

RLI INVESTMENT SNAPSHOT

JIJIGA EXPORT SLAUGHTERHOUSE



Reason for Selection:	Livestock trade is a critical component for a large portion of the population in Eastern Ethiopia, as well as across the border in Somalia, many of whom are traditional pastoralists. Many pastoralists in the region operate in the informal market, and thus current livestock care and management is inadequate. JESH seeks to address this issue in the value chain by providing improved care practices for livestock and a formal channel for cross-border sales. The company has experience working with USAID to support food security and refugee livelihoods, presenting a strong opportunity to further this work.
Location:	Jijiga, Somali, Ethiopia
RLI Business Category: ¹	R3: Refugee Supporting / R4: Refugee-Supporting, Host-weighted
Company Background:	<p>Established in 2016, Jijiga Export Slaughterhouse (JESH) currently has eleven stakeholders, predominately diaspora members. The company is located on 138 hectares of land in the Faafan region of Ethiopia, roughly 30km outside of Jijiga.</p> <p>JESH has a capacity of slaughtering 2,000 livestock per day, predominately for export to the U.A.E. Additionally, they produce 300 liters of camel milk per day for the Jijiga market from their heard of 123 camels.</p> <p>Business operations were interrupted in 2017 due to foreign exchange shortages and transportation route-to-market blocks. Operations are set to recommence in 2022 with an expansion into cash crops, water provision (bottling) and a renewed focus on dairy production for export.</p>
Industry/Sector:	Agro-processing (livestock and dairy sub-sectors); Agriculture
Products and Services:	Meat for export; Camel milk; Cash crops (tomato, onion, potato)
Management Team:	Mr. Mukhtar, Shareholder and Manager

¹ This is the category RENEW believes the company could occupy after receiving appropriate technical assistance support. The concept of refugee-lens investing (RLI) is new to Ethiopia, as such, there are very few companies operating in the formal sector of the studied secondary cities that currently meet the RLI criteria.

Employees:	In 2017, JESH employed 250; once operations recommence this year, the company aims to employ upwards of 1,000 locals, including IDPs, refugees and host community members in the Faafan region.
Market Overview and Trends:	<p>According to a recent study published by USAID's Feed the Future Innovation Lab for Livestock Systems, Ethiopia has the largest livestock population in Africa, with 65 million cattle, 40 million sheep, 51 million goats, 8 million camels and 49 million chickens in 2020. The estimate of camel milk for pastoral areas of the country was about 1.82 billion liters in 2020.²</p> <p>Furthermore, livestock is a major source of animal protein, power for crop cultivation, means of transportation, export commodities, manure for farmland and household energy, security in times of crop failure, and means of wealth accumulation. The sector contributed up to 40% of agricultural Gross Domestic Product (GDP), nearly 20% of total GDP, and 20% of national foreign exchange earnings in 2017.³ Livestock are produced in both the highly productive, high rainfall highlands areas and vast lowland areas of the country; with the top three regions being Tigray, Oromia and Amhara.</p> <p>Currently, there are around 17 meat export abattoirs in the country. Quality meat and dairy production, however, remains inefficient due to lack adequate nutrition and care for livestock in harsher climates and difficult access to market for many pastoralists.⁴</p> <p>Demand is present, so there is significant opportunity to bring improvements to the sector. As in the case of milk, meat and live animals are channeled through both formal and informal marketing systems, but the latter system is dominant. The domestic demand for meat increases during traditional and religious festivities. However, demand sharply declines during the fasting seasons of Orthodox Christianity, particularly in the 55 days before Easter festivities. Additionally, a recent study conducted on the dairy sub-sector showed that with the growth in dairy consumption, the formalization of dairy markets and investments into dairy processing companies are rapidly increasing in Ethiopia.⁵</p>
Estimated Investment Needs*:	<p>The company is open to a scaling investment strategy to meet their business growth objectives, starting at \$300K, with a long-term investment objective of \$3M. They are seeking Sharia-compliant investment and loan opportunities.</p> <p>To rebuild their operations, the company is looking to diversify their agriculture-production capacities, capitalizing on the fertile and underdeveloped land in the region, while also building on their existing expertise in livestock trade and camel milk production.</p>
Target Funding Source(s):	Foreign investors, impact investors, angel investors, local investors, Development Bank of Ethiopia.
Investment Opportunity:	The livestock and abattoir sub-sector is an interesting area for investment consideration in Ethiopia due to the massive livestock resource and its close proximity to export market destinations, mainly the Middle East. Ethiopia is

² Mekuriaw, Zeleke and Lacey Harris-Coble. Ethiopia's Livestock Systems: Overview and Areas of Inquiry. Feed the Future Innovation Lab for Livestock Systems. USAID. 2021. [LINK](#).

³ Mekuriaw and Harris-Coble. 2021.

⁴ USAID. Ethiopia – The Largest Livestock Population in Africa. Ethiopian Meat Producer-Exporters Association. [LINK](#).

⁵ Mekuriaw and Harris-Coble. 2021.

	<p>the leading country in livestock supply in Africa, as referenced in the market overview section above. More specifically, the Somali region of Ethiopia (where the company is located), 23% of the country's sheep and 34% of the country's goat livestock population is located in the region.⁶</p> <p>Furthermore, while the country may not yet be known for exporting dairy product, increased domestic consumption indicates that the sub-sector is ready for formalization and investment.</p> <p>As such, JESH presents an intriguing opportunity to help the company fully utilize its existing capacity, expand its processing capacity and increase the company's export revenue.</p>
<p>RLI Social Impact Opportunity:</p>	<p>JESH previously partnered with USAID and Mercy Corps for a resiliency-building mechanism. The project was designed to build out their operations with the goal of a) supporting thousands of pastoralists in the region through income generation, and b) providing said pastoralists access to the international market through their livestock trade operations.</p> <p>With support from the RLI network, these same objectives could be renewed and built out with a RLI lens. There are significant IDP populations in the region who have pastoralist backgrounds. As such, the business model aligns with the recommendation to develop and support RLI businesses that directly support the traditional livelihoods of the populations RLI stakeholders seek to serve.</p>
<p>RLI Support Strategy:</p>	<p>The company requires an investment in order to jump-start their operations. The RLI network could consider providing this funding with accompanying technical assistance to build in a refugee business lens into their operations and expansion plans.</p> <p>Furthermore, there is significant opportunity to bring in livestock experts to train pastoralists on best practices and care for animals in order to increase odds of survival to market, as well as the health of the animal, which directly translates to higher incomes.</p> <p>As the company is considering entering into new markets, such as agro-processing, there is additional opportunity to bring in requisite experts to help the company's management team build out a viable business strategy and expansion plan. Additionally, providing training to IDP and refugee populations working within the target agriculture value-chains could further support the RLI ecosystem of this company.</p>

⁶ *Ibid.*