Making markets work for refugees

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Making Markets work for Refugees and IDPs

Stimulating market systems among displaced and conflict-affected populations
Overview

01 What is the case for market systems for refugees and IDPs?
02 NU-TEC MD in Northern Uganda
03 Propcom Mai-karfi: Market Recovery in Northern Nigeria
04 Northern Kenya: Skills for Life
05 Questions and Comments
A Case for Market Systems with Refugees and IDPs
The increasing scale and complexity of the situation

**Scale of the Situation**
- Responding systemically rather than programmatically
- May need to adjust ToC regularly
- Host community is critical to this
- The Aid System is also critical for systemic change

**Complexity of the Situation**
- Solving core problems
- Possibly multiple issues, looking at sequencing and timing
- Ability to adapt and adjust with the changing landscape
Increasing length of time refugees and IDPs are displaced

- Average time refugees remain in their host community in East Africa is **18 years**
- IDPs in Uganda were in camps for up to **30 years**

Markets are key for long-term development, food security and livelihoods.
Economic opportunities are market based

- Real solutions to ensure sustainable integration of refugees or IDPs
- Incorporating the host community
- Using the private sector:
  - what components of push/pull work for certain target groups,
  - what is the timeline, sequencing, etc

- Cash transfers
- Asset transfers (including land)
- Training on GAP, farmer organisation
- Empowerment of women, youth
- Savings and financial education
- Developing social capital

- Innovative offtaker models (quality, quantity, PHH)
- Market actors improve farmer’s access to seeds and other inputs
- Use of innovative models to provide extension, build consumer base, and improve transparency

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Involving the Private Sector

Identify opportunities for the **private sector** to take on distribution of food, agricultural inputs and other supplies.

Can be a challenging context due to **handouts**.

Other interventions focus on picking winners and using heavy subsidy.

Refugees or IDPs over time learn dependency.

Facilitating the gradual return to a functioning market system.

New markets, new opportunities with new populations.

Additional investments can be leveraged, i.e. infrastructure.

Larger, more influential companies need a strong case for investment.
DFID NU-TEC
Market Development
Project Facts: NU-TEC MD at a Glance

1. Component of DFID program focused on pro-poor agribusiness investment (2015 – 2020)

2. West Nile, Acholi & Lango Regions.

3. Partner Businesses from Uganda, East Africa & Global

4. Market systems approach working with private sector actors to bring products & services to smallholders

5. Team of 25+ commercially-focused staff members

6. Targeting increased income & resilience of 75,000+ poor households in N. Uganda
Well defined agribusiness opportunities in the refugee and host community areas will attract private sector investment in the provision of agricultural inputs needed by the refugees and hosts. Good quality inputs will enhance production of surplus for market, attracting private sector buyers and access to stable markets.

**Outcome**

GROWTH OF THE AGRIBUSINESS SECTOR SERVING WEST NILE

**Outputs**

1. Businesses operating in agricultural markets are supported to change practice and increase investment

2. Farmers have improved access to goods and services

**Innovative Activities**

- Seed and input sales by companies and agro dealers
- Market analysis to highlight opportunities and risks
- Use of technology – ICT to enhance delivery/purchases
- Promotional campaigns drive demand
- Building sales and grain purchase infrastructure to increase access
- Timely provision of tractors services to support farm expansion and commercialisation

* Non exhaustive
Push-pull components and sequencing

Mercy Corps/DCA

- Cash transfers for consumption
- Social capital, empowerment
- Access to savings
- Others?

Palladium/NU-TEC MD

- Farmers access products that decrease PH losses
- Mechanisation through efficient models to farmers
- Off-takers pull farmers into new markets
- Input dealers ensure access to and better use of inputs

Asset transfers for livelihoods
- Extension training, PHH training

Cash transfers for consumption

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Market Development – Refugees and Host Communities

Refugee hosting areas - Disconnected from rest of economy; Markets highly distorted due to emergency operations and Markets are thin due to lack of cash

NUTEC MD set out with three main hypotheses. Over the last 7 month, we have implemented a pilot private sector led strategy for market development in West Nile targeting refugees and host communities.

Enterprising refugees and host community households are able to invest in productive activities

- 2,200 households have been able to buy improved seeds of sesame, sorghum and rice to plant.

Private sector will invest in these areas if there is a viable market

- Local private sector setting up distribution and purchasing channels in these areas, seed companies and agrodealers investing in models of distribution in these areas.

Refugee and Host community areas can produce marketable surplus to attract private sector buyers

- An estimated 400MT of sesame and sorghum grains purchased from refugee and host farmers, at a value of over £230,000.
Lessons Learned & Challenges

KEY FINDINGS & INSIGHTS

• The context is challenging

• Partial subsidy for refugee and host farmers can work. Getting the level of subsidy is important.

• A subset of refugees can be linked to the private sector from the beginning. These are refugees who have some sources of income – transfer payments, remittances, etc.

• Getting quality inputs to where refugees are located is critical. New varieties can be game changers. What matters is timing and ensuring that it is within reach.

• It is easier to attract smaller, local private sector to work in refugee/host areas than large companies especially at the outset. However, both must see a clear business opportunity/case for them to invest.

Challenges

• How to deal with refugees who sell some of the food aid they have been given?

• How to manage relationships with police and tax authorities/informal tax systems that have potential to reduce the already thin margins?

• Competition from 100% subsidised handouts – avoid similar crops

• Critical is understanding the sequencing of different components to graduate refugees up to the private sector.

• Difficult to have extension support solely through the private sector for refugees, especially with low levels of GAP.

• Small companies are more risky – 2 fails this past season with 2 offtakers.

• Larger companies won’t be convinced to invest with 5,000 farmers.
Implication for interventions in economic empowerment

- The private sector can be engaged innovatively to help drive economic development/empowerment in refugee and host community areas through well-designed risk sharing mechanisms. However, a clear profit signal must be demonstrated.

- There is opportunity to utilise resources creatively to crowd in the private sector and strengthen markets in refugee and host community areas. Targeted assessment of market opportunities, supporting private sector to build market channels and innovative use of grants, for instance, in the form of vouchers can stimulate market development.

- A commercial relationship between refugees and the PS will emerge when there are strong market signals. Refugees will utilise limited resources they have to hire, rent or buy productive assets from hosts. Strengthening such emerging markets is good for all.

- Involvement of local authority and government is required. However, they need substantial education to understand what market development is all about. Working within existing economic development frameworks of the host districts is normally welcome.
DFID Propcom
Mai-Karfi
DFID Propcom Mai-karfi

An agricultural market systems programme operating in northern Nigeria for over 9 years.

In its second phase the programme has leveraged over GBP £25m in private investment into rural markets, generating over GBP £17.5 million of additional income for 480,000 farmers and rural entrepreneurs.

Context: the programme is working with DFID to design a final phase working in conflict-affected regions in the north east including Borno and Yobe states.

Objective: to facilitate market recovery, working with humanitarian relief agencies and the private sector to transition from aid dependant communities to functioning markets.
Facilitating market recovery using the ABC approach

**Actor-based mapping** depicts the current practices and relationships among actors in the system, the drivers of this behaviour and their impact.

**Change agenda** identifies the shift from a ‘current state’ to a desired ‘future state’, among and between actors in the system.

**Causal impact pathways** plot expected pathways by which interventions lead to actor-level changes and these leads to systemic change.
Functioning agricultural market

Private sector

Public sector

Associations

Seed and inputs

Storage and logistics

LGAs

Certification bodies

Finance

Ag. policy

Mechanisation

Regulation

Market information

Infrastructure

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Crisis disrupted market

- Relief agency
- LGAs
- Seed and inputs
- Storage and logistics
- Certification bodies
- Finance
- Ag. policy
- Regulation
- Infrastructure
SDC Skills for Life
SDC SKILLS 4 LIFE – NORTHERN KENYA

An inclusive markets project working in the cross cutting sectors of skills development and access to finance.

Working in Kakuma in Northern Kenya with both refugees and host communities.

Facilitating access to services to connect refugees and affected host communities to business and employment opportunities.
MARKET RESPONSIVE INTERVENTIONS

MARKET DIAGNOSIS

INNOVATION

ENGAGEMENT OF MARKET ACTORS
ENGAGEMENT OF MARKET ACTORS

THIN BUT GROWING MARKETS

WEAK PS (FEW SPS) BUT INCREASING ENGAGEMENT
MARKET DIAGNOSIS

REFUGEES VERSUS HOST COMMUNITIES (GENDER)

ECO SYSTEMS: CORE MARKETS, SUPPORT MARKETS AND BE
MARKET RESPONSIVE INTERVENTIONS

ADDRESS PRIORITY CONSTRAINTS

DEMONSTRATE OPPORTUNITIES
Market Based Innovations

Use Smart Subsidies

Support Market Structures
Questions and Comments
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