

Durable Solutions to Displacement in Somalia



In Somalia, decades of insecurity, and environmental and man-made disasters have resulted in a protracted humanitarian crisis and the internal displacement of 2.9 million people. Assisting the displaced, who face a myriad of destabilizing issues, including repeated evictions, limited access to basic services and rights, as well as inadequate housing, requires longer term solutions to enhance integration. Only by aiming for durable solutions can we enhance more self-reliance and avoid repeated humanitarian interventions for displacement affected communities at great costs.

In this context, the Danwadaag Durable Solutions Consortium works with the government and communities to enhance progress towards durable solutions and (re)integration for targeted displacement

affected communities (DAC) in urban centres, in Benadir Regional Administration (BRA), South West State (SWS) and Jubaland State of Somalia (JSS). This is achieved through an area-based approach, connecting long-term solutions to urban development processes, and fostering an enabling environment for locally led durable solutions through community engagement and government capacity building. Danwadaag implements integrated housing, land and property (HLP) initiatives, provides access to sustainable basic services and creates livelihoods opportunities. Specifically, its livelihoods component consists of integrated, targeted interventions that foster financial inclusion and a leg up for the most vulnerable and marginalized to find a pathway out of extreme poverty towards more self-reliance.

Sustainable Livelihoods Opportunities for Displacement Affected Communities

In Somalia's urban areas, livelihoods are typically earned through self-employment and micro or small businesses in the informal sector, rather than through waged employment. This is exacerbated by a lack of formal documentation and access to financial services, seeing families depend on informal mechanisms for savings and crisis response.

In this context, acknowledging that a full local economy development strategy is beyond the scope and remit of Danwadaag, the consortium focuses on the specific economic context of the targeted communities and fosters strategic linkages to larger economic

development programmes. It actively seeks out opportunities to layer and sequence its activities with other relevant programmes and partners to maximize impact and effectiveness. Danwadaag's multi-sectoral livelihoods activities aim at improving financial inclusion and increasing household level income and asset bases to improve food security at household level and enhance self-reliance at community level. The consortium promotes scalable, community-specific livelihoods opportunities including adaptive management techniques to promote and incentivize locally owned solutions. Activities carried out by the consortium under partners Concern Worldwide, The Norwegian Refugee Council,



Self Help Group facilitator meeting in Baidoa. Photo: CWW



Mobile repair works training. Photo: CWW

and IOM, include Self Help Groups (SHGs), Village Loan and Savings Associations (VSLAs), business skills trainings, Income Generating Activities (IGAs), provision of start-up grants, Technical and Vocational Education and Training (TVET), 'Learn to Earn' (L2E) activities, the graduation approach, and cash for work activities¹. These investments are underpinned by sustainable transition strategies including linkages to the private sector and the linking of livelihoods activities with land tenure security interventions, so as to provide packaged solutions for the greatest impact.

Danwadaag uses a multi-layered targeting strategy, involving people at different levels of income and asset bases² in different activities, and acknowledging that people with higher levels of vulnerability will require greater investment of resources to ensure sustainability

in the interventions. The focus lies on displaced affected persons and specifically youth and women as the highest priority group to be empowered with skills, knowledge, and connections into the business sector. With many displaced people lacking documentation and access to financial services, financial inclusion of the marginalized is as important as skills development. Families depend on informal mechanisms for saving and protection against risk, and even where formal services are available, high transaction fees and excessive interest rates restrict access to adequate financial services. Youth and women generally have a limited track record of running a business and the additional challenge of having minimal or no savings to serve as collateral for a loan. Given the thriving private sector in Somalia, and their critical importance in sustaining access to services, linkages with the sector is vital for sustainable livelihoods.

Strategic priorities of Danwadaag's livelihoods approach

1

Improve capabilities and enhance asset base for vulnerable IDP women and youth for market-based livelihoods to supplement and stabilise household income.

2

Create sustainable business and employment opportunities through private sector engagement to stimulate market systems plus linkages to create viable livelihood pathways for displaced women and youth in Baidoa, Kismayo and Afgooye.

3

Increase the 'agency of women' to foster inclusive economic opportunities for girls and women in IDP settings for equitable participation in business and gainful employment.

1. The Somali Cash Consortium, led by Concern, has distributed over €40 million to over 600,000 beneficiaries through mobile cash transfers across the country. The Consortium specifically targets populations in IPC3 and 4, especially the newly displaced, those impacted by the locust, and drought-affected pastoralist and agro-pastoralist communities.

2. Asset base includes Human Capital, Natural Capital, Financial Capital, Social Capital, Physical capital.

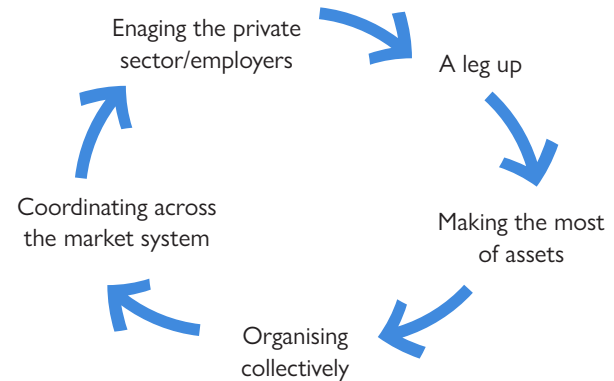
The consortium's entry points to a market-based approach align with the programme's strategic priorities for its livelihoods approach:

- **A leg up: support to engage in markets:**

pre-market social protection that supports most vulnerable DACs towards better engagement in markets. This involves layered and sequenced packages of interventions supporting the most vulnerable to enter and understand the market frontier. Poverty alleviation initiatives, such as the graduation approach, providing a sequenced package of social protection and livelihood development support to enable ultra-poor households to move from social assistance to accessing services and economic opportunities, with each stage building on the achievements of the previous one.

- **Making the most of existing assets:** identifying and linking existing skills and assets of the DACs with specialised product or labour markets. Using this model, the focus lies on developing the assets and skills already possessed by targeted groups, or which they have access to, linking them with market opportunities. It also includes integrating marginalised producers and distributors with particular skills or assets to offer into higher-value product chains.

- **Organising collectively to meet opportunities:** mutual help and solidarity as a collective response to exclusion. Collective action can be the precursor to savings and enterprise development, with parallels to a graduation approach. What is distinctive here, is grounded in the principle of self-help groups—solidarity, self-esteem, agency and aspiration — as well as a platform for collective action.



- **Coordinating with other actors across the market system:** assist DACs to benefit from expanded markets for services, trade or employment within a community or region. Being part of a wider market system can offer improved opportunities to pilot new approaches, create scale in input or output markets or influence market barriers.

- **Engaging employers:** create improved employment opportunities, removing structural barriers and ensuring trainings meet market demand. Despite the challenges that DACs face in gaining wage employment, where jobs are accessible, they represent an alternative to the unpredictable business environment and precarious earnings that can trap the self-employed into a cycle of extreme vulnerability to negative shocks. This type of engagement focuses on demand-led approaches where potential employers are consulted to ensure training programmes are a good fit, and structural barriers to employment can be removed through changing employer knowledge and incentives.



Graduated individuals attending an entrepreneurship class.
Photo: CWW



Learn to earn beneficiary engaging in his business. Photo: CWW

Case study of the graduation approach

Ensuring the most vulnerable households can benefit from livelihoods interventions requires a multitude of preparatory actions. This includes reducing negative coping mechanisms to meet needs, such as reducing the number of meals per day, consuming less nutritious foods, selling productive assets, or not sending their children to school. Targeting these households therefore means intervening with support to limit negative coping mechanisms first by ensuring they can meet their basic needs to enable them to positively engage in livelihoods activities. Against this backdrop, Concern under Danwadaag developed a graduation pilot approach for Baidoa³.

Danwadaag partner Concern's graduation model is an integrated package of support designed to improve income levels, returns on new and existing assets, address inequalities and reduce vulnerabilities to support a pathway out of poverty for the extremely poor. The pilot is also designed to test how a cash-based humanitarian programme and a durable solutions programme can improve their value for money by coordinating and sequencing activities to achieve longer-term, sustainable impact. Importantly, the pilot aims at showing how leveraging inputs from two existing consortium interventions (FCDO Danwadaag and

Somali Cash Consortium funded by ECHO for humanitarian cash interventions) can maximize cost efficiency while determining collective outcomes that have greater impact.

The graduation approach is piggybacking on Multi-Purpose-Cash Assistance (MPCA) investments made by the Somali Cash Consortium (SCC), which provide humanitarian assistance to extremely poor Internally Displaced Persons (IDP) households. Danwadaag then builds its intervention on top of the MPCA in a unique pilot approach which makes use of the catalytic effect of layering and sequencing interventions between different stakeholders and funding mechanisms.⁴ Specifically, building on the gains of the Somali Cash Consortium, Danwadaag targets 200 extremely poor and vulnerable IDP households whose situation has stabilized due to the MPCA, and that meet the graduation approach targeting criteria.⁵ Owing to the unique approach, that layers interventions and targets only a fraction of the MPCA beneficiaries in the graduation pilot, an additional 200 households was selected as a control group. Specifically, the control group started from a comparable vulnerability level, has received MPCAs, but will not benefit from additional graduation model activities.

The layering of approaches for this graduation pilot, which is also in line with the Humanitarian-Development-Peace-Nexus (HDPN), is the first of its kind in Somalia. Learnings from the pilot will be used to influence future programming. If successful, it has potential to be up scaled in the collaboration between the Somali Cash Consortium and Danwadaag Consortium and replicated by other stakeholders.

Gender inequality has been identified as a main barrier to sustainable graduation. Therefore, elements to address equality and women empowerment are built into the approach. The pilot will deal primarily with supporting women's 'practical needs' such as feeding their family but will also focus on addressing 'strategic needs' such

as women's control over resources and decision-making power within the household and community. This is addressed through regular household level mentoring by case workers and constant engagements with influential persons within the community.

3. 'Graduation' refers to the movement of individuals or HH out of extreme poverty and into food security and sustainable livelihoods.

4. The MPCA is funded through European Civil Protection and Humanitarian Aid Operations (ECHO), while the graduation approach is funded through the Foreign, Commonwealth and Development Office (UK Aid) humanitarian funding used for durable solutions piloting of approaches.

5. The comprehensive targeting started with geographical targeting in the DS catchment 'incubator' locations meeting criteria for inclusion in livelihoods and graduation pilot interventions. After this, household level targeting criteria were developed and agreed upon with the communities and DAC fora, considering the following: lack of income/assets, household vulnerability (female-headed, older persons, disabled, children and those with persons suffering from chronic illness, large household size, minority group, negative coping mechanisms, those with malnourished children, and poor shelter conditions. As a result, 400 households were selected, with 200 of these serving as control group, and 200 entering into the graduation approach.

The table below outlines the steps in the graduation approach.

MPCA support by Somali Cash Consortium (SCC)	MPCA provides stability to households, covering basic needs, and enables them to not resort to negative coping mechanisms (7 months at 60 USD/HH)
Income & consumption support (SCC/ Danwadaag)	Cash transfers serve as an appropriate and powerful alternative to direct distributions of food and non-food items, also known as in-kind assistance. ⁶ All types of cash transfers have the overarching aim to deliver timely and cost-effective assistance, while at the same time supporting the local economy: <ul style="list-style-type: none"> • Danwadaag – 2 months consumption support to bridge gap, enabling households to engage in time-consuming skills trainings (30USD/HH) • SCC – 10 months consumption support, enabling households to engage in time-consuming skills trainings (8 at 30USD, 2 at 50USD)
Technical or business skills training	Providing skills training and regular coaching to the participants, focusing on enhancing their human assets. This includes providing access to practical, short hands-on trainings, as well as routine coaching and monitoring visits: ⁷ 4 months of Learn to Earn (L2E) training, which includes basic business skills; business strategy; finance and costs; making and spending money; savings.
Facilitating access to financial services and encouraging savings	Enhancing financial inclusion, building resilience to shocks and stresses, and minimizing risk of resorting to negative coping mechanisms are an integral part of the graduation. ⁸ Exposure to microfinance and particularly savings helps the extremely poor to build resilience to shocks and reduce the likelihood of having to resort to negative coping strategies, such as the distress sale of assets or removing children from school. Although some amongst the very poor save informally, saving regularly in a formal way can help participants build financial discipline and become familiar with financial service providers, including Micro Finance Institutions (MFIs), Savings and Credit Co-operatives (SACCOs) or, if not available, Village Savings and Loan Associations (VSLAs).
Capital and asset transfer	Capital and asset transfer help participants jump-start a sustainable and profitable economic activity. Options for viable livelihoods are developed through studies that analyse demand, available infrastructure, value chains, and upstream and downstream linkages. Income Generating Activity (IGA) lump sum grant of USD 400 paid in 2 instalments, on completion of the L2E course and again after 6 months. ⁹ Towards the end of the training, the beneficiaries develop business plans either individually or jointly, with mentoring how to turn these plans into operating businesses. Payment of the grant in two instalments helps determine the progress made with regards to the business operating, and second instalment is subject to successful performance and business income recorded.
Continuous household level mentoring and coaching	Close monitoring to support households through case workers to identify their own challenges and solutions to put the learning into practice. Four voluntary case workers that are paid small incentives were trained to provide household level coaching, being each assigned 50 households, with at least two visits monthly per household. ¹⁰

6. Cash transfer programme can also be a more dignified and flexible form of assistance, since beneficiaries have the freedom to use this in-kind assistance as they need.

7. Options for viable livelihoods and linked skills training are established through studies analysing demand, available infrastructure, value chains, and upstream and downstream linkages.

8. A mapping of financial services available is planned and access to suitable products, for individuals or groups, will be facilitated.

9. Scheduled for May and November 2021.

10. Case workers are familiar with the L2E curriculum and supported by a Livelihoods & Graduation Officer for effective support and monitoring of the Graduation participants' progress, based on a facilitator's handbook and monitoring tools.

Value for money considerations of the graduation approach

The graduation model has a higher cost-per-beneficiary ratio than many usual standard stand-alone resilience or durable solutions livelihoods interventions. This can be attributed to the fact that working with the most vulnerable is costly, and that the approach targets households with multiple sequenced interventions. However, supporting these households with continuous

humanitarian assistance, comes not only at a higher price but also at the price of sustainability and stability. The most comprehensive analysis undertaken to date of the Graduation Programmes found statistically significant, cost-effective impacts on consumption (fuelled mostly by increases in self-employment income) and the psychosocial status of the targeted households.¹¹

The below tables indicate the value for money considerations for the Danwadaag Consortium.

Expenditure Somali Cash Consortium	Costs in USD
7 months of MPCA support through the Somali Cash Consortium at USD 60/mth (Jun-Dec 2020)	$7 \times 60 \times 200 = 84,000$
8 months of consumption support at USD 30/month (March – Oct 2021)	$8 \times 30 \times 200 = 32,000$
2 months of consumption support at USD 50/month (Nov- Dec 2021)	$2 \times 50 \times 200 = 20,000$
Registration, verification and post-distribution monitoring costs	2,340
Total	138,340
Cost per beneficiary	691

Expenditure Danwadaag Durable Solutions Consortium	Costs in USD
2 months consumption support cash transfer at USD 30/month to fill gap in ECHO funding between MPCA and consumption support (Jan-Feb 2021)	$2 \times 30 \times 200 = 20,000$
4 months intensive entrepreneurship and life skill training	$4 \times 200 \times 45 = 36,000$
Start-up micro grants after the training and mentorship in 2 installments	$200 \times 200 \times 2 = 80,000$
Baseline & midline costs	1,860
Total	129,860
Cost per beneficiary	649

Expenditure for combined interventions	Costs in USD
Total	286,200
Cost per beneficiary	1,340

The total direct costs to the Danwadaag programme to support the 200 HHs out of poverty is USD 129,860. This is an approximate cost of USD649 per household to deliver the multitude of interventions over the 22 intensive months programme, ultimately graduating the households out of extreme poverty. As outlined above, graduation support without the basis of multi-purpose

cash assistance is not feasible. Effectively, through the layering and sequencing of interventions, costs that occurred to the Danwadaag consortium, were USD 138,384 lower (51% of total cost occurred for both interventions together at USD 168,200) than if it was not for this cooperation, equaling to USD 691 costs saved per household targeted in the graduation pilot.

11. Total consumption is used as the measure for benefits and found that the programmes had benefits greater than their costs (ranging from 133% in Ghana to 433% in India) Banerjee, A., E. Duflo, N. Goldberg, D. Karlan, R. Osei, W. Parienté, J. Shapiro, B. Thuysbaert, and C. Udry (2015) A multifaceted program causes lasting progress for the very poor, SCIENCE 348 (6236).

Scaling up the graduation model

Decisions for up-scaling should be based on achievement of goals. Evidence from other countries suggests that graduation models work, despite only around 30 percent of beneficiaries continuing to expand their assets after graduation. The main success is that the remaining majority, after a peak at graduation and initial decline, manages to maintain their asset holdings. Amongst programmes that target the extremely poor, graduation programmes including lump sum cash transfers, were found to have a greater impact per dollar as compared to traditional livelihoods interventions.¹² However, measuring graduation can present a challenge. And concerns were raised over whether a graduation programme is appropriate in such fragile contexts as Somalia, where markets opportunities may not

exist, there has been little economic growth or the additional services to be linked to do not function. We need to ensure that the targeted households reach a certain minimum standard of living that represents an improvement in their assets and returns on these assets, that inequality has decreased, and that a certain level of resilience to future shocks is achieved. If this is the case, the graduation model has the potential to be replicated and scaled up and could in the future be implemented from government resources, for example based on a solidarity tax, as was done in other countries. In addition to this, there is need to work with government social protection programmes and to advocate for on-going support of extremely poor households who do not have labour capacity and are not suitable for graduation.

The Danwadaag (meaning common purpose) consortium is a multi-year programme supported by UK's Foreign, Commonwealth & Development Office (FCDO). It aims to enhance progress towards durable solutions and (re)integration for targeted displacement affected communities (DAC). The programme uses an adaptive contextualised approach to ensure the specific needs and priorities of DACs underpin programme design, implementation and learning. It is area-based, government-led and community driven. The consortium is led by IOM, with partners CWW, NRC, ReDSS, SHACDO, GREDO, and Juba Foundation and operates in Kismayo, Afgooye, BRA, and Baidoa.

For more information contact the Consortium Management Unit: Danwadaag@iom.int

12. Sulaiman, M., N. Goldberg, D. Karlan and A. de Montesquiou (2016) Eliminating Extreme Poverty, No 11, December 2016, <https://www.povertyaction.org/sites/default/files/publications/Forum-Eliminating-Extreme-Poverty-Dec-2016.pdf>.