



SCIENCE FOR POLICY BRIEF

Fostering economic opportunities in displacement-affected contexts: Lessons learnt from the EU Trust Fund in the Horn of Africa



HIGHLIGHTS

- In the Horn of Africa targeted support to small enterprises and rural communities has yielded income gains for beneficiaries, while revealing the need for continued investments.
- Initiatives that enhance skills and connect beneficiaries to the labour market have shown positive results in boosting employment prospects. Underdeveloped private sector and limited labour demand of the region acted as limiting factors.
- Effective interventions require a market-driven and employer-centric approach, alignment with local dynamics, and a solid M&E system able to capture nuanced outcomes and early indicators of impact.

CONTEXT

The Horn of Africa (HoA), stretching over an area of 5.2 million km², has a population of approximately 230 million, characterised by high growth rates and a significant working-age demographic.¹ Despite diverse economies with varying GDP growth rates, most

countries in the region are classified as low-income.² Due to weak industrial and manufacturing sectors, the region's economies are heavily reliant on rain-fed agriculture and pastoralism, which employ 71% of the workforce, making them vulnerable to climate change

¹ World Bank (2021), [Horn of Africa Regional Economic Memorandum Background Paper 2. Jobs in the Horn of Africa: Synoptic Brief](#)

² World Bank [Country classifications by income level for 2024-2025](#)

and environmental degradation. While recurrent climatic events have exacerbated food insecurity and tensions over limited natural resources, the prevalence of conflict, instability and economic fragility have severely constrained the labour market, limiting the creation of formal job opportunities.

To address these multifaceted challenges and better manage migration flows, in 2015 the European Union established the European Union Emergency Trust Fund for stability and addressing root causes of irregular migration and displaced persons in Africa (EUTF) in the Horn of Africa, Sahel Lake Chad and North of Africa regions. From a total EUTF budget of €5 billion, the HoA window³ received an allocation of €1.8 billion

across over 94 programmes implemented through 231 projects.⁴

The JRC Study

The JRC analysed 47, out of a total of 231 EUTF operational projects, in order to **identify what has worked and what has not in terms of addressing the root causes of forced displacement and irregular migration in the Horn of Africa**. Results and recommendations come from a thorough (desk) meta-analysis of project documents and reports, as well as from exchanges with experts, practitioners and policy makers. More details on the methodology and results can be found in the JRC Technical Report.⁵

RESULTS

This Science for Policy Brief analyses the results in one of the four strategic objectives of the EUTF: greater economic and employment opportunities. The examined projects tackled a range of key issues. The interventions undertaken have been classified into five types of approaches: (1) labour market access; (2) employability improvement; (3) entrepreneurship support; (4) rural income generating activities (IGAs); and (5) system strengthening. Within all of the above-mentioned approaches, the JRC analysis identified more and less effective interventions.

Interventions aimed at creating direct access to employment have succeeded in generating opportunities, although mostly short-term ones. When provided, apprenticeships after training have proven effective. However, such direct transition was not always possible, largely due to the fact that many intervention areas lacked a robust private sector, which is essential for absorbing new entrants into the labour market. As a result, many projects struggled to ensure a consistent link between training provision and employment opportunities, with fewer apprenticeships available than expected. **Short-term employment through cash for work has proven to be effective in meeting the short-term basic needs of vulnerable households**, but not in impacting long-term income.

In terms of training interventions, while their impact on employment rates is not always thoroughly assessed, available evidence indicates that **beneficiaries who receive training tend to have better hiring prospects than those who do not**, particularly for casual employment opportunities. **The combination of technical training with soft and entrepreneurial skills development increased impact**, in terms of both formal employment opportunities and retention, while also equipping beneficiaries with the tools necessary to engage in self-employed. Finally, **training improved the perception of employability**. Several projects reported that training activities increased young people's confidence in their employability and provided them with a sense of purpose. In other cases, when training was not accompanied by job creation or support for entrepreneurship, beneficiaries reported increased frustration and greater aspirations to improve their prospects through migration.

Entrepreneurship-focused interventions have proven successful in both establishing new businesses and facilitating the expansion of existing ones. Given the widespread capital constraints for individuals and businesses, subsidies and access to finance have yielded positive results, especially when combined with tailored training. In the context of the

³ For the purpose of EUTF, the region includes Djibouti, Eritrea, Ethiopia, Kenya, Somalia, South Sudan, Sudan, Tanzania and Uganda.

⁴ [EUTF 2024 Annual Report](#)

⁵ JRC, 2025, [Addressing root causes of irregular migration and forced displacement. What works and what does not? Lessons learned from the EUTF in HoA](#),

Horn of Africa, small and direct-to-consumer businesses have demonstrated success, and they play a crucial role in providing services and local products. However, they often face constraints in terms of investment and employment opportunities, limiting their potential to drive significant economic growth and impact in the local community.

Income generating activities and community-based initiatives have proven the most effective and sustainable approach to improving rural livelihoods, as they create self-management systems and community assets with benefits extending beyond the project's lifespan. When paired with training and awareness-raising, practices such as Village Savings and Loan Associations (VSLAs) successfully contributed to increasing financial inclusion, particularly for women, and building households' resilience. Similarly, the establishment of producer associations has demonstrated clear benefits in terms of increased production and income for members. **Interventions that promoted economic diversification and equitable resource management have been instrumental in reducing competition for resources** and alleviating related tensions within targeted communities.

Additionally, **interventions that created market opportunities, integrating rural businesses in value chains, had a positive impact on households' income**. Contract farming systems, where farmers produce according to agreements with buyers, successfully integrated small farmers into agricultural value chains, allowing them to benefit from a greater share of the final price and reinvest in their business. However, **the development and support of a competitive market is essential to support the long-**

term success of these initiatives, as rural farmers and livestock keepers require access to affordable inputs and extension services to remain productive and competitive. In the examined projects, market interventions have been slowed down by the lack of regulations, such as harmonised regulations on cross-border trade, as well as by underdeveloped markets and the limited presence of the private sector.

In terms of addressing structural issues through the approach of system strengthening, **the creation or improvement of public infrastructures has proven to successfully contribute to employment generation and livelihoods**. In the analysed sample of projects, benefits were reported in the case of youth and training centres, community water facilities for consumption and production, and the restoration of roads for market access for farmers in remote areas. In contrast, **efforts to support institutional processes, such as national policy development and cross-border cooperation, have been less successful** in achieving tangible results. The limited success of these efforts stems from their reliance on government institutions' sustained commitment and capacity, as well as the challenges of measuring reform impact within a project's lifespan.

Although not all projects provided disaggregated data on outcomes for refugees and host communities, the available evidence suggests that both groups benefited from the interventions, with **host communities experiencing greater gains in terms of employment and savings**. This disparity is likely due to a combination of legal restrictions on employment faced by refugees in many host countries, which can limit their ability to fully participate in the labour market and access economic opportunities.

Figure 1 – More and less promising approaches in improving access to employment and livelihoods opportunities

More promising approaches	Rather promising approaches	Less promising approaches
<ul style="list-style-type: none"> • Creating direct access to employment (incl. traineeships) • Access to finance and grants funding for businesses • Community-based initiatives for rural livelihoods 	<ul style="list-style-type: none"> • Training (TVET & soft skills) • Market interventions (incl. value chains support) • Entrepreneurship capacity building and training • Cash for Work activities 	<ul style="list-style-type: none"> • Support to institutional processes (incl. national policy development and cross-border cooperation)

Source: Authors' own elaboration.

The above classification of the effectiveness of approaches has to be considered within limitations

related to the context as well as to the design and monitoring characteristics of projects. **A number of**

obstacles were indeed identified that hindered implementation and impact of actions, including external events such as political instability, inflation and environmental shocks, lack of local ownership, the strong marginalisation of certain areas, as well as the limitations imposed by short project cycles.

The analysis also reveals a significant **lack of data and evidence on long-term results, particularly on employment and income outcomes**. Factors

that hindered effective monitoring include the limited availability of budgets for monitoring and evaluation (M&E), the lack of available baseline data, as well as unclear indicators. Furthermore, project lifetimes are often too short to assess long-term effects, particularly for employment interventions that would benefit from evaluation at least six months after project completion.

CONCLUSIONS – GOOD PRACTICES

Several approaches have proven promising in increasing, improving, or diversifying employment and income-generating opportunities. From these, a series of recommendations and good practices can be drawn to design interventions that are effective, sustainable and market-relevant:

- I. Promote community-based initiatives**, such as Village Savings and Loan Associations (VSLAs) and producer associations, as they provide local communities with the skills and knowledge necessary to drive their own development, while also contributing to greater social cohesion.
- II. Design interventions that approach employment and skills creation holistically.** This implies addressing not only the technical skills gap, but the complex combination of technical, economic, social and legal barriers to accessing training and employment. This includes for example offering technical and vocational education and training (TVET) in combination with financial support, such as subsidies or in-kind contributions, or business development courses to help new businesses get off the ground. By equipping trainees with both technical and entrepreneurial skills, this approach can significantly increase their chances of finding meaningful work and achieving economic stability.
- III. Invest in public infrastructure and their sustainability.** As shown by the EUTF experience in countries like Somalia and Ethiopia, interventions should also focus on bridging infrastructural and resource gaps and investing in existing facilities, particularly in fragile contexts and marginalised areas. It is

equally important to ensure long-term sustainability of projects' infrastructural investments. In this sense, partnerships with local institutions, including vocational training centres, have proven effective.

- IV. Actively involve local stakeholders, at all levels and across the project cycle.** In this way, interventions can be tailored to the specific needs and challenges of local communities, both displaced and host, and avoid exacerbating tensions. Such a collaborative approach fosters trust, ownership and inclusivity, enabling local stakeholders to take on leadership roles and contribute to the success of the intervention.
- V. Support small and direct-to-consumer businesses**, which have demonstrated to be particularly effective in the region. This implies training, subsidies, and access to finance, to both new businesses and existing ones, as to improve their capabilities and performance in terms of investment and employment. In this way, they can better contribute to the growth of a robust private sector capable of absorbing new entrants into the labour market.
- VI. Leverage cash-for-work programmes as a stepping stone to long-term employment solutions**, by integrating them into broader development projects such as infrastructure development or supply chain initiatives. To further enhance sustainability, consider supporting beneficiaries to invest their earnings in new economic opportunities, such as small businesses, to transition from short-term assistance to long-term economic stability.

CONCLUSIONS – POLICY IMPLICATIONS

Inclusive economic development has been one of the four strategic objectives of the EUTF and a key priority for the European Union, underpinning its efforts to promote sustainable growth and reduce poverty. The European Consensus on Development emphasizes the importance of creating decent jobs, particularly for women and young people, as a key driver of sustainable growth. The Neighbourhood, Development and International Cooperation Instrument (NDICI) indicates inclusive and sustainable economic growth and decent employment as one of the seven areas of cooperation. Sustainable growth and jobs for Africa's growing youth population are also the ultimate objective of the Global Gateway and its €150 billion Africa-Europe Investment Package for the period 2021-2027.⁶

Based on evidence and lessons learned from the EUTF experience, the following recommendations are proposed for consideration at a strategic and programming level by both EU actors and implementing partners.

1. Adopt a market- and employer-oriented approach to employment and livelihood interventions

To create more decent jobs locally and ensure that interventions are effective in supporting the livelihoods of displaced persons and host communities an employer-led and market-oriented approach is essential. This involves ensuring that both employability-focused and business support interventions are based on a solid understanding of local market demands and private sector needs. To achieve this, different strategies should be combined:

- ❖ **Carry out in-depth market assessments** to identify value chains and key sectors with comparative advantages and employment potential. This involves mapping existing businesses and stakeholders, as well as context-dependent barriers such as limited capital, skills gaps, and scalability issues. By doing so, projects can develop a realistic understanding of the framework for employment creation and self-employment,

avoiding unrealistic expectations and accounting for contextual limitations. Regular updates to these assessments will ensure that findings are integrated into project design and implementation in a timely and effective manner.

- ❖ **Engage with the relevant⁷ private sector active in the identified value chains** to understand employment profiles, skills requirements, and gaps. This collaboration ensures that skills and job placement initiatives meet employer needs, addressing the skills-labour market mismatch. By working together, EU actors, implementing partners, and private sector companies can design relevant initiatives, equip beneficiaries with in-demand skills, and increase their employment chances. A key approach to achieve this is through Public-Private Partnerships (PPPs), which leverage private sector expertise to inform public sector interventions, leading to more sustainable and market-driven solutions.
- ❖ **Work on trade, market and value chains development in parallel.** In the Horn of Africa, where agriculture is a vital source of employment but remains largely underdeveloped and characterised by subsistence farming, it is essential to strengthen the agri-food market and value chains. This can be achieved by providing farmers and livestock keepers with access to affordable inputs, extension services, market-driven product development and contract farming. Initiatives should prioritize food security, environmental protection, and the inclusion of small-scale farmers, who make up a significant part of the workforce.

2. Better align programmes with local dynamics

To increase the effectiveness of employment interventions in the Horn of Africa, it is crucial to align programmes with local dynamics, taking into account the region's unique economic, social, and political context. This can be achieved by:

⁶ See https://international-partnerships.ec.europa.eu/policies/global-gateway/initiatives-sub-saharan-africa_en

⁷ With reference to investors and businesses with job-creation potential as distinct from micro-enterprises and self-employment workers that require different support.

- ❖ Acknowledging the widespread conflict and instability in the region, and **linking economic interventions to conflict prevention** and resolution activities, in line with the NDICI conflict-sensitive approach.
- Improve system-strengthening interventions by **addressing specific institutional capacity gaps, providing sustained resources and integrating tailored contingency plans** to anticipate and mitigate the impact of contextual factors.
- Continue supporting the development of regulations and infrastructure that **facilitate and capitalize on the region's high level of cross-border trade and economic activity**, which involves circular migration.
- **Promoting portable skills for intra-African labour migration.** Most African labour migration is intra-continental. Future programming should take this into account and **promote the creation, recognition and portability of skills** that are needed both at the local level and in potential destination countries.

3. Build a more flexible and comprehensive M&E system

A robust monitoring and evaluation (M&E) system is essential to assess the effectiveness of training and employment-related interventions. This system should **capture the nuances and levels of impact**, including training quality, short-term employment outcomes, and long-term career progression. It should also comprehensively monitor all effects of an intervention to accurately assess its current impact. This entails, for instance, **taking into account different types of employment**, including the informal sector and digital opportunities, and tracking the data and reasons of those who are unable to find a job after training, in order to identify areas for improvement. **Incorporating budgetary provisions for post-project M&E** would ensure resources for long-term impact analysis and learning, including assessment of employment outcomes six to eight months after interventions end.

ACKNOWLEDGMENTS

This science for policy brief is part of a series of three thematic briefs that complement the JRC Technical Report "*Addressing root causes of irregular migration and forced displacement. What works and what does not? Lessons learned from the EUTF in HoA*". The four products are part of a larger study jointly carried out by DG INTPA and JRC E.5 Unit.

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