



CASE STUDY

ESTABLISHING AND SUPPORTING SMALL BUSINESSES FOR DISPLACEMENT-AFFECTED COMMUNITIES

A CASE STUDY FROM THE EIDACS CONSORTIUM IN SOUTH WEST STATE

The EIDACS Consortium, with funding from the [European Union's RE-INTEG Programme](#) running from 2017-2020, is supporting the (re)integration of IDPs and returnees in South West State, through a multi-sectoral, area-based approach. The consortium is led by Concern Worldwide (CWW), in partnership with the Norwegian Refugee Council (NRC), the Danish Refugee Council (DRC), and the Gargaar Relief and Development Organization (GREDO). Consortium partners have been placing a strong focus on the economic empowerment of displaced communities, as a vital means of advancing integration of IDPs and returnees and improving living conditions in Displacement Affected Communities. EIDACS is providing individuals and groups with the skills to make savings, obtain loans, and learn new skills that will enable them to gain employment or start their own businesses. This case study focuses on the EIDACS' support to small businesses in DACs provided by the Danish Refugee Council (DRC).

CONTEXT

Lack of access to economic opportunities is among the main drivers of migration and ongoing displacement in Somalia, and presents a major barrier to durable solutions for IDPs and returnees. More than 70% of Somalis are under the age of 30, and the unemployment rate for youth (14 to 29) is 67%, with this figure being higher for females than males¹. This situation was further exacerbated by drought which commenced in 2015. The drought devastated crops and killed livestock and led to over one million people leaving their homes in 2017 alone². Most of these IDPs moved to urban centres, placing further pressure on the livelihoods of those living in displacement-affected communities (DACs). A study conducted as part of the EIDACS project found that the majority of individuals in DACs have limited access to economic opportunities and that there is a high degree of dependence on humanitarian aid³. Those who earn a living in DACs are mostly involved in menial economic activities where they are vulnerable to low wages and exploitation – for example, women often provide laundry services to host communities while the men are involved in casual labour services, including in the construction industry.

SUPPORTING THE ESTABLISHMENT AND GROWTH OF SMALL BUSINESSES

DRC has supported 300 individuals to start their own businesses, giving them a vital source of income while also increasing the availability of goods and services in DACs in Baidoa and Afgoye. This intervention has primarily targeted women and youth, with a strong focus placed on the most vulnerable, including female-headed households and individuals from

large families. The individuals supported were also expected to have some existing literacy and numeracy skills, and have some previous experience in business. Once selected, individuals were provided with an intensive 7-day training which equipped them with the skills to run their own businesses. Training topics included: how to identify potential business opportunities, business risks, customer care services, price-setting, book-keeping, stock management and procurement strategies.

After the training, individuals were asked to submit a business plan. Business plans had to be viable, and also had to demonstrate how the business would provide some overall benefit to the community. Once the business plans were accepted, beneficiaries were given a start-up grant of \$272 and a start-up kit. DRC continues to monitor the progress of those who have been provided with support, and provides advice to individuals as they aim to establish and grow their businesses.

Although it is still early days, monitoring of the small businesses is starting to show some positive results. Individuals who have received support report a number of positive changes in their lives, most significantly increased income which is enabling them to better support their families and send their children to school. EIDACS' support to small businesses, in conjunction with the other economic empowerment activities is helping to reduce dependency on humanitarian aid in the targeted DACs.

Furthermore, the new businesses have helped to contribute to the delivery of basic services in DACs. Some examples of this are provided below:

- The sale of soaps and detergents by small businesses has complemented the hygiene promotion activities of EIDACS;
- The sale of medicines by small businesses, such as painkillers, anti-biotics, and anti-inflammatories, as well as sanitary items, has complemented EIDACS' interventions in the health sector; and
- The sale of stationary equipment, as well as solar lanterns, has complemented EIDACS' interventions supporting access to education.

LESSONS LEARNED FOR FUTURE DURABLE SOLUTIONS PROGRAMMING

The project was implemented during a period of drought and subsequently recovery from drought. This has affected implementation in several ways. Firstly, people often did not have enough money to buy products from local shops and businesses, sometimes hindering the ability of new businesses to make profits. Secondly, the scale of the livelihoods interventions under EIDACS has been relatively small, and there is a much wider need within DACs for the types of livelihood support provided under the programme. The continuing influx of new IDPs into programme locations during implementation only enhanced this need. Critical lessons learned from EIDACS' support to small businesses are highlighted below:

- **Economic empowerment must play a critical role in future durable solutions programming:** Efforts to integrate IDPs and reintegrate returnees must prioritize economic interventions as means of anchoring the population and helping them to find a durable solution.
- **Communities must have ownership of economic empowerment activities:** The EIDACS programme implemented an area-based approach, aiming to address vulnerability across population groups (IDPs, returnees, and host community). Community groups established under the project, known as Displacement-affected Community Fora (DAC Fora), determined the focus of economic activities under the programme and led the beneficiary selection process. This ensured fairness in the process and gave DACs a sense of ownership of the economic empowerment activities.
- **Beneficiaries should be representative of needs within the community and not confined to one displacement group:** The DAC Fora is a representative body composed of IDPs, returnees, and host community members; this ensured fairness in the selection of beneficiaries and that beneficiaries were selected from across populations groups. Supporting the host community is critical- an EIDACS study in 2018 found that less host community members were engaged in economic activity than IDPs in project locations⁴.
- **Future durable solutions programming should be informed by a more robust market and value chain analysis:** This will enable economic empowerment activities to fill gaps and create linkages with local markets, as well as support local economic development planning in displacement-affected communities.

Cover Photo: Women in a market in Baidoa. Credit: DRC/DDG

¹ International Labour Organisation (2013). Labour Force Survey for Somalia.

² <https://unhcr.github.io/dataviz-somalia-prmn/index.html#reason=&month=&need=&pregion=&pdistrictmap=&cregion=&cdistrictmap=&year=2019>

³ EIDACS Cross-sectional Study, 2018

⁴ EIDACS Cross-sectional Study, 2018.