UNIVERSITY OF OXFORD

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The IKEA Foundation and livelihoods in Dollo Ado

Lessons from the cooperatives model

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Key points

- Between 2011 and 2018, the IKEA Foundation invested around $100m USD in programmes in the five Dollo Ado camps in Ethiopia. The investment represents the largest ever private sector investment in refugee camps. A major focus of its work was on livelihoods, working to support sustainable income-generating opportunities for refugees and the host community.
- One of the most innovative features of the work was on a series of 'cooperatives', membership-based income-generating groups, typically involving an equal number of refugees and host community members. These cooperatives have been piloted in areas such as agriculture, livestock, energy, and the environment. Importantly, they have been supported with complementary infrastructure, microfinance, and training.
- Overall, the model has improved socio-economic outcomes for refugees and the host community, and contributed to improved social cohesion between refugees and the host community. They have also supported protection-related and environmental objectives.
- Some of the cooperatives have been more successful than others. The most successful have been agriculture and livestock, while the energy and environmental cooperatives have faced particular challenges.
- Our research highlights a number of conditions for future success within the cooperatives; these include: 1) following market-based design principles, including having identifiable market linkages and sources of demand and supply; 2) building upon pre-existing economic activities within the community; 3) adopting clear principles of within-cooperative coordination, including to ensure the equitable distribution of power between refugee and host community members; 4) ensuring complementary infrastructure; 5) designing sustainability plans for cooperatives to gradually achieve independence from external assistance.
- These insights have ongoing relevance in Dollo Ado and also for the potential roll-out and adaptation of the cooperatives model to other parts of Ethiopia, and elsewhere.

Livelihoods in Dollo Ado

Livelihoods are at the core of the IKEA Foundation and UNHCR programmes in Dollo Ado. Their success is critical for the entire operation. In this sector, learning from the past is particularly important. Between June and December 2019, the Refugee Studies Centre at the University of Oxford undertook a retrospective evaluation of the impact of the interventions supported by the IKEA Foundation in collaboration with UNHCR in the five Dollo Ado refugee camps. We used a mixed-methods approach to gather extensive quantitative and qualitative data, based on surveys, focus group discussions, and individual interviews. The aim of the evaluation was to inform better future programming in Dollo Ado, throughout Ethiopia, and globally.[1]

The stated objective of the IKEA Foundation's livelihoods and self-reliance grants is to ensure diversified livelihood opportunities that can increase household income. The main livelihoods projects have focused on agriculture, livestock, energy, the environment, and microfinance loans, and have generally functioned through a cooperative model facilitated by national and local implementing partners, such as the Relief Society of Tigray (ReST) and the Women and Pastoralist Youth Development Organization (Wa-PYDO). By the end of 2018, the livelihoods programmes have created income-generating activities for at least 2,050 cooperative members, as well as providing loans to 525 refugee and host community members, in addition to other indirect benefits. The dedicated livelihoods budget is the second largest budget share in the IKEA Foundation's funding to Dollo Ado. Other sectors, such as education, are also heavily livelihoods-oriented. For example, investment in Technical and Vocational Education and Training (TVET), as well as a Teacher Training College, provide a means to support income-generating activities.

Agriculture cooperatives

The presence of the Genale River offered an opportunity for agricultural development, although ensuring predictable irrigation was challenging prior to the Foundation's investment. Our research also reveals widespread interest in agricultural work: today, 16% of host community households and 4% of refugee households work in agriculture. However, 57% of host community and 35% of refugee households say they would be interested in working in agriculture, conveying the significant scope for expansion of this sector.[2]

Working with ReST, the Foundation has built 29 km of irrigation canals, providing water to almost 1,000 hectares of cropland. Nine cooperatives have been registered in four of the five camps (the exception being Bokolmanyo due to its distance from the river), providing livelihoods opportunities to 1,000 host community members and 1,000 refugee members of the agriculture cooperatives.

We surveyed a sample of refugee cooperative members. On the one hand, the overall impact is positive: 87% of refugee cooperative members say that they are either financially 'better off' (70%) or 'much better off' (17%) than before joining the cooperative, when most worked as share-croppers or casual farm labourers. They also report better relationships with the host community.

On the other hand, however, a striking finding of our research is that cooperative members seem to be no better off than non-cooperative members working in agriculture. When we compared the income of refugee farmers within the cooperative with refugee farmers outside the cooperative, we found that those farming outside of the cooperative (as share-croppers or farm labourers) make $50 USD more per month. They also have lower levels of household consumption.

This seems to be because of crop selection: the cooperative farmers are growing different – and less lucrative – crops. They tend to be risk averse and plant staple crops like corn and fodder maize for their livestock, which sell for less; while non-cooperative farmers grow more lucrative but higher risk crops like onions (the retail price for onions is eight times higher per kilogram than for maize fodder). The cooperatives are also selling within different markets; the cooperatives mainly sell within the camps, and local private farms beyond the camps. One reason underlying this seems to be decision-making processes and power relations within the cooperatives. For example, there were reports that access to seeds and inputs, such as fertilizer were distributed unequally between host and refugee members of the cooperatives.

The performance outcomes point to weaknesses in the market integration of the cooperatives and unfavourable seed distribution processes that affect refugee cooperative members. Inequalities in resource distribution and income are an indicator for coordination failures within the cooperatives' management. As reaching markets outside of the refugee camps is more difficult for refugee farmers, such management failures might exacerbate refugee disadvantages.

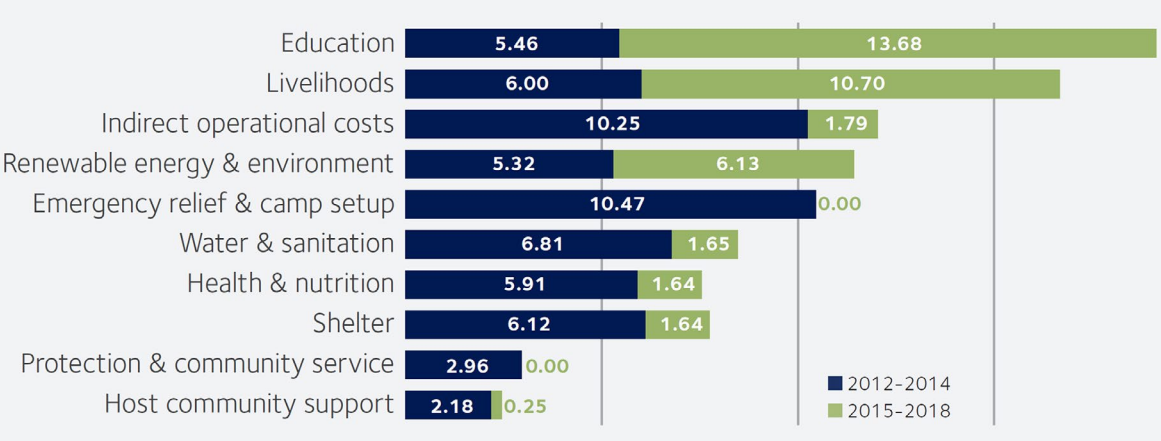

Figure 1. Foundation investments in Dollo Ado 2011-18, in millions of USD

In summary, the agriculture cooperatives have not led to significant improvements in members' income, consumption, and other welfare indicators, compared to the control group. However, they have led to improvements in reported individual perceptions about how much better off they are following the intervention. There seem to be a series of broad weaknesses that could be addressed in the future. First, market linkages and entrepreneurial capacity need to be strengthened to enable cooperative members to sell crops beyond the refugee camps. Second, stronger coordination with the local government's Cooperative Office and effective operationalisation of cooperative by-laws is needed to address power asymmetries within cooperative decision-making, and to ensure more optimal decision-making on issues such as crop-selection.

Farmers within the Kobe irrigation scheme. Credit: R. Bradenbrink

Specific insights and recommendations

We discuss various challenges in implementing and maintaining the agriculture programme, introduce lessons-learned, and suggest ways forward.

Irrigation and plots

The agriculture cooperatives' crop production relies on irrigation canals and pumps that have been installed and maintained by the technical implementing partners, ReST-CPDA. In some areas, the irrigation schemes and the crop plantation is vulnerable to flooding. Cooperative members working on sites with geomembrane-lined canals have complained that they get destroyed during flooding. However, when water levels were low, some members did not follow the water management schedule, leading to unequal water distribution. Cooperatives that have introduced a system of fines managed by the cooperative boards report success in resolving the conflicts. The quality of the soil differs across plots, even within the same irrigation site. The quality seems to depend on the plot's proximity to the river, with the plots located closer to the water being perceived to be of better quality. Random plot allocation helped to mitigate the problem. As plot allocation is fixed, farmers allocated to a low-quality plot tend to leave the cooperative. Therefore, a rotation system should be considered and flood mitigation interventions should be installed.

Membership

Following the primary criterion to join the agriculture cooperative, the majority of refugee members (86%) have prior experience in agriculture. In some cases, household vulnerability was taken into account, albeit, in an inconsistent manner. The Refugee Central Committees (RCC), the refugee self-governing body, had significant influence in identifying candidates for cooperative membership. Local interviewees advised that in some cases "knowing the right people" played a role in the allocation of cooperative membership. Non-merit based membership selection might inhibit economic success of the intervention. An improved merit-based membership selection process should be introduced.

UNHCR personnel inspects an irrigation canal next to Kobe refugee camp, Dollo Ado.

Credit: R. Bradenbrink

Business model

The agriculture cooperatives run on a 'self-employment' business model. Members grow and harvest crops on their own plots and subsequently sell their harvests independently from one another. Of the profit they receive, they tend to deposit a small proportion into the cooperative's savings account – either 20% of their total profit or a fixed value of around 500 ETB ($15.50 USD) per harvest season. Members retain the rest of the profit. Resulting cooperative savings are too small to purchase maintenance inputs independent from donors (e.g. diesel for the generators). At present, organisational structures are not in place to manage cooperative finances in a centralised way. This endangers the long-term goal of cooperatives becoming self-sustaining businesses. A centralised business model and management structure should be explored.

Leadership

Usually, host community members hold the roles of chairperson and treasurer, while refugees are appointed as vice-chairperson and other positions on the executive board. The associated asymmetries in decision-making authority are reported to be a source of conflict and tension within many of the groups. To prevent power abuses, accountability and monitoring mechanisms should be established.

Livestock value chain cooperatives

The cooperatives and business groups forming the livestock value chain successfully created a complex economy based on pre-existing local knowledge, as well as transregional market linkages. Since 2016, the IKEA Foundation and UNHCR have supported three types of cooperatives – livestock trading (wholesale), meat selling (retail), and milk selling (complementary retail) – and two kinds of business groups – the community-based animal health workers (CAHWs) and slaughterhouses in each of the camps.

The most innovative aspect of this set of projects is the creation of livelihood opportunities across the entire value chain. There are now more than 500 refugees and host community members earning an income in the related cooperatives and business groups. A key part of the project has been the construction of complementary infrastructure (such as livestock markets and slaughterhouses) to support the cooperatives.

The livelihood activities along the livestock value chain are relatively stable and offer members consistent, albeit generally modest, incomes. Across all links in the value chain, performance in 2017-18 showed total revenues of 8.3m ETB (approximately $260,000 USD) and total profit of 1m ETB ($31,000). Our research suggests the cooperatives have already developed effective market connections, mainly across the camps but also as far afield as Dollo Ado town, Mandera, Kenya, and into Somalia.

The most important and visible outcomes of this intervention are (1) the incomes generated and associated improvements in quality of life for members and indirect beneficiaries, (2) significant improvements in public health, (3) contributions to more diversified food baskets for communities, and (4) contributions to the vibrancy of local, regional, and international livestock markets. Our survey of members of the five meat selling cooperatives reveals that members' income levels are higher than before they joined the cooperative, when most were butchers working independently or in groups. Furthermore, members seem to have better food consumption than the general refugee population.

The main reasons for the success boil down to: (a) knowledge – livestock management is familiar to both hosts and refugees, (b) market-linkages – both supply and demand sides are easily scalable given the importance of pastoralism in this context and because the local markets are connected across regions, and (c) adaptability – the value chain inputs are relatively low-maintenance and low-tech, and by association, carry low liability and create few risks. These foundations enabled the testing of new ideas and the swift incorporation of lessons learned. However, while economic activities gain traction along the value chain, individual household incomes remain low so far.

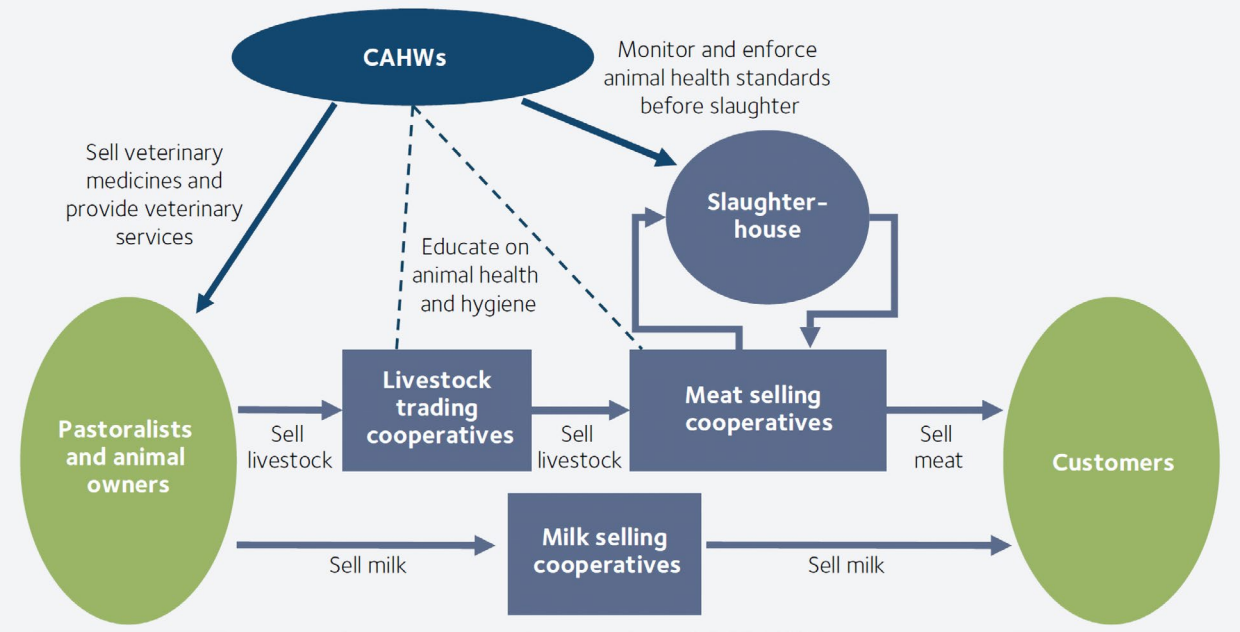

Figure 2. Visualisation of the IKEA Foundation-supported livestock value chain

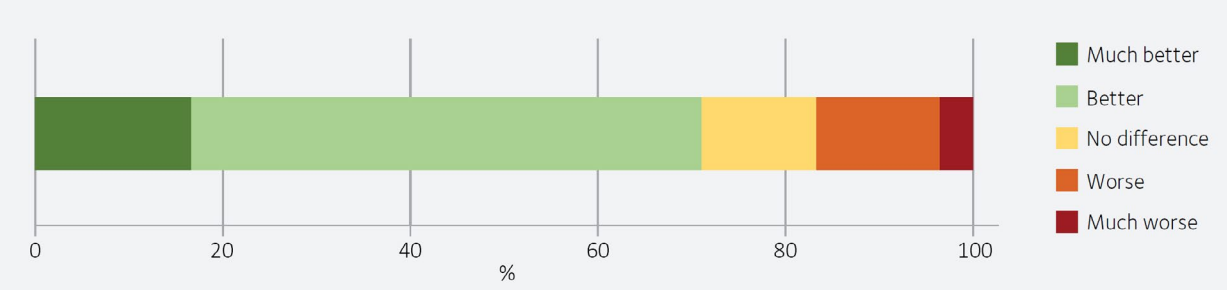

Figure 3. Change in financial stability after joining a cooperative, reported by meat sellers

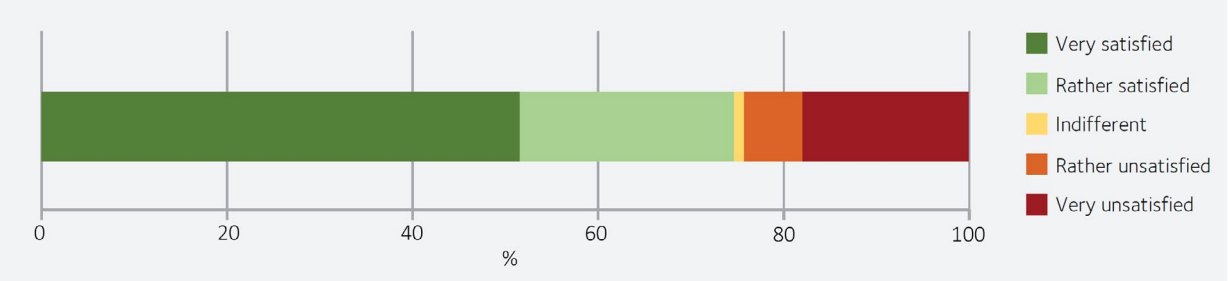

Figure 4. Satisfaction with levels of hygiene at slaughterhouses, reported by meat sellers

Specific insights and recommendations

Challenges in parts of the value chains and in different camps remain. To improve economic outcomes, we suggest to expand profit margins, to reduce fixed-costs, and to share knowledge within the value chain.

Meat sellers and livestock traders

Some members of the meat selling cooperatives report challenges resulting from having to rotate the days they sell meat, meaning that they are not able to work as many days per week as they would like. At one end of the spectrum, in Kobe, members work just three days per month on average, earning a median income of 700 ETB ($22 USD) per month, in contrast with 15 days and 3,000 ETB ($94 USD) per month in Buramino. 11% of all cooperative members said that not having enough work was one of the main challenges they faced in the cooperative, with a majority of these respondents living in Kobe (43%). Therefore, capping the membership numbers should be considered to improve per capita work hours and income. Livestock traders on the other hand buy and sell independently, but have benefitted from the initiatives through investments in infrastructure and business training. There is, however, limited exchange between refugee and host cooperative members, as they operate in completely different shifts. Further, livestock prices are highly dependent on seasonality. Therefore, livestock traders could improve their profit margin with extended and shared business training, as well as improved fattening techniques.

Community Animal Health Workers (CAHWs)

CAHWs play a pivotal role in securing animal health, meat quality, and hygiene throughout the value chain. They inspect animals before slaughtering and sell animal medicine to livestock owners. However, veterinarians' decisions to exclude non-healthy livestock from slaughtering is not always backed by the meat sellers. This can lead to illegal home slaughtering, bypassing the value chain. The acceptance of CAHWs' decisions might improve with animal health training for animal owners and meat sellers. Additionally, a dedicated CAHW stable for sick animals would help to keep sick and healthy animals separated. CAHWs business activities would further benefit from inter-regional knowledge exchange with Ethiopian colleagues, as animal diseases are a regional problem. As CAHWs' training certificates are not officially recognised, accessing the official market for animal health products is challenging. The veterinarians therefore use unreliable and costly ways to procure veterinary inputs. Therefore linkages to government livestock extension services should be explored further.

Slaughterhouse and milk sellers

The newly established slaughterhouse infrastructure mainly serves the refugee community. Not all host communities have access to dedicated slaughterhouses and use open air facilities instead. Although the hygiene levels are reported to be relatively high, there seems to be room for improvement. Where slaughtering takes place in designated open-air space in the host community, the construction of proper slaughterhouses is recommended. Milk sellers collect, store, and resell milk produced and delivered by pastoralists. However, the resulting profits are very low and the market saturated. Producing value added dairy products (e.g. yoghurt) might be an option to increase household incomes as well as extending business to business linkages.

Energy cooperatives

The energy cooperatives work in maintenance of solar mini-grids, solar street lights, and access provision of renewable electricity to the refugee population. The energy cooperatives are relatively new and while their public benefit is measurably high, income generated from the activities remains low.

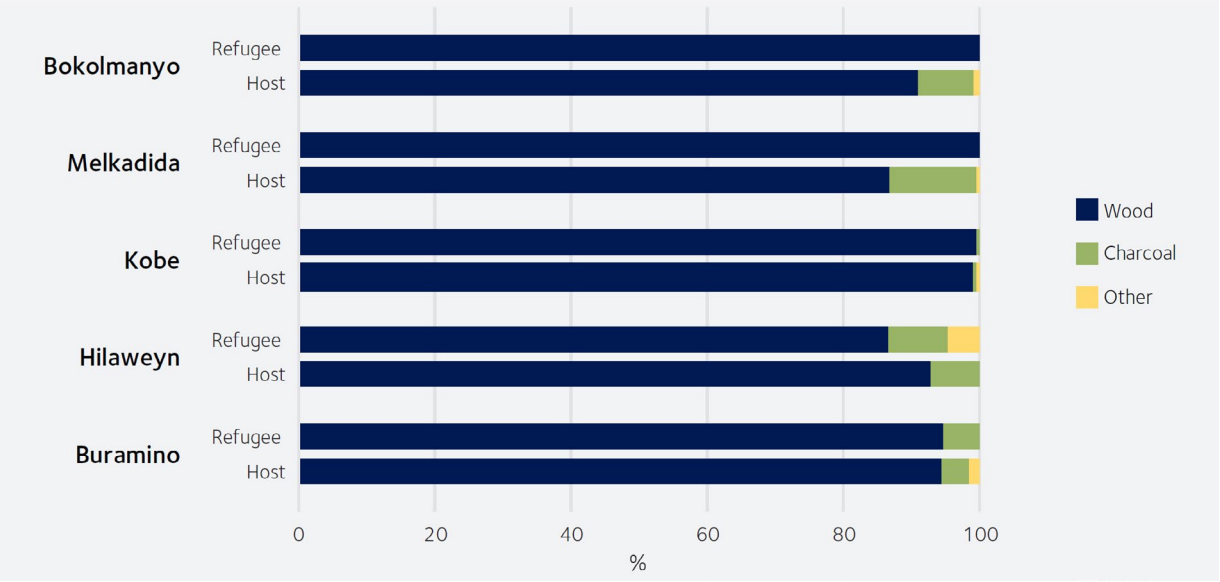

Figure 5. Types of fuel used for cooking among refugees and host community

The IKEA Foundation has contributed to the installation of solar street lighting, in-home solar systems, and solar mini-grids. Energy cooperatives have been established in each camp, comprising 12 to 21 refugee and host community members in each group. Members received training in basic electrical engineering and business training through the main implementing partner, Save the Environment Ethiopia (SEE), and the local NGO, Women and Pastoralist Youth Development Organisation (Wa-PYDO), respectively. The cooperatives have a variety of potential income streams, including maintenance of Foundation-funded solar street lamps that have been installed over the past seven years; installation and repair of in-home solar systems; and maintenance of solar mini-grid installations that currently serve five public health centres and private residences and buildings in three localities (two in Bokolmanyo and one in Buramino).

The cooperatives are highly valued by members as a source of training; improved interaction between refugees and the host community; and for a few a very modest source of income. However, there is significant variation in the functionality, and in turn, profitability of each of the five cooperatives. Those that have benefitted from installation of the private, commercial mini-grids are the most successful, while the other three cooperatives (in Melkadida, Kobe, and Hilaweyn) have not yet developed reliable income streams. Overall, the main benefits have been the creation of a community-based mechanism to support the maintenance of electricity provision as a public good, for example, in public spaces and health centres. The energy cooperatives are yet to create sustainable revenue sources and are almost entirely dependent upon inputs funded by the IKEA Foundation.

The difficulties the energy cooperatives face can be explained by the challenge of introducing new, highly expensive technologies to a difficult market. The existing electricity sources are diesel generators or individual solar panels. Joint solar mini-grids are a way to provide a more powerful, stable and renewable access to electricity. Connecting refugee neighbourhoods to a joint grid, however, comes with high upfront costs in the far spread camps. And although more

Solar mini-grid producing additional energy for the health post in Hilaweyn refugee camp.
Credit: R. Bradenbrink

than 75% of refugee households have no access to electricity in their home, the costs an average household can pay for electricity remain low.

There is high and likely rising potential demand for electricity. The usage of available resources also follows a market-based design approach. Despite these favourable factors, energy cooperatives battle high upfront costs, low adaptability of their product and a restriction to local markets. We therefore suggest the energy cooperatives build on their acquired technical knowledge and establish themselves as regular service providers for the existing public and private energy infrastructure. This requires improving the working relationships with the governing bodies within each camp and kebele. The cooperatives further need to establish a rapport with a sizable potential customer base who turn to them as the primary energy service providers. These foundations, paired with strategic business planning, would improve the likelihood of the cooperatives becoming self-sustaining.

Prosopis firewood cooperatives

The challenges faced by the firewood cooperatives illustrate the impact of limited understanding of local supply and demand. Firewood is the primary fuel source used for cooking in all the camps. However, for many refugees the availability of firewood relies upon leaving the camps to collect wood, where the women are especially vulnerable to sexual and gender-based violence, as well as to risks related to the natural environment. The prosopis firewood cooperatives aim to create an alternative livelihood opportunity for firewood collectors based on the idea of turning the wood of the invasive Prosopis juliflora tree into charcoal briquettes.

Cooperatives were established in each of the five camps and are composed of refugees who were previously engaged in firewood collecting activity. Following business challenges that resulted in decreased income levels and voluntary resignation from the groups, membership is reported to have significantly decreased. The main benefits of the cooperatives have been in terms of protection, with female members reporting that they feel much safer working within the cooperatives than going into the bush to collect firewood. Income levels resulting from activity within the cooperatives have been relatively low and have recently declined. The model, although highly innovative in connecting protection, gender, the environment, and livelihoods, and generally appreciated by members for its protection benefits, is considered among the least successful and least commercially viable of the cooperative projects at this time. It is almost entirely dependent on external support and provision of inputs, and insufficient market linkages prevent it from being sustainable.

At this point, the initiative faces four supply and demand bottlenecks. First, the value chain depends on one single, limited input, the prosopis tree, and is purchased from one source located in Dollo Ado. Second, prosopis is a multi-purpose resource; for example, it is also used in construction. Therefore, increased demand in other sectors affects the commodity price, making purchasing prosopis wood more expensive. Third, 95% of refugees use wood as cooking fuel. For a large-scale shift in technology, charcoal briquettes have to be priced competitively. Fourth, although refugees go to collect firewood themselves, the firewood market in the camps is dominated by host sellers, who have limited interest in a functioning charcoal production.

A goatherd with his animals close to Kole village. Credit: R. Bradenbrink

Conclusion

Overall, the IKEA Foundation's livelihoods programmes in Dollo Ado have led to increased income and consumption levels among cooperative members, a measurable contribution to life satisfaction, and improvement in refugee-host community relations, while also contributing to public goods and protection outcomes. The cooperative model – and complementary investments in infrastructure, training, and microfinance – represents a highly innovative step towards transforming opportunities in Dollo Ado. The cooperative model has the potential to be adapted and scaled in other contexts in Ethiopia and around the world.

However, some of the cooperatives have been more successful than others. The main determinant of variation in success seems to be the degree of market integration of the activities, including the potential for diverse and robust market linkages. However, other factors such as power dynamics and coordination within the cooperatives also appear to play a role in influencing outcomes.

Meanwhile, room for improvement is indicated by the ongoing dependency of cooperatives on external inputs from UNHCR and implementing partners; significant inconsistency in performance of cooperatives across camps; generally modest income levels; and stakeholders' insufficient ability to address challenging power dynamics relating to cooperative membership and internal decision-making. Many of the cooperatives are recent creations and their potential is yet to be fully developed. Consequently, further research is needed. In this context, future livelihoods programmes should be evidence-generating from the outset and include baseline studies at the inception phase rather than relying upon retrospective evaluation.

Refugee shop owner in Bokolmanyo refugee camp. Credit: R. Bradenbrink

Footnotes

[1] Detailed analysis and discussion of the research findings, as well as the research methodology used can be found in the full evaluation report, Betts, A., Marden, A., Bradenbrink, R., and Kaufmann, J. (2020) Building Refugee Economies: An evaluation of the IKEA Foundation's programmes in Dollo Ado, https://www.rsc.ox.ac.uk/publications/building-refugee-economies

[2] Betts, A., Bradenbrink, R., Greenland, J., Omata, N., and Sterck, O. (2019) Refugee Economies in Dollo Ado: Development Opportunities in a Border Region of Ethiopia. Oxford: Refugee Studies Centre.

Acknowledgements

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Cover photo: Farmers harvest onions outside Buramino refugee camp.
Credit: © UNHCR/Eduardo Soteras Jalil

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