.1. Introduction

This document is part of a broader research study that was done on refugee businesses in both the Gambella and Somali regions. This document focuses specifically on refugee businesses surveyed in the Dollo Ado area, in the Somali Region, in order to understand how the private sector is engaged in refugee camps in these areas, so that SHARPE and others can best support the growth and development of businesses with the ultimate goal of increasing economic opportunities for refugees.

## 1.2. Approach

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

Qualitative and quantitative research was undertaken, with four inter-related themes of questioning:

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

The research was intended to understand better the nature of refugee self-employment in different economic and social environments with a view to developing strategies to support the growth and development of small refugee businesses and micro-entrepreneurship within refugee camps. It is intended that the research contributes to ongoing efforts among CRRF stakeholders to build an ecosystem that can better support economically active refugees to develop and grow their businesses.

## Research Methodology

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

### *Quantitative Research*

SHARPE designed a survey that included questions on the characteristics of entrepreneurs, the type of businesses, their operations as well as key obstacles to growth. For this research,

SHARPE engaged a local research firm to sample 100 businesses from two different camps in the Dollo Ado area. Refugee businesses were sampled using a cluster sampling approach. The camps in the Dollo Ado area were grouped into two clusters: those camps close to Dollo Ado town, and therefore to the border crossings into Somali and Kenya; and those that were further from the towns and the borders. Clustering was done in this way since research has shown that the economies within the five refugee camps located in this region are impacted by Dollo Ado town and by the border economies<sup>1</sup>. Within these two clusters, one camp from each was sampled, which led to Melkadida (a camp farther away from the town and border crossings), and Buramino (a camp near to the town and borders), being the selected camps for this research.

Table 1: Dollo Ado Sample

Region	Camps	Sample Size
<b>Dollo Ado</b>	Buramino	50
	Melkadida	50
<b>Total</b>		<b>100</b>

The researchers then selected a random sample of 50 businesses from each selected camp to survey and profile. The interviewed businesses were selected based on different criteria including female representation, location, size, sector and start-up stage.

### Qualitative Research

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

Out of the 100 businesses surveyed in Dollo Ado, 13 businesses were profiled in detail to obtain a deeper understanding of specific issues relating to refugee entrepreneurs. These interviews were done in person by SHARPE staff.

The profiles included the following:

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

### Methodology in Dollo Ado

The analysis used a mixed methods approach.

#### Qualitative:

A refugee survey was conducted in two camps (Buramino and Melkadida) targeting a total of 100 refugee business owners.

#### Qualitative:

Primary data conducted through interviews with 13 business owners, and KIIs with staff from NGOs, government agencies and other organisations. This also included a desk review of documents.

<sup>1</sup> See Betts, A., Bradenbrink, R., Greenland, J., Omata, N., Sterck, O. (2019), Refugee Economies in Dollo Ado: Development Opportunities in a Border Region of Ethiopia (Oxford: RSC).

The SHARPE team also conducted visits to the selected refugee camps in Dollo Ado to better understand the context, engaging both implementers and government services currently working in these districts.

### *Data collection and analysis*

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

### *Limitations of the data*

The data collection methods used in this research do not aim to be statistically representative, but rather aim to give detailed insights into refugee businesses in Dollo Ado.

- The quantitative data will not represent the beneficiary host community members – the research was focused exclusively on refugee business.
- This is not a statistically representative sample of businesses in these areas, as businesses were selected randomly upon a walk around the camps. If the business owner was not around, the business was left out and another was selected. However, care was taken to select a wide variety of different sizes of businesses to ensure the sample was as representative as possible, as well as a sample of female businesses.
- At the time of data gathering, Ethiopia was still battling the impact of Covid-19, which also had an impact on the camps. However, most operations continued as per normal at the time of data gathering, and our observation was that business occurred as usual, including cross-border trade.

## **2. Context**

### **2.1. Refugees in Dollo Ado**

The Somali refugee population is supported in two locations in the Somali region, Jijiga (three camps) and Dollo Ado/Melkadida (five camps). Somalis constitute 26.9% of registered refugees in Ethiopia. For the purposes of this research we are looking at the camps in the Dollo Ado area only, which host over 80% of the Somalia refugee population in Ethiopia, in a semi-arid and isolated border district in which refugees outnumber the host population<sup>2</sup>. The Dollo Ado camps are located in an arid and harsh environment that is increasingly affected by climate change. Chronic and recurrent drought in the region is a constant threat to pastoralist livelihoods and provokes food insecurity for local communities.

The Dollo Ado region hosts five refugee camps: Bokolmayo, Melkadida, Kobe, Hilaweyn and Buramino, with a total refugee population of 172,384<sup>3</sup>. The first, Bokolmayo, was established in 2009, quickly followed by Melkadida in 2010 as a response to refugees fleeing from violence in Somalia. The three remaining camps were created in 2011 in response to a new refugee influx caused by drought. The camp locations are sequenced by age – the oldest, Bokolmayo being the furthest from the international border and the newest, Buramino, being the nearest. All camps are located within close proximity to the Somali border, ranging from as far as 88Km (Bokolmayo) and as close as 25Km (Buramino). Melkadida is the fourth furthest from the border, 65 kms away.

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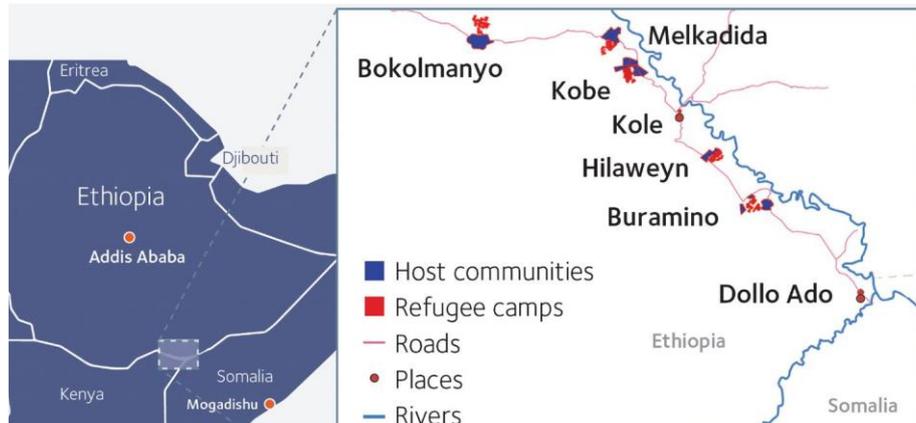
<sup>2</sup> However the population is often fluctuating, as many move back and forth from Somalia.

<sup>3</sup> UNHCR, 31<sup>st</sup> August 2021

The camps are relatively similar in terms of population size, with some limited variation in the economic opportunities that they offer. Buramino offers the greatest commercial opportunities due to its proximity to Dollo Ado town, while Bokolmayo benefits from being next to a small town. The camps next to the river – Kobe, Melkadida and Hilaweyn – offer some opportunities for fishing and agriculture.<sup>4</sup>

The refugees are primarily agro-pastoralist and a majority are Mai Mai speakers from the Rahanweyn clan, with a smaller population of Mahatiri speakers from the Maheren clan, among other Somali clans.

Figure 1 Refugee Camps and Communities of Dollo Ado Region



## 2.2. Business context in the selected camps for the research

This next section provides a brief overview of the context of business for refugees in the Dollo Ado region.

Like many other refugee contexts in other parts of Ethiopia, the majority of refugees in Dollo Ado camps rely on food aid for their incomes. Research has shown that only 21% of refugees have an income-generating activity in Dollo Ado camps<sup>5</sup>, compared with 29% of the host community, with the exception of Buramino where a much greater proportion are self-employed, often working as traders, connecting the Buramino camp to the Dollo Ado economy<sup>6</sup>.

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

<sup>4</sup> Betts et al 2019.

<sup>5</sup> For refugees, of those with an income-generating activity, around 28% are self-employed and around 72% are employed in some form. Among those with an income-generating activity, incomes are consistently low. The median reported income for people with a job is 800 ETB (28 USD per month) for refugees in all the camps except Hilaweyn (in which it is 1,000 ETB). Betts, A., Bradenbrink, R., Greenland, J., Omata, N., Sterck, O. (2019), *Refugee Economies in Dollo Ado: Development Opportunities in a Border Region of Ethiopia* (Oxford: RSC).

<sup>6</sup> Betts et al 2019.

the Somali and Kenyan economies<sup>7</sup>. Although cross-border movement is officially prohibited by the authorities in the various camps, many refugees in the Dollo Ado camps travel regularly to Somalia and to Kenya.

Refugee-host relations within the district are positive in the Somali Region. Refugees and hosts share a common ‘Somali’ identity and culture, language and religion, and the host population derives material and perceived benefits from the presence of both refugees and international humanitarian organisations<sup>8</sup>. This offers an opportunity for socio-economic integration. The presence of the camps has significantly changed the socioeconomic features of the area, with villages turning into towns and attracting business people from throughout the region.

Dollo Ado has also benefited from the IKEA Foundation’s long-term engagement and investment in the camps over a seven year period<sup>9</sup> which has improved infrastructure and economic opportunities, focusing on agriculture, livestock and other livelihood opportunities<sup>10</sup>. The Foundation’s investments were similar in the camps, except that Buramino refugees and hosts benefitted more from the irrigation and farming investments, as they are closer to where the allocated farming land is.

For the purposes of this study, given that host-refugee relations are generally harmonious in all five camp settings and will not significantly affect the business environment, the two camps selected were clustered according to distance from Dollo Ado town (and therefore distance from the border) which is known to be a critical factor in the business environment because of access to cross-trade to purchase goods for sale – Buramino and Melkadida.

*Figure 2: Overview of sampled camps in Dollo Ado*

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

\*population totals as of 30 Jun 2021

\*\*population totals as of 28 May 2021

## Melkadida Camp

Melkadida hosts 36,027 Somali refugees, 64% children and youth <18 years. The majority of the refugees are from the Rahanweyn clan, with large numbers from the Maheren clan. The camp is located 65 kms from Dollo Ado Town, on a rough, unpaved road, which takes

<sup>7</sup> Many refugees retain family and even property in Somalia, also benefiting from economic opportunity, including through IDP assistance on the other side of the border. Betts et al.2019

<sup>8</sup> In addition, the DRDIP project – a compensation project aimed to benefit host communities located within a short radius from the refugee camps. DRDIP is a World Bank funded project focused on developing infrastructure such as schools, clinics, roads and water infrastructure

<sup>9</sup> This is the largest private sector investment ever made in a refugee setting. Betts & Bradenbrink (2020).

<sup>10</sup> Betts and Bradenbrink (2020). Building economies in refugee-hosting regions Lessons from Dollo Ado. Refugee Studies Centre, Oxford University.

approximately 3 hours using local transport. Many NGOs and UN organisations are based in Melkadida.

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

### **Buramino Camp**

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

The camp is located 25km from Dollo Ado town, approximately 1 hour using local transport, on a rough and unpaved road. Dollo Ado town is 3 kms from the Somali border and 7 kms from the Kenyan border. The proximity to the border and to Dollo Ado town impacts on refugee businesses. Buramino has a much greater proportion of refugees self-employed compared to other camps in Dollo Ado, often working as traders, connecting the Buramino camp to the Dollo Ado economy<sup>11</sup>. This is one of the newer camps in the region, established at the end of 2011.

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

## **3. Analysis of Refugee Businesses in Dollo Ado**

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

### **3.1. Refugee Entrepreneurs**

#### ***Business owners: Age and Gender***

The average age of the refugee entrepreneurs surveyed in Dollo Ado was 35.3 with a range of 20 – 66 years. 42% of Dollo Ado entrepreneurs surveyed were in the 30 – 39 year category, and 28% of entrepreneurs were 29 and younger.

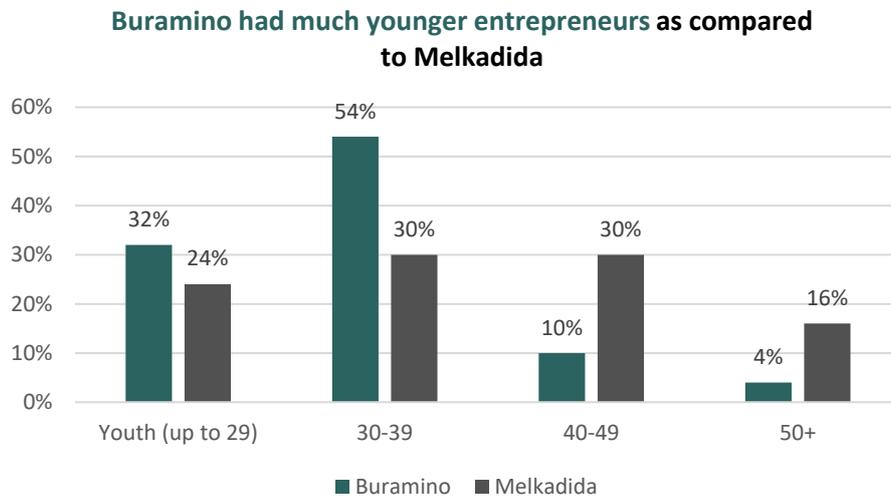
However, this differed between Buramino and Melkadida. Buramino had significantly younger refugee entrepreneurs as compared to Melkadida, for instance, 86% of the refugee entrepreneurs surveyed in Buramino were younger than 39 years as compared to 54% for Melkadida. Melkadida had more entrepreneurs in the older years, aged 40 and older than in Buramino. Buramino is very close to the Dollo Ado market, and refugees are passing into Dollo Ado much more frequently as compared to Melkadida. We believe that this exposure has created more opportunities for refugees, and also for young people, as youth are more exposed to new opportunities. Also, many entrepreneurs in Buramino have shops in Dollo Ado

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<sup>11</sup> Betts et al (2019).

town as well in Buramino, so they are working with youth as operators/owners, i.e. their child or their nephew, etc. However this needs to be understood further.

Figure 3: Age of Refugee Business Owners



### A Youth Entrepreneur in Melkadida Camp

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

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

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

#### Key constraints:

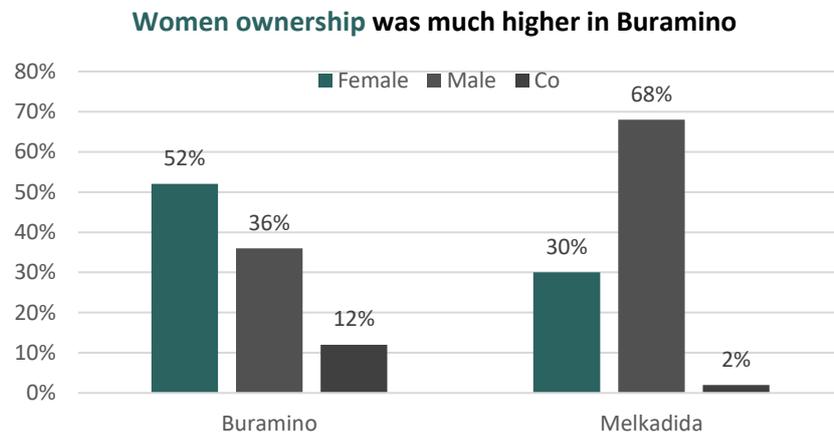
- Price fluctuations due to exchange variation
- Difficulty getting USD to purchase goods from across the border
- Late payments from his customers
- Challenges in crossing the border due to not being registered

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

He did not receive any support from either the GoE nor NGOs to start or grow his business.

Women ownership was high in the Somali camps, with 41% of refugee business owners interviewed female, and an additional 7% of the interviewed businesses co-owned by both men and women. The rates of women business ownership are significantly higher in the Buramino camp, with 22% more women entrepreneurs in Buramino as compared to Melkadida.

Figure 4: Gender of Businesses owner

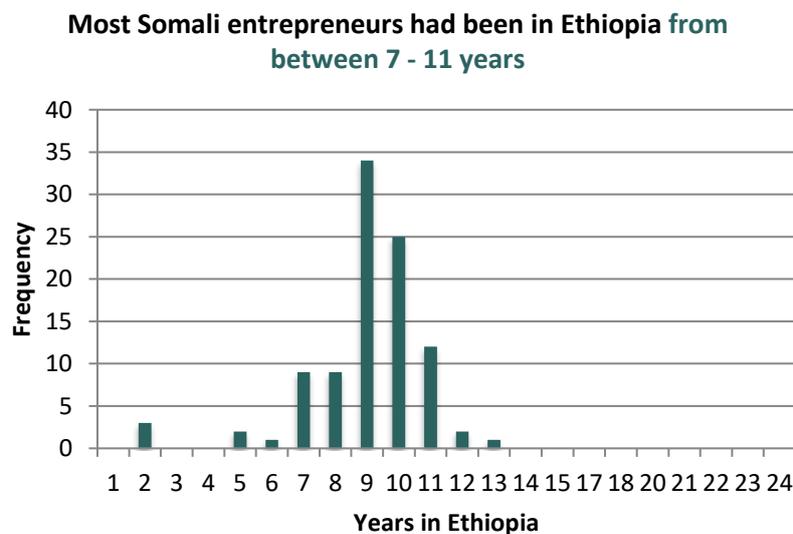


Upon discussions with entrepreneurs in these two locations, the high number of women entrepreneurs in Buramino camp was linked to proximity to Dollo Ado town. Women did not have to travel such long distances to obtain goods (Buramino is only 30 – 45 minutes from Dollo Ado town), while Melkadida can take up to 3 hours to reach the town. Distance and time is a constraint for female entrepreneurs as it impacts their family responsibilities (see the later section on specific barriers for women’s businesses).

**Business Owners: Time in Ethiopia**

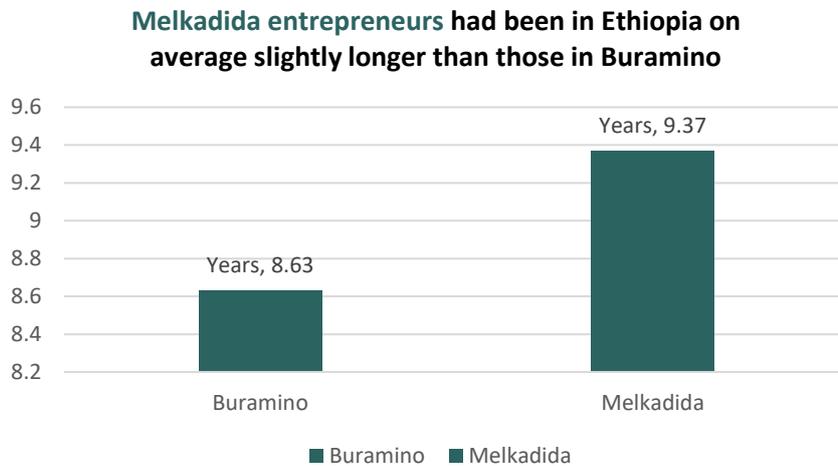
The data indicated that most Dollo Ado refugees had been in Ethiopia for an average of 9.5 years.

Figure 5: Number of years in Ethiopia



In looking at the frequency (see Figure 5), we see that most Somali entrepreneurs had been in Ethiopia between 7 and 11 years.

Figure 6: Number of years in Ethiopia compared across Dollo Ado camps

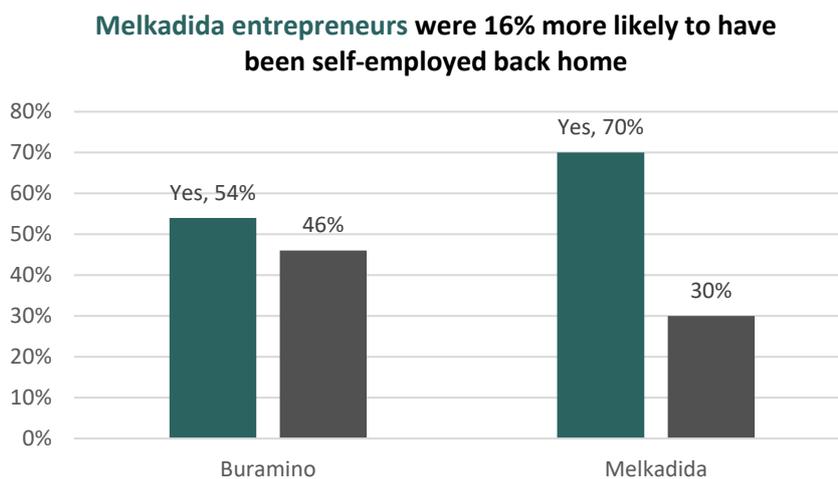


Melkadida refugees had been in Ethiopia slightly longer than those in Buramino, (9.4 years as compared to 8.6 years). This makes sense since the Buramino camp was established in late 2011 (September) while Melkadida camp was established in January 2010.

**Business owners: Previous Employment Status**

In Dollo Ado, 62% of refugee entrepreneurs had been self-employed before coming to Ethiopia. This shows that self-employment is a natural approach to livelihoods for refugees.

Figure 7 Refugees indicating previous self-employment



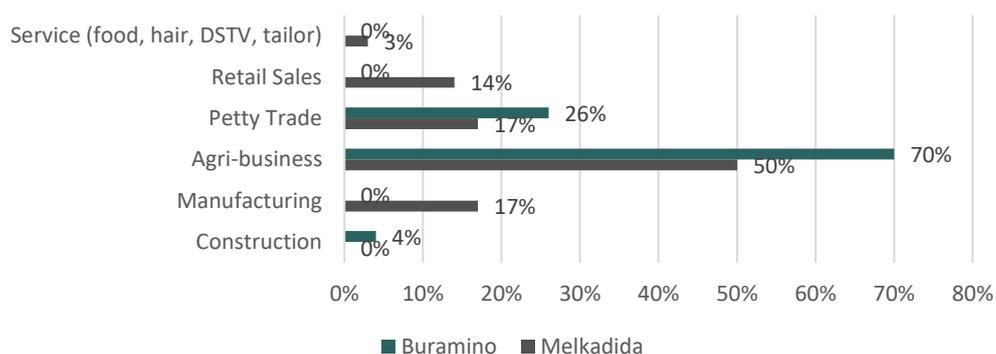
This was higher in Melkadida, 16% more business owners indicated they had been self-employed in Somalia (70% indicated yes) before coming to Ethiopia as compared to refugees in Buramino (54%). This could be because Melkadida entrepreneurs are older as compared to Buramino (85% of Buramino entrepreneurs are under 39 years), so they may not have been in business back home when they were younger. This could also be due to the fact that

Melkadida entrepreneurs come from a region where there is a lot of cross-border trade (see next).

Of those entrepreneurs who had been self-employed, the majority had been self-employed in agriculture and petty trade back home.

*Figure 8 Sectors of Somali refugees self-employed in home country*

**Most Somali entrepreneurs had been self-employed in agri-business and petty trade in their home country**



Melkadida camp had fewer entrepreneurs working previously in agri-business (50%) compared to Buramino (70%), and more Melkadida entrepreneurs having businesses in retail sales (14%) and manufacturing (17%) back home, and less in petty trade (17% versus 26%). Buramino entrepreneurs were mostly self-employed in agri-businesses in Somalia (70%), and the remainder in petty trade (26%). There were none in services, retail sales or manufacturing, and only 4% in construction.

This is quite a difference. The majority of Melkadida refugees originate from the Gedo region in Somalia (65%). The Gedo region is close to Kenya and Ethiopia and many people work in cross border trade there, which would explain why they had less of an agricultural focus. Also in the Bay and Bakol regions in Somalia (where 29% of the Melkadida refugees originate), they mostly fled because of drought and conflict. Due to a long drought in the Bay and Bakol regions, people may have diversified their livelihoods in order to survive, which would explain the diversity in livelihoods back home as compared to Buramino.

**Business owners: Education Levels**

Few of the Somali refugee entrepreneurs had completed formal education: 77% of Somali business owners surveyed had never completed any education.

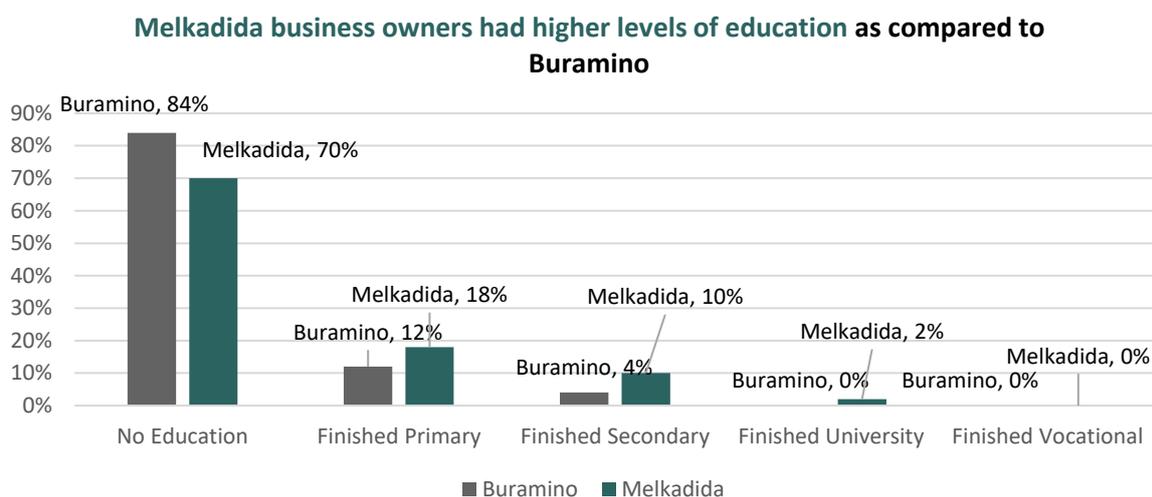
In comparison with World Bank data of the general Somali refugee population in the Somali Region, this was similar, and in fact a higher amount of SHARPE refugee entrepreneurs surveyed had completed no education (77%), while 60% of the overall Somali population had not completed any education<sup>12</sup>.

<sup>12</sup> World Bank Skills Report 2019

Table 2 Somali refugee entrepreneurs education compared with World Bank Data

	Business owners (SHARPE research)	World Bank Research
No education	77%	60%
Finished primary	15%	30%
Finished secondary	7%	9%
Finished university	1%	1%
Finished vocational	0%	n/a

Figure 9 Levels of completed Education



Melkadida business owners had slightly higher levels of education as compared to Buramino: 84% of those in Buramino had never completed any education as compared to 70% of respondents in Melkadida, and only 10% of respondents had finished secondary in Melkadida compared to 4% in Buramino. Melkadida camp is older than Buramino so refugees may have received more opportunities for education in the camp.

### 3.2. Typology of Refugee Businesses

This next section outlines the profiles of businesses surveyed in the Dollo Ado Region in order to better understand the makeup of refugee enterprises.

#### *Sector of Refugee Businesses*

In the Dollo Ado camps surveyed, more entrepreneurs were working in agriculture (38%) and petty trade (35%), with less businesses operating in services and retail sales. We believe this

is for a couple of reasons. Firstly, investments by the IKEA Foundation in irrigation and livestock may have played a role expanding opportunities in livestock and agriculture for refugees. In addition, refugees in Dollo have relatively good harmony and co-existence with the host community and so are able to share natural resources including land and are able to move to source or buy agricultural products or livestock. There were also some refugees working in construction and manufacturing, although this was minimal (7% and 3% respectively).

Figure 10 Sectors of Business Surveyed

**Dollo Ado businesses are mostly focused on agriculture and petty trade**

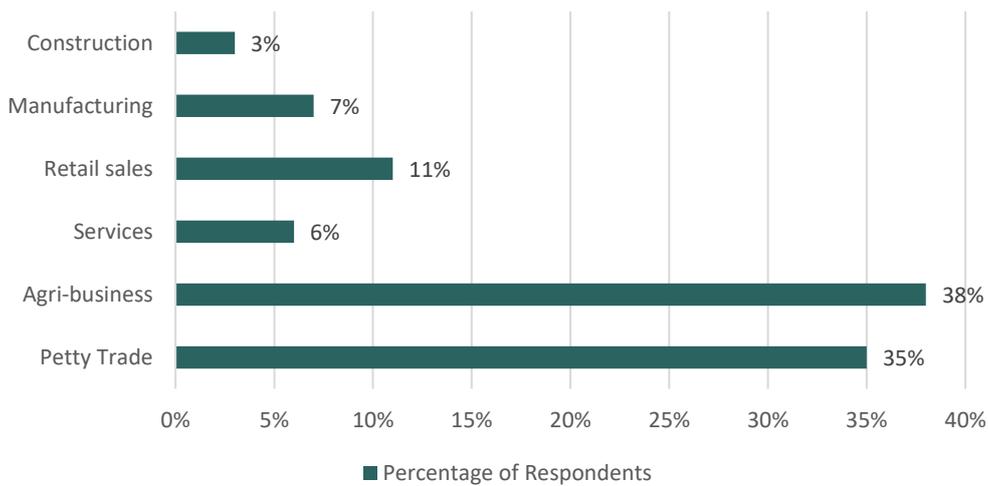
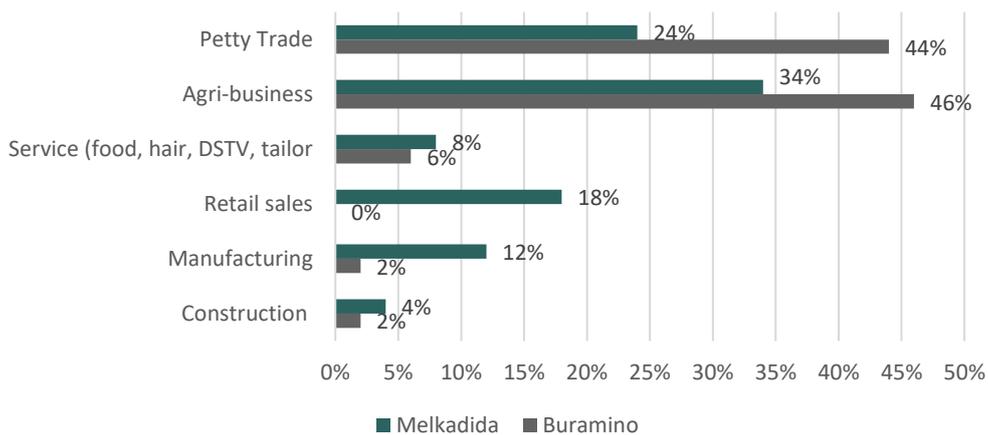


Figure 11 Sectors disaggregated by camp

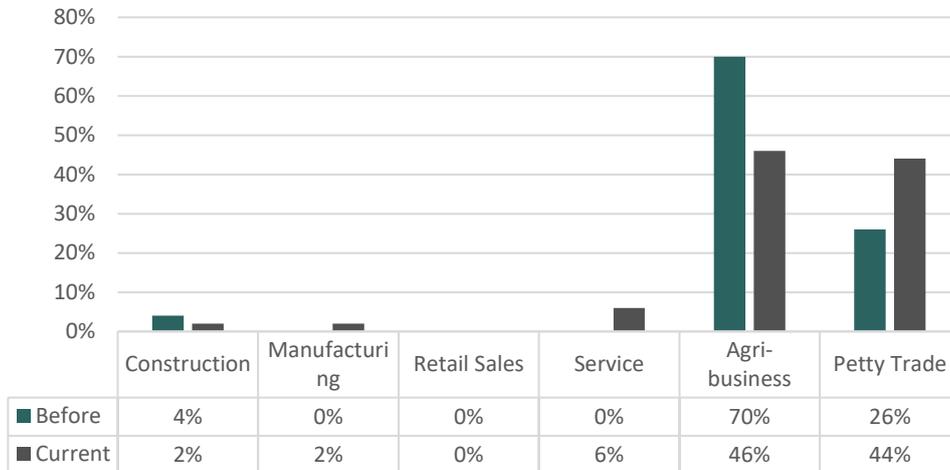
**Most business owners in Dollo Ado camps were in agri-business and petty trade**



If we look at what business owners were doing in their home country versus what they are doing now in Ethiopia, in Buramino we see that most shifted from agri-business into petty trade and the service sector, with a slight increase into manufacturing.

Figure 12 Self-employment in home country and in Ethiopia, Buramino

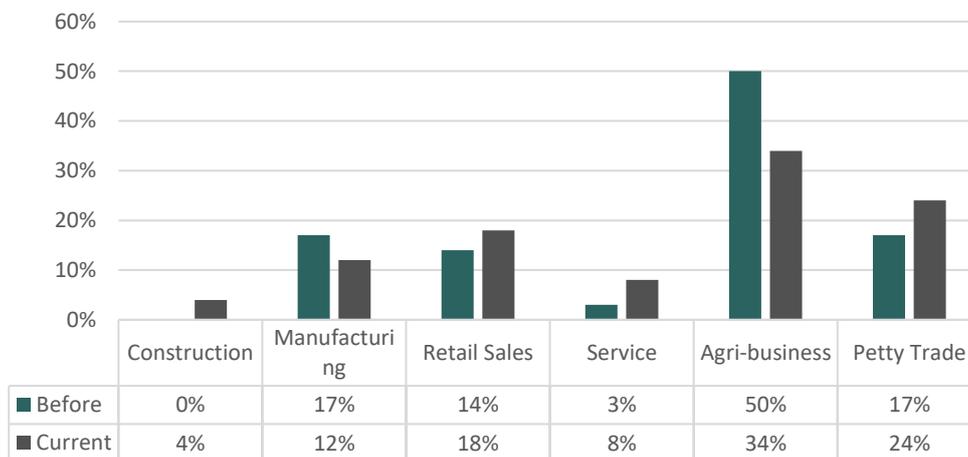
**Many Buramino business owners adjusted their self-employment from agri-business to petty trade**



Melkadida business owners built upon their experience in Somali in manufacturing and retail sales as evidenced by higher numbers in these sectors in their home country and now in Ethiopia. However they, similar to Buramino entrepreneurs, were less likely to be in the agri-business sector as compared to back in Somalia.

Figure 13 Self-employment in home country and in Ethiopia, Melkadida

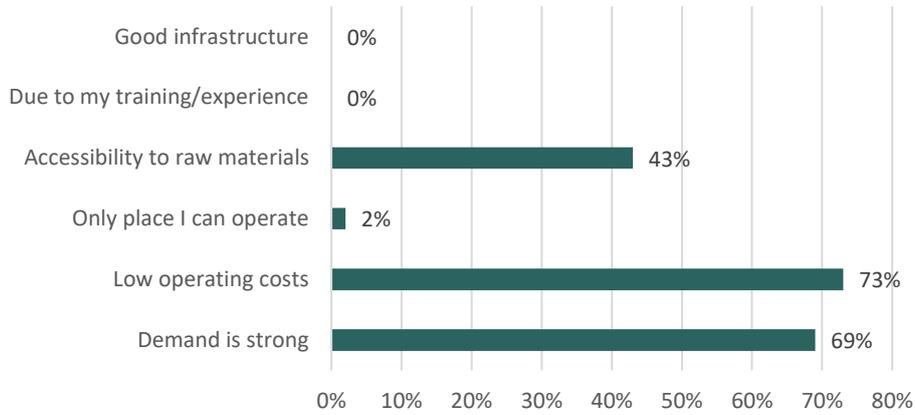
**Melkadida business owners adjusted self-employment from agri-business into petty trade, but also into manufacturing and retail**



Next we wanted to look at why refugees in Dollo started up businesses. Most indicated they had started their businesses primarily due to low operating costs and because demand was strong, or other operational reasons.

Figure 14 Reasons for operating a business in the camps

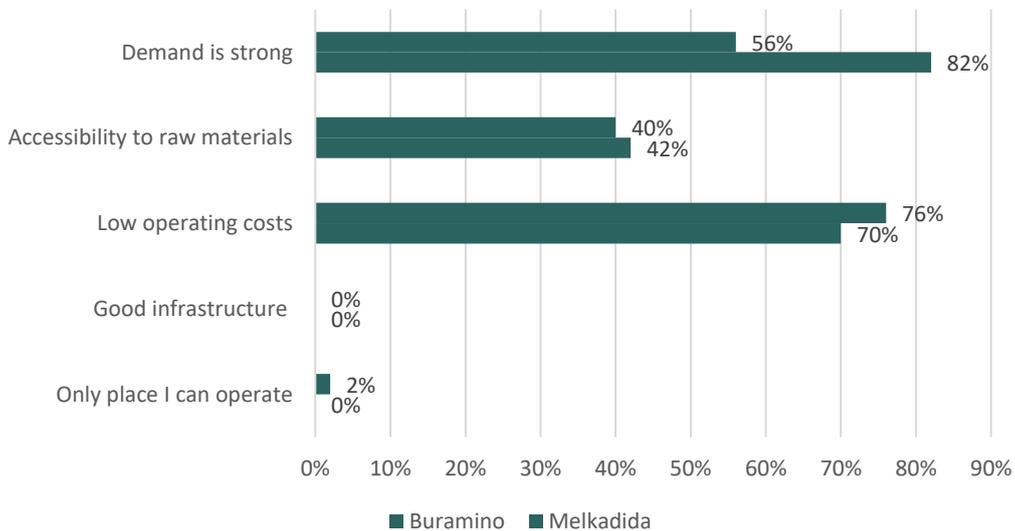
**In Dollo Ado the main reasons for operating in the camps were low operating costs and demand is strong**



The main difference for operating a business between the camps was that in Melkadida respondents cited “demand is strong” much more (82% of respondents) versus Buramino (56%). This could be because Buramino has more competition from Dollo Ado town and refugees and hosts can more easily travel to Dollo Ado town to purchase goods rather than sourcing from Buramino.

Figure 15 Reasons for operating a business in the camps disaggregated

**Melkadida and Buramino entrepreneurs differed only in the reasons for higher demand in Melkadida**



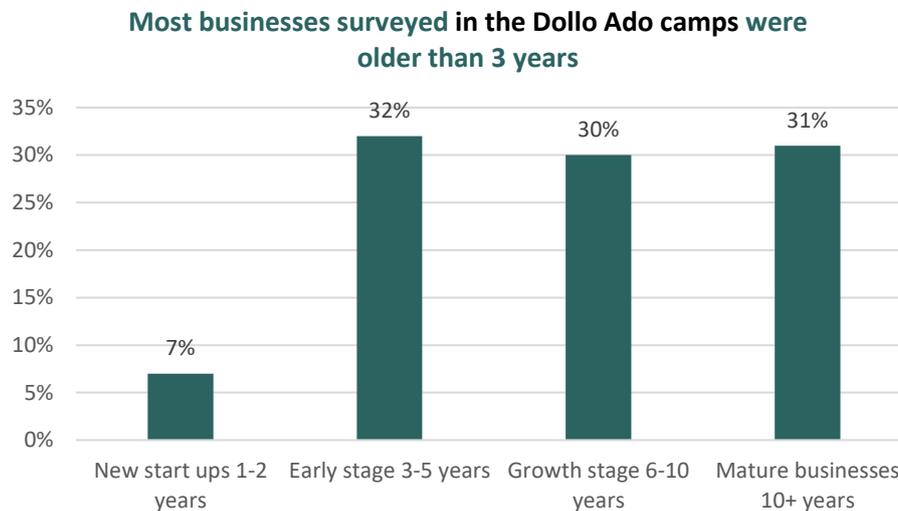
Very few business entrepreneurs indicated the reason for operating in the camps as the “only place I can operate”. This was not a consideration for most business owners.

**Lifecycle of Businesses**

Most businesses in Dollo Ado had started up their businesses within the past 7.7 years. In Dollo, there were few start-ups in the past 1–2 years, only 7% of businesses surveyed were

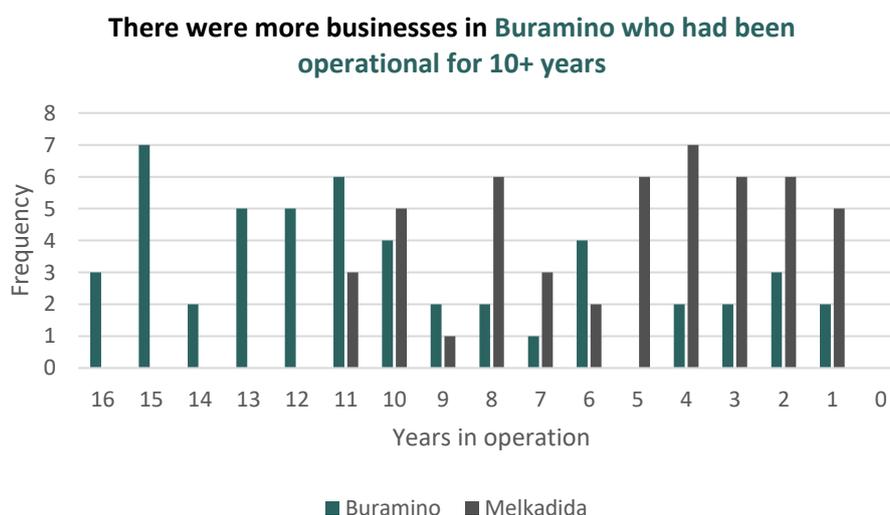
start-ups. The businesses surveyed were evenly spread along the growth stages: 32% of businesses surveyed were in an early stage, 30% in a growth stage and 31% in a mature stage.

Figure 16 Stage of business operations



However, this differed between the camps. In Buramino, the average age of the businesses in operation was 10 years, while in Melkadida, it was 5.3 years. If we look at the frequency of businesses years in operation, we see higher numbers of Buramino businesses that were operational for 10 or more years, which has skewed the average higher. Melkadida businesses were more likely to have started earlier, less than 10 years, with many starting in the previous 5 years.

Figure 17 Frequency of businesses years operational



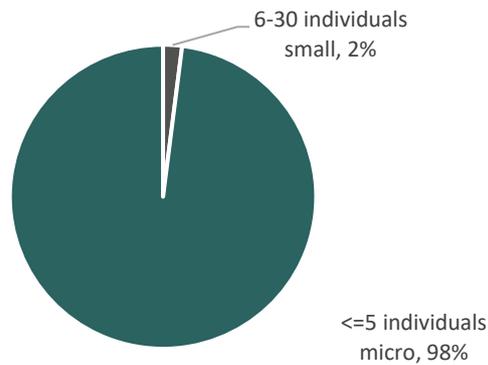
Most refugee businesses were small, with 98% of all refugee businesses surveyed considered “micro” as per the definition in the MSME Policy, defined as 5 employees or less. This is not a surprising finding and is reflective of the informal small nature of businesses in the camps.

The two “small” businesses, defined as with more than 6 employees, were in Melkadida camp. We do not believe this indicates anything other than there are businesses that are larger than

“micro” in Melkadida. However there are also larger businesses in Buramino camp; these may have just not been surveyed.

Figure 18 Size of refugee businesses

**The majority of refugee businesses in Dollo Ado camps were micro businesses**



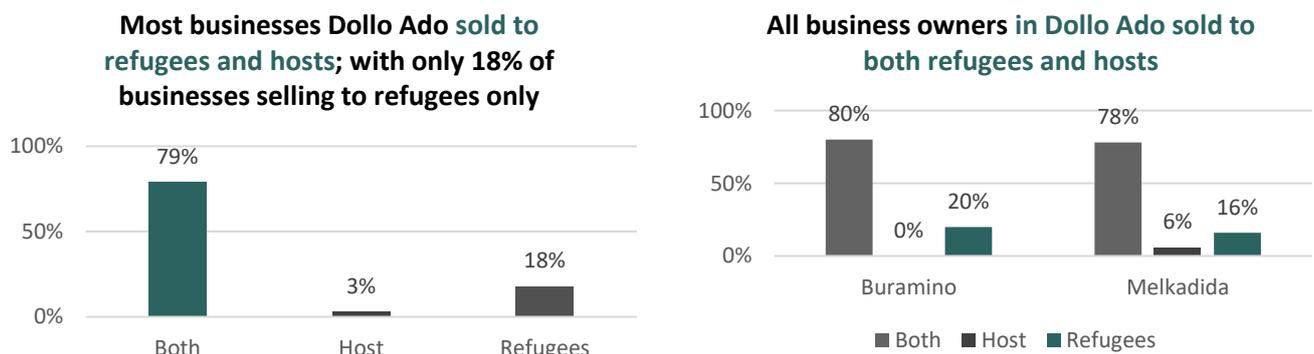
### 3.3. Economic Impact of Refugee Businesses

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

#### Sourcing raw materials and customers

In Dollo Ado 79% of businesses were selling to both refugees and hosts, with only 18% of businesses selling to refugees only.

Figure 19 Customers



This illustrates the strong economic integration of refugee and host economies in Dollo.

- “I source my items from Mogadishu (Somalia), Kenya (Madera) and Dollo Ado Town. I sell to both reguee and host communities- the hosts are my best customers” A 28-year-old refugee entrepreneur, running a mobile and electronic shop in Melkadida Camp.

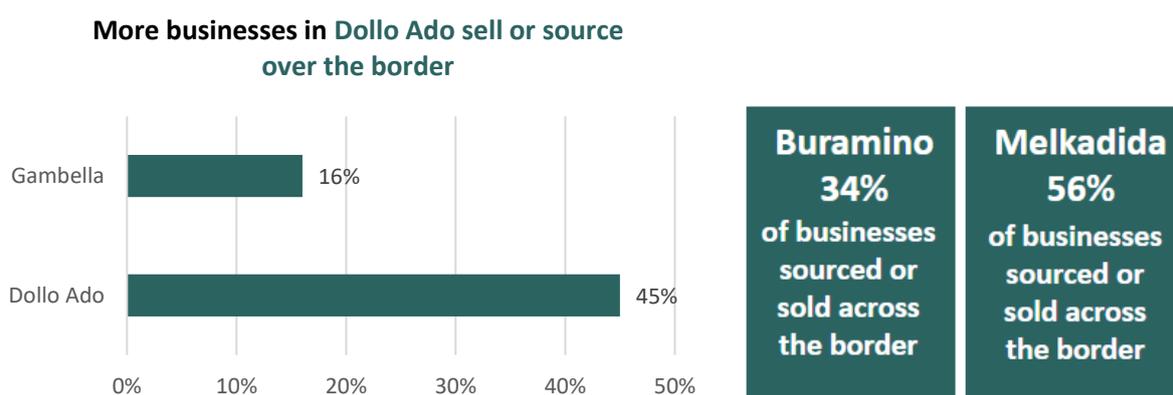
Between the Dollo camps there was little difference, with both Melkadida and Buramino businesses selling mostly to both hosts and refugees. Melkadida businesses sold slightly more to hosts only, while in Buramino there were slightly more businesses selling to refugees only (20% as compared to 16%). This could be because in Melkadida camp refugees and hosts use similar markets in the camp, for instance research by Betts et al (2020) found that host members visit the camp markets to buy daily items. However in Buramino, the host community can shop in Dollo Ado.

Refugees source their supplies mostly from Dollo Ado town or from across the border. Refugees regularly travel and buy items and services in Dollo Ado town, consequently contributing to the growth of the host economy. 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)<sup>13</sup>.

Many refugees retain family and even property in Somalia, also benefiting from economic opportunities on the other side of the border. 45% of the refugee business owners surveyed sourced or sold across the border, as cross border trade is integral to camp economies. Many refugees crossed the borders themselves to source goods, both into Kenya and into Somalia. This is not dissimilar findings to other research. For instance, Betts et al (2019) concluded that an estimated 200 refugees cross the border into Somalia every day, and that even though refugees officially need a pass to cross the border, border officials do not enforce this<sup>14</sup>. In addition, refugees living further away from the border were less likely to have crossed the border in the previous year - the percentage of refugees who have travelled to Somalia in the last year declining the further away from the border the camps are located. Their surveys of refugees, note not refugee entrepreneurs, found that in Buramino 12% of refugees had crossed the border the year previous to the research; this was only 1% in Melkadida<sup>15</sup>.

However our research indicated that many refugee entrepreneurs struggled to cross the border to do business and had to pay bribes and other fines to get their goods across the border. This is one of the reasons why they wanted to make their business operations official.

*Figure 20 Business operations across borders*



Interestingly between the sampled camps in Dollo Ado, there was a significant difference in the numbers of businesses sourcing over the border. In Melkadida camp 56% of business

<sup>13</sup> Betts & Bradenbrink (2020).

<sup>14</sup> Betts et al (2019).

<sup>15</sup> Betts et al (2019) found that 12% of refugees in Buramino had crossed the year previously; 6% Hilaweyn; 8% Kobe; 1% Melkadida; less than 1% Bokolmanyo.

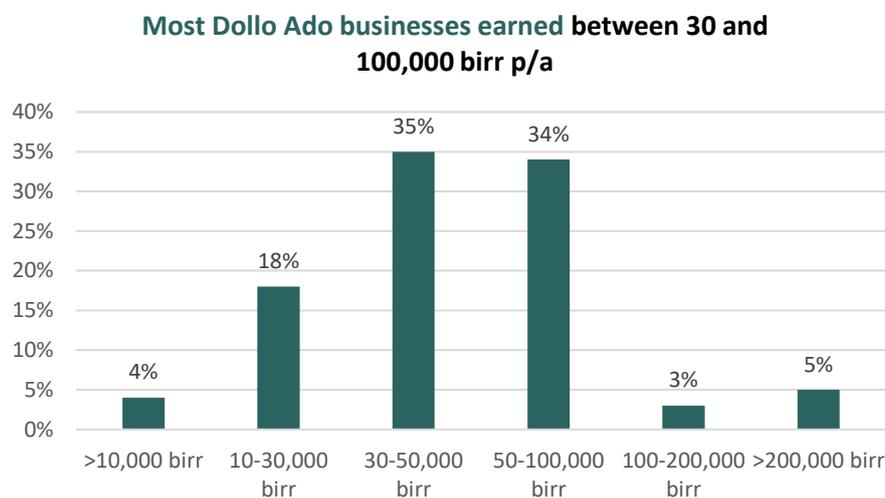
owners sold or sourced over the border as compared to Buramino businesses at 34%. This could be explained by distance to the town: refugee businesses in Melkadida have established relations with cross border suppliers since the camp is further away from Dollo Ado town, so their reliance on Dollo Ado town is not as significant, and more small businesses in Buramino source from the town, which makes sense due to the proximity of the town to the camp.

Our qualitative research indicated that many refugees sourced from a variety of places: local wholesalers in Dollo Ado town, then across the border into Somali and Kenya.

**Impact on the local economy**

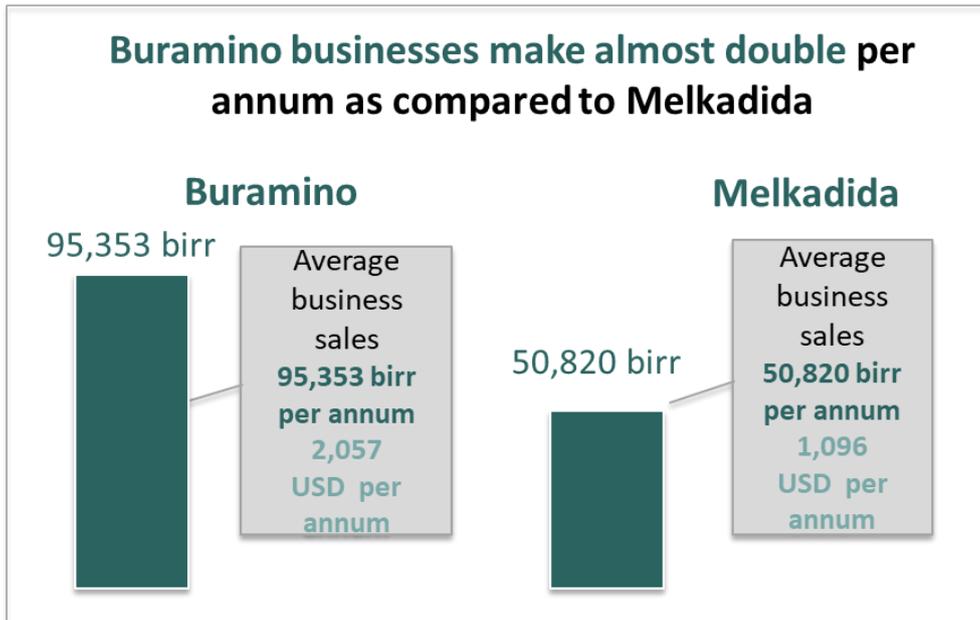
We wanted to understand the contributions of the businesses to the economy in terms of sales as well as employment. This was deemed important, as sales is an indication of the money circulating in the economies, and employment helps us to see how these businesses contribute to jobs.

*Figure 21 Annual sales of businesses*



Most refugee business owner earned between 30 and 100,000 ETB per annum. Average sales of Buramino businesses was almost twice that of Melkadida: 95,353 ETB per annum versus 50,820 ETB. This can be explained because Buramino entrepreneurs have greater access to Dollo Ado town and are able to source more regularly, and may have more sophisticated shops as compared to Melkadida.

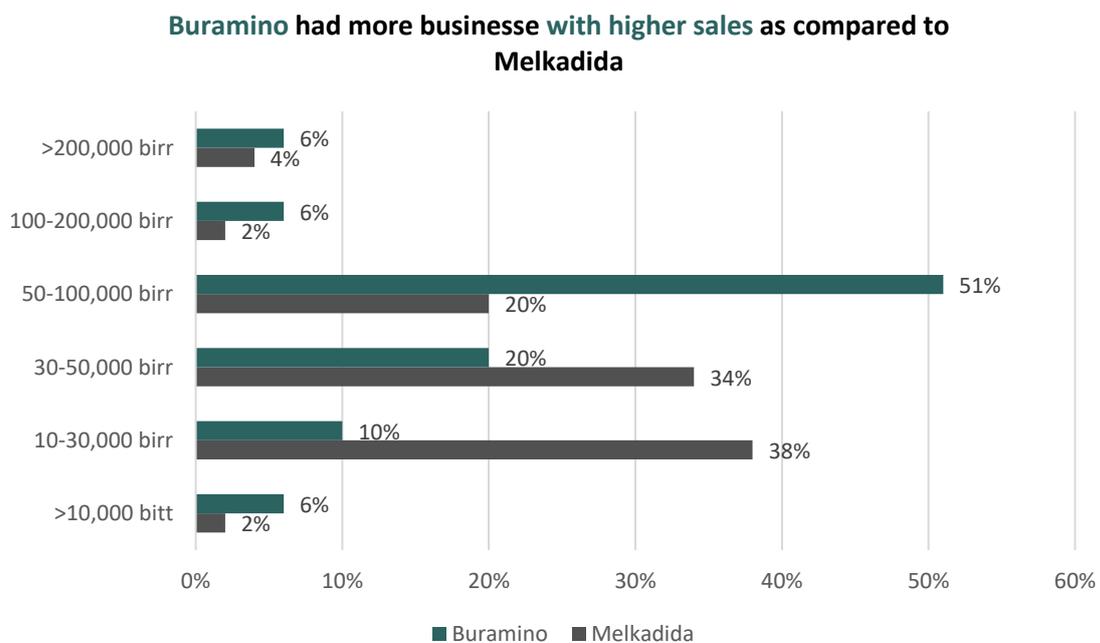
*Figure 22: Average sales of businesses per region*



If we look at the distribution of average sales, we see that more Buramino businesses had higher sales as compared to Melkadida, with 50% of Buramino businesses earning between 50 and 100,000 ETB per annum, while in Melkadida, this was only 20% of the businesses. 12% of Buramino businesses earned 100,000 ETB or higher, while only 6% of Melkadida businesses earned more than 100,000 ETB.

Only 36% of Buramino businesses surveyed made less than 50,000 ETB per annum, while in Melkadida this was almost double at 74%. We can conclude that Buramino businesses earned significantly more than Melkadida businesses.

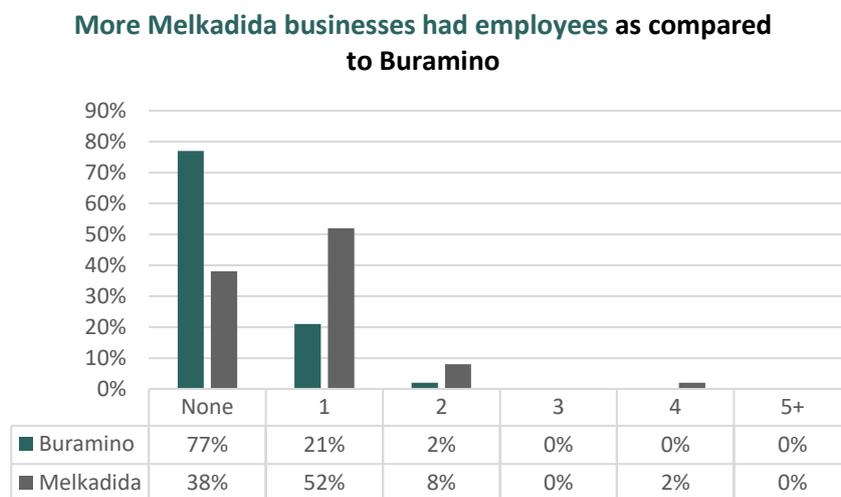
Figure 23 Sales disaggregated by camp



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

42% of businesses in Dollo Ado hired an additional employee, however this was skewed towards Melkadida businesses: 62% of them hired someone, while this was significantly lower in Buramino, with only 23% of businesses hiring at least one employee. We believe this is because in Melkadida entrepreneurs “hire” family members, but often do not pay them a wage. This becomes clear in the refugee profiles (see Appendix 2). This is not only because there is not money to pay employees, but also due to trust. Most refugees interviewed directly by the research team indicated that they only trusted a family member to run their shop, however they did not have the money to pay them. The business was considered part of the family business, benefitting family members.

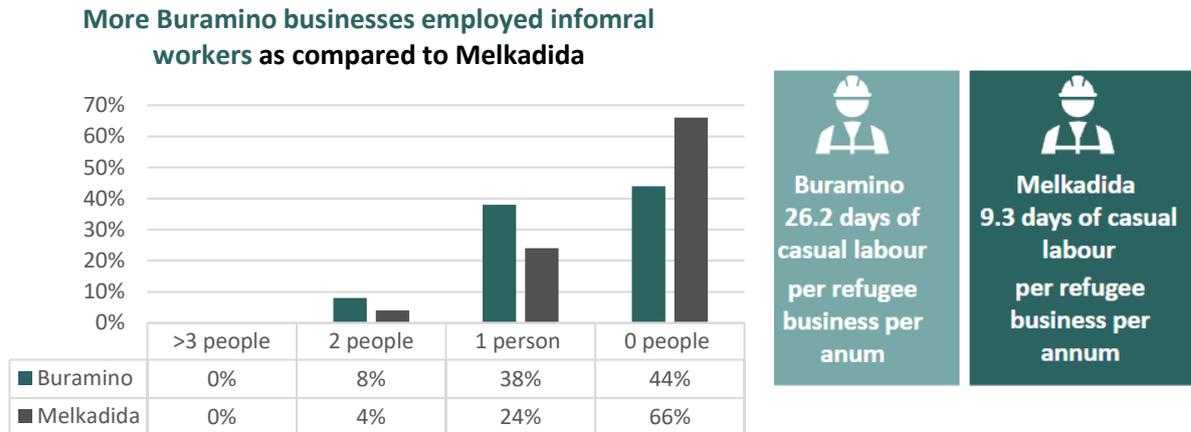
Figure 24 Businesses hiring additional employees



However we are not certain why this was not the same in Buramino. This needs to be explored further.

What we do know from the data is that Buramino businesses were more likely to hire informal workers. Looking at all of the business surveyed in Dollo (n=100), in Buramino, 50% hired at least one casual labourer in the previous year for a total of 1,310 days of additional work for all the businesses, for an average of 26.2 days of informal labour hired per business surveyed. For Melkadida, 56% of the businesses hired at least one casual or informal worker sometime in the past year, however they hired for less days, for only 462 days in total per annum, or an average of 9.3 days of informal labour per business.

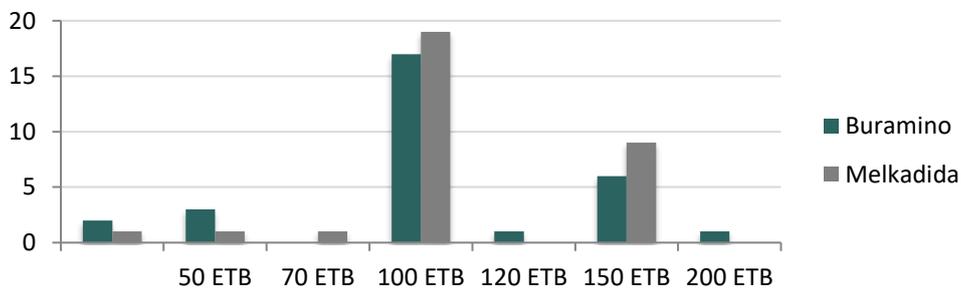
Figure 25 Businesses hiring casual labourers



Most casual labourers earned 100 and 150 ETB per day and this was no different between the two camps.

Figure 26: Daily rate of casual labourers

**Most Dollo Ado businesses pay 100 ETB per day for informal worker**

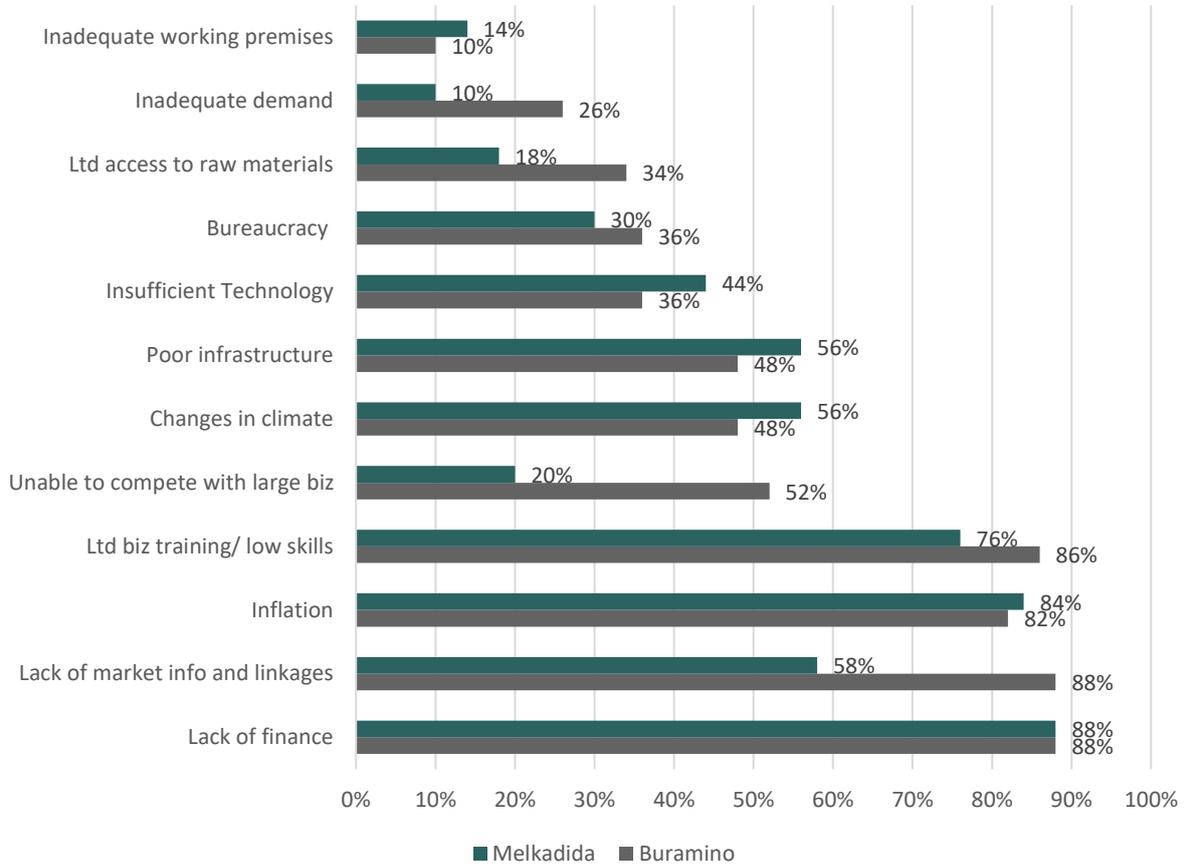


### 3.4. Constraints to Growth for Refugee Businesses

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

Figure 27 Constraints to growth

**Constraints to growth for businesses in Buramino and Melkadida**



For entrepreneurs in both Buramino and Melkadida, the most often cited constraints were lack of finance (88% of respondents), inflation linked to fluctuating exchange rates (84% and 82%), low skills in business (75% and 86%) and changes in climate and poor infrastructure (both at 48% and 56%). In further interviews with entrepreneurs, they highlighted the constraint of a **lack of trade licenses** that prohibited businesses from selling and sourcing especially across borders and a lack of access to foreign currency (USD) to source from Somalia or Kenya. This was an oft-cited constraint as prices fluctuated almost on a daily basis due to currency changes. This meant that businesses struggled to manage their profitability, sometimes selling at a profit, other times not. Furthermore, **poor infrastructure** inhibited sales with entrepreneurs indicating there was no marketplace to sell their goods, and the high cost of electricity and poor roads affected their cost of doing business.

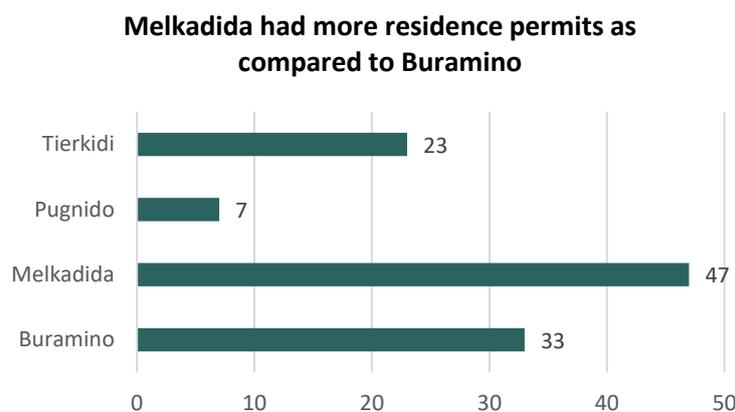
Buramino entrepreneurs highlighted slightly different constraints: 88% cited lack of market linkages (with only 58% of Melkadida entrepreneurs indicating the same) and an inability to compete with large firms (52% versus 20% in Melkadida). It makes sense that Buramino entrepreneurs have more competition, as they are closer to Dollo Ado town and would be competing with companies there. We know that Buramino entrepreneurs have stronger market linkages as compared to Melkadida, so perhaps this difference is due to Buramino entrepreneurs desiring even more linkages and market information in order to expand and grow their businesses.

### Residence Permits and Business Registration

We wanted to better understand whether business operations were affected by a lack of residence permits or business permits. 80% of the business surveyed had residence permits: 47/50 refugee entrepreneurs surveyed had resident permits in Melkadida camp, while 33/50 had these permits in Buramino Camp.

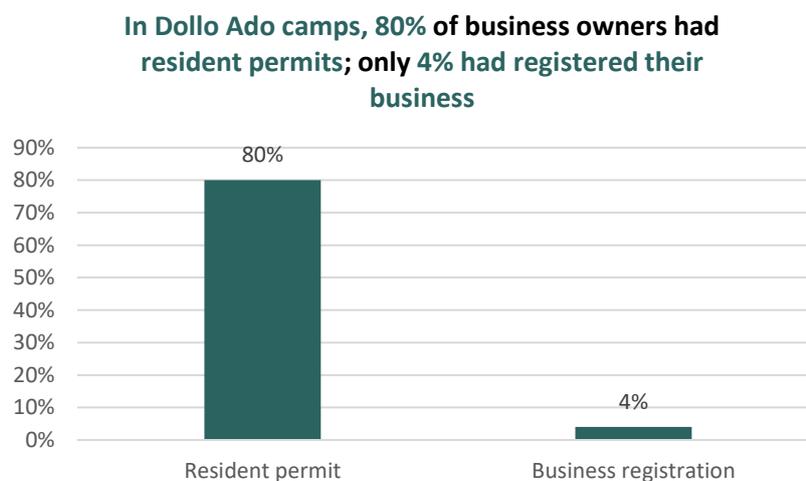
We believe a prioritisation of Dollo Ado was a reflection of the investments that had been inputted into Dollo and the number of livelihood based projects there. This was in contrast to Gambella where very few refugee business owners received residence permits in the past year.

Figure 28 Residence permits



In discussions with UNHCR, there have been over 2,600 resident permits given out in 2020, with another projected 5,000 for 2021. In Dollo Ado alone, 1,659 permits have been given out. We believe the high number of permits for the entrepreneurs surveyed was because ARRA and UNHCR have been prioritising permits for refugees who have been part of a joint project through NGOs, and/or economically active<sup>16</sup>. However few businesses in Dollo Ado had formalised operations: only four out of 100 businesses had business licenses.

Figure 29 Registration permits and business registration in Dollo Ado

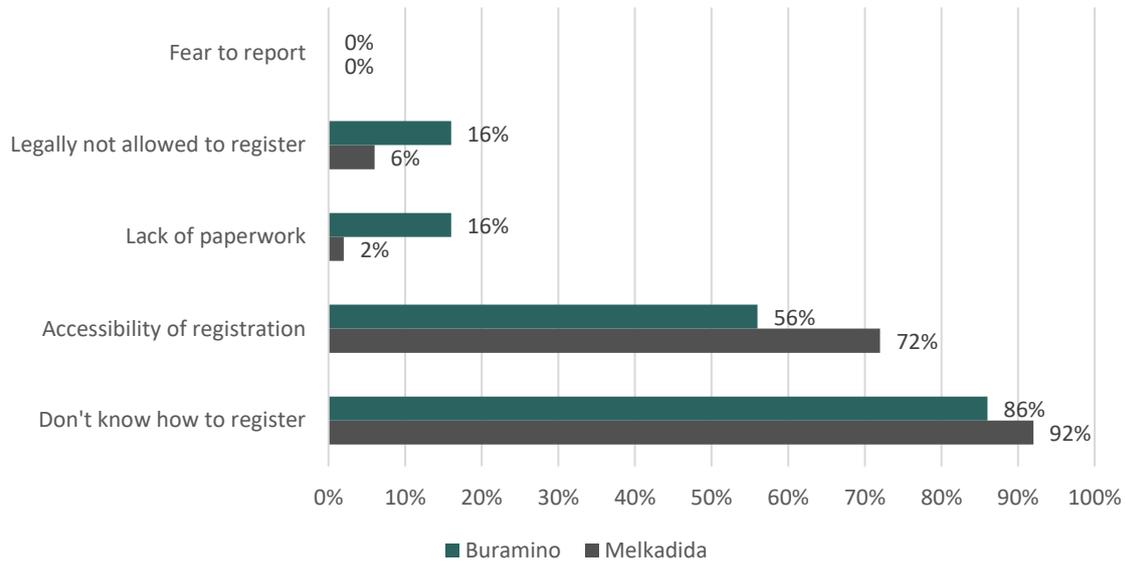


<sup>16</sup> Interview with UNCHR May 2021

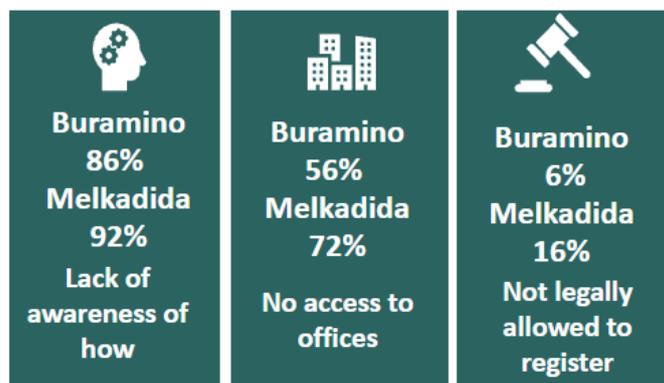
There were a number of reasons why businesses had not formalised.

Figure 30 Reasons for not registering business

**Most Dollo Ado refugees do not know how to register their business**



Business registration was constrained by a lack of awareness of how to register a business, followed by a lack of access to registration offices. Less entrepreneurs indicated lack of paperwork or that they were not legally allowed to register as reasons not to register their business. However, Melkadida entrepreneurs had a higher rates of lack of awareness and no access to offices, and 16% of them did not believe they could register.



### Wholesale business in Buramino Camp, Somali Region

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

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

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

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

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

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

The process to obtain a business license is still not clear to most refugees<sup>17</sup>. The refugee entrepreneurs who had business licenses indicated they had assistance from NGOs to obtain these. There was one entrepreneur who had registered as a cooperative which appeared to be an easier process. However there was significant interest of refugee entrepreneurs to register their businesses, 78% of refugees entrepreneurs in Buramino and 74% in Melkadida indicated a willingness to do so.

Entrepreneurs in Dollo Ado, even though over 80% had residence permits, so movement was not an issue for them, were motivated to obtain business licenses as this would help them trade formally across borders, obtain access to finance, sourcing locally to avoid the fluctuations in currency exchange, or sell to the host communities which increases their market:

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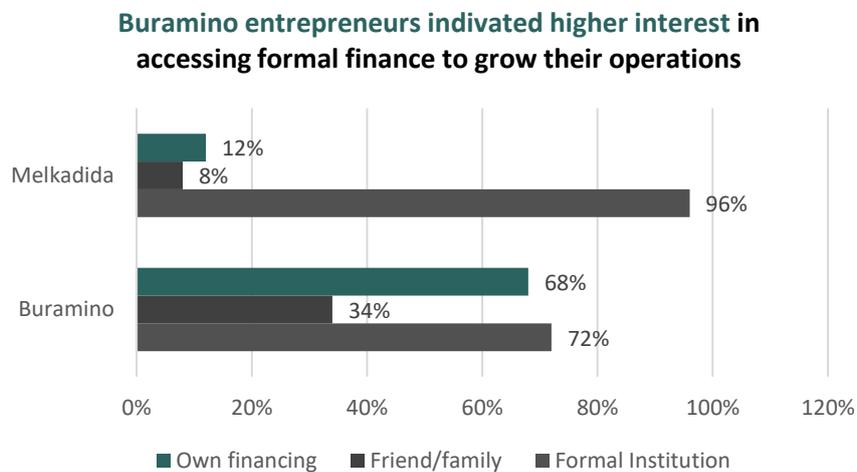
<sup>17</sup> The process was still unclear for many people in the camps. Our interviews with government and UNHCR indicated that refugees must have a TIN number and their residence permit, and a letter from ARRA. This needs to be given to the Trade Office who then provides a business license.

- “So I can access a loan from microfinance institutions like HELLOCASH”. Refugee entrepreneur in Buramino
- Because I will be able to develop business liaisons which will enable me to partner with other business communities. Refugee entrepreneur in Melkadida
- “I will more easily be able to cross the border sell my service to the host community.” Refugee entrepreneur in Buramino
- “If the business is registered we can buy the goods from the country by the local currency.” Refugee entrepreneur in Buramino
- “If the business is registered I can easily buy the good officially in the country.” Refugee entrepreneur in Buramino

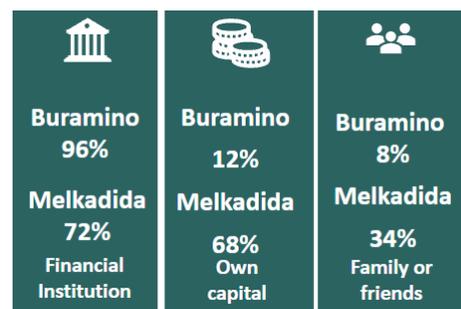
### Access to finance

Very few refugee entrepreneurs accessed formal financial capital, and also very few accessed finance from family or friends. Most entrepreneurs used their own capital to finance their business operations. The majority of entrepreneurs indicated they did not have the finances to take advantage of opportunities to sell more in their areas. They could not access loans from MFIs or banks, nor grants from the government unless they were formally registered. Those that had accessed grants in the past received small amounts from NGOs that were used to start up operations, but not grow their business. This is a strong finding and shows how these entrepreneurs start and build their businesses on their own strength with very little assistance.

Figure 31 Access to capital for business start-up or operations



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



### Constraints for women entrepreneurs

For women entrepreneurs, there were similar issues as for male entrepreneurs, however in Dollo Ado camps, there were few additional constraints to being a woman. Most of the female entrepreneurs indicated that there are only challenges during pregnancy and breastfeeding and challenges in physical limitations in terms of lifting heavy objects. Some women indicated that in the past women were constrained culturally, however this has changed and there is an openness to women doing business now.

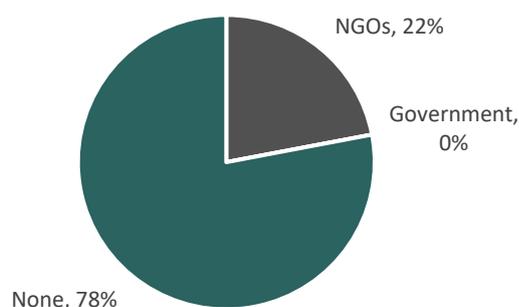
- *“There are challenges only during pregnancy and feeding time.”* Female entrepreneur in Buramino Camp.
- *“In the culture women should stay in the home but in modern times women can do any activity.”* Female entrepreneur in Buramino Camp
- *“Females are the household head and can do all activities.”*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

### Additional assistance received and aspiration for their business

22% of refugee entrepreneurs surveyed in the Dollo Ado area received assistance from NGOs for their businesses, 12 from Buramino and 10 from Melkadida. None of the businesses surveyed received other financial and technical assistance from any Government services, other than the residence permits and trade/cooperative licenses some have received from local government structures.

Figure 32 Type of assistance received

#### 22% of entrepreneurs in Dollo Camps received help from NGOs to start or grow their business

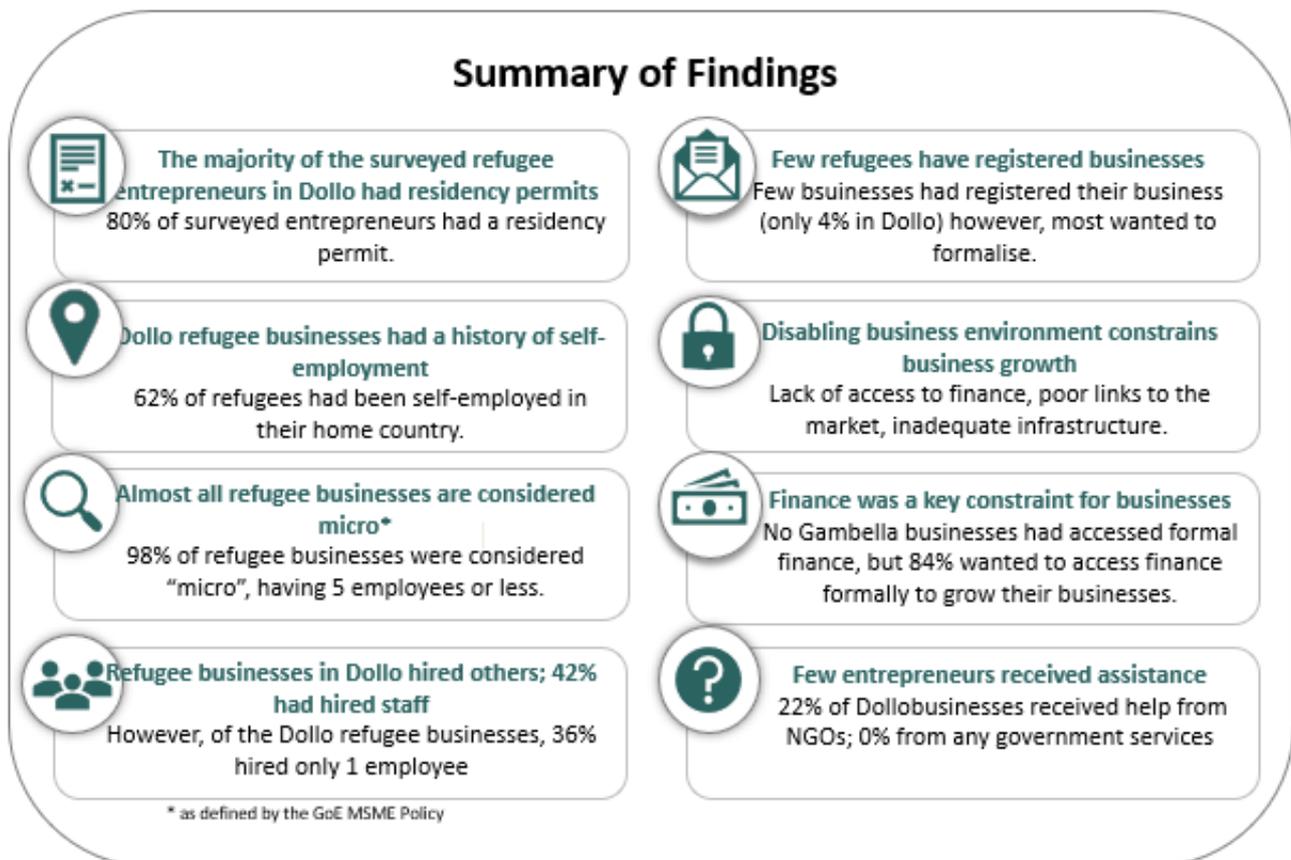


Refugee entrepreneurs were aspirational about their businesses and indicated the following strategies to growth and develop their business further:

- *“I want to expand and partner with suppliers so that my business will grow gradually and I can source from neighbouring regions.”* Refugee from Melkadida
- *“I wish to become a big supplier.”* Refugee from Buramino
- *“Finally to solve the financial problem gap I have and build for the future.”* Refugee from Melkadida
- *“Strengthen linkage with business suppliers.”* Refugee from Buramino

- *“This business to change into a wholesale business and obtain more profit.”* Refugee from Buramino
- *“Get the government to make unlimited peace with the neighbours, avoiding restrictions which mean free movement.”* Refugee from Melkadida
- *“To expand across refugee camps, Dollo Ado and surrounding kebeles.”* Refugee from Melkadida
- *“To expand my business so that I can employ unemployed youth.”* Refugee from Buramino
- *“To expand the business and open another branch in the host community site.”* Refugee from Buramino
- *“To rehabilitate and buy new materials to the business in order to satisfy the customers.”* Refugee from Buramino

#### 4. Summary of Findings



While refugees are entrepreneurial, they have a number of limitations that stop them from being able to grow their businesses and contribute even more to the refugee economies.

- **80% of the surveyed refugee entrepreneurs had residence permits.** Residence permits can help, and people clearly understand that movement restrictions are a big

challenge to running a business. There were few issues with movement restrictions in the Dollo Ado region.

- **Refugee business owners had a history of self-employment.** 62% of refugees had been self-employed in their home country, and the types of sectors refugees were in varied between the camps, depending on where they originated from.
- **Most Dollo refugee businesses surveyed are considered micro.** 98% of refugee businesses were considered “micro”, having 5 employees or less. This meant the impact of these businesses on the wider camp economy was smaller than it could be. The main types of refugee businesses in operation in Dollo are largely small, family run businesses with little employment creation, especially in Melkadida. However businesses in the camps have the potential to grow, despite the difficult environment.
- **Refugee businesses did not employ many others; only 42% had hired staff,** however this was mostly from Melkadida businesses. However when we interrogated this more deeply, we saw that most businesses employed family members who were not always paid. However Buramino businesses have a greater impact on the wider economy in terms of hiring of casual labour.
- **Only four refugees had registered their businesses in Dollo.** No entrepreneurs had registered their business, however most wanted to. All of the business entrepreneurs had received help to register from NGOs.
- **Disabling business environment constrains business growth.** While refugees are entrepreneurial, they have a number of limitations that stop them from being able to grow their businesses and contribute to the refugee economies. Poor infrastructure, poor market linkages and lack of access to finance impacted on the growth of refugee businesses.
- **Finance was a key constraint for businesses.** Few Dollo businesses had accessed formal finance, but most wanted to access finance formally to grow their businesses. This was more significant in Buramino where there was access to banks and MFIs. Access to business finance for small-scale businesses can potentially be significantly impactful for the growth of these businesses.
- **Few entrepreneurs received business assistance.** There has been very little support for refugee business expansion and entrepreneurship, despite the potential impact this can have – this should be a consideration for future refugee livelihoods interventions. Only 22% of Dollo businesses received help from NGOs; 0% from any government BDS services. Most entrepreneurs were aspirational and wanted the opportunity to grow their businesses. Most are interested in expanding/growing their business – showing that they believe they have a market.

## APPENDICES

### Appendix 1: Stakeholders Consulted

Name	Role	Organisation
<b>Dollo Ado</b>		
Mohamed Shued Abdulle	Business Desk Officer and Acting Head	Dollo Ado Woreda Trade and Industry Office
Alinur Abdi Ahmed	Head of Woreda Agriculture and Natural Resources Office	Dollo Ado Woreda Agriculture and Natural Resources Office Response to Displacement Impact Project (DRDIP)
Ali Kuresh	Associate Head of the Youth Association	Dollo Ado Youth Association Office
Abdirazak Muktar	Head of Woreda Trade and Industry Office	Bokolmayo Woreda Trade and Industry Office
Musa Yusuf Ibrahim	Woreda Agriculture and Natural Resources Office	Bokolomayo Woreda Agriculture and Natural Resources Office Response to Displacement Impact Project (DRDIP)
Abdi Gaiye	Program Coordinator	ZOA Dollo Ado office
Lilian Otieno	Livelihoods and Economic Inclusion Officer	UNHCR Melkadida Sub Office
Mohammed Hassen	Environment, Energy and Livelihoods Officer	ARRA Melkadida Office
Abubakarr Talib Jallow	UNHCR Melkadida Sub Office Head	UNHCR Melkadida Sub Office

## Appendix 2: Refugee Entrepreneur Profiles

### An Entrepreneur running a Veterinary Drug shop in Buramino Camp

Diriye is a 49-year-old adult refugee from Somalia. He runs a livestock drug vendor shop in Buramino refugee camp. He has been living in Ethiopia for 9 years. He has seven children from three wives. When he was in Somalia, he was a pastoralist. In the camp, he was initially functioning as a Community Animal Health Worker (CAHW) before he opened his vet drug shop by contributing some financial amount to the 5,000 ETB worth of vet kits, he was given by a local NGO called Wa-PYDO.



He has two personnel who work in his shop. His annual sales turnover is estimated at over 140,000 ETB (~3,150 USD pa). In addition to sourcing from local suppliers in Dollo Ado town, he buys the items from Mogadishu (vet drugs for sheep and goats), Negele and Kenya (Mandera - multivitamins). Most of his customers are refugees but some near-camp host communities are also among his customer base.

His business is one of the very few formally registered and licensed refugee businesses. In the process, the entrepreneur was directed by Wa-PYDO that submitted his name to ARRA. Then, ARRA wrote him a letter and jointly facilitated with Wa-PYDO to help secure the business registration and trade license from woreda office of Trade and transport. He stresses how the NGO facilitation made the process easier to obtain the business license. To get the business license, the main

requirements to be fulfilled were Refugee ID, Residence permit, and a support letter from ARRA. Now he can freely sell to his customers in Dollo Ado that usually request formally licensed vendor.

New entrepreneurs need to have access to markets to expand their businesses. As suppliers need a license before they start transacting with new businesses, the entrepreneur sees having a business license as a success. In addition, having trade license has gained him trust in his business relationships with different local suppliers around Dollo Ado.

He doesn't have a unique obstacle that hinders him while running his business. This is mainly because his business is formally registered and licensed. As a result, he can travel and source items without facing problems on the way. However, he mentions the rough road as a challenge making transportation costs high.

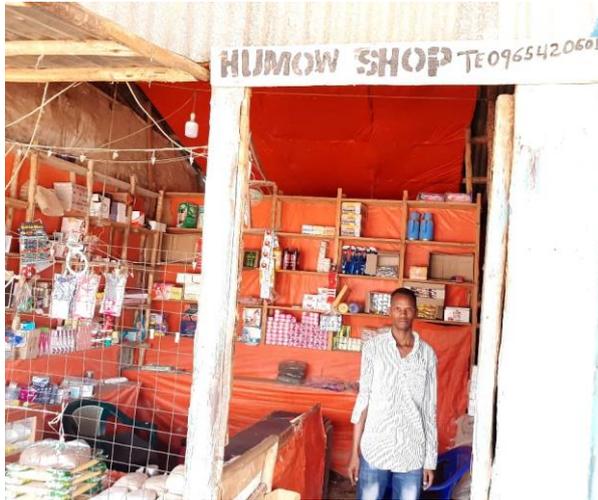
Key constraints:

- Price fluctuations due to exchange variation
- Difficulty getting USD to purchase goods from across the border
- Late payments from his customers
- Rough roads complicating travels and escalating travel expenses

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

Wa-PYDO has supported him with legal facilitation, kits for his initial CAHW business and technical trainings.

### A Young Entrepreneur running a retail shop in Melkadida



Ibrahim is a young entrepreneur living and operating in Melkadida refugee camp. He is 25 years old. He runs a retail shop named 'Humow Shop'. The mixed shop is not densely stocked with inventories of items, but it sells almost all types of consumable goods except clothes. He came to Ethiopia as a teenager having no prior business experience and he has lived in the camp for 6 years. He is married.

He is supported with one of his relatives as unpaid labourer. His annual sales turnover is estimated at 150,000 ETB (~3,375 UDS p.a.). He states that his enterprise is functioning

well. He sources the goods from Dollo Ado town and serves both host and refugees. However, refugees are his main customers. The business has been in operation for the last three years, starting with a start-up capital of 40,000 ETB. Now the business is growing and has more customers.

The business is not formally registered, but the owner is very keen to get it registered. However, he does not know the procedures on how he can make his business legal and formal. He wants to get a business license to enjoy tax advantages.

The road connecting him to his suppliers is very rough. This makes the transportation costs very high. Instead of travelling to Dollo Ado, he tries to mitigate this by transferring money online to his suppliers via HelloCash. The vendors send the items to him through public transport. This reduces the costs involved in travelling long distance.

Key challenges encountered by the entrepreneur include:

- Frequent market fluctuation due to the ever-rising exchange rate
- Late debt repayment by the customers and
- Lack of business license and formal registration.

He has the aspiration to grow his business. He mainly wants to achieve this by expanding his business and serving more customers.

The owner has never received any support for either government or any non-government organisations.

## An Entrepreneur operating a metal fabrication and assembly workshop in Melkadida



Dahir is a 38 year old refugee business operator in Melkadida refugee camp. He is married and has lived in Ethiopia for 7 years. He is engaged in metal fabrication. He owns Tawakal General Metal Fabrication and Assembly. Before coming to Ethiopia, he used to work in a garage as a mechanic working on activities such as welding. He runs his business with support from two of his relatives who are unpaid, and his annual sales turnover is estimated at ETB 100,000 (~2,250 USD p.a.).

He started the metal fabrication and assembly business three years ago with tools/kits handed to him by NRC. This was through the Youth Education Program – YEP. He is a YEP graduate in metal work skills development which he attended before starting the business. Now he has a full-fledged metal workshop. He sources necessary goods from different markets. His main inputs such as diesel generator (because the camp has no grid connectivity), small welding materials/tools etc. are sourced from Dollo Ado town, Somali and Kenya (Mandera). His customers are from both refugee and host communities.

His business is not legally registered yet. However, the he is very much interested in registering his business though he does not know how he can make it happen. Generally, he doesn't know the process it takes to formalise his business. The motivation to get registered emanates from the desire to capitalise on the business license to be able to freely move to procure items from across the border and to get tax advantages by only paying 2% withholding tax when procuring items from cross border.

He complains that the road is very rough and so costly to run business because of expensive cost of transportation. He tries to mitigate the consequences by using HelloCash to transfer money to his suppliers digitally than physically travelling to pay and order the goods. Subsequently, the suppliers send the items to him using public transport.

Key challenges encountered by the entrepreneur include:

- Frequent market fluctuation due to the ever-rising exchange rate
- Lack of adequate foreign currency making importing from cross border difficult and
- Late debt repayment by the customers

The main aspiration of Dahir is to expand his business. He wants to serve more customers and maximize his sales volume.

## A Young Entrepreneur running a mixed shop in Melkadida



Mawlid is an owner of a mixed retail shop of clothes and kitchen utensils in Melkadida refugee camp. He is 26 years old. He is married and he lived in Ethiopia for only 3 years. Before coming to Ethiopia, he used to own and run a boutique and utensils shop in Somalia.

The owner is supported by 2 personnel, both are refugees. They are relatives of the owner. They are not paid. The annual sales turnover of the business is estimated at close to ETB 200,000 (~4,500 USD p.a.). The business was started 2 years ago as a small shop and now it is

relatively expanding.

He claims his enterprise is working well. He sources the goods from Dollo Ado (dresses that are initially imported from Somalia), sometimes directly from Somalia (kitchen utensils). He has both host and refugee customers. Most of his customers are refugees because the business itself is inside the camp and the refugee population is by far larger than the host community.

His business is not formally registered, but the Mawlid is very interested to register his business. However, he doesn't know how he can officially get it registered. He does not know the procedures to formalise it. The incentive to register comes from purchase tax savings (withholding) and freely move at checkpoints while engaging in cross border trading.

The daily fluctuation of foreign currency exchange rate forces the escalation of the selling prices directly as he needs hard currency to procure items from cross border. In addition, late debt payment by his customers, and the lack of adequate foreign currency that hinders him from buying goods in bulk from cross border are the main challenges of his business.

Key challenges encountered by the entrepreneur include:

- Frequent market fluctuation due to the ever-rising exchange rate
- Lack of adequate foreign currency to import large volume from cross border
- Lack of access to financial services
- Late debt repayment by the customers and
- Lack of business license and formal registration.

He has a strong aspiration to grow his business by expanding the shop and serving more customers ultimately increasing the sales turnover of his business.

The owner has never received any support for either government or non-government agencies.