

RLI INVESTMENT SNAPSHOT	
MARWA AGRO-PASTORAL COOPERATIVE FARM	
<b>Reason for Selection:</b>	Agriculture development is key to Ethiopia's endeavors to become self-sufficient, and smallholder farmer cooperatives have been identified by the Ethiopian government as a strong catalyst for this development, as aggregating production improves yields and access to markets. Marwa's geographic location makes it a good candidate for refugee-lens support and to further integrate host and refugee communities through membership and/or sourcing from smallholder refugees.
<b>Location:</b>	Jijiga (Faafan), Somalia, Ethiopia
<b>RLI Business Category:</b> <sup>1</sup>	R3: Refugee Supporting / R4: Refugee-Supporting, Host-weighted
<b>Company Background:</b>	<p>Marwa Agro-Pastoral Cooperative Farm was established in 2019.</p> <p>The cooperative has 50-hectares of land for agricultural production with two borehole water wells, which yield 30 liters of water per second.</p> <p>The cooperative has a herd of 35 camels for dairy production to serve the local Jijiga market. Milk production averages at 100 liters of fresh camel milk per day.</p>
<b>Industry/Sector:</b>	Agriculture; Agro-processing
<b>Products and Services:</b>	Fruit; Cash crops (i.e., onion and tomatoes); Camel milk
<b>Management Team:</b>	Co-operative members include: Dr. Muktar Yusuf Mussie (Manager), Mushtak Shiekh Mohamed, Mohamed Muktar Yusuf and Majda Muktar Yusuf.
<b>Employees:</b>	8 employees, of which 5 are full time and 3 are part time; gender disaggregation unknown.
<b>Market Overview and Trends:</b>	<p>Agriculture is the largest industry in Ethiopia, accounting for 40% of GDP and employing a large portion of the population.<sup>2</sup> However, Ethiopia continues to rely heavily on imported food. This is, in part, because agricultural production is predominately based on smallholder farmer operations, relying on rain for irrigation and managing less than one hectare of land.<sup>3</sup> This type of farming represents 95% of production in the country and is largely cereal crops.<sup>4</sup></p> <p>The Ethiopian government has placed a high priority on private sector investments in the industry.<sup>5</sup> Furthermore, the government is promoting the formation of cooperatives as an industry development and job creation strategy.<sup>6</sup></p>

<sup>1</sup> 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.

<sup>2</sup> Mordor Intelligence. Agriculture in Ethiopia - Growth, Trends, Covid-19 Impact, and Forecasts (2022 - 2027). 2021. [LINK](#).

<sup>3</sup> Dube, Ahmed Kasim and Burhan Ozkan. Examining the Financial Performance of Primary Agricultural Cooperatives in Dinsho District of Bale Zone of Ethiopia. International Journal of Agriculture Forestry and Life Sciences. 2019. [LINK](#).

<sup>4</sup> Mordor Intelligence. 2021.

<sup>5</sup> *Ibid.*

<sup>6</sup> ILO. Integrated enterprise, cooperative and financial services assessment on refugees and host communities: Jijiga, Somali Region, and Shire, Tigray Region, Ethiopia. 2021. [LINK](#).

	<p>Camel milk is an important source of nutrient-dense protein and energy for pastoralist communities in eastern Ethiopia and is considered critical for fighting malnutrition.<sup>7</sup></p> <p>While, historically, the sale of camel milk was frowned upon by Somali pastoralists, the shift to a more settled lifestyle, more lenient cultural expectations and growing demand have led to the proliferation of the industry in Eastern Ethiopia.<sup>8</sup></p> <p>And while camels have a longer milk-producing lifespan in the harsh desert climates of Somali, these same conditions result in significant waste and spoilage due to a lack of proper cold storage and access to market. With a rapidly growing demand and underserved market, interventions are underway by both IGOs and local market actors to start addressing these challenges, but there is still a long way to go.<sup>9</sup></p>
<p><b>Estimated Investment Needs*:</b></p>	<p>The cooperative is currently seeking an investment of \$200K to purchase a solar-powered electric pump to pump water from the borehole wells, agricultural machinery (including a tractor, banal making machine and farrow making machine), a new transportation vehicle for taking products to market, and to install a drip irrigation system.</p>
<p><b>Target Funding Source(s):</b></p>	<p>Cooperative members contributions, foreign investors and/or grant providers.</p>
<p><b>Investment Opportunity:</b></p>	<p>The Faafan zone of Ethiopia is a fertile agriculture region. With the government prioritizing private sector investment in the industry and incentivizing the creation and development of cooperatives, there is a compelling case for supporting agricultural cooperatives in the region.</p> <p>There is also a high and unmet demand for camel milk in Jijiga and Somali in general. The community is willing to pay good prices for fresh camel milk. As much of this production is currently happening in the informal market, there is an opportunity to build out formal production and mechanization of processing to help meet growing demand.<sup>10</sup></p>
<p><b>RLI Social Impact Opportunity:</b></p>	<p>Supporting the growth of cooperatives can promote social integration and cohesion among refugee and host communities. As these communities around Jijiga share a similar culture, lifestyle and language, cooperation is already a more natural component of their existence, though not without its challenges. This cohesion can be built upon through investment and capacity building of cooperatives such as Marwa. Investment will further have a direct impact on the income generation and employment capacity of the cooperative members.</p> <p>As the cooperative grows, it may be able to expand its product offering to the market. This could include either integration of new smallholder members into the cooperative or developing an out-grower model in which they source produce from refugee farmers to aggregate and sell at the larger markets that the smallholder farmers would not have access to on their own.</p> <p>As we have seen a shift in the development and humanitarian assistance programs from in-kind donations to cash transfers for displaced populations, there are new and developing opportunities to expand programs that support</p>

<sup>7</sup> Bekele, Birhanu et. al. Indigenous knowledge on camel milk and camel milk products hygienic handling, processing and utilization in Borana Area, Southern Ethiopia. Journal of Food Science and Nutrition. 20201. [LINK](#).

<sup>8</sup> Gebremichael, Belets, Shishay Girmay and Mu'uz Gebru. Camel Milk Production and Marketing: Pastoral areas of Afar, Ethiopia. Pastoralism Journal. 2019. [LINK](#).

<sup>9</sup> *Ibid.*

<sup>10</sup> Interview with livelihoods expert and BDS provider in Jijiga. April 2022.

	<p>produce markets near refugee settlements.<sup>11</sup> Additionally, there is an opportunity to provide incentives and subsidies for cooperatives such as Marwa to sell produce and milk directly to WFP through their local procurement initiative or set up market systems to sell good directly to refugees.</p>
<p><b>RLI Support Strategy:</b></p>	<p>The RLI ecosystem would best support the cooperative by providing funding and technical assistance to build a resilient operation. Furthermore, there is opportunity to support value-chain linkages and market integration as described above.</p> <p>Formalizing camel milk production is a significant employment and income generating opportunity in a market where demand significantly outweighs supply. There is an opportunity to develop improved routes to market through logistics companies that have the appropriate temperature and sterilization technology to deliver milk from rural pastoralist communities directly to the market or processing facilities. Additionally, building on refugees' pastoralist backgrounds, programs could work with refugees settlements to develop camel rearing initiatives from which the cooperative could source additional milk product, again, in an out-grower type model.</p> <p>Unlike other regions, promoting refugee integration may not be as critical in Jijiga, but there is still plenty of room for awareness raising around the benefits for the host community that come from integration and inclusion. There is also still an awareness gap among employers about hiring refugees and their rights to work.</p>

<sup>11</sup> World Food Programme. Cash Transfers. 2022. [LINK](#).