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The U.S. Government's Global Hunger & Food Security Initiative

LABOR MARKET ASSESSMENT REPORT MOYALE CLUSTER



Animals and animal products is a major aspect of the labour markets for the people in Moyale Cluster. Camel is the most prominent of the livestock animal in the region

DISCLAIMER

This report was produced at the request of the Cross-Border Community Resilience (CBCR) Activity implemented by Chemonics and ACDI/VOCA through funding from the United States Agency for International Development (USAID). The report was prepared independently by the Beemark Consulting. The views expressed in this report do not necessarily reflect the views of the USAID or the United States Government.



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FOREWORD

The Cross-Border Community Resilience (CBCR) Activity commissioned this labor market assessment as part of the evidence base for its programming. Particularly, this report assesses the existing and potential economic opportunities in the Moyale cluster, and reviews the main labor and wage employment sectors.

Additionally, the report identifies the key sectors of growth and potential, the available skills and skills in demand by the labor market, and the formal and informal barriers in labor market participation for various groups of people (especially women, youth and traditionally marginalized groups) across the cluster. The assessment further analyses the major value chains and the potential for private sector development in the Moyale cluster.

Indeed, the assessment provides insights into the changing landscape of the labor markets in the Moyale cluster. While the labor markets have largely orbited around agro-pastoral livelihoods over the years, changes in the county's political economy have necessitated shifts in the labor market (for example, a move toward formal employment and wage labor) that call for additional training among the populations in the cluster, particularly the youth.

Therefore, the CBCR Activity has its work cut out in its attempts to address these challenges, as well as many others that relate to underdeveloped values chains, and formal and informal barriers in labor market participation among various groups across the cluster.

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Cross Border Community Resilience Activity (CBCR).

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ACRONYMS

CBCR	Cross-Border Community Resilience
CBOs	Community Based Organizations
CBT	Cross-Border Trade
COR	Countries of Residence
CSO	Civil Society Organization
EBS	Ethiopia Bureau of Statistics
FGDs	Focus Group Discussions
GIS	Geographic Information System
GPS	Global Positioning System
KBS	Kenya Bureau of Statistics
KEBS	Kenya Bureau of Standards
KEPSA	Kenya Private Sector Association
KIIs	Key Informant Interviews
KRA	Kenya Revenue Authority
M&E	Monitoring and Evaluation
MFI	Micro Finance Institution
NGOs	Non-Governmental Organizations
ODK	Open Data Kit
OECD	Organization for Economic Cooperation and
Development PPP	Public Private Partnership
PLWDs	Persons Living with Disabilities
PWDs	Persons with Disabilities
SACCOs	Savings and Credit Cooperative Organizations
SMEs	Small and Medium Enterprises
SPSS	Statistical Package for Social Sciences
TOR	Terms of Reference
TVET	Technical Vocational Education and Training
UNHCR	United Nations High Commissioner for Refugees
USAID	United States Agency for International
Development US	United States

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EXECUTIVE SUMMARY

This report provides a labor market assessment for the Moyale cross-border cluster that straddles several locations in northern Kenya and southern Ethiopia. The main objective of the assessment was to examine existing and potential economic opportunities in the labor market, review the main labor and wage employment sectors, and identify the key sectors of growth and potential. The study also reviewed the available skills and skills in demand by the labor market, as well as the formal and informal barriers in labor market participation for various groups of people (especially women, youth, and traditionally marginalized groups). The study also gathered and presented analyses of the major value chains and the potential for private sector development in the specific border clusters.

The assessment employed a mix of qualitative and quantitative methods. Quantitative data was gathered through structured interviews with various groups, including the youth, women, internally displaced persons (IDPs), and persons with disabilities (PWDs), refugees, and ethnic majorities and minorities. Qualitative data was collected through literature review, key informant interviews (KIIs), and focus group discussions (FGDs). The evaluation reached a total of 543 respondents through 30 KIIs and 11 FGDs for the quantitative data. Triangulation of data from these methods and sources was used to enhance the strength and validity of findings and conclusions.

Findings indicate that livestock rearing is the main economic activity in the Moyale cluster, and households rely primarily on camels, goats, sheep, and cattle to meet their daily needs. Besides livestock keeping, other dominant sectors are manufacturing, mining and construction, repairs, and various services (including accommodation and food vending), and wholesale and retail trade.

Wholesalers in the Oromia and Dire Dawa regions of Ethiopia accumulate sufficient volumes of food commodities and then sell to their counterparts in Marsabit County's border towns of Sololo, Moyale, Forolle, and Maikona. In turn, non-food commodities, such as plastics, detergents, and building materials, are exported from Marsabit County. Overall, most of the commodities crossing the border from either side are mainly on transit to other markets, but are temporarily stored in Moyale town, Kenya.

In terms of skills available in the market system, a much higher proportion of respondents in Marsabit County had been trained, compared with those in the Oromia and Dire Dawa regions of Ethiopia. Some revealed that they had received training at tertiary institutions while others had received on-the-job training. In contrast, most respondents in Oromia and Dire Dawa regions noted that they had only received on-the-job training. More specifically, a much higher proportion of respondents in Marsabit County had been trained in livestock rearing/management, entrepreneurship, financial management, climate change, savings and investment, and conflict management/peace-building, compared with those in the Oromia and Dire Dawa regions. In terms of gender, more male respondents had received training compared to their female counterparts. Generally, there is a scarcity of trained skilled labor in the cross-border area between Kenya and Ethiopia.

Several formal and informal barriers for individuals and communities in accessing labor, wage employment, and entrepreneurial opportunities in the Moyale cluster were also identified. According to the study participants, similar opportunities and barriers to work affect the populations on both sides of the cluster. Several barriers to wage employment opportunities were identified. On the demand side, these include economic constraints, labor market failures, and poor access to credit. On the supply side, these include educational and skills mismatch and lack of social capital.

Findings indicate that respondents on both the Kenyan and Ethiopian cross-border areas are generally aware of the existence of training opportunities for enhancing labor and employment opportunities. However, young women do not join most of these courses because of lack of the required fees, coupled with negative attitudes towards their employment in the cross-border area. The majority also do not have access to capital with which to establish and sustain their businesses.

With regards to the landscape of cooperatives and small and medium enterprises (SMEs) in the cluster, findings indicate that the main trade is conducted through micro and small enterprises. Businesses in the region trade in diversified and varied sectors. These include farm produce, livestock and livestock products, and other commonly traded items such as general household items that are in consistent supply in the market. Other businesses operating in this borderland include sale of mobile phones and accessories, MPESA (mobile money) shops, computing services, pharmaceuticals, vehicle repair garages, sale of spare parts, construction materials, and quarrying and sand harvesting.

The gender of business operators also appears to determine what they sell. For example, women are more active in textiles trade, while men are more prevalent in livestock trade. This suggests gendered economic sectors that need to be considered by practitioners seeking to promote resilience in the region.

Most businesses in the Moyale cluster have never accessed business credit. Most respondents in Dire Dawa and Oromia regions have never accessed credit from a commercial bank, while over half of interviewed respondents in Marsabit County have also never accessed bank credit. The most popular avenues for accessing credit amongst respondents were borrowing privately and through grants. The assessment found out that the major value chains with potential for private sector development are mainly in farm produce, livestock and livestock products, and other commonly traded items.

Drawing on these findings, the assessment's recommendations are as follows:

- 1. Business and employment skills development through focus on vocational training:** Most of the population in the Moyale cluster, including the youth and women, are unskilled and unable to start businesses or obtain employment opportunities. Efforts should be made to roll out business and labor market skills development programs, with specific focus on existing and emerging business opportunities in the cluster.
- 2. Develop savings and credit schemes in the value chain:** A value chain-based savings and credit scheme is proposed to build existing relationships and trust among the actors. In this regard, it is recommended that a savings and credit mobilization scheme is mainstreamed in each of the value chains that the project will be supporting. A participatory approach should be used so that members of the institutions engaged in the value chain activity will be the ones to determine the best model that will work for them, given the many concerns about *sharia* (Islamic law) compliance.
- 3. Improve the business environment in the Moyale cluster:** Dealing with the fluid security situation in Moyale cluster is a challenge. Thus, a joint effort by the government, development partners, and local stakeholders to restore peace and security should continue to build trust for investment and an improved business environment, to support private sector development, and encourage foreign investments. Components of peace-building should be incorporated into the planned activities.
- 4. Support for private sector development:** Due to its quick development over the last years, the private sector is most likely the field to recruit young staff, compared to the public sector which is

under budget restrictions. The sectors cited as having potential for growth include livestock and livestock products such as hides and skins, meat, and milk. Donors and international organizations are focusing more on private sector development, in particular value chain development. Increased coordination and strategic investments could further contribute to job creation in the Moyale cluster. There is a need to tap into public-private partnership (PPPs) to increase economic opportunities, and the CBCR Activity should organize symposiums that bring together the stakeholders.

A participant giving his opinion at the validation workshop in Moyale Kenya



5. Education and awareness creation: Some investments may not be adequately financed by personal initiatives. In other instances, businesses might require working with lead financial institutions in order to manage their cash flows. A lot of education and awareness creation is required for change of attitude towards commercial banks and microfinance institutions (MFIs) and cooperatives. The project should work with religious leaders from the communities to increase the adoption of such initiatives. Cooperatives will be key platforms for disseminating this information.

6. Timely and reliable livestock market information should be provided by the government and development partners: Market information is crucial for any marketing activities. Its provision should be intensified by improving the current system, and by using mobile service providers and the local FM stations to broadcast livestock prices. This is important to empower the livestock keepers and minimize exploitation by intermediaries. Established marketing bodies/associations can oversee honest brokerage to minimize exploitation by intermediaries, and selling through auctions should be adopted. Both traders and producers should organize themselves into groups to have more control and minimize exploitation by intermediaries. In addition, capacity building in technical aspects and business skills should be intensified to increase pastoralists' awareness and better position them to make informed decisions.

1. INTRODUCTION

In the cross-border areas of Kenya and Ethiopia, adequate standards of living and access to livelihoods continue to be severely compromised. Rates of unemployment, including youth underemployment, are considerably higher than the national averages in the two countries. According to the Kenya 2019 Housing and Population Census, the national average of unemployment and underemployment stood at 39 percent¹. For Ethiopia, it is estimated that in 2021, unemployment rates stood at 3.6 percent².

Over the years, a complex web of protection, environmental, social and economic challenges and opportunities have emerged across the Moyale cluster with severe consequences on communities therein. The absence of solutions and the lack of viable opportunities for local communities to lead productive and meaningful lives entails serious costs and risks for the two countries' stability.

Given that livestock and cross-border trade are the two most significant sources of livelihood in the Moyale cluster, the impact of climate change, insecurity, and myriads of other challenges pose significant threats to the communities' survival. Unemployment and underemployment are some of the time bombs for youth radicalization and indoctrination by violent extremist organizations who take advantage of their vulnerability by enticing them to join rogue insurgent groups like Al-Shabaab³.

Cross-border trade is considered one of the important elements of African economic and social settings, as it contributes significantly to the income of Africa's populations, especially those living near the borders. Since agricultural and livestock products form the bulk of traded goods, cross-border trade is a crucial contributor to food security. It also provides incomes, reduces poverty, and contributes to overall welfare. This is especially true for marginalized groups with little else in the way of income-generating activities. For vulnerable groups living in fragile and conflict-affected areas, cross-border trade provides access to the rest of the world, as it offers a pipeline of necessary goods and services, in addition to supporting their social relations⁴.

Informal cross-border trade between Ethiopia and Kenya is substantial and vital for both countries. A 2011 survey by the Kenyan National Bureau of Statistics (KNBS) shows that informal cross border trade with Ethiopia represents more than 25 percent of total trade between the two countries⁵. Most cross-border trade in livestock in the borderlands of Ethiopia and Kenya is unrecorded. The pastoral communities in southern Ethiopia are closely linked with northern Kenya's markets. The incomes from livestock sales are usually used to buy finished goods and food commodities. Cattle, camels, small ruminants and, recently, donkeys are the main live animals traded in Ethiopia-Kenya borders⁶.

¹ Republic of Kenya, 'Kenya Housing and Population Census,' 2019, <https://housingfinanceafrica.org/app/uploads/VOLUME-II-KPHC-2019.pdf> (accessed 18 November 2022).

² See Macro Trends, 'Ethiopia Unemployment Rate: 1991-2023,' 2022 <https://www.macrotrends.net/countries/ETH/ethiopia/unemployment-rate> (accessed 18 November 2022).

³ Boresha Consortium, 'Labor Market Assessment in the Cross-border Area between Kenya, Ethiopia and Somalia,' 2018, <https://boreshahoa.org/wp-content/uploads/2020/07/labor-markets-Press.pdf> (accessed 6 February 2022).

⁴ Boresha consortium, 'A Boresha Policy Study on Cross Border Trade,' 2021, <https://boreshahoa.org/wp-content/uploads/2021/05/pdf> (accessed November 2022).

⁵ See Kenya National Bureau of Statistics, 'Informal Cross-border Trade Survey: Second Quarter 2011 Report,' 2011, <https://statistics.knbs.or.ke/nada/index.php/catalog/41/download/153> (accessed 20 November 2022).

⁶ World Bank, 'Horn of Africa Regional Economic Memorandum Background Paper 3. A review of Cross-Border Trade in the Horn of Africa,' November, 2021, <https://openknowledge.worldbank.org/handle/10986/36496?show=full&locale-attribute=en> (accessed 18 October 2022).

Ethiopia is a key source of cattle for Kenya. Ethiopia has a strong advantage in the rearing of livestock, reflected in cattle prices that are up to 40 percent lower than cattle prices in Kenya, particularly in Nairobi⁷. Hence, there is substantial scope for cross-border trade. Studies⁸ analyzing livestock marketing in the Ethiopia-Kenya border area show that a substantial number of castrated bulls from Ethiopia reach Kenya via the Moyale markets.

From as early as 2009, studies⁹ show that on average, more than 300 castrated bulls were transiting daily from Moyale, Ethiopia to Moyale, Kenya from 2004 to 2009. Other studies¹⁰ estimated that 70 percent of castrated bulls from Borana Zone, one of the largest cattle producing zones of Ethiopia, are trekked to Moyale to be sold in Kenya markets. For other animals, such as camels, sheep, and goats, there are extensive regional value chains linking producers to overseas markets. Many goats and sheep that are processed at Ethiopia's abattoirs and then exported to the Middle East are sourced from northern Kenya via unrecorded trade channels¹¹. Sheep and goats are moved from northern Kenya into Ethiopia through Moyale and then to Elwaye and Mega in southern Ethiopia. Some of these animals are trucked to Addis Ababa for final consumption, while others are transported to Djibouti for export through a series of further transactions¹². This often entails a two-way trade in animals across the borders¹³.

As part of the Cross-Border Community Resilience (CBRC) Activity's contributions to the resilience of cross-border communities, including in the Moyale cluster, a labor market assessment is essential. The main objectives of this labor market assessment were to:

- i. Assess existing and potential economic opportunities in the labor market, and review the main labor and wage employment sectors,
- ii. Identify the key sectors of growth and potential, the available skills, and skills in demand by the labor market.
- iii. Identify the formal and informal barriers in labor market participation for various groups of people (especially women, youth, and traditionally marginalized groups) and,
- iv. Assess the major value chains and the potential for private sector development in the cross-border cluster.

The study covered six locations in Ethiopia: Taltale, Dillo, Yaballo, Magado, Miyo, and Moyale and four locations in Kenya: Moyale, Dukana, Sololo, and Forolle. These locations constitute points of frequent interactions among communities from either side of the cross-border cluster.

Findings indicate that livestock keeping is the main sector of labor and wage employment in the cluster, with thirty-three percent (33.3%) of the respondents in Marsabit County and ten percent (10.5%) in the Oromia and Dire Daawa regions of Ethiopia reporting their engagement in the sector. Across the cluster,

⁷ Ibid

⁸ Sara Pavanello, 'Livestock Marketing in Kenya-Ethiopia Border Areas: A baseline Study,' July 2010, <https://www.files.ethz.ch/isn/119436/2010-07.pdf> (accessed 21 November 2022).

⁹ Paul Brenton and Habtamu Edjigu, 'A Review of Cross-Border Trade in the Horn of Africa,' The World Bank, 2021, <https://openknowledge.worldbank.org/bitstream/10986/36496/1/A-Review-of-Cross-Border-Trade-in-the-Horn-of-Africa.pdf> (accessed 20 November 2022).

¹⁰ Ibid.

¹¹ Philemon Ng'asike, 'Analysis of Governance on Cross-Border Livestock Between Kenya and Somalia,' <http://erepository.uonbi.ac.ke/handle/11295/157208> (accessed 20 November 2022).

¹² Brenton and Edjigu, supra n 9.

¹³ Ibid.

more men than women are engaged in labor and wage employment. The percentage of men and women getting income from the main sectors is thirty percent (30%) and below, which shows the need to bring more people into wage employment in order to reduce vulnerability in the cross-border area. A higher proportion of respondents in Marsabit County indicated they had been trained on livestock rearing/management, entrepreneurship, financial management, climate change, savings and investment, etc., compared with those in the Oromia and Daawa regions of Ethiopia. In terms of gender, more male respondents indicated to have received trainings compared to female respondents.

Moreover, the levels of education in Marsabit County are higher than those in the Oromia and Daawa regions of Ethiopia. Nonetheless, populations on both sides of the cluster experience greater formal labor market challenges due to their low levels of work relevant skills. Most respondents in the Oromia and Daawa regions of Ethiopia have never accessed credit from a commercial bank, while over half of interviewed respondents in Marsabit County also indicated that they have never accessed bank credit. The most popular avenues for accessing credit amongst respondents were borrowing privately and through grants. However, very few respondents accessed even these channels. Businesses could benefit specifically from increased awareness of credit options available in this cross-border region, particularly the respondents in the Oromia and Daawa regions of Ethiopia, and for women in general.

Study participants were generally aware of the existence of training opportunities for enhancing labor and employment opportunities. In Marsabit County, the Moyale Youth Polytechnic, Obbu Vocational Training Center, Saku Vocational Training Center, and Umuro Vocational Training Center are key institutions. They offer training opportunities for the youth in carpentry/joinery, building technology (masonry), tailoring, dressmaking, electrical/electronics, computer studies, hairdressing, beauty therapy, entrepreneurship studies and life skills.

In the Oromia and Daawa regions, there is a growing consensus that technical and vocational education and training (TVET) programs are necessary to enable employment creation. There are TVET institutions that offer technical courses such as carpentry, masonry, tailoring, electrical/electronics, computer studies, hairdressing, beauty therapy, entrepreneurship studies, and life skills, among others. TVETs mentioned by respondents include Adama College, Robe College, Bule Hora, Haremaya College, Nekemte College, Sebeta Institute, Adola Institute, Shambu College, Metu College, Jimma College, Dona Berbera, Fitcha Institute, Shashamene Weliso College, and Gimbi College.

Further, women are more likely than men to be sole operators, with most women respondents owning their business in full. By contrast, most of the male respondents across the cross-border cluster own only part of their business, suggesting that they are more likely to operate in partnerships or cooperatives than as sole operators.

Additionally, most of the trade is conducted through micro and small enterprises. Businesses in the region trade in diversified and varied sectors. These include livestock and livestock products, hotels and restaurants, salon/beauty shops, shop/fruit kiosks, and transport business (cars/lorries). The gender of business operators also appears to determine what businesses sell. For example, women are more active in textiles trade, while men are more prevalent in livestock trade. This suggests gendered economic sectors that need to be considered by practitioners seeking to promote resilience in the region.

The cross-border communities in all locations could not name any cooperatives in their region. According to key informants, the cooperatives that used to operate in the areas have since closed due to conflict and lack of interest from community members. The lack of participation of cross-border traders in cooperatives was also attributed to lack of proper organization of traders and the lack of awareness of those enterprises on the importance of forming and joining cooperatives. Essentially, the lack of institutions, such as legally

established livestock cooperatives, has undermined the economic potential of the livestock industry in the cluster.

Value addition in the cluster has the potential to create more jobs for the locals, curbs wastage, and results in extra income for traders and more revenue for local governments. However, value addition is generally poor in the cluster as there is no investment. This is attributed to lack of capital for the local population to venture into the highly profitable space. In addition, there are very few companies or enterprises investing in it. There is great potential in milk, meat, hides and skins processing, and honey processing.

Structure of report

The next section of this report provides the study methodology including the data collection approaches used, study sampling design, data analysis and processing, and quality assurance measures adopted during the assessment. The following section provides the assessment's findings. These findings include the main sectors of labor and wage employment in the Moyale cluster, how the labor market has changed in recent years, and new opportunities in the labor market for different groups. The findings further reveal the skills available in the market system and the high potential growth sectors that are in high demand by the market in the cross-border areas. It also highlights the formal and informal barriers for individuals/communities in accessing labor, wage employment, and entrepreneurial opportunities, and the main constraints that individuals face (based on gender, educational status, social, economic and others) in accessing wage employment in the cross-border areas of the Moyale cluster.

It also provides findings on opportunities available in the cross-border area for training, access to finance, and other labor-related needs, and the institutions that provide these opportunities for women and men. The findings conclude by examining the existing potential for engagement with the private sector in promoting inclusive economic opportunities in the area. The final section concludes with recommendations for key areas of programming, and potential activities in developing resilience of cross-border communities in the Moyale cluster.

2. METHODOLOGY

This section describes the methodology adopted in the research, including the data collection approaches, sampling design, data analysis and processing, and quality assurance, among other aspects.

2.1 Assessment Design

The assessment employed a mixed method approach, consisting of both qualitative and quantitative methods as described below. Triangulation of data from multiple methods and sources was done to enhance the strength and validity of findings and conclusions.

2.1.1 Quantitative Method

Quantitative data collection took place from September 11 – 30, 2022. Data was gathered through structured interviews with cross-border groups such as the youth, women, internally displaced persons (IDPs), persons with disabilities (PWDs), refugees, and people from various ethnic groups. A structured questionnaire was programmed on ODK App and administered using smart phones. A total of 543 interviews were conducted, with 276 in Marsabit County, and 267 in the Oromia and Dire Dawa regions of Ethiopia as shown in Table 1 below.

Table 1: Surveys per study location

Country	Region	Study Location	Frequency (%)	Percentage per country	Percentage per survey (Total of 543)
Kenya	Eastern	Dukana	80	28.99%	14.73%
		Moyale	71	25.72%	13.08%
		Sololo	68	24.64%	12.52%
		Maikona	57	20.65%	10.50%
	Total		276	100.00%	50.83%
		Moyale Dawa zone	46	17.23%	8.47%
		Yaballo	53	19.85%	9.76%
		Miyo	47	17.60%	8.66%
		Taltalle	44	16.48%	8.10%
		Dilo	44	16.48%	8.10%
		Dirre	25	9.36%	4.60%

Ethiopia	Oromia and Dire Dawa	Olla Dhaka Qakhe	2	0.75%	0.37%
		Magado	2	0.75%	0.37%
		Gandh Bila	1	0.37%	0.18%
		Olla Baqata	1	0.37%	0.18%
		Town	1	0.37%	0.18%
	Daawa	Dawa	1	0.37%	0.18%
Total		267	100.00%	49.17%	

2.1.2 Qualitative Methods

Qualitative data was collected through three main approaches: literature review, key informant interviews (KIIs), and focus group discussions (FGDs). The literature reviewed included the CBCR Activity’s project documents and relevant government and non-government organizations’ (NGOs) reports. The review of documents guided the research team in developing the inception report, the research design, and design of data collection tools (KIIs and FGD schedules), as well as informing the analyses.

KIIs were conducted with purposively selected respondents as summarized in the table below. The KIIs were conducted using semi-structured interview guides tailored to each informant category. Based on discussions with the CBCR team during the inception phase and the time and resources available for the assessment, a total of 30 KIIs (15 in each country) were conducted with representatives from government (national and local), the private sector, NGOs/CSOs, and vocational training institutions, among others.

Table 2: Distribution of KIIs in each study location

Kenya			
Key Informant Category	Sub-Category	Study Location	Number Interviewed
National Government	Deputy County Commissioner	Moyale town	1
	Kenya Revenue Authority (KRA)	Moyale town	1
	Kenya Bureau of Standards (KEBS)	Moyale town	1

County Government	Trade & Cooperative	Moyale town	1
	Veterinary	Moyale town	1
	Vocational Training Center	Sololo	1
Private Sector	Youth Leader	Maikona	1
	Kenya National Chamber of Commerce & Industry	Moyale town	1
	Cross Border Women Traders Association	Dukana	1
	Livestock Marketing Association	Sololo	2
NGOs/CSOs	Dorcas Aid	Moyale town	1
	Global One	Moyale town	1
	Strategies for Northern Development (SND)	Moyale town	1
	Concern Worldwide	Moyale town	1
Sub-Total			15

Ethiopia

Government	Daawa Regional Administration	Moyale Dawa zone	1
	Moyale Administration	Yaballo	1
	Women Affairs	Miyo	1
	Trade and Roads	Taltalle	1
	Vocational Centers	Dilo	2
Private Sector	Business Community	Moyale Dawa zone	2
	Youth Leadership	Olla Dhaka Qakhe	1
NGOs/CSOs	CIFA	Magado	1
	Save the Children	Gandh Bila	1
	HEKS EPER	Olla Baqata town	1
	Global One	Moyale Dawa zone	1

	VSF	Moyale Dawa zone	1
	Strategies for Northern Development (SND)	Moyale Dawa zone	1
Sub-Total			15
Total			30

FGDs were also conducted with a purposively selected sample of different groups. The FGD sessions brought together about 10 participants at venues conducive for facilitated discussions using a semi-structured guide. A total of eleven FGDs were conducted (five in Marsabit county, and six in the Oromia and Dire Dawa regions of Ethiopia) from September 11 – 30, 2022. The distribution of the FGDs conducted in each country is summarized in the table below:

Table 3: Distribution of FGDs in each location

Kenya FGD Groups	Location	Number of FGD Sessions
Cross Border Women Group Traders Association	Moyale town	1
KNCCI and Cross Border Traders Association	Moyale town	1
Persons with Disabilities (PWDs)	Sololo	1
Youth Group	Maikona	1
Border Post Loaders Sacco, Kula Jasho Loaders, Lattu Danfan Group	Moyale town	1
Sub-Total		5
Ethiopia FGD Groups		
Shawabare Livestock Group	Moyale Dawa Zone	1
Bole Youth Group	Yaballo	1
Global One NGO Staff	Miyo	1
Chamber of Commerce Group	Taltalle	1
Bulla Barwaqo Youth Group	Moyale Dawa	1
Cross Border Youth SACCO	Magado	1
Sub-Total		6
Total		11

2.1.3 Sampling and Sampling Techniques

The study's overall sampling frame for the quantitative survey was based on the population of the target sites¹⁴, and/or enumeration areas from the Kenya Bureau of Statistics (KBS) and the Ethiopia Bureau of Statistics (EBS). Two considerations that guided the sampling frame were: (a) cross-border clusters in the two countries and the areas where the CBCR Activity will be implemented and, (b) security of the consultants and the enumerators. Holding these considerations constant and considering the population of each site (all over 100,000), the research team drew a sample of 277 respondents per cluster for the household survey based on Yamane sampling formula as shown below.

$$n = \frac{N}{1 + N(e)^2}$$

Where: n = sample size, N = population size, e = sampling error/precision error.

This sample was calculated at a confidence level of ninety-five percent (95%), and a sampling error of 0.06 (i.e. a margin error of 6%). The margin of error used is informed by the fact that one of between four to eight percent (4-8%) is acceptable in survey-based research. Therefore, the mid-point of six percent is ideal to draw a scientific sample.

This assessment utilized both probability and non-probability sampling designs. A simple random sampling design was employed to select the community members who participated in the household survey. This approach employed randomized Geographic Information System (GIS) sampling, which takes satellite imagery of the regions targeted. Local research enumerators went to each Geographic Positioning System (GPS) point and conducted an interview with the closest household to the point.

To ensure representation, respondents were classified as either male or female and youth (15-29 years) according to the sampling framework above. In each classification, the enumerators sought respondents of that category. If there was more than one respondent within the household of that specific category, the enumerators introduced the assessment and asked household members who they thought among them could provide information given the nature of the assessment.

The non-probability sampling design used was mainly purposive sampling for the qualitative data. This design was used to select government officials, representatives of NGOs and civil society organizations (CSOs), and community leaders to participate as key informants. For FGDs, effort was made to attain full representation, including based on considerations of gender and age.

¹⁴ Target geographies: Kenya (Moyale, Dukana, Sololo and Forolle) and Ethiopia (Taltale, Dillo, Yaballo, Magado, Mio and Moyale)

2.1.4 Field work preparation and data collection

The field data collection team was trained on the use of the ODK tool to undertake the quantitative community survey. The selection criteria included being a resident of the area, with a minimum diploma level of education and previous experience in conducting similar assessments. A two-day training of the data collection team was conducted prior to commencing field data collection.

The training took place in Moyale, Kenya from September 9 – 10, 2022. The training provided the enumerators with critical knowledge and practical skills on collection of quality data. Topics covered in the training included interviewing skills, ethical procedures, data collection methods, quality control, fieldwork organization tips and use of the ODK tool.

The data collection tools were pilot tested by each of the enumerators during the training in a peri-urban setting in Moyale, Kenya, before data collection commenced. The findings of the pilot testing were used to refine the tools including improving the validity, framing, and order of questions.

Data quality control during data collection

To ensure quality control during the data collection exercise, a comprehensive training of enumerators was undertaken to ensure consistency in their protocols and interpretation of questions. Piloting the instruments with respondents that have similar characteristics with the identified sample of the study was also done.

Data was collected using the ODK tool to ensure real-time follow up and consistency checks. This prevented data input errors, such as contradictory answers, unfeasible numeric values, or missing data. All field teams had accompanying supervisors who conducted double-checks on the data collected, and monitored the enumerators' performance in the field. Ten percent (10%) of all data was subjected to additional quality checks. This included back-checks of data in the server and providing feedback to enumerators to ensure wrong entries were corrected as soon as possible.

Ethical Considerations

Respondents were appropriately informed about the purpose of the labor market assessment, its duration, and potential use of the research results. The questionnaires were translated into local languages and the enumerators asked questions in the language the respondents felt comfortable with. The respondents were assured of their anonymity during publication of the findings. Issues such as the safety of respondents were taken seriously and, where necessary, transport was provided to and from the FGD locations for security purposes.

Confidentiality of respondents participating in the market assessment was protected at all stages of the study, including sample preparation, data collection and processing, and delivery stages.

Data Analysis and Reporting

Data was analyzed using both quantitative and qualitative methods. The consultant used Statistical Packages for Social Scientists (SPSS) data analysis software to analyze the data from structured questionnaires. This mainly focused on descriptive statistical analysis of different variables. This also allows for comparison between the locations, levels of education, gender, and age, among other market-related factors. Qualitative data analysis involved clustering data to identify common themes, and

comparison of data across focus groups and key informants.

Overall, data from all sources (secondary literature, KIIs, and FGDs) was triangulated to reach key findings of the study. The final analysis of the data was matched with the findings from the assessment questions to ensure that all questions were answered and key findings to each question were identified.

Challenges encountered during fieldwork

The only challenge faced during the data collection process was the desperation of the respondents caused by the ongoing drought that had worsened in the months prior to field work. Respondents narrated harrowing experiences of going without food and water for themselves and their children and losing all their livelihoods due to the drought.

This made respondents hesitant to spend time in interviews when they could have spent it searching for water, food, and pasture for the few remaining livestock. To navigate this challenge, the enumerators, in consultation with the lead consultant, organized to visit households either early in the morning or during evening hours when the respondents were at home after working hours. The experienced research assistants managed to continue and successfully complete data collection on schedule.

3. FINDINGS

This section starts with the main sectors of labor and wage employment in the Moyale cluster. It also provides an analysis of how the labor market has changed in recent years and the new opportunities in the labor market for different groups. It further discusses the skills available in the market system, and the high potential growth sectors that are in high demand by the market in the cross-border areas. It also highlights the formal and informal barriers for individuals/communities in accessing labor, wage employment and entrepreneurial opportunities, and the main constraints that individuals face (based on gender, educational status, social, economic and others) in accessing wage employment in the Moyale cross-border areas.

The section further progresses into opportunities available in the cross-border area for training, access to finance and other labor-related needs, and the institutions that provide these opportunities for women and the youth. It also discusses the landscape of cooperatives and micro, small, and medium enterprises (MSMEs) and the major value chains. It concludes by providing findings on existing potential for engagement with the private sector in promoting inclusive economic opportunities in the area.

3.1. Main sectors of Labor and Wage employment in the Moyale cluster

Livestock keeping is the main sector of labor and wage employment in the cluster¹⁵. However, only thirty-three percent (33.3%) of the respondents in Marsabit County (Moyale, Dukana, Sololo, and Maikona) and ten percent (10.5%) in the Oromia and Dire Dawa regions (Taltale, Dillo, Yaballo, Magado, Mio, and Moyale), respectively, reported their engagement in the sector. This is an indication that those actively engaged in the livestock sector did not participate in the survey due to their mobility.

Among those surveyed, 34.5 percent and 28.4 percent in Marsabit County and the Oromia and Dire Dawa regions, respectively, indicated that they are engaged in business. Other sources of income mentioned include humanitarian aid from development partners at 2.2 percent in Marsabit County, and 18.4 percent in the Oromia and Dire Dawa regions. The other sources mentioned are salaries from public and private sector at 10.1 percent and 8.2 percent, and 8.0 percent and 10.0 percent for Marsabit County and Oromia and Dire Dawa regions, respectively. Assistance from the diaspora, earnings from employment by NGOs, and crop farming account for a combined 17.5 percent in the cross-border areas.

Concerning trade, wholesalers in Dire Dawa and Oromia regions accumulate sufficient volumes of food commodities and then sell to wholesalers in Kenya. In turn, non-food commodities are exported from Kenya into Ethiopia. These include manufactured items such as plastics, detergents, and building materials, among other items. Overall, most of the commodities crossing the border from either side are mainly in transit to other markets, but are temporarily stored in Moyale town, Kenya.

Survey findings indicate that most employment opportunities for the youth are in wholesale and retail trade, informal manufacturing (processing yoghurt and juice making), accommodation and food services, construction, and repair of motor vehicles. On both sides of the border, wage employment remains the exception rather than the rule. As is expected, it is heavily concentrated in urban areas, as most of the population in the rural areas are engaged in livestock keeping.

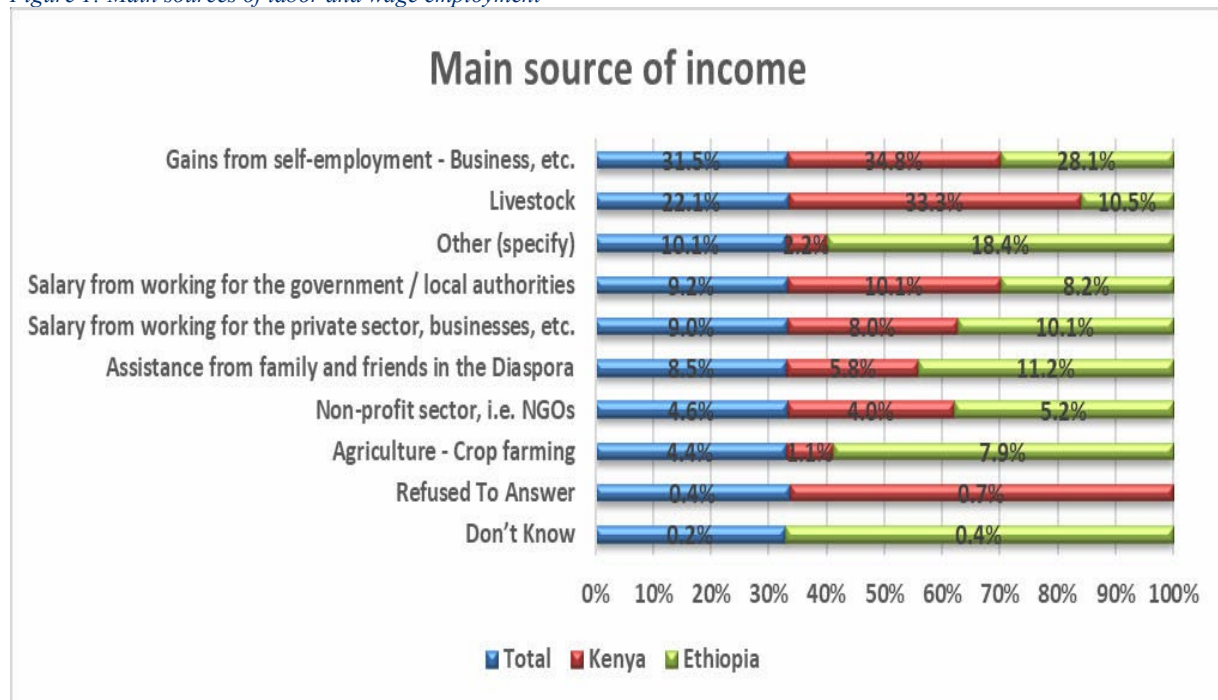
¹⁵ World Bank, 'Horn of Africa Regional Economic Memorandum Background Paper 3. A review of Cross- Border Trade in the Horn of Africa,' November, 2021: <https://openknowledge.worldbank.org/handle/10986/36496?show=full&locale-attribute=en> (accessed 18 October 2022).

In terms of age, the youth are most likely to start out helping in household activities, while older men transition to paid work. Young women do not take up paid work. This is mainly due to cultural beliefs that tend to consign women to household chores, which are not seen as work that should be paid. With more emphasis on awareness creation on girl child education, this phenomenon is likely to change.

Most of the youth population is unemployed¹⁶. For those in employment, some are engaged in small business ventures such as boda-boda (motorcycle taxi), as unskilled building and construction personnel, while some take up brick making, tailoring, and car wash employment.

Gainful self-employment/business and livestock tops the list of main sectors of labor and wage employment at 31.5 percent and 22.1 percent, respectively. Salaried employment from government and salaried employment from the private sector follow distantly at 10.1 percent, 9.2 percent, and 9 percent, respectively. In Marsabit County, livestock is the main labor and wage employment sector, standing at 33.3 percent. The low number is attributed to the migratory pattern of the livestock keepers due to drought at the time of the interviews. They moved with their animals in search of pasture and water. In the Oromia and Dire Dawa regions, gainful self-employment/business tops the list with 28.1 percent. The figure below provides an overview of the main sector of labor and wage employment in the Moyale cluster.

Figure 1: Main sources of labor and wage employment



Source: Survey data

On business ownership, men run most businesses in the cluster. This can be attributed to the patriarchal nature of the cross-border communities, whereby property ownership is mostly by men. Findings indicate that out of the 19 hotel/restaurants visited in Kenya, 14 were owned by men and five were owned by women. In Dire Dawa and Oromia regions, men owned 13 out of 19 hotel/restaurants visited, and women owned the remaining six. However, on both sides of the cluster, most salon/beauty shops were owned by women. In Marsabit County, men owned six of the salon/beauty shops visited, and 17 were owned by

¹⁶ This was revealed during focus group discussions and key informant interviews.

women. In Dire Dawa and Oromia regions, men owned seven of the salon/beauty shops visited, and 12 were owned by women.

It is notable that men owned all butchery businesses on both sides of the cluster. More women than men own fruits shops/kiosks, while men dominate the transport/lorry business on both sides of the cluster. Hawking (selling clothes) business is closely shared between men and women on both sides of the cluster. The table below shows business ownership by gender in the cross-border areas.

Table 4: Business ownership by gender in the cross-border areas

Source:
Survey data

BUSINESS OWNERSHIP BY GENDER IN THE CROSS-BORDER AREAS				
BUSINESS TYPE	KENYA		ETHIOPIA	
	MALE	FEMALE	MALE	FEMALE
Hotel/Restaurant	14	15	13	6
Salon/Beauty Shop	6	17	7	12
Butchery	11	0	13	0
Shop/Fruit Kiosk	4	7	2	9
Transport Car/lorry	17	1	14	2
Other (hawking, selling clothes)	8	7	6	9

3.2. Income distribution by gender

In both Marsabit County and the Oromia and Dire Dawa regions, more men than women get income from most sectors of labor and wage employment. Given the high levels of unemployment in the cross-border area, the percentage of men and women getting income from the main sectors is thirty percent (30%) and below.

Therefore, there is a need to bring more women into labor and wage employment in order to reduce vulnerability in the cross-border area. Findings indicate that livestock provides more males than females with income on both sides the cluster (49 percent and 18 percent in Marsabit County, and 14 percent and 8 percent in Dire Dawa and Oromia regions, respectively).

Crop distribution also provides income to more males than females - 11 percent and 9 percent, respectively - in the Oromia and Dire Dawa regions. However, more females than males earn salaries from government in both Marsabit County and the Oromia and Dire Dawa regions - 30 percent and 22 percent in Kenya, and 25 percent and 16 percent in Dire Dawa and Oromia regions. On both sides of the cluster, more men than women earn income from the private sector, diaspora assistance, salaries from NGOs, and earnings from humanitarian assistance as shown in the table below.

Table 5: Income distribution by gender in the Kenya-Ethiopia cross-border area

INCOME DISTRIBUTION BY GENDER IN THE KENYA – ETHIOPIA CROSS BORDER AREAS

MAIN SOURCE OF INCOME	KENYA		ETHIOPIA	
	MALE	FEMALE	MALE	FEMALE
Livestock	49%	18%	14%	8%
Crop Farming	1%	1%	11%	9%
Salary – Government	22%	30%	16%	25%
Salary – Private Sector	13%	7%	12%	9%
Diaspora Assistance	19%	24%	5%	2%
Salary – NGO	14%	12%	6%	7%
Other (Humanitarian Support)	27%	16%	19%	26%

Source: Survey data

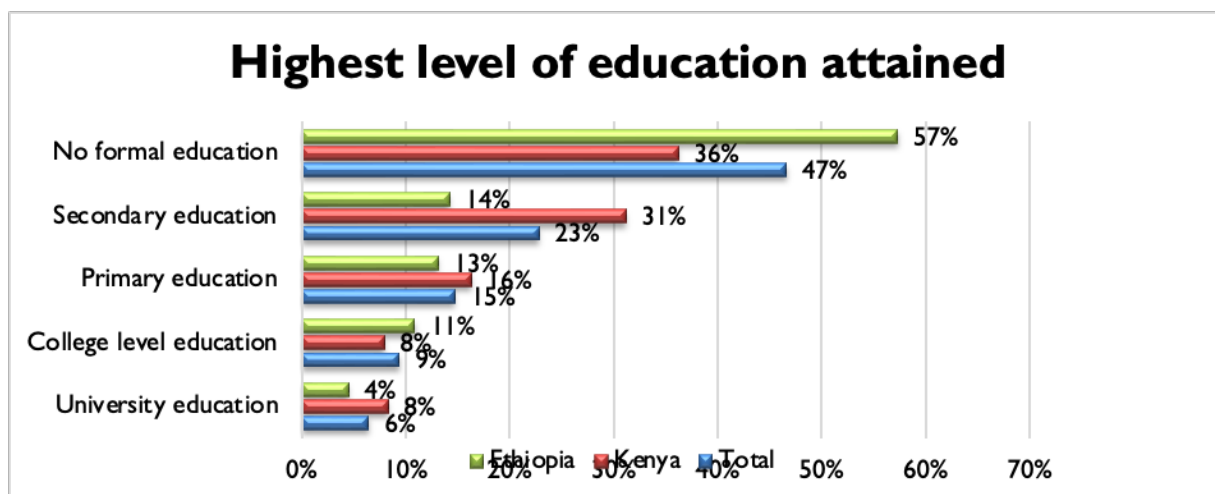
3.3. Skills available in the market system, sectors in high demand and with high potential for growth in the cross-border areas

Education and, by extension, knowledge and skills are important factors for wage employment and success in business ventures. In the education sector, the majority of respondents in the Moyale cluster do not have any formal education. The levels of education among the cross-border communities seems to be higher in Marsabit County compared to the Oromia and Dire Dawa regions. Moreover, the cross-border market is not accessible for the marginalized groups.

According to the survey, 31 percent of respondents from the Kenyan study locations have secondary education compared to 14 percent from the Oromia and Dire Dawa regions. At the same time, 16 percent of respondents from Marsabit County have primary education, compared to 13 percent from the Ethiopia side. However, more Ethiopian respondents - 11 percent - indicated that they had college education, compared to 8 percent of Kenyan respondents.

When it comes to university education, 8 percent of respondents from Kenya stated to have it, compared to 4 percent of the respondents from Ethiopia, as shown in the figure below. Given the universally documented relationship between education and earnings, business success, as measured by profitability, is therefore greater in the Kenyan study locations than in the Ethiopian locations.

Figure 2: Respondents' levels of education



A much higher proportion of respondents in Marsabit County indicated they had been trained on topics like livestock rearing/management, entrepreneurship, financial management, climate change, savings and investment, and conflict management/peace-building, compared with Dire Dawa and Oromia regions. In terms of gender, more male than female respondents indicated they had received trainings, as shown in the table below. Some indicated that they had received training at a training institution while others said they received on-the-job training.

Table 6: Trainings received in the cross-border area.

Source:
Survey data

	TRAININGS RECEIVED IN THE CROSS-BORDER AREA BY GENDER				
	TRAINING RECEIVED	KENYA		ETHIOPIA	
		MALE	FEMALE	MALE	FEMALE
Most of the respondents who said they had not received any training indicated that they were only receiving on-the-job training. Generally, there is a scarcity of trained skilled	Livestock rearing/Management	20	7	7	2
	Entrepreneurship	12	3	9	3
	Financial management	26	11	17	10
	Climate change	40	17	22	13
	Savings and investment	23	11	19	12
	Other (Conflict management/peace building)	17	6	16	7

labor in the cross-border area between Kenya and Ethiopia. Starting a business requires one to have basic skills that are key in running it. Ninety-five percent (95%) of survey respondents indicated that they would like to be trained in business skills as shown in the figure below.

Source: Survey data

Moreover, a significant proportion of the population in the cross-border Moyale cluster is interested in being trained on entrepreneurship skills such as book-keeping, budgeting, and financial management¹⁷. More specifically for women, these skills are easy to acquire, and they can be easily understood irrespective of education levels. When asked about the most marketable skills for women, respondents indicated that brick-making and tailoring are important, and training in both skills is offered at Moyale Polytechnic in Marsabit County.

For their part, the youth indicated that they are interested in business management skills, drama and photography, hairdressing, carpentry, tailoring, masonry, plumbing, financial literacy, resource mobilization, and computer literacy skills¹⁸. Nonetheless, the youth lamented that it is almost impossible for them to acquire the skills of interest, given the financial difficulties their families face. While the male youth further indicated that the most in-demand courses are mechanics, wiring, operating barber shops, car washing, and poultry keeping, their female counterparts indicated that the in-demand skills are hairdressing and beauty (decorations such as henna)¹⁹.

¹⁷ FGDs with cross-border women.

¹⁸ FGD with cross-border youth.

¹⁹ FGD with cross-border youth.

3.4. Formal and informal barriers for individuals/communities in accessing labor, wage employment, and entrepreneurial opportunities

There are several formal and informal barriers for individuals and communities in accessing labor, wage employment, and entrepreneurial opportunities in the Moyale cluster. According to the study's respondents, similar barriers to work prevail in both Marsabit County and the Oromia and Dire Dawa regions. Barriers to wage employment and other opportunities identified include demand-side factors (economic constraints, labor market failures, poor access to credit) and supply-side factors (educational and skills mismatch and lack of social capital).

Demand-side factors

Generally, there is an absence of a business-friendly environment in the Moyale cluster mainly because of the economic constraints that the majority of the population face. The economic hardships are because of inadequate employment opportunities for wage seekers and lay-offs for the already employed people. Respondents on both sides of the cluster indicated that since the Covid-19 pandemic struck, many wage earners had been laid off. The youth have borne the blunt of shrinking economies on both sides of the cluster, and are often the first to be laid off.

Additionally, over the years, employment has not been perceived as a core component of cross-border development by the two governments in the Moyale cluster²⁰. Instead, it has been treated as a residual outcome of economic policies²¹. Similarly, respondents indicated that both governments have ignored or undermined the potential of household enterprises/the informal sector, which could serve as a key area of work for young people. Vendors, for example, are often arrested for selling wares across the borders with no efforts to offer them business support. This has resulted in the proliferation of smuggling of goods and services in the cross-border areas.

There was a perception by respondents that employers and enterprises are often skeptical about hiring young people, citing a lack of expertise and professional capacity. Respondents also felt that organizations and businesses are reluctant to invest resources in training young people from the cluster when they could hire experienced adult workers from other more developed areas and cities.

As several key informants stated, there are no opportunities or jobs suited to entry-level skills in the cluster. Youth and women are particularly affected by an ineffective labor market information system due to their limited labor market experience and weak networking. For example, in Marsabit county (Moyale, Dukana, Sololo, and Forolle) and Dire Dawa and Oromia regions (Taltale, Dillo, Yaballo, Magado, Mio, and Moyale), there are no employment placement centers to register and facilitate the youth's placement in employment. FGDs with youth and women indicated that they are not aware of how to navigate the labor market or how to find and pursue available jobs in the cluster.

Poor access to credit and financial services and insecure land rights for women are key obstacles for young people and women in the cluster. This problem is more pronounced in the Dire Dawa and Oromia regions, where most of the respondents had never accessed any credit or financial services as shown on the table below.

In Marsabit County, respondents indicated that it is relatively easy to access credit. This could be attributed to the fact that in Kenya, the national government has established institutions that support local businesses,

²⁰ Altai Consulting, 'Collaboration in Cross-Border Areas of the Horn of Africa Region: Case Study on the EUTF Cross-Border Programme,' January 2021, https://ec.europa.eu/trustfundforafrica/sites/default/files/cross-border_case_study_final_20012021.pdf (accessed 21 November 2022).

²¹ Ibid.

especially women and youth enterprises²². These institutional frameworks are intended to promote access to finance and capacity building on entrepreneurship in order to promote the growth of small businesses²³.

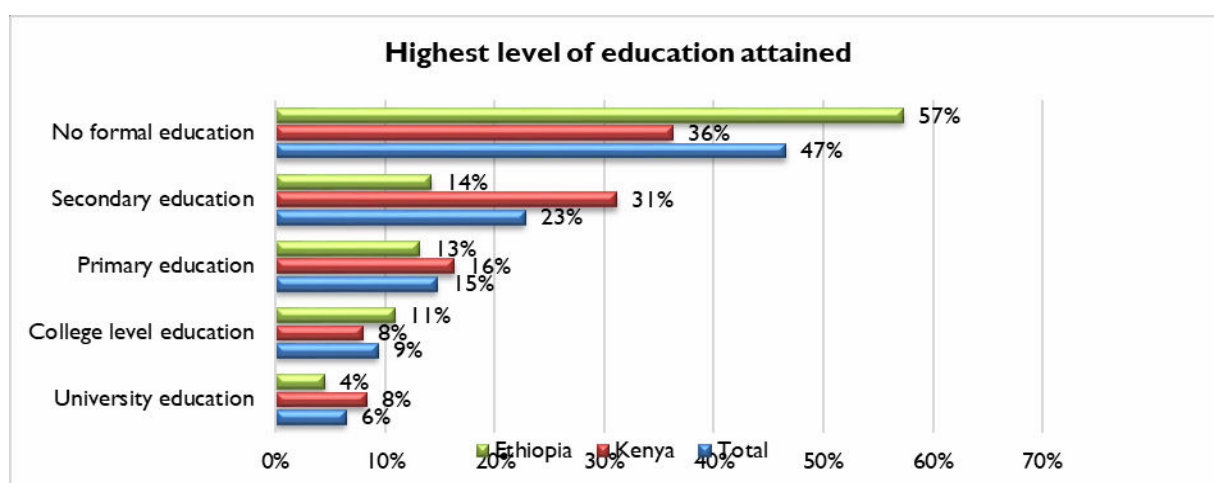
Table 7: Number of respondents by gender who accessed credit in the cross-border area over the last 12 months

Source:
Survey data

Supply side factors	NUMBER OF RESPONDENTS WHO ACCESSED CREDIT BY GENDER THE LAST 12 MONTHS				
	CREDIT SOURCE	KENYA		ETHIOPIA	
		MALE	FEMALE	MALE	FEMALE
There are also supply-side barriers such as human capital endowment and skills mismatch that affect more young (men and women) people than adults in the Moyale cluster.	Banks	2	0	1	0
	Microfinance institution	26	2	2	0
	Self-help group	4	19	1	4
	Family/friend	15	7	6	3
	Mobile service provider	18	6	0	0
	Other (shylock)	4	0	1	0

First, while findings indicate that the levels of education in the study locations of Marsabit County are higher than those in the Dire Dawa and Oromia regions, they both experience great formal labor market challenges due to their low levels of work relevant skills. Low levels of educational attainment and skills among cross-border communities in the cluster, especially the youth and women, are key obstacles to finding work. The table below shows the levels of education among the survey respondents, which is indicative of the general outlook of the study population.

Figure 4: Respondents' levels of education



Source: Survey data

Education is one of the most important aspects of our lives, vital to our development, our understanding, and our personal and professional fulfilment throughout life. In times of crisis, however, millions of displaced young people miss out on months or years of education, and this is damaging to them and their

²² These include the Women Enterprise Fund, the Uwezo Fund, and the Youth Enterprise Fund. There are also policies on reserving some government tenders to businesses owned by the youth, women and PWDs.

²³ Boresha Consortium, 'A Boresha Policy Study on Cross-Border Trade,' February 2021, <https://boreshahoa.org/wp-content/uploads/2021/05/BORESHA-Policy-Study-on-Cross-Border-Trade-1-1.pdf> (accessed 6 February 2022).

families, as well as to their societies, both in the short and long term²⁴.

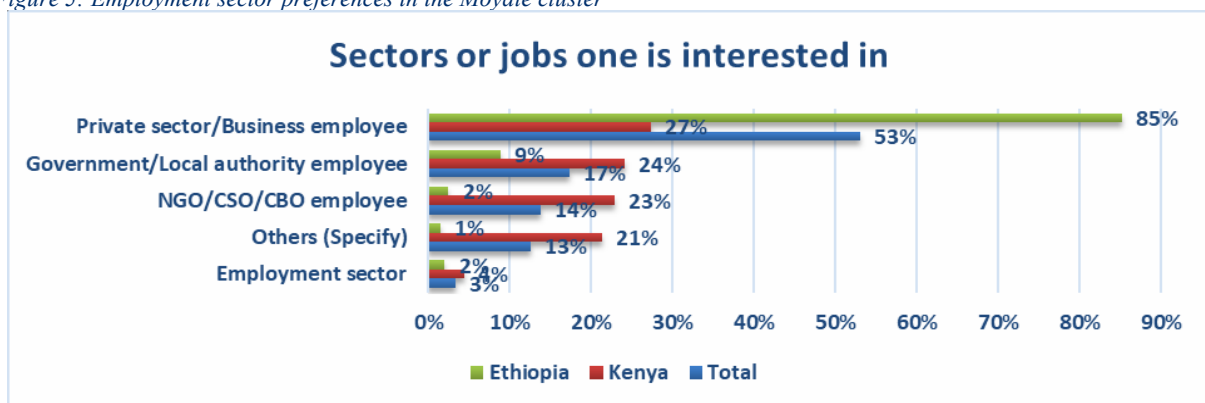
From the table above, 47 percent of respondents do not have any formal education. This number is higher in the cross-border areas of Ethiopia with 57 percent, compared to 36 percent in Kenya. The levels of education among cross-border communities seem to be higher in Marsabit County, compared to Dire Dawa and Oromia regions. As such, 31 percent of respondents from Marsabit County have secondary education, compared to 14 percent from the Oromia and Dire Dawa regions. Sixteen percent of respondents in Marsabit County have primary education, compared to 13 percent from the Oromia and Dire Dawa regions. However, more Ethiopian respondents - 11 percent - indicated they had a college education, compared to 8 percent of Kenyan respondents. When it comes to university education, 8 percent of Kenyan respondents indicated they had it, compared to 4 percent of the respondents from Ethiopia.

According to the study findings, male youth with at least a secondary school education are more likely to be employed, compared to their female counterparts. The main employers in the area prefer employing male youth because they can handle manual tasks like loading, riding motorbikes, driving trucks, or slaughtering livestock. This results in the female youth having to offer non-paid employment services for their families. Nonetheless, young women with limited or no education engage in informal employment (household) work with low or no wages.

Lack of skills and experience are other key barriers to work opportunities for the youth and women in the cluster. While this is more pronounced in Dire Dawa and Oromia regions, it is also a common problem in Marsabit County. Respondents said that the education systems in both Kenya and Ethiopia failed to foster the skills required in the contemporary labor market (e.g. computer literacy, and vocational and entrepreneurial skills). On both sides of the cluster, the school systems have mainly been geared toward achieving employment in the public sector, which is an area of low growth.

In terms of employment preference, there was no marked difference between sectors where men and women would like to be employed on both sides of the cluster. However, a majority of respondents indicated with the required skills, they would like to work in private/business sector as shown in the figure below.

Figure 5: Employment sector preferences in the Moyale cluster



Source: Survey data

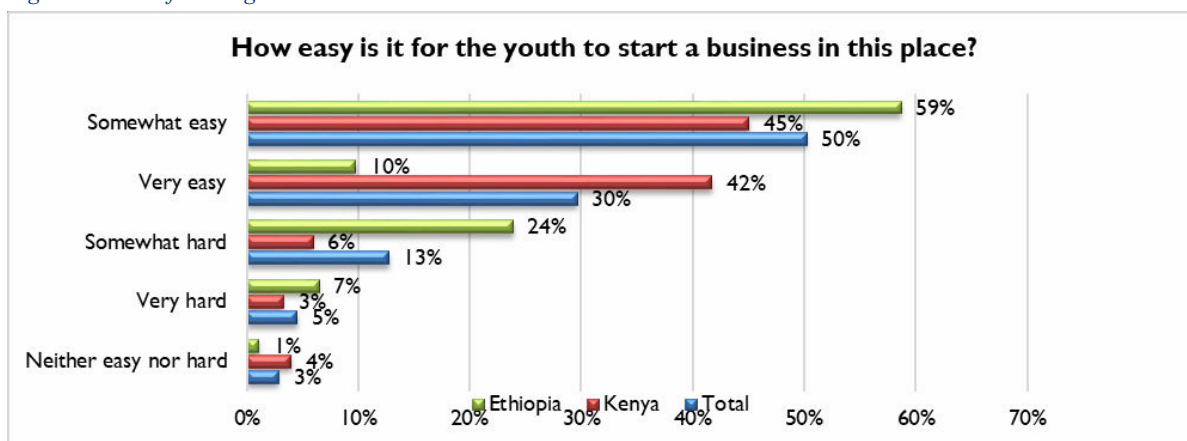
3.5. Ease of starting a business in the Moyale cluster

It is generally easier to start a business in Kenya than in Ethiopia. In Marsabit County, 87 percent of respondents reported that it is somewhat easy or very easy to start a business, compared with 69 percent in Dire Dawa and Oromia regions, as shown by the figure below. While explaining this finding, key

²⁴ Boresha Consortium, supra n 3.

informants observed that the main problem on either side of the cluster is not starting a business but rather how to sustain it, given the lack of business skills among cross-border communities. Other problems are the stringent government regulations, such as multiple business licenses needed to operate a business, and the accompanying harassment by authorities when cross-border communities have not adhered to those regulations.

Figure 6: Ease of starting a business



Source: Survey data

3.6. Opportunities in the cross-border area for training, access to finance, and other labor related needs

The study participants were generally aware of the existence of training opportunities for enhancing labor and employment opportunities. In Marsabit County, the Moyale Youth Polytechnic, Obbu Vocational Training Center, Saku Vocational Training Center, and Umuro Vocational Training Center were cited by respondents as key institutions that offer training opportunities for the youth in carpentry/joinery, building technology (masonry), tailoring, dressmaking, electrical/electronics, computer studies, hairdressing, beauty therapy, entrepreneurship studies, and life skills.

However, most young women do not enroll in most of these courses because of lack of the required fees, coupled with negative attitudes towards employment for women in the cross-border area. Instead of joining the training institutes, most young women stay at home where they undertake unpaid care work without monetary reward. These include activities such as looking after babies/children and nursing an ill partner or relative, as well as indirect care activities, such as cooking and cleaning. Key informants attribute this to lack of awareness among the community on the importance of educating girls, given the belief that they should only get married and take care of the family.



A female participant giving feedback during the validation workshop in Moyale

In the Ethiopian cross border areas, there is a growing consensus that technical and vocational education and training (TVET) programs are necessary to enable employment creation. There are TVET institutions that offer technical courses such as carpentry, masonry, tailoring, electrical/electronics, computer studies, hairdressing, beauty therapy, entrepreneurship studies, and life skills, among others. TVETs mentioned by respondents including Adama College, Robe College, Bule Hora, Haremaya College, Nekemte College, Sebeta Institute, Adola Institute, Shambu College, Metu College, Jimma College, Dona Berbera, Fitch Institute, Shashamene Weliso College, and Gimbi College.

Nonetheless, the youth who have participated in TVET programs still face difficulties in transitioning to decent employment. This is because of a mismatch between the skills and market requirements in fields with high demand for employees, such as the garment, construction, mining, and energy industries. It was noted that there is relatively limited involvement of employers in designing competency standards for vocational skills that can orient TVET providers when adjusting courses.

Another major challenge that came across is the lack of access to financial services. As is the case in Marsabit County, women not only face more difficulties in accessing training opportunities, but also in accessing finance to start a business. The majority of businesses in the Moyale cluster have never accessed business credit. In particular, most respondents in Dire Dawa and Oromia regions have never accessed credit from a commercial bank while over half of respondents in Marsabit County also have never accessed bank credit.

The most popular avenues for accessing credit among respondents were borrowing privately and through grants. However, very few respondents accessed even these channels. Businesses could benefit specifically from increased awareness of credit options available in this cross-border region, particularly the respondents in Dire Dawa and Oromia regions, and for women in general.

While it is true that these low figures might be influenced by the religious demographics of the area (many communities in this cross-border region are part of the Islamic faith, where it is against *Sharia* to borrow credit with interest), effectively navigating these cultural norms will be essential for greater impact in the area.

3.7. Micro, Small, and Medium Enterprises (MSMES)

In the Moyale cluster, most trade is conducted through micro and small enterprises. Businesses in the region trade in diversified and varied sectors. These include livestock and livestock products, hotels/restaurants, salons/beauty shops, shop/fruit kiosks, and transport business (cars/lorries).

The gender of business operators also appears to determine what businesses sell. For example, women are more active in textiles trade, while men are more prevalent in livestock trade. This suggests gendered economic sectors that need to be considered by practitioners seeking to promote resilience in the region.

Of the respondents that own businesses, ownership is either in part or in full. Findings indicate that women are more likely than men to be sole operators, with the majority of women respondents owning their businesses in full. By contrast, most of the male respondents across the cross-border cluster own only part of their business, suggesting that they are more likely to operate in partnerships or cooperatives than as sole operators.

Table 8: Nature of business ownership by gender in the cross-border area

Source: Survey data

NATURE OF BUSINESS OWNERSHIP BY GENDER IN THE CROSS-BORDER AREA				
NATURE OF BUSINESS OWNERSHIP	KENYA		ETHIOPIA	
	MALE	FEMALE	MALE	FEMALE
Sole Proprietorship	24	45	28	51
Partnership	62	17	66	13

3.8. Landscape of Cooperatives

None of the respondents from the cross-border communities could name any cooperatives in their region. According to key informants, the cooperatives that used to operate in the areas have since closed due to conflict and lack of interest from community members. Lack of *shariah*-compliant cooperatives was another reason given, as the population in the region is predominantly Muslim.

This situation was also attributed to the absence of proper organization of traders, and the lack of awareness by enterprises on the importance of forming and joining cooperatives.

Essentially, the lack of institutions, such as legally established livestock cooperatives, has undermined the economic potential of the livestock industry in the cluster. There is need for concerted efforts to establish cooperatives in the cross-border areas and create awareness on the role and benefits of cooperatives in livestock business, such as giving livestock traders negotiation power. This may lead to an increase in livestock prices and enhance value addition as many actors would be interested in investing in organized groups.

3.9. Major value chains and the potential for private sector development

The main value chains are livestock and livestock products. Both have potential for growth, as they are main sectors and economic activities in the Moyale cluster. Generally, livestock and meat products are among the fastest growing components of the global agriculture and food industry and one of the few agricultural commodities.

The leather value chain

The leather value chain can be said to begin at the slaughterhouse, where the raw skins and hides are collected for tanning. However, hides and skins are regarded as by-products of the meat industry and, as such, little emphasis is placed on the raw hides and skins, compared to meat. There would be need to pursue post-slaughter processes that would enhance preservation of quality before the raw material reaches the tannery. Seeing as it is a bulky product, there could be enhanced access to transport solutions that are economically viable to industry. These could include outsourcing of the function to professional transport solution providers for delivery efficiency and realized cost savings. Ownership of the businesses is in the form of limited companies though some are still sole proprietorships. Registered businesses should be encouraged through incentives to increase levels of investment and declaration of earnings for tax purposes, a critical element in revenue generation for service provision by the government.

The leather industry could be a key opportunity for employment in the cluster²⁵. Customer-driven production, innovation, and design can help capture new markets and encourage repeat purchases from existing customers. Participants in the leather value chain do not specialize in the activities involved, and carry out all functions across the value chain. Specialization should be encouraged for improved output and maximized returns due to efficiencies and value proposition.

Incentives for export-oriented production could be encouraged, with a focus on export market product orientation and placement. This would result in a new, niche market and earn premium prices for the product. The market's stability would guarantee workers longer engagement for work, better remuneration, and possibly improve their employment terms to permanent employment instead of casual labor.

The production of low-cost, value-added leather that will include low-cost men's shoes, boots, and school shoes for the growing population would be a good move in this value chain. This action would lower production and distribution costs, while maintaining quality to compete favorably with second-hand imports targeting the domestic and regional market.

The meat value chain

The meat and live animal value chain is characterized by a series of complex constituents involving various actors, including input suppliers, producers, collectors, fatteners/feedlots, middlemen, cooperatives, traders, live animal exporters, abattoirs, butchers, hotels, and individual consumers²⁶. The cluster has several opportunities for livestock and meat markets due to its strategic location, sound climatic condition, huge livestock resources, and increase in domestic and foreign demand²⁷. Despite the emerging opportunities, the existing livestock and livestock products value chains are underdeveloped due to different challenges.

The main challenges are feeds shortages, diseases, low technology uptake, weak policies, weak financing, price fluctuations, non-market orientation, lack of weighing facilities, late payment in transactions, unreliability of supply, low quality of meat, illegal trade, losses across the value chain, and poor linkages

²⁵ Paul Brenton and Habtamu Edjjgu, 'A Review of Cross-Border Trade in the Horn of Africa,' The World Bank, 2021, <https://openknowledge.worldbank.org/bitstream/10986/36496/1/A-Review-of-Cross-Border-Trade-in-the-Horn-of-Africa.pdf> (accessed 20 November 2022).

²⁶ Ibid

²⁷ Boresha consortium, 'A Boresha Policy Study on Cross Border Trade,' 2021, <https://boreshahoa.org/wp-content/uploads/2021/05/pdf> (accessed November 2022).

between value chain actors²⁸. Improving infrastructure by opening secondary markets at potential fattening areas, providing awareness for pastoralists on market-oriented production, supporting cooperatives, introducing a standard unit in livestock markets, provision of reliable market information for pastoralists, strengthening market linkage, creation of regulatory mechanisms for livestock brokers and illegal trade, value addition, innovative product development, cost-effective marketing channels, and improving competitiveness of the products in export markets are important for the Moyale cluster's live animal and meat value chains.

The camel milk value chain

Camel milk is an important product in the pastoral areas from the perspectives of resilience, food security, income generation, and inclusive business²⁹. The value of the total milk produced per day is approximately KES 940, 1,178.9, and 166.7 in the dry season for Ethiopia, Kenya, and Somalia, respectively; and KES 1,088, 6,340, and 333.3 per day in the wet season in Ethiopia, Kenya, and Somalia, respectively³⁰.

The average income earned by households that manage to sell camel milk is approximately KES 660 in the dry season for Ethiopia and KES 825 for Kenya³¹. In the wet season, the total daily incomes are about KES 512 for Ethiopia and KES 1,656.8 for Kenya³². The value chain is affected by high seasonal fluctuations in Kenya and Ethiopia. Households can sell for 5.63 months in Kenya and 4.20 months in Ethiopia, implying that milk enterprises are rarely operational all year round³³.

The value chain is mainly dominated by primary bulking and retailing of raw camel milk, which limits the focus to a small segment of local consumers. Poor hygienic practices in milk handling along the entire value chain lead to high levels of milk spoilage. At the same time, there is a lack of effective systems to collect, bulk, and transport milk from far-flung areas. Poor road networks, which sometimes becomes impassable during the rainy season, lead to high seasonal fluctuations in the supply of milk to the market³⁴.

It is important that stakeholders support existing actors in bulking and retail to invest in milk enterprises or milk outlets owned by individuals, groups, or cooperatives. These enterprises and outlets are a combination of both milk bars and retail outlets which offer quality milk to a wide market, including the quality-sensitive segments.

To increase the supply of milk to markets, effective collection and bulking systems in the far-flung areas should be established. Other measures should be to enhance clean milk production and supply by promoting the use of appropriate equipment for carrying and storing clean milk along the value chain in order to reduce losses due to spoilage. Value addition should also be promoted by investing in the production of other products such as cheese and yoghurt. Cooperation among the traders by organizing them into cooperatives to run milk enterprises with enhanced institutional capacity building should also be strengthened. Knowledge, attitude, and practice (KAP) surveys should also be undertaken to assess

²⁸ Ibid

²⁹ Phileomon Ng'asike, 'Analysis of Governance on Cross-Border Livestock Between Kenya and Somalia, <http://erepository.uonbi.ac.ke/handle/11295/157208> (accessed 20 November 2022).

³⁰ Boresha consortium, 'A Boresha Policy Study on Cross Border Trade,' 2021, <https://boreshahoa.org/wp-content/uploads/2021/05/pdf> (accessed November 2022).

³¹ Ibid

³² Ibid

³³ World Bank, 'Horn of Africa Regional Economic Memorandum Background Paper 3. A review of Cross- Border Trade in the Horn of Africa,' November 2021,

³⁴ World Bank, 'Horn of Africa Regional Economic Memorandum Background Paper 3. A review of Cross-Border Trade in the Horn of Africa,' November, 2021,

training needs for camel milk producers and for milk quality assessments. Training milk bulking groups to become market-oriented cooperatives should also be undertaken in the cross-border area.

Natural gums and resins

Gums and resins are available as forest products in both countries. However, it is more pronounced in Ethiopia. Economically important gums and resins exported from Ethiopia include gum olibanum (frankincense, known in Amharic as *itan*) produced from *Boswellia* species, gum Arabic from *Acacia senegal*, gum talha from *A. seyal*, gum drepanolobium from *A. drepanolobium*, gum myrrh (or simply myrrh, called *kerbe* in Amharic) from *Commiphora myrrha*, and gum oppoponax (known in Amharic as *abeked*) from *C. guidotti*. The most important of these are frankincense, gum Arabic, and myrrh.

There are three types of frankincense: frankincense produced from *Boswellia papyrifera* in the Tigray, Amhara, and Beneshangul Gumz regions (locally known as Tigray type *itan*), frankincense from *B. rivae* and *B. microphylla* (locally known as Ogaden type *itan*, and produced in south-eastern Ethiopia), and frankincense from *B. neglecta* (locally referred to as Borena type *itan*, mainly from southern Ethiopia)³⁵.

These dry-forest products are the major export products of Ethiopia’s forestry sector. Although the country’s export volume and revenue have increased in recent years, the production level remains much lower than its estimated potential³⁶. This indicates that Ethiopia has not yet managed to benefit fully from this resource, due to a range of production, marketing, and institutional shortcomings³⁷. A major reason the production volume falls short of its potential is that producers obtain very low prices for their products. At the same time, there is rapid land use change and deforestation of dry-forest areas.

Only those that are organized into cooperatives and have approved concession rights can tap the trees. Cooperatives need to be established in southern Ethiopia and Kenya’s Marsabit County. People who are not members of cooperatives have very little interest in managing the forests for gum production. Preventing local producers from tapping trees deprives them of a potential source of income, and diminishes both the value of the forests for local people and their interest in conserving it.

In conclusion, the livestock and livestock products value chains could offer more opportunities for employment if the CBCR Activity can develop programming that can support in the development of industries for hides and skins, meat, and milk processing, as suggested in the table below.

Table 9: Table showing the major value chains and potential for private sector development in the Moyale cluster

INDUSTRIES	JUSTIFICATION
Leather factory	Due to the large volumes of livestock traded in the area, there are many hides and skins stored in various stores in the town. If established, a leather factory would process the hides and skins, thus generating additional income and creating more jobs for the youth.
Meat processing factory	The factory would encourage value addition, and livestock traders would benefit from stable prices during the dry and wet periods.
Milk processing factory	The value addition would curb wastage, and the traders would earn an extra income from value addition.
Gums and resins	Gums and resins are of viable economic importance in the Moyale cluster. For instance, in Ethiopia, frankincense from <i>B. neglecta</i>

³⁵ Fitwi and Lemenih 2011 write in full.

³⁶ (Lemenih and Kassa 2011a), Write in full.

³⁷ (Lemenih and Kassa 2011b). Write in full.

Source:
Author's
adaptation

(locally referred to as Borena type *itan*, mainly from southern Ethiopia) is readily available in the forest. The people in the southern region can be organized in cooperatives for them to exploit this resource, which has readily available market for export.

A few respondents in both countries also mentioned the need to engage in farming of crops such as tomatoes and fruits. However, insufficient water was blamed for the lack of farming. If the government, private sector and non-governmental agencies invest in provision of long-term water sources, there is farming potential. Many people can engage in climate smart agriculture such as solar-powered drip irrigation.

4. CONCLUSIONS AND RECOMMENDATIONS

From this assessment, livestock rearing is the main economic activity in the Moyale cluster, and households rely primarily on camels, goats, sheep, and cattle to meet their daily needs. Besides livestock, the other dominant sectors are wholesale and retail trade, manufacturing, mining and construction, repairs, and various services (including accommodation and food vending). Wholesalers in Dire Dawa and Oromia regions accumulate sufficient volumes of food commodities, and then sell to wholesalers in Kenya. In turn, non-food commodities such as plastics, detergents, and building materials are exported from Kenya into Ethiopia. They include manufactured items. Overall, most of the commodities crossing the border from either side are mainly in transit to other markets, but are temporarily stored in Moyale.

A much higher proportion of respondents in Marsabit County have been trained, compared with those in the Dire Dawa and Oromia regions. Some indicated that they had received training at a training institution while others said they received on-the-job training. In contrast, most respondents in Dire Dawa and Oromia regions said they had not received any training and were receiving only on-the-job training. Generally, there is a scarcity of trained skilled labor in the cross-border area between Kenya and Ethiopia.

There are formal and informal barriers for individuals and communities in accessing labor, wage employment, and entrepreneurial opportunities in the Moyale cluster. Barriers to wage employment opportunities identified include demand-side factors (economic constraints, labor market failures, poor access to credit) and supply-side factors (educational and skills mismatch and lack of social capital).

Respondents on both sides of the cluster are generally aware of the existence of training opportunities for enhancing labor and employment opportunities. In the cross-border areas, there are institutions that offer training opportunities for the youth in carpentry/joinery, building technology (masonry), tailoring, dressmaking, electrical/electronics, computer studies, hairdressing, beauty therapy, entrepreneurship studies, and life skills. However, young women do not enroll in most of these courses because of lack of the required fees, coupled with negative attitudes towards employment for young women in the cross-border area.

Businesses in the region trade in diversified and varied sectors, such as farm produce, livestock and livestock products, and other commonly traded items, including general household items that are in constant supply in markets. Other businesses operating in this borderland include sale of mobile phones and accessories, Mpesa (mobile money) shops, computing services, pharmaceuticals, vehicle repair garages, sale of spare parts, construction materials, and quarrying and sand harvesting.

The gender of business operators gender also appears to determine what businesses sell. For example, women are more active in textiles trade, while men are more prevalent in livestock trade. This suggests gendered economic sectors that need to be considered by practitioners seeking to promote resilience in the region. The majority of businesses in the Moyale cluster have never accessed business credit. In particular, most respondents in Dire Dawa and Oromia regions have never accessed credit from a commercial bank while over half of interviewed respondents in Marsabit County also said they have never accessed bank credit. The most popular avenues for accessing credit amongst respondents were borrowing privately and through grants.

Major value chains with potential for private sector development are mainly in livestock and livestock products. Hides and skin, and milk and meat processing offer opportunities for employment if programming approaches can be developed especially in processing industries.

4.1. Recommendations

1. **Business and employment skills development through focus on vocational training:** Given that a significant proportion of the youth (both male and female) in the Moyale cluster are unskilled and unable to start business or get employment opportunities, efforts should be made to roll out business and labor market skills development programs, with specific focus on existing and emerging business opportunities in the cluster.
2. **Develop savings and credit schemes in the value chain:** A value chain-based savings and credit scheme is proposed in order to build existing relationships and trust among the actors. In this regard, it is recommended that a savings and credit mobilization scheme is mainstreamed in each of the value chains that the project will be supporting. A participatory approach should be used so that members of the institutions engaged in the value chain activity will be the ones to determine the best model that will work for them, given the many concerns about *sharia* compliance.
3. **Improve the business environment in the Moyale cluster:** Dealing with the fluid security situation in Moyale cluster is a challenge. Thus, a joint effort by the governments of Ethiopia and Kenya, development partners, and local stakeholders to restore peace and security should continue in order to build trust for investment and an improved business environment, to support private sector development, and encourage foreign investments. Components of peace-building should be incorporated into the planned activities.
4. **Support for private sector development:** Due to its quick development over the last years, the private sector is more likely to recruit young staff, compared to the public sector, which is under budget restrictions. Among the sectors cited by key informants to have potential for growth are livestock and livestock products, such as hides, skins, meat, and milk. Donors and international organizations are focusing more and more on private sector development, in particular value chain development. Increased coordination and strategic investments, therefore, could further contribute to job creation in the Moyale cluster. There is a need to tap into public-private partnerships in order to increase economic opportunities, and the CBCR Activity should play a coordination role.
5. **Education and awareness creation:** Some investments may not be adequately financed by personal initiatives. In other instances, businesses may require working with a lead financial institution in order to manage their cash flows. Education and awareness creation is required for change of attitude towards commercial banks, microfinance institutions (MFIs), and cooperatives. The project should work with religious leaders from the communities in order to increase the adoption of such interventions.
6. **Timely and reliable livestock market information should be provided by the government and development partners:** Market information is crucial in any marketing activity. Its provision should be intensified by improving the current system, and by using mobile service providers and the local FM stations to broadcast livestock prices in the cluster. This is important to empower the livestock keepers and minimize exploitation by middlemen. Established marketing bodies/associations can oversee honest brokerage to minimize exploitation by middlemen, and selling through auctions should be adopted. Both traders and producers should organize themselves into groups in order to have more control and minimize exploitation by middlemen. In addition, capacity building in technical aspects and business skills should be intensified in order to increase the pastoralists' awareness and better position them to make informed decisions.
7. **Diversification of livelihood for the cross-border communities:** There is a need to encourage the communities to engage in agri-business. Solar-powered irrigated farming is the way to go. The national and county governments, the private sector, and non-governmental organizations (NGOs) should come up with livelihood projects that are inclined toward agriculture. Fodder production is also another source of livelihood that the marginalized groups and the general communities need to venture in. The government and other actors should provide farmers with subsidized fodder seeds and procure from them once they harvest the fodder and give to livestock keepers. This will put money in their pocket and ensure provision of fodder for livestock to survive the climate change-

induced drought.

4.2. Key areas of programming/potential activities

This section provides an assessment of the key areas of programming/potential activities in developing resilience of cross-border communities in the Moyale cluster. They include the following:

Skills development trainings and community sensitization

- The vulnerable cross border communities (women, youth, PWDs, and other minorities) should be supported by the CBCR Activity to develop business skills in areas such as mechanics, wiring, hairdressing, beauty (decorations such as henna), barbers, car washing, and poultry keeping.
- Develop opportunities to increase vulnerable communities' understanding of cross-border business policies and regulatory frameworks across the cross-border region. Local development organizations (LDOs) need to conduct civic education to sensitize communities on existing policies, and enhance their participation in implementation at all levels, while ensuring that their members acquire capacity building and skills development.
- Cross-border initiatives on enhanced technical vocational education and training (TVET) should be rolled out. This will equip the youth with the necessary skills for resilience and self-reliance and give the graduates start-up kits to encourage others to be motivated to enroll in TVET centers.

Establish community-based savings and investment groups among vulnerable cross-border groups

- To encourage community resilience and enhance economic development, the CBCR Activity should work closely with LDOs to establish village savings and loan associations (VSLAs), and develop a savings and investment culture among vulnerable groups.

Promote free trade agreements and harmonize cross-border trade rules between the Ethiopia and Kenya government

- Free trade agreements should be promoted to ensure that cross-border communities trade freely across border areas.
- Harmonize rules regulating the movement of goods and services and movement of cross-border communities. This will remove existing trade barriers and reduce corruption along cross-border points, thus increasing opportunities for cross-border trade.

Conflict prevention and peace-building initiatives to promote peaceful business environment for trade to thrive

- To avert the incessant clan conflicts between the warring clans living in the region, efforts should be made to initiate cohesion and integration and enhance dialogue between the clans. Where possible, peace dividend projects can be introduced to enhance cohesion. For instance, build a shared health facility or a school in an area inhabited by the two fighting clans.
- Invest in strengthening the capacity of cross-border peace structures, such as peace committees, community policing structures, among others.