Center for Global Development

REFUGEES INTERNATIONAL

CASE STUDY
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From Displacement to Development

How Kenya Can Create Shared Growth by Facilitating Economic Inclusion for Refugees

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CONTENTS

PREFACE

In most low- and middle-income countries, refugees and forced migrants face a range of legal,

administrative, and practical barriers that prevent their economic inclusion. Removing those barriers would enable displaced people to become more self-reliant and more fully contribute to their host communities.

Such efforts are even more important as the world looks to recover economically from COVID-19. While the pandemic has created unprecedented challenges for low- and middle-income countries around the world, it has also highlighted the importance of expanding economic inclusion. Refugees and forced migrants can, and do, play a crucial role in labor markets. Given the opportunity, they can help their host countries recover from this crisis.

This case study is part of the "Let Them Work" initiative, a three-year program of work led by the Center for Global Development (CGD) and Refugees International and funded by the IKEA Foundation and the Western Union Foundation. The initiative aims to expand labor market access for refugees and forced migrants, by identifying their barriers to economic inclusion and providing recommendations to host governments, donors, and the private sector for how to overcome them. The initiative focuses primarily on refugees and forced migrants in Colombia, Peru, Kenya, and Ethiopia, with other work taking place at the global level.

To learn more about the initiative, please visit cgdev.org/page/labor-market-access and get in touch.

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LIST OF ACRONYMS

CGD	Center for Global Development
CIDP	County Integrated Development Plan
COVID-19	coronavirus disease
CRRF	Comprehensive Refugee Response Framework
DRC	Danish Refugee Council
EAC	East African Community
GCP	gross county product
GISEDP	Garissa Integrated Socio-Economic Development Plan
IDA	International Development Association (World Bank Group)
IFC	International Finance Corporation
IGAD	Intergovernmental Authority on Development
ILO	International Labour Organization
IRC	International Rescue Committee
KISEDP	Kalobeyei Integrated Socio-Economic Development Plan
KKFC	Kakuma Kalobeyei Challenge Fund
KYC	Know Your Customer
M-PESA	a mobile money service (pesa = "money" in Swahili)
NGO	nongovernmental organization
RAS	Refugee Affairs Secretariat
RLO	refugee-led organization
RSD	refugee status determination
SHARE	*Support for Host Community and Refugee Empowerment*
UN	United Nations
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
USD	United States dollar
WBG	World Bank Group
WFP	World Food Programme
WHR	Window for Host Communities and Refugees (World Bank)

EXECUTIVE SUMMARY

As one of the world's largest refugee-hosting countries, Kenya has the potential to lead on the economic inclusion of refugees. The recent passage of the new Refugees Act could provide new opportunities for this. Yet, refugees in Kenya continue to face many obstacles to economic inclusion. These include policy barriers, which limit their right to work, move freely, and access financial services; political barriers, such as negative perceptions of refugees that limit the political will for change; and economic barriers, such as limited job opportunities and a difficult climate for private-sector investment in host areas.

Perhaps the most severe restriction is the encampment policy, which requires all refugees to live in camps in one of two designated areas in the country. In practice, many refugees live outside of camps in urban areas like Nairobi, but they face a precarious legal situation that likewise hinders their economic inclusion. Other major barriers include a lack of work permits and identification, which forces most refugees to work informally (in or outside camps) and restricts their access to services. As a means to bypass the administrative difficulties of obtaining work permits for refugees, many nongovernmental organizations (NGOs) hire refugees as "incentive workers." The practice is legal, but the government mandates that incentive workers be paid very little, even below minimum wage.

These policy barriers are perpetuated by political factors, including perceptions of refugees as security threats, scapegoating rhetoric by politicians, and fears of competition over land, resources, and jobs. Refugees also face economic barriers to inclusion, including limited job opportunities in host areas, a lack of education and skills, and limited access to financial capital.

As a result of such barriers, refugees earn lower incomes and face much higher rates of poverty and much lower rates of employment than the average Kenyan. These challenges, in turn, translate into food insecurity and a range of protection concerns. At the same time, some groups in refugee host communities face similarly high rates of poverty. This underscores the need to facilitate economic progress for hosts as well as refugees.

Overcoming such barriers could generate many benefits for refugees and host communities alike. With greater economic inclusion, refugees could earn far greater incomes, which would in turn alleviate many of their protection needs. Greater inclusion and fewer regulatory restrictions could also lead to an expansion of economic activity in host areas, greater private-sector investment, and an increase in job opportunities. To ensure that benefits are maximized, NGOs and international organizations providing humanitarian and development aid must increase support for hosts, as well.

Recently, some progress has been made to facilitate greater economic inclusion for refugees. In 2016, the government allowed for the creation of a refugee settlement (also known as an integrated settlement), Kalobeyei, that provided a more enabling environment for refugee and host community livelihoods, resilience, and self-reliance by setting aside land for agricultural use, facilitating a more cash-based economy, and establishing designated areas for businesses. In some areas, investors are prioritizing host communities to improve economic opportunities; development organizations are building markets and teaching marketable skills to refugees and Kenyan citizens; and the private sector is becoming more involved around the camps. However, despite these initiatives, there is still a long way to go to achieve economic inclusion.

The Kenyan government has recently become more open to policies designed to improve the economic inclusion of refugees. On November 17, 2021, President Kenyatta signed the Refugees Act, which creates some positive changes and could be a foundation for further policy dialogue. The government has also signaled willingness for greater economic inclusion by signing onto the Comprehensive Refugee Response Framework (CRRF) process and publishing a CRRF document that outlines progressive goals. Steps have also been taken at the local level to localize the CRRF through an area-based program called the Kalobeyei Integrated Socio-Economic Development Plan (KISEDP) in Turkana county and the Garissa Integrated Socio-Economic Development Plan (GISEDP) in Garissa county. Both programs promote strategy plans that align with Local County Integrated Development Plans (CIDP) and demonstrate a paradigm shift toward the inclusion of refugees in national and local planning processes.

But political will for change is far from certain. In contrast to recent progressive moves, in March 2021 the government ordered the closure of refugee camps. Considering that similar orders in the past have not led to closures, few expect the Kenyan government to implement the order. Rather, the order may be a way for the government to signal that it needs greater funding and support from the international community to continue hosting. As such, the move may indicate limited political will for progressive change—at least without an increase in support from donors. It also reminds refugees how precarious their standing is in Kenya and creates fear, frustration, and even panic for some refugees.

If the right policies are implemented, greater economic inclusion could be achieved, and that could in turn translate into a wide range of benefits for refugees and Kenyan citizens alike. Already, the presence of refugees (and their limited economic inclusion to date) has brought many widely recognized benefits, including the growth of markets around camps, an expansion of employment opportunities, and an increase in consumer demand that benefits businesses. Greater inclusion would amplify these benefits, pumping more money into local economies and generating new jobs for both hosts and refugees.

To overcome the barriers to inclusion and realize the aforementioned benefits, the government should create policy and regulatory changes that are both impactful and feasible within the current political climate. Such changes could include the broader implementation of the current policy that allows some refugees to receive work permits but that is very rarely applied in practice. They could also include a reduction in the backlog of refugee status determination (which would facilitate the provision of identification), greater provision of movement passes for economic purposes, and changes in regulations to allow refugees to access mobile money.

To facilitate this process, the international community should create incentives for policy change, such as funding to the government for its broader development agenda (which could be modeled on the Ethiopia Compact, discussed later in the case study) and commitments to include host communities in livelihood projects and services. International organizations and NGOs can also facilitate economic inclusion by directly hiring refugees as employees, focusing livelihood support on women, elevating the role of refugee-led organizations in coordination and planning, and facilitating greater private-sector investment. Likewise, the private sector can play an important role by investing in host areas, advocating for policy change, and directly hiring refugees and Kenyan citizens.

This case study dives deep into refugee economic inclusion in Kenya. We first lay out the profile of refugees and hosts in the country, describing the demographics of refugees and gaps in outcomes between refugees and hosts that result from barriers to economic inclusion. Next, we analyze the main barriers to greater economic inclusion. We then describe the benefits, for both refugees and hosts, of overcoming those barriers. In the penultimate section, we offer recommendations for how to overcome the barriers. They include:

- Urging the government to expedite and clarify its refugee status determination processes; clarify and expand the provision of movement passes; simplify the procedures for work permits for refugees; facilitate the process of business license provision; and further allow refugees to access mobile money platforms.

- Urging donors, international organizations, and NGOs to tie funding to concrete policy progress; sponsor refugees as employees; focus on livelihood support for women; increase assistance to host communities; elevate the role of refugee-led organizations in planning and coordination; expand support to private-sector investors; and launch an information campaign on registration, movement passes, work permits and business licensing.

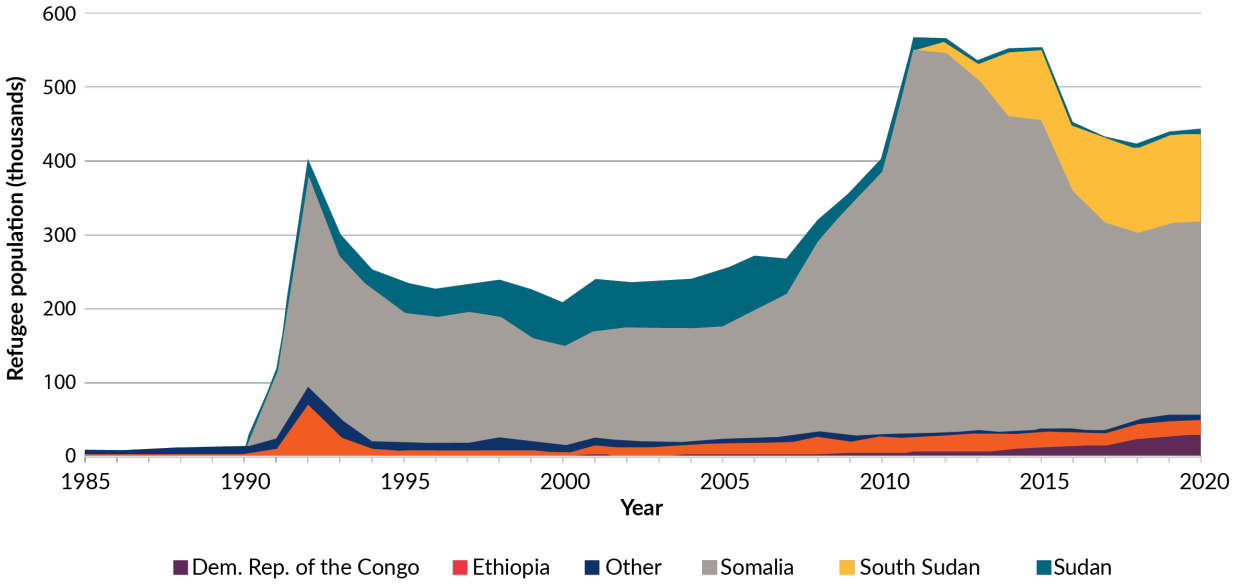
- Urging the private sector to invest in host areas; hire refugees; support refugee-owned businesses; and advocate for policy progress.

Although governments are always affected by political constraints, recent shifts in the Kenyan government's willingness for change, as signaled through its buy-in to the CRRF process, suggest that there may be some openings for progress on the economic inclusion of refugees—especially if international organizations create the right incentives to further encourage Kenya. For example, the government could and should certainly expand the provision of work permits through its existing policy structure. And the international community can incentivize such actions by providing funding for the government's priorities. Working together, the government and international organizations, as well as NGOs and the private sector, can make substantial progress toward refugee economic inclusion in Kenya.

INTRODUCTION

Since the early 1990s, Kenya has hosted hundreds of thousands of refugees from various countries in the East Africa region (see figure 1). Despite instances of *refoulement*, restrictions, and repeated threats from the government to shut down camps and deny other rights, large numbers of asylum seekers in the region have been able to find refuge in the country. Today, some 490,000 refugees and asylum seekers live in Kenya.[1]

Figure 1. Refugee population in Kenya over time, by nationality



Source: UNHCR, Refugee Data Finder, accessed June 2020, https://www.unhcr.org/refugee-statistics/download/?url=1kMD7m.

However, despite Kenya's relatively generous policy for providing refuge, refugees in the country face many barriers to economic inclusion (see box 1). Perhaps the most severe restriction is the encampment policy, which requires all refugees to live in camps in one of two designated areas in the country. In practice, many refugees live outside of camps in urban areas like Nairobi, but they face a precarious legal situation that likewise hinders their economic inclusion. Other major barriers include a lack of work permits and identification, which forces most refugees to work informally (in or outside camps) and restricts their access to services. As a means to bypass the administrative difficulties of obtaining work permits for refugees, many nongovernmental organizations (NGOs) hire refugees as "incentive workers." The practice is legal, but the government mandates that incentive workers be paid very little, even below minimum wage. These policy barriers are perpetuated by political factors, including perceptions of refugees as security threats, scapegoating rhetoric by politicians, and fears of competition over land, resources, and jobs. Refugees also face economic barriers to inclusion, including limited job opportunities in host areas, a lack of education and skills, and limited access to financial capital.

[1] UNHCR, Refugee Data Finder, accessed June 2020, https://www.unhcr.org/refugee-statistics/download/?url=Mc3gRQ.

As a result of such barriers, refugees earn lower incomes and face much higher rates of poverty and much lower rates of employment than the average Kenyan. These challenges, in turn, translate into food insecurity and a range of protection concerns. At the same time, some groups in refugee host communities face similarly high rates of poverty. This underscores the need to facilitate economic progress for hosts as well as refugees.

BOX 1. WHAT IS ECONOMIC INCLUSION?

We define *economic inclusion* as the achievement of income commensurate with one's skills and decent work as defined by the International Labor Organization (ILO).[2] To create the conditions necessary for economic inclusion, a wide range of barriers that refugees and forced migrants typically face—including legal, administrative, practical, and social barriers—must be lowered. They include the inability to obtain work permits, restricted freedom of movement, difficulty accessing financial services, a lack of job opportunities, poor access to childcare, and more. Some of the barriers apply to host populations as well, but the challenges are typically more acute and systematic for refugees and forced migrants.

Recently, some progress has been made to facilitate greater economic inclusion for refugees. In 2016, the government allowed for the creation of a refugee settlement (also known as an integrated settlement), Kalobeyei, that provided a more enabling environment for refugee and host community livelihoods, resilience and self-reliance by setting aside land for agricultural use, facilitating a more cash-based economy, and establishing designated areas for businesses. In some areas, investments are being made in host communities to improve economic opportunities, development organizations are working to develop markets and refugees' and hosts' marketable skills, and the private sector is becoming more involved around the camps. However, despite these initiatives, there is still a long way to go to achieve economic inclusion.

The Kenyan government has recently become more open to policies designed to improve the economic inclusion of refugees. On November 17, 2021, President Kenyatta signed the Refugees Act, which creates some positive changes and could be a foundation for further policy dialogue.[3] The government has also signaled willingness for greater economic inclusion by signing onto the Comprehensive Refugee Response Framework (CRRF) process and publishing a CRRF document that outlines progressive goals. Steps have also been taken at the local level to localize the CRRF through an area-based program called the Kalobeyei Integrated Socio-Economic Development Plan (KISEDP) in Turkana county and the Garissa Integrated Socio-Economic Development Plan (GISEDP) in Garissa county. Both programs promote strategy plans that align with Local County Integrated Development Plans (CIDP) and demonstrate a paradigm shift toward the inclusion of refugees in national and local planning processes.

[2] The ILO defines decent work as involving "opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men." ILO, "Decent Work," n.d., https://www.ilo.org/global/topics/decent-work/lang--en/index.htm.

[3] Government of Kenya, "President Kenyatta Signs Three Parliamentary Bills Into Law," November 17, 2021, https://www.president.go.ke/2021/11/17/president-kenyatta-signs-three-parliamentary-bills-into-law/

But political will for change is far from certain. In contrast to recent progressive moves, in March 2021 the government ordered the closure of refugee camps. Considering that similar orders in the past have not led to closures, few expect the Kenyan government to implement the order.[4] Rather, the order may be a way for the government to signal that it needs greater funding and support from the international community to continue hosting. As such, the move may indicate limited political will for progressive change—at least without an increase in support from donors. It also reminds refugees how precarious their standing is in Kenya and creates fear, frustration, and even panic for some refugees.

If the right policies are implemented, greater economic inclusion could be achieved, and that could in turn translate into a wide range of benefits for refugees and hosts alike. Already, the presence of refugees (and their limited economic inclusion to date) has brought many widely recognized benefits, including the growth of markets around camps, an expansion of employment opportunities, and an increase in consumer demand that benefits businesses. Greater inclusion would amplify these benefits, pumping more money into local economies and generating new jobs for both hosts and refugees.

To overcome the barriers to inclusion and realize the aforementioned benefits, the government should create policy and regulatory changes that are both impactful and feasible within the current political climate. Such changes could include the broader implementation of the current policy that allows some refugees to receive work permits but that is very rarely applied in practice. They could also include a reduction in the backlog of refugee status determination (which would facilitate the provision of identification), greater provision of movement passes for economic purposes, and changes in regulations to allow refugees to access mobile money.

To facilitate this process, the international community should create incentives for policy change, such as funding to the government for its broader development agenda (which could be modeled on the Ethiopia Compact, discussed later in the case study) and commitments to include host communities in livelihood projects and services. International organizations and NGOs can also facilitate economic inclusion by directly hiring refugees as employees, focusing livelihood support on women, elevating the role of refugee-led organizations in coordination and planning, and facilitating greater private-sector investment. Likewise, the private sector can play an important role by investing in host areas, advocating for policy change, and directly hiring refugees and hosts.

This case study dives deep into refugee economic inclusion in Kenya. We first lay out the profile of refugees and hosts in the country, describing the demographics of refugees and gaps in outcomes between refugees and hosts that result from barriers to economic inclusion. Next we analyze the main barriers to greater economic inclusion. We then describe the benefits, for both refugees and hosts, of overcoming those barriers. In the penultimate section, we offer recommendations for how to overcome the barriers. The final section concludes.

The research in this case study is based on a mix of key informant interviews with representatives from international organizations, the government, NGOs, and other key actors; interviews with 24 refugees and hosts (purposively selected) in Kalobeyei and Dadaab refugee camps, conducted in March 2021; and desk research. To protect the privacy of the refugees and hosts, we do not use their real names.

[4] Peter Muiruri, "Kenya Issues Ultimatum to UN to Close Camps Housing almost 400,000 Refugees," *The Guardian*, April 1, 2021, https://www.theguardian.com/global-development/2021/apr/01/kenya-issues-ultimatum-to-un-to-close-camps-housing-almost-400000-refugees.

CONTEXT

As background to understanding the barriers refugees face in achieving economic inclusion and the need to facilitate economic inclusion, we present a profile of refugees and hosts in the country, including their demographics, main locations, and economic outcomes. We also discuss the outbreak of COVID-19 in the country and the impact that it has had on refugees and hosts.

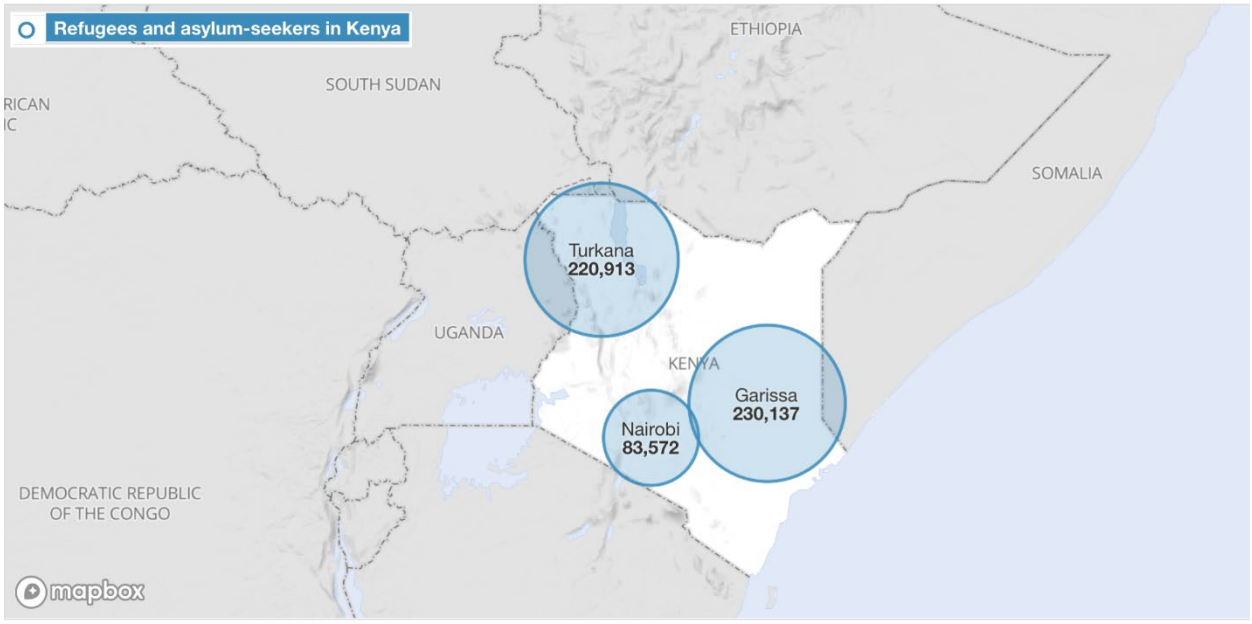
Profile of refugees, hosts, and host areas

Refugee populations in Kenya are concentrated in three main areas: Turkana county, in Kakuma camp and Kalobeyei settlement; Garissa county, in the Dadaab camp complex; and Nairobi. Garissa is host to the largest concentration of refugees, followed by Turkana and Nairobi (figure 2). At the end of 2019, Kenya had about 265,000 Somali refugees, 124,000 South Sudanese refugees, 30,000 Congolese refugees, 20,000 Ethiopian refugees, and 23 other nationalities of refugees comprising populations of 7,000 or less.[5] In Garissa, most refugees are Somali. In Turkana, most are South Sudanese, and in Nairobi, most are Somali or Congolese.[6] The vast majority of refugees are required to live in camps, and those that live outside camps (such as in Nairobi) typically do so without official permission.

Of the 47 counties in Kenya, Turkana has the third-lowest gross county product (GCP) per capita, and Garissa has the 14th lowest.[7] Some 79 percent and 66 percent of the host populations (i.e., populations of citizens living in areas hosting large refugee populations) live in poverty in Turkana and Garissa, respectively. Both counties rely mainly on livestock, and agriculture to a lesser extent, for livelihoods. However, frequent droughts make such activities highly insecure.[8] In contrast, Nairobi has the highest GCP per capita in the country, is the nation's commercial and industrial center, and has the lowest poverty rate in the country. However, the poverty rate in Nairobi is still somewhat high, at 17 percent, and Nairobi county faces high unemployment (15 percent) and especially high youth unemployment (60 percent).[9]

[5] UNHCR, Refugee Data Finder, accessed June 2020, https://www.unhcr.org/refugee-statistics/download/?url=pl6H.
[6] UNHCR, "Kenya: Registered Refugees and Asylum-Seekers as of 30 November 2018," https://www.unhcr.org/ke/wp-content/uploads/sites/2/2018/12/Kenya-Infographics_November-2018.pdf.
[7] Peter Chacha Wankuru, "For the First Time, the Relative Economic Size of Kenya's Counties Is Clear," World Bank Blogs, May 2, 2019, https://blogs.worldbank.org/africacan/for-the-first-time-the-relative-economic-size-of-kenyas-counties-is-clear.
[8] Farah Manji and Joanna de Berry, "Desk Review on Livelihoods and Self-Reliance for Refugees and Host Communities in Kenya," World Bank, 2019, http://documents1.worldbank.org/curated/en/685581553241680189/pdf/135485-WP-P169281-PUBLIC-Livelihoods.pdf.
[9] Ibid.

Figure 2. Locations of refugee populations in Kenya as of November 2018



Source: UNHCR, "Kenya: Registered Refugees and Asylum-Seekers as of 30 November 2018," https://www.unhcr.org/ke/wp-content/uploads/sites/2/2018/12/Kenya-Infographics_November-2018.pdf.

In general, refugees face severe livelihood and economic challenges. In Dadaab, only about a third earn income and about half report not having sufficient access to food.[10] In Kakuma, about 59 percent of households have "poor or borderline" food consumption and only about 25 percent are employed.[11] "Zalika," a South Sudanese refugee, underscored the difficulties that refugee families face:

> *I am not able to sustain my family with the food that is provided by the UN. . . . My children have become sick due to lack of food.*

Like refugees, hosts also encounter many challenges, often facing high rates of unemployment and poverty.[12] But within these general trends, economic outcomes vary widely across geographic regions, refugee/host status, nationality, and gender. For example, in Turkana, the average refugee is in many ways better off than the average Kenyan in the county, but worse off than the average Kenyan in the country as a whole. Recent surveys show that 58 percent of refugees in Kalobeyei live below the national poverty line, compared with 72 percent of Kenyans in Turkana and 37 percent of all Kenyans. At the same time, only 37 percent of working-age refugees in Kalobeyei are employed (most commonly as volunteers making minimal salaries), versus 62 percent of Turkana Kenyans.[13] These figures

[10] REACH and Norwegian Refugee Council, "Multi-sector Needs Assessment: Dadaab Refugee Complex," https://reliefweb.int/sites/reliefweb.int/files/resources/reach_ken_factsheet_msna_dadaab_refugee_complex_december_2018.pdf; Manji and de Berry, "Desk Review on Livelihoods and Self-Reliance."
[11] Helen Guyatt, Flavia Della Rosa, and Jenny Spencer, *Refugees Vulnerability Study*, Kakuma, Kenya, Kimetrica, 2016, https://reliefweb.int/sites/reliefweb.int/files/resources/Refugee_HH_Vulnerability_Study_Kakuma_Refugee_Camp_Final_Report_2016_05_06.pdf; International Finance Corporation (IFC), "Kakuma as a Marketplace," 2018, https://www.ifc.org/wps/wcm/connect/0f3e93fb-35dc-4a80-a955-6a7028d0f77f/20180427_Kakuma-as-a-Marketplace_v1.pdf?MOD=AJPERES&CVID=mc8eL2K.
[12] UNHCR and World Bank Group (WBG), *Understanding the Socioeconomic Conditions of Refugees in Kalobeyei, Kenya: Results from the 2018 Kalobeyei Socioeconomic Profiling Survey*, n.d., https://www.unhcr.org/ke/wp-content/uploads/sites/2/2020/04/Kalobeyei_Socioeconomic-Report-1.pdf
[13] Ibid.

highlight the reality that refugees rely heavily on humanitarian assistance and that hosts receive much less assistance than refugees.

In interviews with the research team, both refugees and hosts emphasized the employment difficulties they face. "Assad," a Kenyan with a degree in procurement management living near Dadaab, discussed some of the frustrations he faced with the difficult job market:

> *I have been looking for a job for quite some time. . . . I have applied for so many jobs yet I haven't succeeded. I have never been contacted. . . . There are normally challenges for youth like me in getting jobs. . . . Maybe if your father is a politician or if he's well known, you might get a job. Or you pay bribe to get the job.*

"Darifa," a Burundian refugee in Kalobeyei, highlighted similar problems:

> *There is no work. No one is looking for people to employ. Even in the refugee camp, you only get employed if you're learned. Getting your hands on a job is hard because you have to know a person from the inside.*

In Nairobi, refugees earn much more than their counterparts in camps, but they are worse off compared with the average Kenyan living in the country's capital city. As of 2018, the median monthly income for Somali and Congolese refugees in Nairobi was about USD 50 and USD 70 lower, respectively, than for host communities in the respective neighborhoods where each of the nationalities are concentrated. (Hosts in the respective communities had median monthly incomes of about USD 180 and USD 130.) Correspondingly, refugees in Nairobi are significantly less likely to be employed and many face food insecurity.[14]

Across all areas and nationalities, women tend to be employed at lower rates and earn less than men. In Kakuma, depending on nationality, the gender gap for monthly income among refugees ranges from about USD 13 to USD 20. (The median monthly income for men in Kakuma is about USD 60.) In Nairobi, where incomes are higher, the range is from about USD 5 to USD 80.[15]

Poverty among refugees has translated into a number of other negative outcomes. For example, in both Kakuma and Dadaab, there is a prevalence of child prostitution, child labor, early and forced marriage, and women resorting to survival sex.[16]

Levels of education also vary widely across regions and groups. In Nairobi, depending on nationality, average years of education among refugees ranges from 11.3 to 12 years for men and 5.9 to 9 years for women. For hosts in Nairobi, it is 13 years for men and 11.9 for women. In Kakuma, average years of education among refugees ranges from 7.2 to 9.6 years for men and 3.5 to 6.9 years for women. For hosts in Turkana, it is 3.7 years for men and 1.8 for women. In summary, refugees and hosts in Nairobi are more educated on average than those in other areas of the country, refugees in Turkana are more educated than hosts in Turkana, and refugee and host women are consistently less educated than refugee and host men. As discussed further below, the low levels of education for many refugees and hosts, particularly outside Nairobi, present challenges for economic inclusion and advancement.[17]

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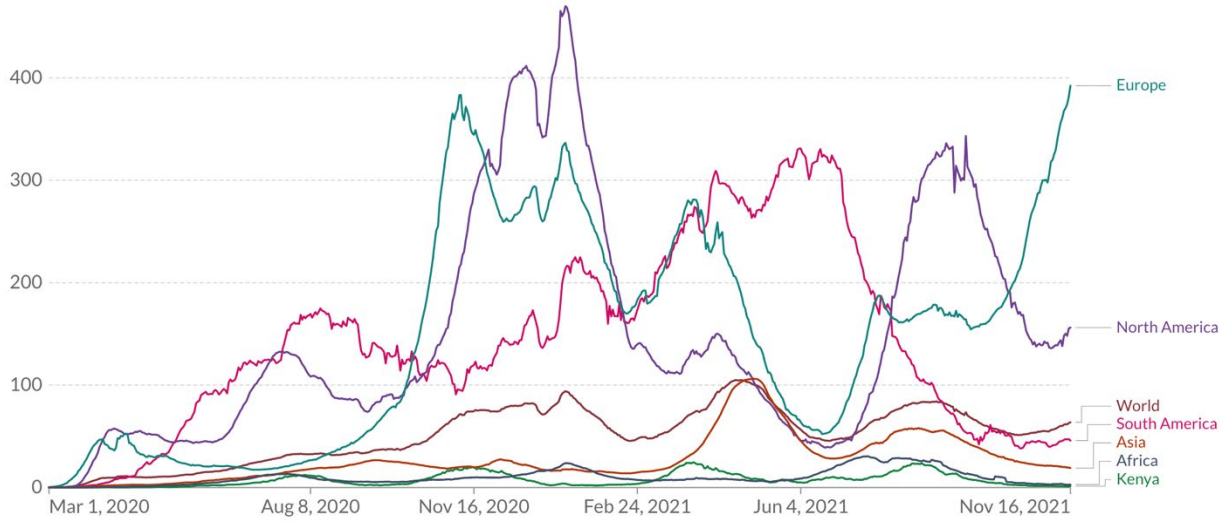
[14] Alexander Betts, Naohiko Omata, and Olivier Sterck, *Refugee Economies in Kenya*, Refugee Studies Centre, 2018, https://www.rsc.ox.ac.uk/publications/refugee-economies-in-kenya.
[15] Ibid.
[16] Manji and de Berry, "Desk Review on Livelihoods and Self-Reliance."
[17] Betts, Omata, and Sterck, *Refugee Economies in Kenya*.

These economic and education outcomes have several important implications. First, the high rates of poverty among refugees and hosts outside Nairobi—especially compared with the rest of Kenya—highlight the need for economic development in the host areas. Second, the gap between refugees and hosts in terms of education and economic outcomes underscores the need to include hosts in livelihood activities and service delivery, as well. Third, the gaps for women point to the importance of focusing livelihood efforts on host and refugee women.

Outbreak of COVID-19

To fully understand the profile of refugees and hosts, it is also important to understand the impact that COVID-19 has had on the country and, by extension, on refugees and hosts. Throughout the course of the pandemic, the Kenyan government has maintained a strict response to fight the spread of the disease. From the outset, it restricted both internal and external travel, closed schools and most businesses, imposed curfews, and prohibited large gatherings.[18] Over time, some restrictions have been lifted, but many have remained in place.[19] Thanks at least in part to these measures, the country's caseload has remained relatively low, certainly compared with the rest of the world and also compared with the rest of Africa (figure 3). Still, the health toll has been substantial, with more than 253,409 confirmed cases and 5,282 deaths in the country as of November 2, 2021.[20]

Figure 3. Daily new confirmed COVID-19 cases per million people, 7-day rolling average



Source: Johns Hopkins University, cited in Our World in Data, https://ourworldindata.org/coronavirus-data-explorer?zoomToSelection=true&time=2020-03-01..latest&country=OWID_WRL~Europe~NorthAmerica~Asia~SouthAmerica~Africa~KEN&region=World&casesMetric=true&interval=smoothed&perCapita=true&smoothing=7&pickerMetric=total_cases&pickerSort=desc.

[18] "Address to the Nation by H.E. Uhuru Kenyatta, C.G.H., President of the Republic of Kenya," March 15, 2020, https://www.president.go.ke/2020/03/15/address-to-the-nation-by-h-e-uhuru-kenyatta-c-g-h-president-of-the-republic-of-kenya-and-commander-in-chief-of-the-defence-forces-on-covid-19-commonly-known-as-coronavirus/.
[19] Kenya, Ministry of Health, "President Uhuru Lifts Movement Ban in Three Counties," July 6, 2020, https://www.health.go.ke/president-uhuru-lifts-movement-ban-in-three-counties-nairobi-monday-july-6-2020/.
[20] Johns Hopkins University, cited in Our World in Data, https://ourworldindata.org/coronavirus/country/kenya

The Kenyan economy has also suffered as a result of the pandemic and the government lockdown. The real growth rate in 2020 dropped to 1 percent, down from 5.4 percent in 2019.[21] The government has attempted to soften the blow through a number of measures, including reduced taxes for all businesses and stimulus to the tourism industry.[22] International organizations such as the World Food Programme have also provided support to vulnerable families through measures such as cash transfers.[23] Still, the economic toll on Kenyans has been immense. According to a November 2020 World Bank study, the pandemic has led to a doubling in the national unemployment rate to 10.4 percent, about a third of household businesses ceasing operation, sharp decreases in working hours and incomes, and a 4-percentage point increase in poverty (amounting to some 2 million people). The impacts were especially severe for women, who experienced a greater reduction in hours worked and income than men.[24] Impacts were especially severe for informal workers and businesses, which tended to be less lucrative to begin with and were less likely to benefit from government stimuli and tax breaks (since they were not paying taxes even before the pandemic).[25]

While data are limited, it is probable that the pandemic has had an even more severe impact on refugees. Globally, refugees were more likely to work in sectors that have been negatively affected—including the informal sector—which means they have likely lost income and jobs at especially high rates.[26] These trends are also true of refugees in Kenya, and thus it is likely that they face many of the same challenges from COVID-19. Indeed, following the initial outbreak, markets in Kakuma and Dadaab closed, remittance flows diminished (due to economic slowdowns abroad, where remittance senders live), many NGOs stopped providing incentive work, and NGOs began conducting livelihood programs virtually through videoconferencing (resulting in lower participation)—all despite the fact that very few cases have been recorded in the camps. As a result, according to refugees and aid workers in the Kakuma and Dadaab camps, refugee businesses are suffering because of reduced demand. Prices for basic goods have increased, many informal workers have been forced to stay at home and forgo incomes, and many others have lost their jobs altogether. This has caused rising food insecurity and poverty.[27] Likewise, in Nairobi, anecdotal evidence suggests that refugees have been hit especially hard, with their typical livelihoods severely undermined by the lockdown.[28]

In the research team's interviews with refugees and hosts across Kalobeyei and Dadaab, many individuals mentioned that COVID-19 caused loss of employment opportunities, lost business revenues, increased prices, closure of businesses, and restrictions on movement. As one refugee in Dadaab said, "Lockdown led to the collapse of businesses. . . . there was no money circulation within the country or in the camps." And, according to "Halima," a Somali refugee in Dadaab, once businesses started closing, "everything became expensive."

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[21] International Monetary Fund, "Kenya," https://www.imf.org/en/Countries/KEN.
[22] KPMG, "Government and Institution Measures in Response to COVID-19," accessed June 2020, https://home.kpmg/xx/en/home/insights/2020/04/kenya-government-and-institution-measures-in-response-to-covid.html
[23] https://www.wfp.org/news/wfp-and-kenya-government-launch-cash-transfers-families-impacted-coronavirus-mombasa
[24] World Bank, *Navigating the Pandemic*, Kenya Economic Update, November, Edition 22, https://openknowledge.worldbank.org/bitstream/handle/10986/34819/Kenya-Economic-Update-Navigating-the-Pandemic.pdf?sequence=1&isAllowed=y.
[25] Interview with a representative from the ILO.
[26] Helen Dempster, Thomas Ginn, Jimmy Graham, Martha Guerrero Ble, Daphne Jayasinghe, and Barri Shorey, *Locked Down and Left Behind: The Impact of COVID-19 on Refugees' Economic Inclusion*, Center for Global Development, 2020, https://www.cgdev.org/publication/locked-down-and-left-behind-impact-covid-19-refugees-economic-inclusion
[27] World University Service of Canada, *KEEP-T COVID Response Rapid Gender and Social Inclusion Analysis*, Kelly Graham, Timothy Kinoti, Pauline Anyona, and Christine Mutua, September 4, 2020.
[28] Naohiko Omata, "Many Refugees Living in Nairobi Struggle to Survive because of COVID-19," May 20, 2020, *The Conversation*, https://theconversation.com/many-refugees-living-in-nairobi-struggle-to-survive-because-of-covid-19-138455.

A survey conducted by the World Bank of both refugees and citizens in Kenya found differences in outcomes for refugees and hosts.[29] The survey, which started in June 2020 and therefore does not allow for an examination of the initial impact of the onset of the pandemic and lockdowns, shows that refugees have fared worse in economic terms during the pandemic. In addition, it shows that for both refugees and Kenyans, the negative effects have been persistent, with little improvement in recent months (by some measures). For example, it found that, in June 2020, 56 percent of refugees surveyed were unemployed, compared with 14 percent of non-refugees. In February 2021, the rates were 60 and 16 percent, respectively. As of June 2020, 80 percent of adult refugees had skipped at least one meal in the last week, compared with 44 percent of Kenyans. In February 2021, the rates were 44 and 23 percent, respectively.

One refugee in Dadaab, "Burhan," summed up some of the employment difficulties face by refugees:

> *Covid has destroyed everything—business, education, and job opportunities, because all offices are locked down due to the outbreak.*

One other effect of COVID-19 has been the suspension of livelihood activities by NGOs, which has further limited economic opportunity. "Assad," told the team,

> *Before COVID-19 we used to have [livelihood] trainings and we would get little incentives. But now all those have been suspended due to COVID.*[30]

The effects have been even more devastating for refugee women, girls, and children. Anecdotal evidence from the camps suggests that the economic distress and desperation created by the outbreak have led to a rise in domestic abuse, an increase in early and forced marriage so that families can receive bride prices, higher rates of survival sex, and an increase in child labor.[31] "Aluna," a business owner and refugee women from DRC, highlighted challenges face by both women and businesses:

> *Curfew hours caused people to lose their livelihoods. Especially in bars we had to close early, and when caught you end up giving up more money than was invested in the business. I was arrested by the police because they found me selling alcohol and they demanded 10,000. I didn't have that money. I gave police 5,000 shillings and I was released. I was harassed by a police officer who wanted to sexually harass me. As a woman I have been fighting a lot of challenges.*

BARRIERS TO ECONOMIC INCLUSION—AND EFFORTS TO OVERCOME THEM

In this section we look at the many barriers refugees face to economic inclusion, which have contributed to the difficult economic conditions outlined in the previous section. We look specifically at the *policy barriers* that restrict refugees' actions, the *political barriers* that prevent policy change, and the *economic barriers* that limit livelihood opportunities. Table 1 provides an overview.

[29] World Bank, "Monitoring COVID-19 Impact on Households in Kenya," August 9, 2021, https://www.worldbank.org/en/country/kenya/brief/monitoring-covid-19-impact-on-households-and-firms-in-kenya
[30] "Incentives" refer to small payments for incentive work, described earlier.
[31] World University Service of Canada WUSC, *KEEP-T COVID Response Rapid Gender and Social Inclusion Analysis*, Kelly Graham, Timothy Kinoti, Pauline Anyona, and Christine Mutua, September 4, 2020.

Table 1. Overview of barriers to refugee economic inclusion

Type of barrier	List of specific barriers
Policy barriers	● Refugees are legally required to live in camps. ● Refugee residence outside camps (mostly in Nairobi) is informally tolerated, but such refugees are subject to harassment from officials. ● The process for obtaining movement passes is inconsistent and difficult to navigate, and movement passes are temporary. This makes it difficult for refugees to maintain employment or run a business outside camps. ● Nightly curfews imposed in camps limit economic activity. ● It is time-consuming for refugees to obtain official identification. Without identification, refugees are more likely to be harassed by officials and find it more difficult to access services such as microfinance and education. ● The process of obtaining a work permit is extremely difficult, so most refugees must work informally. ● It is easier for refugees to obtain a business license, but the process can still be expensive and opaque. ● Refugees cannot own land or livestock. These regulations limit many economic activities and investments. ● Government regulations prevent refugees from accessing mobile money services, which are an important savings tool.
Political barriers	● The national rhetoric related to refugees is often focused on the perception of refugees as a security threat. This limits political will for allowing greater refugee inclusion. ● At the local level, views are generally more positive. But there are still concerns that may limit political will for change, such as perceptions of unequal service delivery, frustrations with environmental degradation, and concerns around land use. ● County governments, which have greater political will, are limited in their ability to enact meaningful change. ● Regarding the politics and processes of international organizations, refugee and host organizations are often left out of planning and coordinating processes.
Economic barriers	● The markets around camps are underdeveloped, with few economic opportunities for refugees and hosts. ● Poor infrastructure around camps and their distance from markets limits the potential for investment. ● Many refugees lack the skills and education that could help them succeed in the labor market. ● Refugees lack access to financial capital and savings mechanisms, as banks often see them as too risky to do business with. ● Women face their own unique barriers, including additional responsibilities at home such as childcare (which limits their ability to earn money) and harassment and discrimination in the labor market. ● The outbreak of COVID-19 has exacerbated the lack of economic opportunities.

Policy barriers

On paper, Kenya has a relatively progressive refugee legal framework, as it is party to the 1951 Refugee Convention and its 1967 Protocol, and the 2006 Refugees Act provides refugees with the right to employment and identity cards (see box 2). The government has also signed on in recent years to the Intergovernmental Authority on Development (IGAD) Nairobi Declaration and the accompanying Plan

of Action, which includes pledges to expand economic opportunities for Somali refugees; the Djibouti Declaration, with a focus on improving refugee inclusion in national education systems; and the Kampala Declaration, which aims to advance refugee economic inclusion through greater freedom of movement and work rights.[32] However, these legal frameworks and declarations have not translated into many rights for refugees in practice.[33] And the recent signing of the Refugees Act, though welcome progress, will need to be enacted in practice, with specification on the expansion of social and economic rights for refugees, as well.

BOX 2. THE 2006 REFUGEES ACT

The 2006 Refugees Act outlines Kenya's policies for the treatment of refugees in the country. It reaffirms the country's commitment to the 1951 Refugee Convention and the 1967 Protocol. It also outlines the RSD procedure and refugees' rights to identification cards and protection from arbitrary arrest, detention, and expulsion from the country. Furthermore, it enshrines the country's encampment policy into law while also creating the possibility for refugees to obtain movement passes.

Source: Zetter and Ruaudel, *Refugees' Right to Work and Access to Labor Markets*

Freedom of movement

Throughout its history of hosting refugees, Kenya has maintained an encampment policy, which was formalized into law with the 2006 Refugees Act.[34] Legally, virtually all refugees are required to live in camps in designated areas in Turkana or Garissa. In rare cases, exceptions are granted, such as for refugees facing protection concerns or seeking higher education.[35]

Despite the law, tens of thousands of refugees live in Nairobi, where their presence is unofficially tolerated by the government.[36] However, those refugees face the constant threats of harassment and extortion from police, criminal charges, and relocation to camps. Such threats cause many refugees to restrict their own movement within Nairobi to avoid confrontation with authorities. As a result, it is difficult for many refugees to seek and engage in livelihood activities.[37]

Refugees living in camps are permitted some movement in the surrounding area. For example, refugees living in Kakuma camp can travel to Kakuma town. Beyond the town, there are police checkpoints that obstruct movement. To travel beyond such points, refugees can apply for movement passes, which may be granted for business, medical, or education-related reasons, or for refugees that wish to visit relatives or an embassy. However, refugees describe the process of obtaining the passes as unpredictable, opaque, and arbitrary. And traveling to the appropriate office to attempt the process

[32] Sorcha O'Callaghan, Farah Manji, Kerrie Holloway and Christina Lowe, "The Comprehensive Refugee Response Framework: Progress in Kenya," ODI HPG Working Paper, September 2019, https://cdn.odi.org/media/documents/12940.pdf
[33] Roger Zetter and Héloïse Ruaudel, *Refugees' Right to Work and Access to Labor Markets—An Assessment: Part II: Country Cases (Preliminary)*, KNOMAD, 2016, https://www.knomad.org/sites/default/files/2017-12/KNOMAD%20Study%201-%20Part%20II-%20Refugees%20Right%20to%20Work%20-%20An%20Assessment.pdf; Manji and de Berry, "Desk Review on Livelihoods and Self-Reliance."
[34] IRC, "Re:Build Assessment Report"; Zetter and Ruaudel, *Refugees' Right to Work and Access to Labor Markets*.
[35] Manji and de Berry, "Desk Review on Livelihoods and Self-Reliance."
[36] IRC, "Re:Build Assessment Report."
[37] Norwegian Refugee Council, *Recognising Nairobi's Refugees*, 2017, https://www.nrc.no/globalassets/pdf/reports/refugees-in-nairobi/recognising-nairobis-refugees.pdf; Zetter and Ruaudel, Refugees' Right to Work and Access to Labor Markets.

can be expensive and time-consuming. Due to a dearth of information, some refugees believe the passes cost money. As a result, relatively few passes are obtained by refugees. Furthermore, movement passes are temporary, so refugees who hope to travel outside the camps on a regular basis must continually reapply.[38] And when refugees do receive movement passes, they may still be harassed at police checkpoints, especially in Garissa county and in Nairobi.[39]

In the research team's interviews with refugees, some refugees mentioned that they were easily able to access movement passes for education and business. But for most the process was more difficult. "Olivier," a Congolese refugee in Kalobeyei, mentioned,

> *I once tried [to obtain a movement pass] but I did not succeed. I applied for a pass when I wanted to go for a school interview in Lodwar, but I didn't get it because there was some form of foul play which is corruption. If you do not have a movement pass, you have to bribe at the road blocks.*

Others mentioned that they had not applied because (1) they were afraid of being denied the pass, (2) they believed it was expensive, (3) they did not have their alien ID card, or (4) there were too many processes involved.

The inability for refugees to move freely around camps has a detrimental effect on economic inclusion. For one, it is impractical for refugees to maintain employment with limitations on their movement. Some refugees are highly skilled, with vocational or even tertiary degrees. But, constrained to the limited markets in and around camps, they are typically unable to apply those skills.[40]

It is also difficult for refugees to operate businesses. To establish supply chains, business owners must work with Kenyan middlemen, which creates lost time and money and a risk of fraud, making it harder for their business to thrive or even survive. Moreover, businesses cannot access customers in markets outside of camps.[41] As a result, refugee markets have become saturated with similar businesses, making it hard for many to make a living.[42]

The risk of traveling without a movement pass is high. The potential consequences for refugees include arrest, criminal charges, fines, and demands for bribes. As a result, most refugees living in camps are, in practice as well as in law, constrained to the camps.[43]

Refugees in camps also face curfews at night (even when pandemic-induced lockdowns are not in effect) that further restrict movement. The curfew negatively affects many aspects of refugees' lives, including livelihoods. Business owners, in particular, claim the curfew undermines their ability to conduct business.[44]

Identification

Another policy barrier that undermines refugee economic inclusion is the difficulty of obtaining identification. In the past, UNHCR was in charge of refugee status determination (RSD) in Kenya, the

[38] Norwegian Refugee Council, *Supporting Kakuma's Refugees: The Importance of Freedom of Movement*, 2018, https://www.nrc.no/resources/briefing-notes/supporting-kakumas-refugees-the-importance-of-freedom-of-movement
[39] Regional Durable Solutions Secretariat (ReDSS)/Samuel Hall, *Devolution in Kenya: Opportunity for Transitional Solutions for Refugees?*, 2015, https://reliefweb.int/sites/reliefweb.int/files/resources/ReDSS%20Devolution%20in%20Kenya.pdf; interview with a representative from the Global Refugee-Led Network.
[40] Norwegian Refugee Council, *Supporting Kakuma's Refugees*.
[41] Ibid.
[42] Interview with a representative from World University Service of Canada (WUSC).
[43] Norwegian Refugee Council, *Supporting Kakuma's Refugees*.
[44] Ibid.

process through which asylum seekers are granted refugee status and provided with official documentation. Starting in 2014, UNHCR began the gradual process of transferring the responsibility to the Refugee Affairs Secretariat (RAS), the government agency in charge of refugee issues in the country. In 2020, this handover was completed, and RAS became the sole entity in charge of RSD. When a refugee completes the RSD process through RAS, they are granted an "alien card," which confirms their identity as a refugee and is valid for five years. Previously, when granted refugee status through UNHCR, refugees instead received a mandate certificate, which likewise confirmed their identity as a refugee.[45]

A chronic problem with RSD is the large backlog of cases. As of March 2021, close to 60,000 asylum seekers were waiting to carry out the RSD process.[46] This is a result of the long delays in processing. According to one account, it takes an asylum seeker about two to three years to complete the RSD process.[47] Part of the reason for the delay is a lack of capacity within RAS to handle the large number of new cases every year (though it should be noted that a backlog also existed under UNHCR).[48] Another problem is a lack of clarity among refugees regarding how to carry out the RSD process or renew their status,[49] which has been caused in part by the handover from UNHCR to RAS and the accompanying shift in procedures.[50] For example, refugees in Nairobi have reported that they have received conflicting, unclear, and/or incomplete information about their legal status and how to complete the RSD process.[51] Yet another barrier for refugees is the travel costs associated with carrying out the process. For many refugees in Nairobi, the cost of traveling across town to the UNHCR office is burdensome.[52]

In Nairobi, the process is especially difficult. During some periods, the RSD process is not available at all to refugees in Nairobi. For example, starting in 2012, the government has intermittently denied refugees the ability to conduct the RSD process in Nairobi. And even when RSD is available, the process is unclear, subject to many delays, and administratively burdensome. As a result, many urban refugees lack documentation.[53]

In Dadaab, due to a mandate from the government, new registrations were halted as of late 2015, with the exception of registrations for those born in camps. This means that new arrivals to Garissa county have no means to receive refugee identification. This problem is being driven by political concerns, discussed in the following section.[54]

Refugees without documentation face numerous challenges. Both in and outside camps, refugees without documentation are more likely to face harassment by officials. These problems are most severe in Nairobi, where demands for bribes by police and arrests are common. And although all

[45] Norwegian Refugee Council, *Recognising Nairobi's Refugees*; UNHCR, Global Focus, Kenya, accessed June 2020, https://reporting.unhcr.org/kenya
[46] Interview with a representative from RAS.
[47] Interview with a representative from Resilience Action.
[48] UNHCR, Global Focus, Kenya, accessed June 2020, https://reporting.unhcr.org/kenya.
[49] Refugees must renew their status every five years. Manji and de Berry, "Desk Review on Livelihoods and Self-Reliance."
[50] Manji and de Berry, "Desk Review on Livelihoods and Self-Reliance."
[51] Norwegian Refugee Council, *Recognising Nairobi's Refugees*.
[52] Ibid.
[53] IRC, "Re:Build Assessment Report"; Norwegian Refugee Council, *Recognising Nairobi's Refugees*.
[54] Interview with a representative from an international organization.

refugees in Nairobi are vulnerable to such challenges, many have reported that a lack of documentation makes harassment from officials more likely.[55]

Another problem is that refugees without documentation have difficulty accessing certain goods and services, such as SIM cards, banking and microfinance, and, especially for refugees in Nairobi, health and education services.[56] Without access to SIM cards, basic services, and financial capital, it can be more difficult for refugees to achieve decent work.

In the research team's interviews with refugees, a lack of documentation was one of the most frequently cited barriers to livelihoods. As "Marie," a Burundian refugee in Kalobeyei mentioned,

> *I have sought employment, but every time I go to look for a job, I am asked for papers that I don't have.*

"Amadou," an asylum seeker in Kalobeyei, told the research team,

> *I don't have any mobile money app like M-PESA. . . . I would really like to have it but . . . I'm not allowed to register with my documents.*

Work permits

Another major barrier that refugees face is a lack of access to the formal labor market. Although refugees have the legal right to apply for work permits—specifically called Class M permits—they are in practice rarely granted. According to one estimate from 2015, only about 2 percent of refugees in Nairobi had permits.[57] To apply for a Class M permit, they must present a wide range of documents to the Directorate for Immigration, including a letter from RAS confirming their documented status, a recommendation from a potential employer, a certificate of good conduct from the Department of Criminal Investigation, and proof that the job they are applying for cannot be adequately filled by a Kenyan. Obtaining all of these documents is difficult for most refugees. The process is also unclear, with many requirements that are often unknown to applicants, such that most refugees would not know how to apply for permits and those that try confront many obstacles.[58] Indeed, in the research team's interviews with refugees, very few were aware of the existing regulations. According to "Amadou,"

> *Most of the people who are living in the camp, we don't really know much about the regulations. . . . We've never really been taught or taken any training that would help us know the regulations. . . . As a result, we don't really know what rights we are supposed to have. . . . So we are really easily exploited because we don't know the regulations.*

Moreover, even refugees who do complete the work permit process usually find it long and drawn out. And although refugees can initiate the application process from camps, they have to be present in Nairobi for interviews and appointments to complete it.[59] Finally, because of the requirement that the job cannot be adequately filled by a Kenyan, M class permits are typically granted only to highly educated refugees.[60]

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[55] Manji and de Berry, "Desk Review on Livelihoods and Self-Reliance"; Norwegian Refugee Council, Recognising Nairobi's Refugees.
[56] IRC, "Re:Build Assessment Report"; Norwegian Refugee Council, *Recognising Nairobi's Refugees*.
[57] Sorcha O'Callaghan and Georgina Sturge, *Against the Odds: Refugee Integration in Kenya*, ODI, December 2018.
[58] Zetter and Ruaudel, *Refugees' Right to Work and Access to Labor Markets*; IRC, "Re:Build Assessment Report."
[59] Interview with a representative from DRC.
[60] Interview with a representative from DRC.

In addition to applying for Class M permits, refugees can apply for a variety of other special permits. For example, permits exist for foreigners practicing law. However, most such permits are for more professional sectors, so many refugees would not be eligible. In addition, the barriers to applying—including complex procedures and long wait times—are significant, as with the Class M permit.[61]

Complicating matters further, work permits do not formally grant freedom of movement. In practice, they help to legitimize refugees' presence outside camps, but they do not grant it formally. So, many refugees with work permits are in fact living outside camps without official permission. Refugees therefore may still be subject to harassment by officials even when they have the right to work.[62]

Without work permits, refugees cannot access formal employment. As such, most are excluded from a large portion of the labor market. This is especially problematic for more highly educated refugees, who would likely be able to better apply their skills in formal jobs.

Having a work permit would also mean that lower-skilled refugee workers (who are the bulk of the refugee population and many of whom work in the informal sector) would also have more protections. Having a work permit may make them less likely to be subjected to police harassment.[63] Furthermore, especially in Nairobi, refugee informal workers reportedly face lower wages and longer working hours than their Kenyan counterparts due to reduced bargaining power.[64] Work permits could help increase their bargaining power.

Business permits

In contrast to work permits, business licenses are in fact granted to refugees—in both camps and in Nairobi—on a regular basis. County governments are in charge of issuing such licenses and are generally willing to do so.[65] There are, however, still notable barriers. First, to obtain a license, one must have a permanent facility for business, which means that certain types of self-employment—such as street vending, home-based businesses, and businesses run out of temporary stalls—would not be eligible.[66] Second, many refugees are not aware of how to complete the process to obtain a license, as the requirements are opaque and not clearly advertised. Third, the process requires documentation—though the requirements are not consistent across all business types—that refugees may lack.[67] Fourth, because they lack the same documents as Kenyan nationals, such as identification cards, refugees have great difficulty obtaining licenses online.[68] And fifth, some refugees struggle to meet the costs associated with the application.[69]

In the interviews with refugees in the camps, some respondents told the research team that the process of obtaining a permit is simple to carry out. "Aluna" said,

[61] Interview with a representative from DRC.
[62] Interview with a representative from DRC.
[63] IRC, "Re:Build Assessment Report."
[64] Interview with a representative from IRC.
[65] Betts, Omata, and Sterck, *Refugee Economies in Kenya*.
[66] UNHCR and World Bank Group, *Understanding the Socioeconomic Conditions of Refugees in Kenya*, vol. B, Kakuma Camp: Results from the 2019 Kakuma Socioeconomic Survey, 2021.
[67] Interview with a representative from the ILO; interview with a representative from IRC.
[68] Interview with a representative from IRC.
[69] IRC, "Re:Build Assessment Report"; Norwegian Refugee Council (NRC) and International Human Rights Clinic at Harvard Law School (IHRC), *Supporting Kakuma's Refugee Traders*, 2018, https://www.nrc.no/globalassets/pdf/briefing-notes/kakumas-refugee-traders/nrc_ihrc_businesspermit_briefingpaper_aug18.pdf.

> *[The business permit] is very easy to acquire and the payment lasts the whole year. If you have money you can get it.*

Others said that a lack of ID, the high cost (about USD 30), and fear of rejection prevented them for acquiring the permit. "Olivier," an aspiring business owner in Kalobeyei, told the team,

> *[The process] is not easy, as they ask for more money than the business is worth. This is a challenge, in that you find your business is small yet you're asked for a lot of money. It is fast to get it but after that you will suffer for the rest of the year.*

Business licenses confer various benefits to refugees, including greater eligibility for loans, a greater degree of protection from harassment from officials, and a sense of security. Unfortunately, some refugees report that a business license alone, without an official work permit, is not enough to make them immune from police harassment (as a license alone does not make a business formal).[70] Indeed, corruption remains a common problem across all forms of permit provision for refugees—including for movement passes, work permits, and business licenses. Officials often ask for bribes to process permits, which refugees often cannot afford to pay.[71]

Other policy barriers

In addition to policy barriers related to movement, identification, and work rights, refugees face a handful of other policy barriers. One such barrier is refugees' inability to access mobile money. Mobile money, or M-PESA, is used ubiquitously by Kenyans as a savings tool and a means of enacting transactions. It is also the easiest means to receive remittances.[72] Refugees' inability to access it therefore seriously limits their ability to save and to conduct business.[73]

Government regulations require specific documentation to sign up for mobile money, and the refugee alien card is not a valid form of documentation. As a workaround, some refugees work with Kenyans to use their ID to sign up.[74] However, many refugees cannot do so and are therefore left without access.[75] This workaround system can also lead to problems. As "Christian" told the research team:

> *Sometimes [the mobile money accounts] are blocked because we use the Turkana IDs. . . . They block them when they discover the same ID has registered 7, 8, or 9 lines. Then money in those accounts cannot be retrieved.*

Yet another barrier is the fact that refugees are restricted from owning livestock, due to concerns over potential conflict with herders in the host community. Since many refugees were pastoralists before being displaced, this restriction imposes a serious constraint on their economic inclusion.[76]

Finally refugees are unable to own land, and documentation requirements can make it difficult for them to own fixed assets.[77] This further inhibits livelihoods, especially for business owners. Without

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[70] IRC, "Re:Build Assessment Report"; NRC and IHRC, *Supporting Kakuma's Refugee Traders*; interview with a representative from an international organization.
[71] Interview with a representative from Resilience Action.
[72] Interview with a representative from the Global Refugee-Led Network.
[73] Interview with a representative from DRC.
[74] Interview with a representative from IRC.
[75] Interview with a representative from the Global Refugee-Led Network.
[76] Manji and de Berry, "Desk Review on Livelihoods and Self-Reliance."
[77] *Support for Host Community and Refugee Empowerment (SHARE): Kenya's Comprehensive Refugee Response Framework (CRRF)*, 2020, https://refugee.go.ke/wp-content/uploads/2021/02/Kenya-Comprehensive-Refugee-Response-Framework-CRRF-1.pdf.

ownership of assets, refugees may be less willing to invest in their businesses. It is also more difficult for them to obtain credit from banks, as they lack collateral.[78]

Progress and ongoing efforts

In 2017, Kenya came close to making important progress on refugee policy when parliament passed a refugee bill (which had been proposed in 2016) that would replace the 2006 Refugees Act[79] and give refugees in Turkana county greater access to work permits and the ability to own land.[80] However, the president did not sign the bill into law, ostensibly due to a lack of public participation in the drafting of the bill, but more likely because of a fear of a backlash in public opinion close to an election.[81]

The latest bill, just passed on November 17, 2021, has potential.[82] While the details have not yet been released at the time of writing, it is expected that the bill will establish a coordinating body to manage refugee affairs across various ministries and local governments; and a new refugee agency, the Department of Refugee Services, which will replace RAS—thus allowing for a whole-of-government approach to refugee management.[83] It is hoped that creating this larger agency will lead to an increase in staff capacity for managing RSD. The bill also states the government's commitment to enabling refugees to "contribute to the economic and social development of Kenya," suggesting willingness for greater economic inclusion. There is also some hope that the bill may allow for a broader interpretation of designated areas for refugees, potentially leading to more freedom of movement in hosting counties.[84] However, given that many details have yet to be unpacked, passage of the bill alone without further amendments will not necessarily lead to meaningful policy changes related directly to economic inclusion.[85]

More concrete progress had been made in recent years with the creation of the Kalobeyei integrated settlement, or camp, in 2016, just 30 kilometers from Kakuma camp. Kalobeyei settlement was designed to enable greater economic self-reliance by employing a more cash-based model of assistance, setting aside small plots of land that refugees could use as gardens for cultivation, and creating designated areas for refugee businesses to operate. One study found that this approach was partially effective, as it led to improved diets for refugees. However, the effects were minor, with no impacts on assets or employment, likely because most policy and economic barriers were unchanged.[86]

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[78] IFC, "Kakuma as a Marketplace."
[79] It should be noted that, at the time it was passed, the 2006 Refugees Act was seen by advocates as a step in the right direction, as it created the possibility for refugees to obtain movement passes.
Interview with a representative from Refuge Point.
[80] Daniel Wesangula, "Kenya to Give Work and Hope to Refugees after Decades in Limbo," Reuters, June 20, 2017, https://www.reuters.com/article/us-kenya-refugees-idUSKBN19B269.
[81] O'Callaghan et al., "The Comprehensive Refugee Response Framework: Progress in Kenya."
[82] Interview with a representative from an international organization; interview with a representative from RAS.
[83] Interview with a representative from IRC.
[84] Interview with a representative from the World Bank.
[85] "The Refugees Bill, 2019," Kenya Gazette Supplement No. 126, July 26, 2019, http://www.parliament.go.ke/sites/default/files/2019-08/Refugees%20Bill%2C%202019_compressed.pdf
O'Callaghan et al., "The Comprehensive Refugee Response Framework: Progress in Kenya."
[86] Claire MacPherson and Olivier Sterck, "Empowering Refugees through Cash and Agriculture: A Regression Discontinuity Design," *Journal of Development Economics* (November 1, 2019), forthcoming, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3484965.

Political barriers

Perceptions toward refugees

To analyze the potential for making progress on refugee policy, it is important to understand the political factors that underpin the current framework. One important factor is the perception of Kenyan citizens toward refugees. According to a nationally representative 2018 International Rescue Committee (IRC) survey, 42 percent of Kenyans are in favor of allowing refugees to move freely about the country; 55 percent are in favor of allowing refugees to work; and more than 90 percent believe the government should provide basic services, such as water and security, to refugees. At the same time, 53 percent of Kenyans support closing camps and sending refugees home and 34 percent are against their own county providing services to refugees.[87] These findings reveal complex opinions, with a small majority of citizens in favor of repatriation, despite their belief that refugees should receive basic services. In this context, despite the relatively large proportion of Kenyans that support more progressive policies, politicians may be wary of openly supporting greater economic inclusion.

Negative attitudes may be driven in part by perceptions that refugees create security threats. According to the IRC survey, 27 percent saw refugees first and foremost as a security threat. This was the second-largest category of response, following the 48 percent whose primary opinion is that hosting refugees helps those in need.[88] Security-driven views are likely driven by the Al-Shabaab terrorist attacks in recent years and the ensuing rhetoric of politicians that blamed Somali refugees for the attacks. One of the most prominent attacks took place at the Westgate Mall in Nairobi in 2013. The attack was linked to four Somali suspects, one of whom had lived in Dadaab refugee camp.[89] Other notable incidents include an attack on Garissa University in 2015, a kidnapping of aid workers in 2011, and a variety of less prominent attacks over the past decade.[90] These tragic events have created a widespread perception of insecurity and the idea that the terrorist group Al-Shabaab is operating out of Dadaab.[91]

These perceptions have been exacerbated by the response from politicians and the media. Following the Westgate Mall shooting, the Kenyan government announced plans to close the Dadaab camps and repatriate the refugees living there.[92] Similar threats were made in 2016 and 2019, with the government pointing to terrorist threats as a rationale for closure.[93] At the time of the announcement in 2016, about 69 percent of Kenyans supported the measure.[94]

Most recently, in March 2021, the government ordered UNHCR to close the Dadaab camps and, for the first time, the Kakuma and Kalobeyei camps. The government gave no detailed rationale for the

[87] International Rescue Committee (IRC), "Kenya: Citizens' Perceptions on Refugees," June 19, 2018, https://www.rescue.org/sites/default/files/document/2857/irckenya.pdf.
[88] Ibid.
[89] Jason Straziuso, "Westgate Mall Attacker Lived in Kenya Refugee Camp," AP News, November 11, 2013, https://apnews.com/article/eacdd6f62ccf41fa98df1a4af9af1318.
[90] Moulid Hujale, "Returning to Dadaab," *The New Humanitarian*, January 24, 2019, https://www.thenewhumanitarian.org/opinion/first-person/2019/01/24/Kenya-dadaab-camp-returning.
[91] O'Callaghan et al., "The Comprehensive Refugee Response Framework: Progress in Kenya"; International Labour Organization (ILO), *Doing Business in Dadaab*, 2019, https://static1.squarespace.com/static/5cfe2c8927234e0001688343/t/5d1f05ef49d9a7000197b542/1562314226848/Doing-Business-in-Dadaab-April-2019_Final-Report.pdf.
[92] "Westgate Attack: MPs to Call for Refugee Camps to Close," BBC News, September 30, 2013, https://www.bbc.com/news/world-africa-24339508.
[93] O'Callaghan et al., "The Comprehensive Refugee Response Framework: Progress in Kenya"; O'Callaghan and Sturge, *Against the Odds*.
[94] O'Callaghan and Sturge, *Against the Odds*.

mandated closure but cited security concerns as the driving motivation.[95] In April, in response to the government's order, UNHCR presented a roadmap for managing the camps. The roadmap includes plans for "voluntary return for refugees in safety and dignity, departures to third countries under various arrangements, and alternative stay options in Kenya for certain refugees from East African Community countries."[96] In light of this plan and the fact that previous government announcements to close the camps have not led to closures, it is unlikely that the camps will be closed this time either. At the time of writing (in November 2021), no actions have been taken to do so.

The government also cited security concerns behind the decision to close the border with Somalia in 2011, limit the number of refugees and asylum seekers in the country to 150,000, and announce plans to relocate Somali refugees in Nairobi to Dadaab (though many of these measures have been struck down as unconstitutional). They have also driven the moratorium on refugee registrations in Dadaab that has been in place since late 2015, which has led to large numbers of people without documents.[97] In addition, politicians and the media have regularly depicted Somali refugees as extremist security threats, despite no refugees having been convicted of terrorist activity.[98] These actions have perpetuated a negative narrative of refugees in the country.

The severity of the security incidents to date should not be downplayed. But it is a mistake to conflate the terrorist threat in the country with the presence of refugees. In reality, the vast majority of refugees in the country are unaffiliated with terrorist groups and the terrorist threat is driven by factors unrelated to refugees (as evidenced by similar security concerns in neighboring counties that do not host refugees).[99] Moreover, as we discuss later in the section "Benefits of Greater Economic Inclusion," refugees and the camps have brought many economic benefits to the hosting counties. Nonetheless, the security threat narrative still plays a dominant role in the national public discourse and may inhibit progress toward more inclusive policies at the national level.

Politicians are also concerned that more progressive policies will create job competition. Indeed, some Kenyan business owners in Nairobi and elsewhere, fearing competition, have successfully lobbied the government in the past to restrict refugee activity in certain sectors or even move the camps (once located on the coast) to more distant locales.[100] There have also been protests in Nairobi, led by workers fearing competition, against refugees.[101] Moreover, the media has played a role in building a narrative that refugees create job competition.[102] In this environment, politicians may be reluctant to create more backlash by furthering economic inclusion.

Perceptions at the local level

In contrast to the dominant national rhetoric around security and job competition, perceptions at the local level, especially around Kakuma, are generally more positive—a fact that highlights the positive

[95] "Kenya Orders Closure of Dadaab, Kakuma Refugee Camps, *Nation.Africa*, March 24, 2021, https://nation.africa/kenya/news/kenya-orders-closure-of-dadaab-kakuma-refugee-camps-3333642
[96] "Joint Statement by the Government of Kenya and the United Nations High Commissioner for Refugees: Dadaab and Kakuma Refugee Camps Roadmap," April 29, 2021, https://www.unhcr.org/news/press/2021/4/608af0754/joint-statement-government-kenya-united-nations-high-commissioner-refugees.html.
[97] Since 2015, in Dadaab, only refugees born in Dadaab have been allowed to obtain refugee status. Interview with a representative from an international organization.
[98] O'Callaghan and Sturge, *Against the Odds*; ReDSS/Samuel Hall, Devolution in Kenya.
[99] "Violent Extremism in Kenya," Rift Valley Institute Meeting Report, February 2017, https://www.refworld.org/pdfid/58c6bfb94.pdf; interview with a representative from DRC.
[100] O'Callaghan and Sturge, *Against the Odds*.
[101] Betts, Omata, and Sterck, *Refugee Economies in Kenya*.
[102] O'Callaghan and Sturge, *Against the Odds*.

contributions of refugees. For example, in Turkana, the county government has recognized the economic opportunities that hosting refugees presents, including in their county development plans.[103] According to a World Bank survey in Kakuma town, 49 percent of hosts believed refugees had a positive impact on the community, and the proportion with negative perceptions was close to 30 percent.[104] In Garissa, both local and government officials have recognized the economic opportunities that refugees have brought. These positive perceptions are further bolstered by the fact that there is a large degree of ethnic homogeneity between refugees and hosts in the region.[105]

However, such views are not universal. Indeed, there is substantial resentment among hosts regarding the unequal provision of services. Many hosts in both Garissa and Turkana believe that refugees unfairly receive more assistance than locals, pointing to higher rates of poverty among hosts in Turkana than refugees, despite higher rates of employment.[106] Other points of contention include land and the environment. A frequent source of complaint among officials and locals in both counties is that the refugee camps occupy large areas of land and are having a detrimental effect on the surrounding environment, hurting ecosystems and cutting into grazing land. And in Dadaab, many hosts express concerns about security challenges that they perceive to accompany the refugee presence, including an increase in terrorist attacks and the use of guns for criminal activity. [107]

A different set of issues affects perceptions in Nairobi. On the positive side, ethnic Somali Kenyans (who make up the dominant ethnicity in Garissa, the county hosting the Dadaab camp complex) generally view Somali refugees positively. Furthermore, many businesses that employ refugees see the benefits of refugee inclusion in the economy and have more positive views of refugees. In contrast, as mentioned previously, some informal Kenyan workers in Nairobi, seeing refugees as competition, have protested their presence.[108]

The upshot of these more positive, albeit mixed, perceptions at the local level is that there may be more room for policy progress at that level. But it will not be easy, and certain issues must be addressed. For example, without additional support, hosts may resent changes that allow greater inclusion for refugees. And until security concerns are more fully addressed in Garissa, there may be a fear of increasing inclusion. At the same time, the general understanding of the positive effects of limited inclusion to date may create willingness for further progress.

[103] IFC, *Kakuma as a Marketplace*; ILO, Doing Business in Dadaab.
[104] Apurva Sanghi, Harun Onder, and Varalakshmi Vemuru, *"Yes" in My Backyard?*, 2016, https://documents1.worldbank.org/curated/en/308011482417763778/pdf/111303-WP-Kakuma-Report-Yes-in-my-backyard-December-2016-PUBLIC.pdf
[105] ReDSS/Samuel Hall, *Devolution in Kenya*.
[106] UNHCR and WBG, *Understanding the Socioeconomic Conditions of Refugees in Kalobeyei*.
[107] ReDSS/Samuel Hall, *Devolution in Kenya*; Royal Danish Embassy, Republic of Kenya, and Norwegian Embassy, *In Search of Protection and Livelihoods: Socio-economic and Environmental Impacts of Dadaab Refugee Camps on Host Communities*, 2010, https://reliefweb.int/sites/reliefweb.int/files/resources/C477129C7D41DCFB852577B3006B2818-Full_Report.pdf.
[108] Betts, Omata, and Sterck, *Refugee Economies in Kenya*.

Other political barriers

Regardless of the willingness for change at the local level, it is important to recognize that county governments are limited in their ability to enact meaningful change. In fact, refugee policy and management are highly centralized. Counties receive no budget for refugee management, and RAS controls almost all policy decisions affecting refugees (with business licensing as the notable exception). At the same time, counties do have the informal power to create obstacles to policy implementation at the local level. Therefore, without support from county governments, some policy changes may have little effect in practice. Furthermore, the degree of support from county governments may be able to influence the implementation of existing policies, such as the provision of local movement passes.[109]

National-level engagement on refugee issues has also been difficult to sustain in recent years. This is in part due to the disruptions caused by COVID-19, which has made it more difficult to create progress on refugee issues. In addition, politics in Kenya are heavily focused on proposed legal and constitutional changes outlined in the recent Building Bridges Initiative, which would expand devolution, restructure the government, and potentially create other sweeping changes.[110] Furthermore, national elections will take place in August 2022. Together, these factors may make it difficult for the government to focus on additional legislative and policy changes related to refugees—regardless of the will to do so--and it remains to be seen how far the newly passed Refugees Act will expand refugee rights.[111]Another political problem—in this case related to politics among international organizations and NGOs rather than the government—is the lack of representation of refugee-led organizations (RLOs) in coordinating bodies. Currently, coordination is high among donors, NGOs, and international organizations operating in and around camps; however, for reasons discussed in the next paragraph, smaller NGOs, including RLOs, are often absent from the coordinating groups.[112] Although efforts to include refugees and their organizations in planning are increasing, those efforts are still largely ad hoc and unsystematic, leaving many organizations out of the process.[113]

Several factors contribute to the exclusion of RLOs from planning and coordination. First, language is a barrier for some organizations, whose leadership may not be fluent in English, which is the dominant language among donors. Second, due to burdensome funding procedures and reporting requirements, legal barriers to the right to work, and lower levels of capacity for implementation, RLOs rarely receive funding from donors. As a result, they are left out of the donor-driven coordination processes. Third, even when they do receive funding, they typically receive it as subcontractors. As such, they are often brought into donor-funded projects only after the initial planning and design has taken place.[114] Refugees and their organizations can provide valuable insight into how to confront challenges to economic inclusion. Excluding them from discussions only limits the potential for progress.

[109] ReDSS/Samuel Hall, *Devolution in Kenya*.
[110] Morris Kiruga, "Kenya: Building Bridges Initiative Deepens Ruto-Odinga Rivalry," *The Africa Report*, December 4, 2019, https://www.theafricareport.com/20845/kenya-building-bridges-initiative-deepens-ruto-odinga-rivalry/.
[111] Interview with a representative from the World Bank.
[112] Interview with a representative from Resilience Action.
[113] Interview with a representative from an NGO.
[114] Interview with a representative from WUSC.

Progress and ongoing efforts

One of the more prominent sets of actors confronting political barriers to economic inclusion for refugees has been Kenyan civil society. In recent decades, civil society groups have played a prominent role in challenging government policies through legal actions (and in many cases succeeding in their challenges) and advocating for policy progress, including through the 2016 and 2019 refugee bills.[115] Moving forward, such groups will certainly continue to work toward progress on this agenda. International organizations, such as UNHCR, have played and will continue to play a role in supporting and complementing the efforts of these groups.[116]

Donors and international organizations are also playing an important role in confronting political barriers to policy progress, most notably through the Comprehensive Refugee Response Framework (CRRF) and World Bank funding. The CRRF is a UNHCR-led approach to supporting refugees and host communities that aims to create conditions for greater refugee self-reliance—by reducing encampment and increasing access to local economies and labor markets—while also providing increased support to hosting countries, expanding opportunities for resettlement, and fostering conditions for voluntary return.[117] Simply put, it is a process through which donors can create incentives for host countries to expand economic inclusion for refugees. It is a global initiative, in which a number of different hosting countries have taken part.

The Kenyan government announced its official involvement in the CRRF in 2017 and subsequently developed a roadmap for the process that reportedly included plans for progressive policy changes. However, due to a lack of buy-in from influential government actors—including in the Ministry of Interior, which has expressed security concerns regarding refugees—that initial roadmap was not published.[118] Nonetheless, Kenya did implement other programs linked to the CRRF, such as the Kalobeyei Integrated Social Economic Development Programme (KISEDP). KISEDP is a 15-year comprehensive multi-sectoral and multi-stakeholder initiative in Turkana West, which promotes self-reliance for refugees and hosts by enhancing livelihood opportunities and inclusive service delivery.[119]

More recently, Kenya's interest has increased, in large part due to incentives created by World Bank funding. Through the IDA-19 Window for Host Communities and Refugees (WHR), the World Bank offers concessional funding to governments that are hosting at least 25,000 refugees, meet certain protection requirements, and have a commitment to CRRF-related policy reform. As such, to be eligible for this funding, it was necessary for the government of Kenya to move forward with the CRRF plans. In December 2020, it published a CRRF roadmap.[120]

This CRRF document, titled *Support for Host Community and Refugee Empowerment (SHARE)*, takes a positive stance toward refugee inclusion, acknowledging "the need to strengthen the capacities and build the resilience of refugees while in the host country" and "to ensure that refugees enjoy various rights and freedoms so that they can develop their skills, become self-reliant, and contribute to local economies."

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[115] O'Callaghan and Sturge, *Against the Odds.*
[116] UNHCR, Global Focus, Kenya, 2020 results, https://reporting.unhcr.org/node/2537?y=2020#year.
[117] UNHCR, "Comprehensive Refugee Response Framework, n.d., accessed June 2020, https://www.unhcr.org/en-us/comprehensive-refugee-response-framework-crrf.html
[118] O'Callaghan et al., "The Comprehensive Refugee Response Framework: Progress in Kenya."
[119] The thematic areas include education; health; water, sanitation and hygiene; protection; spatial planning and infrastructure; agriculture, livestock and natural resource management; sustainable energy solutions; and private sector and entrepreneurship. For more, see KISEDP, https://www.unhcr.org/ke/wp-content/uploads/sites/2/2019/05/201905_KISEDP-Comprehensive-document-1.pdf
[120] Interview with a representative from the World Bank.

It also outlines a wide range of progressive goals related to refugee economic inclusion and protection, including these:[121]

- Greater freedom of movement
- Greater access to the labor market
- Improved financial inclusion
- Greater integration into the national education system
- A streamlined system for leasing land and property
- A faster registration process

With the submission of the SHARE document, Kenya will likely be eligible for World Bank grants through the WHR. The first round of funding is expected to be released in late 2021 and to span two years. The first year of funding will reportedly be used for COVID-19 recovery (including livelihoods programs) in host areas, while the second year will continue to address development priorities in host areas. Disbursement will be contingent on continued commitment to policy reform, though it is currently not clear what the exact requirements will be.[122] The World Bank is, reportedly, especially interested in seeing progress on refugee integration in the national education system, lowering barriers to financial access, and expanding freedom of movement and the right to work.[123] The World Bank has an opportunity to incentivize meaningful policy change, but it must ensure that funding is tied to meaningful de jure and de facto change rather than expressions of commitments.

However, Kenya's willingness to participate in the CRRF process may not be entirely rooted in the desire to receive support from the World Bank. In fact, in 2017, the government could have received funding from the World Bank's IDA Refugee Subwindow (which has since been reworked in the WHR) if it had shown willingness for policy reform—particularly by creating the CRRF roadmap. As such, the government's buy-in to the CRRF and its progressive language and goals in the SHARE document may also be the result of shifts in political will.

Finally, the government has also shown openness on refugee issues through its pledges at the 2019 Global Refugee Forum, an international UN-hosted event that convened high-level actors with the purpose of providing a platform for governments and other actors to announce pledges to improve the lives of refugees and their host communities. In line with the IGAD Nairobi Declaration, the Kenyan government pledged (among other things) to further integrate refugee children into the national education system. Notably, however, it emphasized that this pledge was contingent on the financial support of donor countries. This pledge highlights both the government's commitment to refugee inclusion broadly speaking and the importance of donor support for progress.

[121] *Support for Host Community and Refugee Empowerment (SHARE).*
[122] Interview with a representative from the World Bank.
[123] Interview with a representative from the World Bank.

Economic barriers

Refugees also face economic barriers to accessing the labor market (i.e., barriers related to the economy, features of the labor market, or refugee skill sets). One such barrier is the lack of economic opportunities, particularly around the camps in Turkana and Garissa county. The economies in both counties are predominantly pastoralist and, to a lesser extent, agricultural, though both of those activities are vulnerable to a high degree of variability in the climate.[124] Furthermore, a lack of arable land and reliable water sources limits the potential of agriculture.[125] Aside from agriculture and pastoralism, there are relatively few developed sectors.[126] As a result, labor markets present very few employment opportunities and are saturated with small businesses. As "Aluna" told the research team, "people tend to overcrowd in business." Moreover, few refugee university graduates, or others with professional skills, are able to apply their abilities.[127] One South Sudanese refugee in Kalobeyei, "Malek," recounted his experience:

> *I am an electric technician where I came from. But when I got here, life became different because there's no electricity, no fridge, no air conditioner? that I can fix and repair. I've worked in a company for more than 31 years. When I came here, I had to look for other ways. . . . If there was electricity, I would be repairing fridges and air conditioners.*

Other refugees interviewed by the team had degrees in various professions, including supply chain management and counseling, but could not find work in the host areas.

Economic opportunities are further limited by the lack of adequate infrastructure and the remote location of the camps. Poor roads and a large distance from major markets make trade difficult in these areas. As a result, with limited consumer demand outside the camps, business opportunities are limited.[128]

Fortunately, there is potential for economic growth in Turkana and Garissa. In Turkana, where fresh water is sparse, aquifers have been discovered, which could allow for an expansion of agricultural activity, supported by irrigation.[129] Furthermore, market analyses have suggested the potential for investments to spur growth in fish farming, small-scale agriculture, renewable energy, mobile services, and financial services.[130] And with a large consumer base in the camp, a business case exists for private-sector investment in some of those activities.[131] Yet, to date, few such investments have been made.[132] Barriers to investment include the restrictive regulatory environment for refugees, poor infrastructure, the distance from other markets, and low levels of human capital among hosts and

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[124] Manji and de Berry, "Desk Review on Livelihoods and Self-Reliance."
[125] Samuel Hall, *Comprehensive Market Assessment for Kakuma Refugee Camp*, 2016, https://static1.squarespace.com/static/5cfe2c8927234e0001688343/t/5d5691b3769d1e000172cd9a/1565954567528/Rapid-Market-Assessment-Value-Chain-Analyses-in-Kakuma-May-2016-FINAL.pdf; Manji and de Berry, "Desk Review on Livelihoods and Self-Reliance."
[126] Manji and de Berry, "Desk Review on Livelihoods and Self-Reliance."
[127] Betts, Omata, and Sterck, Refugee Economies in Kenya; Christine Kamau and John Fox, *The Dadaab Dilemma: A Study on Livelihood Activities and Opportunities for Dadaab Refugees*, DRC and UNHCR, August 2013.
[128] IFC, *Kakuma as a Marketplace*.
[129] Varalakshmi Vemuru, Rahul Oka, Rieti Gengo, and Lee Gettler, *Refugee Impacts on Turkana Hosts: A Social Impact Analysis for Kakuma Town and Refugee Camp, Turkana County, Kenya*, International Bank for Reconstruction and Development, 2016, http://documents.worldbank.org/curated/en/359161482490953624/pdf/111309-revised-public-Turkana-Social-Impact-Analysis-December-2016.pdf.
[130] IFC, *Kakuma as a Marketplace*; Manji and de Berry, "Desk Review on Livelihoods and Self-Reliance."
[131] IFC, *Kakuma as a Marketplace*.
[132] Manji and de Berry, "Desk Review on Livelihoods and Self-Reliance."

refugees.[133] In Garissa, opportunities exist for growth in the agriculture, livestock, fishing, waste management, forestry, and energy sectors. However, similar barriers to investment exist.[134]

Many refugees also lack the skills and education that could help them succeed in the labor market. However, as mentioned earlier, in some host areas, refugees have comparable or higher levels of education compared with hosts—so skill deficits are a widely shared problem. In addition, levels of education are lower among host and refugee women, which means they face even greater barriers to labor market success.[135] And the skill deficit among refugees may grow over time, as many refugees have trouble accessing basic education.[136] Many refugees also lack language skills in English and Swahili, which further inhibits their ability to succeed in the labor market.[137] "Alain," a Congolese refugee in Kalobeyei, told the research team,

> *At first I could not communicate well with Kenyans because my Swahili is different and they could not understand French. Being in a foreign country, one lacks confidence, which creates a limitation in searching for work.*

Another major economic impediment for refugees is a lack of access to financial capital and banking services, which makes it difficult to start businesses and save. In Nairobi, only 7 percent of Somali refugees and 2 percent of Congolese refugees have bank accounts, and in Kakuma, only 3 percent of refugees have bank accounts.[138] In Kakuma, many refugees want to start businesses but lack the financial capital to do so.[139] Limited financial access is caused by a number of factors. For one, not all formal banks accept refugee identification, and not all refugees have the refugee identification that some banks accept. Banks are also generally wary of lending to refugees, due to perceived risks.[140] Financial access is also limited by regulations related to mobile money, discussed earlier in "Policy Barriers."

Highlighting the problem of a lack of capital for aspiring business owners, "Zalika" told the research team,

> *In South Sudan I used to sell fish and other small items. But now in Kenya I don't have support to enable me start a business. . . . If I get money, I'll start a fish business immediately. If I get a loan I will appreciate it and start a business. I have stayed here for 5 years without business. I even thought about going back to South Sudan. But I can't because of the war.*

Economic challenges are especially acute among women. As mentioned, they have lower levels of education, which makes it harder for them to compete in the labor market. Many women also face harassment and exploitation in the workforce and discrimination in hiring, even as incentive workers for NGOs. Likely as a result, men are more commonly hired as incentive workers for NGOs in the camps than women.[141] In addition, with additional responsibilities in the home, it can be harder for

[133] IFC, *Kakuma as a Marketplace*.
[134] Manji and de Berry, "Desk Review on Livelihoods and Self-Reliance"; ILO, Doing Business in Dadaab.
[135] Samuel Hall, *Comprehensive Market Assessment for Kakuma Refugee Camp*.
[136] REACH and Norwegian Refugee Council, "Multi-sector Needs Assessment."
[137] Manji and de Berry, "Desk Review on Livelihoods and Self-Reliance."
[138] Betts, Omata, and Sterck, Refugee Economies in Kenya.
[139] NRC and IHRC, *Supporting Kakuma's Refugee Traders*.
[140] Betts, Omata, and Sterck, *Refugee Economies in Kenya*; interview with a representative from DRC.
[141] Interview with a representative from Resilience Action.

women to pursue livelihood activities or attend livelihood trainings.[142] Several different refugee interviewees discussed with the research team the challenges women face. "Aluna" said,

> *Women have many challenges. Some of them go out looking for jobs but the employers want to have sexual relationships with them in exchange for a job. Some of them end up doing so and get the job.*

"Victoria," a Congolese refugee in Kalobeyei, told the team,

> *Sometimes when I am pregnant, at the interview, they will not employ me because of my state. This is why I don't get the job. This has happened twice.*

She went on the say that women "fear sexual advances from bosses" and rape, which limits women's ability to work. Other challenges for women mentioned by interviewees included child marriage and other cultural norms that restrict women from getting an education and working.

Importantly, many of the economic challenges that women face, particularly related to sexual harassment and discrimination, can also be seen as protection issues. As such, addressing these issues could facilitate women's economic inclusion while also helping to meet their protection needs.

Economic challenges are also more acute for ethnic minorities, as they face a more limited job market. Particularly in Dadaab, where the majority of refugees are Somali, other ethnic groups face discrimination in hiring. "Burhan," a Somali refugee in Dadaab, mentioned to the research team,

> *Other nationalities like Ugandans, Rwandans, and Ethiopians don't get jobs because their ethnicities are different. Ethnicity is important here. If you are Somali, you will be given first priority. Job opportunities come rarely. That's why they prioritize according to clans or tribes.*

Similarly, "Jamilah," also a refugee in Dadaab, claimed, "You must be Somali and same tribe as your interviewers. They don't want any other tribe."

The economic challenges for refugees may be further compounded by the ongoing effects of COVID-19. As mentioned earlier, it is likely that the lockdown and reduction of demand caused by the outbreak has had a severe impact on refugee livelihoods. Moving forward, the remaining lockdown measures will eventually be lifted as vaccines are rolled out (many have already been lifted). As this happens, some livelihood opportunities will return. But if the economic growth remains stunted and recovery is slow, then demand may remain diminished, and could thus continue to undermine refugees' already-insufficient livelihoods.

Progress and ongoing efforts

Fortunately, many efforts are underway to address the economic barriers to economic inclusion that both refugees and hosts face. In both Turkana and Garissa, the county governments and their partners are working to invest in new irrigation technologies to support the agriculture industry.[143] Many international organizations are also supporting economic development in all three major host areas, leading supply chain development activities, working with the private sector to create jobs, and investing in infrastructure development.[144] For example, a partnership between the ILO, World Bank,

[142] Interview with a representative from IRC.
[143] Manji and de Berry, "Desk Review on Livelihoods and Self-Reliance."
[144] Kamau and John Fox, *The Dadaab Dilemma*; Alexander Betts, Antonia Delius, Cory Rodgers, Olivier Sterck, and Maria Stierna, *Doing Business in Kakuma: Refugees, Entrepreneurship, and the Food Market*, Refugee Studies Centre, 2019, https://www.rsc.ox.ac.uk/

IFC, UNICEF, and UNHCR, funded by the Netherlands government, is planning a joint public works program with the Kenya roads board in Turkana that will focus on developing roads while also providing training for refugees and hosts to engage as employees in the project.[145] These and other efforts by international organizations are also helping to stimulate private-sector involvement. Most notably, IFC has developed a USD 25 million fund, the Kakuma Kalobeyei Challenge Fund (KKFC), to incentivize private-sector investment and stimulate small business development in the two camps.[146] Businesses have also expressed interest in investing in and around Dadaab, if provided with adequate support.[147]

Importantly, actions are being taken to develop refugees' and hosts' skills as well as economic opportunities. For one, many international organizations and NGOs offer vocational and business training to refugees and hosts. Furthermore, efforts are being made to increase refugee access to education. In partnership with development actors, the Ministry of Education has drafted a policy for increasing refugee inclusion in the national education system—a move that could increase refugees' access to quality education.[148] Related to the topic of education, the government is also taking steps to make it easier for refugees to certify their skills and qualifications.[149]

Another important development is the movement away from in-kind assistance toward cash assistance. Traditionally, humanitarian organizations such as the World Food Programme (WFP) have provided in-kind assistance (i.e., they have provided food) to recipients. Recently, in Kakuma and Kalobeyei camps, they have shifted toward a model that gives recipients credits that they can use to buy food from designated vendors. This approach has the advantage of supporting local businesses as well as the well-being of refugee recipients. Moving forward, WFP and other organizations can have an even greater impact on the wider economy by providing cash rather than credits.[150]

Efforts are also being made to improve financial access for refugees. UNHCR is advocating for regulations that allow for easier access for refugees.[151] Many NGOs are also working to provide financial services, and Equity Bank, a commercial bank in Kenya, is working with many of these organizations to provide loans.[152]

Progress has also been made by the Turkana county government, which, for the first time, included refugees in the county development plans (for 2018–2022).[153] Similarly, the Turkana government partnered with UNHCR and others to create the Kalobeyei Integrated Socio-Economic Development Programme, an area-based approach to development planning for refugees and their hosts.[154] Garissa

publications/doing-business-in-kakuma-refugees-entrepreneurship-and-the-food-market; Manji and de Berry, "Desk Review on Livelihoods and Self-Reliance"; O'Callaghan et al., "The Comprehensive Refugee Response Framework: Progress in Kenya."
[145] Interview with a representative from the ILO.
[146] IFC, AECF, *IFC Launch Global Competition for Private Sector and Social Enterprises in Kenya's Kakuma Refugee Hosting Area*, November 2020, https://pressroom.ifc.org/all/pages/PressDetail.aspx?ID=26065
[147] ILO, *Doing Business in Dadaab*.
[148] UNESCO, "Learning Together: Inclusive Education for Refugees in Kenya," June 19, 2020, http://www.iiep.unesco.org/en/learning-together-inclusive-education-refugees-kenya-13451.
[149] RAS, Twitter post, February 26, 2021, https://twitter.com/refugeeaffairs/status/1365260170444611586.
[150] Olivier Sterck, Cory Rodgers, Jade Siu, Maria Flinder Stierna, and Alexander Betts, *Cash Transfer Models and Debt in the Kalobeyei Settlement*, Refugee Studies Centre, 2020, https://www.rsc.ox.ac.uk/publications/cash-transfer-models-and-debt-in-the-kalobeyei-settlement.
[151] UNHCR, Global Focus, Kenya, accessed June 2020, https://reporting.unhcr.org/kenya.
[152] Neha Sud, "A Refugee Community in Kenya Is Open for Business," IFC, May 2018, https://www.ifc.org/wps/wcm/connect/news_ext_content/ifc_external_corporate_site/news+and+events/news/cm-stories/kakuma-refugee-camp.
[153] Turkana County Government, *Turkana County: County Integrated Development Plan (Popular Version), CIDP II*, 2018–2022, https://www.turkana.go.ke/wp-content/uploads/2019/10/Turkana_CIDP_Book_POPULAR_V3.pdf.
[154] UNHCR, *KISEDP (Kalobeyei Integrated Socio-Economic Development Plan in Turkana West)*, n.d., https://www.unhcr.org/ke/kisedp-2.

county is now undergoing a similar process.[155] Such planning could pave the way for a more integrated approach to development that leverages the skills of refugees while also accounting for their needs.

BENEFITS OF GREATER ECONOMIC INCLUSION

Clearly, refugees face many barriers to economic inclusion. But, as this section shows, reducing those barriers has the potential to benefit both refugees and hosts. Even where refugees have had limited inclusion, there have already been benefits. Alongside policies that promote economic inclusion, increased support from development organizations and others will further gains for refugees and hosts.

Impacts for refugees

Greater economic inclusion for refugees would imply a reduction in the large income and poverty gaps between refugees and citizens. As mentioned in the introduction, 58 percent of refugees in Kalobeyei live below the national poverty line, compared with 37 percent of Kenyans nationwide. The gap is likely similar for refugees in Dadaab. It is much smaller, though still substantial, for refugees in Nairobi, who earn about USD 50 to USD 70 per month on average less than Kenyans.[156]

Evidence from contexts similar to Kenya, such as Ethiopia, suggests that income gaps for refugees often have little to do with refugees' personal characteristics such as education and age. Rather, they are more likely driven by location and policy factors such as the right to work and freedom of movement.[157] In Kenya, given that most refugees are in relatively underdeveloped areas of the country, refugees have relatively high levels of education, and refugees face restrictive policy environments, it is likely that the same trends are driving income gaps.

Therefore, progress on economic inclusion, driven by changes to the policy environment, could lead to major income gains for refugees. This would, in turn, lead to a wide range of benefits, including greater food security and reduced protection concerns. And it would entail broader economic benefits for the entire population of Kenya.

However, it is important to recognize that increased income alone is not a panacea for all protection concerns and other needs. For example, not all refugees will be able to achieve self-reliance. Moreover, refugees will still need access to basic services—such as education and healthcare—whether living within camps or among host communities. Thus, humanitarian organizations will need to continue providing support.

[155] Interview with a representative from an NGO.
[156] UNHCR and WBG, *Understanding the Socioeconomic Conditions of Refugees in Kalobeyei; Betts, Omata, and Sterck, Refugee Economies in Kenya*.
[157] Jimmy Graham and Sarah Miller, *From Displacement to Development: How Ethiopia Can Create Shared Growth by Facilitating Economic Inclusion for Refugees*, Center for Global Development and Refugees International, 2021, https://www.refugeesinternational.org/reports/2021/6/9/from-displacement-to-development-how-ethiopia-can-create-shared-growth-by-facilitating-economic-inclusion-for-refugees.

Impacts to date on hosts

The effects of refugee populations on host communities have been complex and, especially in Garissa and Turkana, substantial. Representing about 20 percent of the local population in Turkana and 25 percent of the local population in Garissa,[158] the refugee populations have caused major economic, demographic, and environmental shifts. And although the effects have likely been less dramatic in Nairobi, they have nonetheless been significant. Certainly, the changes have not been positive for all hosts, but there is strong evidence that the changes have been positive overall. This is especially true in economic terms, as host areas have seen a growth in their economies and employment opportunities.

The arrival of refugees in the Kakuma and Dadaab areas brought a large growth in consumption and spending. The annual consumption in Kakuma camp is estimated at around USD 16.5 million, just over 40 percent of the USD 39.7 million in annual consumption for Kakuma town.[159] Similar growth in consumption has been observed around Dadaab.[160]

This expansion in consumption has brought a wide range of benefits to hosts—which the Kenyan government has acknowledged.[161] According to a World Bank simulation, refugees are estimated to have increased gross regional product by 3.4 percent and per capita income by 0.5 percent over the first five years after arrival.[162] Indeed, the Turkana hosts benefit from increased sales to refugee populations (including for farmers, herders, and other self-employed workers) and employment opportunities created by NGOs and the growth of other businesses in the region.[163] Around Dadaab, the annual host income from livestock and milk sales, respectively, to refugees alone is estimated at about USD 1.3 million and USD 1.2 million. Moreover, more than 600 hosts are believed to be employed by NGOs and international organizations in the area.[164] One study provides rigorous evidence for the economic benefits of refugee spending. It found that, when legal restrictions caused a decrease in remittances to refugees, host incomes suffered.[165]

Further evidence of the benefits of the refugee populations is found in the growth of host populations around camps, which have been attracted by the growth in markets. Around Kakuma, there are many Kenyans from outside Turkana that migrated to the area for economic opportunity.[166] The area within

[158] Authors' calculations using UNHCR, "Kenya: Registered Refugees and Asylum-Seekers as of 30 November 2018," https://www.unhcr.org/ke/wp-content/uploads/sites/2/2018/12/Kenya-Infographics_November-2018.pdf; Kenya National Bureau of Statistics, "2019 Kenya Population and Housing Census Volume I: Population by County and Sub-County," 2019, https://www.knbs.or.ke/?wpdmpro=2019-kenya-population-and-housing-census-volume-i-population-by-county-and-sub-county.
[159] IFC, *Kakuma as a Marketplace*.
[160] Royal Danish Embassy, Republic of Kenya, and Norwegian Embassy, *In Search of Protection and Livelihoods*.
[161] *Support for Host Community and Refugee Empowerment (SHARE)*.
[162] Jennifer Alix-Garcia, Erhan Artuc, and Harun Onder, *The Economics of Hosting Refugees: A Host Community Perspective from Turkana*, World Bank, 2017, http://documents1.worldbank.org/curated/en/695271488823317264/pdf/113183-replacement-PUBLIC-The-Economics-of-Hosting-Refugees-final.pdf.
[163] Betts, Omata, and Sterck, *Refugee Economies in Kenya*; Alix-Garcia, Artuc, and Onder, *The Economics of Hosting Refugees*.
[164] Christine Kamau and John Fox, *The Dadaab Dilemma: A Study on Livelihood Activities and Opportunities for Dadaab Refugees*, Intermedia Development Consultants, 2013, https://www.alnap.org/help-library/the-dadaab-dilemma-a-study-on-livelihood-activities-and-opportunities-for-dadaab.
[165] Jennifer Alix-Garcia, Sarah Walker, and Anne Bartlett, "Assessing the Direct and Spillover Effects of Shocks to Refugee Remittances," *World Development* 121: 63–74, https://www.sciencedirect.com/science/article/abs/pii/S0305750X19301044?dgcid=raven_sd_via_email.
[166] Betts, Omata, and Sterck, *Refugee Economies in Kenya*; Alix-Garcia, Artuc, and Onder, *The Economics of Hosting Refugees*.

50 kilometers of Dadaab has been growing by about 12 percent per year, compared with the regional average of about 4 percent.[167]

In addition to the economic effects, hosts also benefit from the provision of services from NGOs and international organizations. As mentioned earlier, many hosts perceive services to be unfairly distributed, with refugees receiving more support than their host communities, many of whom are themselves impoverished. It is thus understandable that aid groups have worked to expand services for hosts as well.[168]

Less research has been conducted on the economic effects of refugees in Nairobi, but they likely have had a positive, albeit less pronounced, impact. A large body of economic research shows that inflows of refugees often bring economic benefits to host communities, with small or null impacts on labor markets.[169]

However, not all hosts have benefited. To be sure, the refugee arrival has certainly led to more jobs for hosts, not fewer. A World Bank analysis of the Kakuma labor market suggests that, even for low-skilled workers, employment opportunities have grown.[170] Nonetheless, labor market outcomes for some groups in the host communities may have worsened in the short term following the arrival of refugees. Notably, those working in the tradable goods sectors likely saw a loss of employment and income (due to the influx of tradable goods from aid providers, which lowered prices). Over the longer term, those individuals can shift to the growing nontradable goods sector—but the effects in the short term can still be painful.[171] Price increases have also helped some (net sellers) while harming others (net buyers).[172]

It is important to also consider how the refugee arrival has affected other factors, such as security and the environment. Regarding the former, it is difficult to make unequivocal judgments. There have been some instances of cattle theft in Kakuma, likely driven by increases in cattle prices. The perpetrators of such crimes are usually unknown, but they are often linked by locals (with limited or no evidence) to refugees.[173] In short, security challenges brought by refugees are widely perceived as a problem in the area, but they seem to be largely driven by rumors, as few refugees have experienced or know anyone who has experienced security problems.[174]

In Dadaab, security challenges are far more salient. As mentioned previously, many hosts express concerns about an increase in terrorist attacks and use of guns, which they perceive as linked to the refugee camp. Indeed, terrorist attacks and petty crime have increased in recent years, but there is no evidence that links them to refugees. Terrorism has increased in northeastern Kenya more broadly, not just around the Dadaab camps. Moreover, no known refugees have been convicted of terrorism.[175] Still, it may be that the refugee camp has presented an opportunity for nonrefugees associated with

[167] Royal Danish Embassy, Republic of Kenya, and Norwegian Embassy, *In Search of Protection and Livelihoods*.
[168] Sanghi, Onder, and Vemuru, *"Yes" in My Backyard?*; Royal Danish Embassy, Republic of Kenya, and Norwegian Embassy, In Search of Protection and Livelihoods; Manji and de Berry, "Desk Review on Livelihoods and Self-Reliance."
[169] Michael Clemens, Cindy Huang, and Jimmy Graham, "The Economic and Fiscal Effects of Granting Refugees Formal Labor Market Access," Working Paper 496, Center for Global Development, 2018, https://www.cgdev.org/publication/economic-and-fiscal-effects-granting-refugees-formal-labor-market-access.
[170] Alix-Garcia, Artuc, and Onder, *The Economics of Hosting Refugees*.
[171] Ibid.
[172] Ibid.
[173] Betts, Omata, and Sterck, Refugee Economies in Kenya; Alix-Garcia, Artuc, and Onder, The Economics of Hosting Refugees.
[174] Sanghi, Onder, and Vemuru, "Yes" in My Backyard?
[175] ReDSS/Samuel Hall, Devolution in Kenya.

terrorist groups such as Al-Shabaab to operate more actively in the country—which may explain the increase in crime and violence.[176]

There are also problems regarding environmental degradation around the camps. For example, around Kakuma, there are concerns regarding the loss of grazing lands due to camp expansion.[177] Around Dadaab, deforestation is continuing at a steady pace and creating conflict around access to resources.[178]

Despite the negative effects of the refugee arrivals, it is clear that the net economic effects are positive. Indeed, the large arrival of Kenyans to host areas signals that refugees can bring many benefits. Furthermore, economic analysis has shown that income per capita among those in refugee-hosting areas is growing, including among the poorest residents. Nonetheless, it is important to keep in mind that not all hosts have benefited and that security and environmental challenges remain in these areas. It is therefore important for policymakers and other actors to take steps to support those that have been negatively affected and address other challenges.

Impacts of greater economic inclusion on hosts

To understand the possible effects of greater economic inclusion of refugees, it is useful to consider two scenarios: one in which economic inclusion is allowed at the local level, with refugees permitted to move and work within their hosting region, and another in which refugees are allowed to fully integrate in the economy by living and working wherever they choose.

Regarding the latter, a recent World Bank simulation provides estimates for the effects of full integration for refugees who reside in Kakuma on economic output in the Turkana region and in the whole of Kenya.[179] It suggests that, in the short term, economic integration would create a boost in incomes for locals, as refugees could contribute more to the economy as workers and consumers. However, over time, with more refugees leaving the area, demand (and with it income) would fall in the region. Correspondingly, income would rise marginally for the country as a whole, as the economic benefits of hosting refugees would spread more widely. It should be noted, however, that this analysis assumes a large movement of refugees from the hosting counties—something that is certainly not guaranteed given refugees' social and cultural ties to the host areas.

In contrast, if refugees were allowed economic inclusion only at the local level, the simulation predicts a more sustained boost to incomes for local hosts, without an additional positive effect for the rest of Kenya. In either case, refugee economic inclusion would create a net benefit, but the distribution of benefits would be different. To maximize growth at the local level, a local integration policy would be most effective. To maximize overall growth, a full economic inclusion approach would be the best route.

The World Bank simulation estimates the overall economic benefit of greater integration, but how exactly do such benefits emerge? First, as discussed earlier, refugees benefit host economies by boosting consumption. If allowed to integrate into the economy, they would earn more and thus consume even more. Second, if labor market restrictions were lowered, refugees could create more

[176] Damien McSweeney, "Conflict and Deteriorating Security in Dadaab," Humanitarian Practice Network, March 2012, https://odihpn.org/magazine/conflict-and-deteriorating-security-in-dadaab/.
[177] Betts, Omata, and Sterck, *Refugee Economies in Kenya*.
[178] Royal Danish Embassy, Republic of Kenya, and Norwegian Embassy, *In Search of Protection and Livelihoods*.
[179] Alix-Garcia, Artuc, and Onder, *The Economics of Hosting Refugees*.

businesses, thus creating employment opportunities. They could also contribute to more local businesses as employees, thus boosting productivity, and apply their skills more fully in the labor market.

Third, especially in Nairobi, where refugees already work in the same informal markets as hosts, expanding access to the formal market may reduce job competition that may currently exist. While many refugees may continue working informally even if given the opportunity to work formally, some may indeed enter the formal market. In doing so, competition with informal workers would be reduced. This would also reduce the possibility of negative labor market effects in the economy as a whole, as refugee and migrant employment tends to have negative labor market effects only when confined to certain areas of the labor market (such as the informal market).[180]

Fourth, a more open economic environment for refugees could lead to greater private-sector investment. Presently, many larger companies are hesitant to invest in host areas because of the large degree of informality, the inability for most refugees to work formally, and restrictions on movement that limit refugees' interactions with markets. If refugees have work rights and greater freedom of movement, private-sector investment in and around camps will be more likely.[181] This investment would, in turn, lead to greater economic development and job opportunities for refugees and hosts.

These combined factors and the World Bank analysis suggest that, at the very least, Kenya should pursue policies that allow for greater economic inclusion at the local level. Inclusion in the broader economy may further accelerate benefits by allowing refugees to apply their skills more fully. A policy allowing for full inclusion for all refugees would provide the most net benefit to refugees and Kenya but may be less beneficial for hosting counties.

In light of the severe economic effects inflicted by the COVID-19 outbreak, the economic benefits of greater economic inclusion (at least locally) will be more important than ever. With refugees suffering, they would benefit greatly from higher incomes. With businesses suffering, an increase in incomes could help boost demand and provide much-needed revenues to many ailing firms. And with high unemployment, an expansion of economic activity and reduced pressure in the informal market could help create jobs for many Kenyans looking for work.

Still, it is important to underscore the possibility of distributional effects even among net benefits for hosts. As mentioned above, hosts working in the tradable goods sectors may have seen a loss of employment and income due to the arrival of refugees, even as the economy as a whole benefited. Similar distributional effects could occur in response to greater inclusion. To guard against that possibility, international organizations could work to support the reintegration of the most affected hosts into the economy.

In addition to economic effects, it is important to also consider potential effects on security, the environment, and social tensions. It is hard to accurately forecast these effects, but it is worth speculating about possible changes. Regarding security, while refugees are not linked to increases in petty crime, higher incomes would likely reduce any crime that does occur. As for terrorist threats, were refugees able to move and work more freely, there is no reason to think that threats would

[180] Clemens, Huang, and Graham, "Economic and Fiscal Effects."
[181] IFC, *Kakuma as a Marketplace*; interview with a representative from the Tent Partnership for Refugees; interview with a representative from DRC.

increase. Already, some refugees (including in Garissa) have obtained movement passes, and this has not caused security challenges.[182]

Regarding environmental effects, economic inclusion may lead to positive outcomes. If refugees are less reliant on camps and can instead reside freely throughout the country, then future camp expansions (and subsequent encroachment on local land) will be less likely. And with smaller populations in camps, the environmental impact should be smaller.

Economic inclusion could also affect social relations and tensions. To the extent that it affects the economy, security situation, and environment, tensions could improve or worsen. For example, if inclusion leads to a further expansion of the economy, then perceptions of refugees may continue to improve. Regardless of the effects of inclusion on hosts, positive perceptions and reduced tensions may depend on improved services for host communities. Greater access among refugees to humanitarian services is already a point of contention, and if this concern is not addressed prior to an increase in inclusion, then resentment could grow.

RECOMMENDATIONS

This section recommends actions that the government of Kenya, international organizations, NGOs, and the private sector can take to facilitate refugee economic inclusion and achieve the benefits outlined earlier. For the recommendations to the government, the focus is on incremental changes that have impact in light of the political context. Particular emphasis is given to changes that would require no legislative action, and that may therefore be easier to enact.

Recommendations for international organizations include means to incentivize policy changes by the government. They also include actions that organizations can take to change their own practices. Recommendations are also included for the private sector, which can play a key role in creating economic opportunities and influencing policy.

These recommendations are not comprehensive, but rather focus on actions that are not already in progress and that would be both practical and meaningful for progress.

To the government

Expedite and clarify the RSD process, including for refugees in Dadaab

As stated earlier, asylum seekers in Kenya face significant barriers—including long delays in processing and a lack of clarity around RSD process—to obtaining identification as refugees. Moreover, new arrivals to Dadaab cannot register at all. And without identification, refugees face greater harassment from officials, and it hinders their ability to access services and operate businesses.

To confront this problem, RAS should seek ways to decrease the time it takes to complete RSD and work to eliminate the large backlog of cases. This is stated to be one of the main areas where RAS wants to make progress. It is also an area where technical and resource capacity is reportedly a much greater barrier than political will.[183] As mentioned previously, the passage of the 2019 Refugee Bill will help address this problem. In addition, RAS should work with international actors with technical expertise

[182] Interview with a representative from DRC.
[183] Interview with a representative from RAS; interview with a representative from an international organization.

to build processing capacity by creating more efficient systems. UNHCR has already supported this work in the country—and should continue to do so. Donors such as the World Bank should also help by providing funding to finance new systems and expand the number of staff. Moreover, RAS should produce clear guidelines for the RSD process and make these guidelines available to refugees. The guidelines should state where refugees need to apply, the exact fees involved (to mitigate problems of corruption), and how exactly to apply. Finally, the government should resume registrations in Dadaab, with the help of international actors in improving screening measures.[184]

Clarify and expand the provision of movement passes

The Kenyan government already allows refugees to obtain movement passes to leave camps. While it should go further in allowing freedom of movement for all refugees, this current policy has still been useful to many refugees, especially those seeking education outside camps. However, the government can modify the policy to make it even more impactful. And, considering the government's commitment in the SHARE document to "enhance refugees' freedoms and rights (reviewing and amending policies and legislation on freedom of movement and access to labour markets)," this appears to be an achievable goal.

As discussed, the application process for movement passes is opaque, with rejections and fees issued seemingly arbitrarily. Furthermore, most passes are only short term, making it hard for business owners (and their employees) to operate outside camps or for refugees to maintain employment in the areas around camps.

To address these problems, RAS should clarify application guidelines, including the fees involved, the process, where to apply, and the circumstances under which applicants should expect to be accepted or rejected. RAS should also extend the duration of the passes, especially for employment reasons. Importantly, this would not require major legal changes, but only policy changes within RAS.

In this context, the expansion of movement passes could be focused on movement in local areas. Given the greater willingness of local governments and populations to interact with refugees, doing so should be more politically feasible. It could also yield significant economic benefits, without major policy changes or political costs.

Simplify and clarify procedures for work permit provision

The 1951 Refugee Convention and the 1967 Protocol envision refugees having access to the right to work. In addition to providing movement passes to refugees, the government also allows some refugees to obtain work permits, specifically the Class M permit. However, as discussed, the application process is unclear and difficult to complete. Therefore, the government should ease requirements for Class M permits, including by reducing the number of documents required for processing. It should also publish clear guidelines for the procedure and allow refugees to complete the process. Again, considering the government's commitment in the SHARE document to expand access to the labor market, these goals should be within reach.

It is important to note that most refugees that benefit from Class M permits are those with higher levels of education who can find work in the formal sector. This is true in part because the permit requires a recommendation from an employer and because those who can find work in the formal sector have a greater incentive to obtain a permit.[185] Therefore, a clarification and simplification of the procedure

[184] *Support for Host Community and Refugee Empowerment (SHARE).*
[185] Interview with a representative from DRC.

would not likely lead to a large increase in the number of refugees in the labor market. Rather, it would make it easier for highly educated refugees to apply their skills in the formal market, thus reducing competition in the informal market and providing benefits to employers.

It is also important to keep in mind that, in addition to requiring an employer's recommendation, the Class M permit must be obtained in Nairobi. Those requirements may be unlikely to change because they prevent permits from being available to all refugees, which, again, is not something the government seems willing to change. While wider change is needed, it may be more feasible to instead allow highly qualified refugees in camps to obtain movement passes to complete the Class M permit process and look for potential employers in Nairobi. This would require minimal changes to the existing regulations, would maintain barriers to widespread permit provision, and would provide a pathway to formal employment for highly educated refugees.

Expedite permit provision for participants in joint livelihood programs

Another means to increase permit provision is through joint livelihoods programs. The approach could be modeled on the system currently in use in Ethiopia. There, the government has committed to providing a set number of work permits to refugees. Such permits are provided to refugees that participate in joint projects, which are livelihood programs led by international organizations that create job opportunities for an equal number of refugees and hosts. By providing benefits to the host community, the joint projects create political incentives for permit provision.

In Kenya, a similar approach could be taken. International organizations could create livelihoods programs that include an equal number of hosts and refugees, potentially connecting the participants with jobs in urban areas, where there are more opportunities. Upon completion of the program, refugee participants could be fast-tracked to receive Class M permits. As such, the program would not require legal changes, but rather an agreement between the government and the implementing organizations.

Facilitate the process of business license provision

One area where local government can make a difference is in business licensing. Already, business licenses are much easier for refugees to obtain than work permits. But there are improvements that can be made. Local governments should ease the requirements for license provision by reducing the number of documents needed. They should also adjust online systems so that refugees can apply with their alien cards. Furthermore, they should make all procedures clear by publishing guidelines that outline the necessary fees and documents and provide step-by-step instructions on the process. Finally, they should ease the requirements related to a formal place of business. This would allow street vendors and others without a permanent business facility to obtain legitimacy and protection from harassment. Importantly, such shifts could also allow women to receive permits for home-based businesses—an important option for women who cannot leave the home to run businesses, due to domestic obligations.

Change regulations to allow refugees to access mobile money

In the past, refugees could access mobile money in Kenya using their refugee identification. But with the implementation of Know Your Customer (KYC) regulations, designed to counteract money laundering, refugee IDs were no longer valid for setting up mobile money accounts. As a result, many

refugees lost access to mobile money.[186] Today, the vast majority of refugees are without access.[187] Given the ubiquity and importance of mobile money for saving and conducting business and transactions, this is a major impediment to refugee economic inclusion.

Given the importance of financial access for refugee economic inclusion, the Kenyan government should pass regulation to allow refugee alien cards to serve as a valid form of documentation for mobile money. In the SHARE document, the government has already expressed its interest in expanding refugee access to mobile money.[188] Furthermore, case studies from other humanitarian settings show that, with the right precautions (such as transaction limits for individuals registered with refugee IDs), refugees can be included in mobile money services without creating money laundering risks. That is, these changes can be made in a way that still complies with KYC regulations.[189]

To donors, international organizations, and NGOs

Tie funding—through the World Bank Window for Host Communities and Refugees or a compact—to concrete policy progress

As discussed, the political barriers to policy progress are many. They include a lack of political will on the part of the national government, which has the greatest power to make changes. Nonetheless, it is feasible to think that many of the incremental policy changes previously enumerated—particularly those that do not involve legal changes—could be achieved in this political environment, especially if donors create the right incentives.

One means to create incentives is to tie development funding for the government to policy changes. The World Bank WHR is one promising modality for creating these funding incentives. Already, funding through the WHR is conditional on a government's commitment to policy progress. To create significant incentives and to cover costs incurred by the government in managing refugee policy, part of this funding could be disbursed directly to the government. For example, funds could be used for the management of the RSD process and movement pass provision, which could be instrumental in clearing the large RSD backlog that is so detrimental to many refugees' economic inclusion.

And to ensure that these commitments translate into changes, the World Bank should link funding to specific outcomes. For example, the disbursement of a certain amount of the funding could be tied to refugees being able to access mobile money. Other tranches could be tied to a set number of refugees receiving work permits or extended duration movement passes for businesses. As in Ethiopia,[190] the provision of work permits could also be achieved through joint projects, as mentioned above. As such, work permit provision would be executed through livelihood programs and would also lead to grant disbursement—creating a double incentive for the government.

However, although such funding creates some degree of incentive, it may be limited in the policy impact it can achieve. This is because funding through the WHR is used to support refugees and marginalized host areas—which may not be at the top of the government's list of priorities and may

[186] Interview with a representative from DRC.
[187] Interview with a representative from the Global Refugee-Led Network.
[188] *Support for Host Community and Refugee Empowerment (SHARE).*
[189] GSMA, *Refugees and Identity: Considerations for Mobile-Enabled Registration and Aid Delivery*, 2017, https://www.gsma.com/mobilefordevelopment/wp-content/uploads/2017/06/Refugees-and-Identity.pdf.
[190] Graham and Miller, *From Displacement to Development: Ethiopia*.

therefore be insufficient to overcome political barriers to certain policies, such as those requiring legal changes.

To overcome such barriers, funding incentives may need to go beyond grants to hosting regions. For example, Kenya could again follow the lead of Ethiopia by creating a Compact approach to policy conditionality. In Ethiopia, the "Jobs Compact" is a program funded by the World Bank, the European Investment Commission, and the UK Foreign Commonwealth and Development Office, which commits USD 550 million in financing to support Ethiopia's development agenda. Most of the funding is provided as budget support. Some, but not all, of the budget support is tied to progress on refugee-related issues. The incentives created by the Jobs Compact have played a role in driving policy progress in the country.[191]

In Kenya, a Compact could play a similar role in funding broader development priorities for the government, thus creating meaningful incentives for the Kenyan government. With these incentives, more ambitious policy changes could be pursued, including those outlined earlier and potentially even more progressive policies, such as the expansion of designated areas for refugees to entire hosting counties (thus ending the encampment policy). As in Ethiopia, this approach could be led by the World Bank and also bring in other donors committed to meaningfully advancing refugee economic inclusion while also supporting broader economic progress in Kenya. Importantly, this approach would still likely lead to incremental changes, with a gradual expansion of refugees in the labor market rather than a massive influx. Indeed, even in countries like Colombia, where the government granted full work rights to hundreds of thousands of refugees all at once, only a small proportion actually entered the formal labor market.[192] This suggests that it takes time for economic integration to progress, and that it is an incremental process.

Sponsor refugees as employees

Many international organizations and NGOs hire refugees as incentive workers; however, the pay for these positions is, as required by regulations, very low. Several refugees highlighted the injustice of these regulations in interviews. "Victoria" said, "You will find that a Kenyan is paid a lot more money than a refugee even when they are doing the same work. This makes one feel hopeless." "Malek" expressed a similar view: "I'm surprised what happens here. As refugees in Kalobeyei we only get incentives. And we are working equally hard. But in my country, a foreigner is paid like a citizen."

Rather than settle for working with refugees in this capacity, NGOs should make efforts to hire refugees as employees. Hiring refugees would require them to obtain Class M permits. Certainly, this would entail a great deal of extra work, especially for NGOs located in camps, since the permit must be obtained in Nairobi. It would likely also require NGOs to provide refugees with legal support to carry out the process of registration. Moreover, one might argue that direct hiring would support relatively few refugees, and the extra resources spent to complete this process of permit provision could be used to support refugees in other ways.

But hiring refugees directly could, in fact, bring many benefits. For one, it would provide hired refugees with a substantial source of income. It would also give them valuable work experience and experience with the permit acquisition process—both of which could expand their future work

[191] Ibid.
[192] Jimmy Graham, Martha Guerrero Ble, Daphne Panayotatos, and Izza Leghtas, *From Displacement to Development: How Colombia Can Transform Venezuelan Displacement into Shared Growth*, Center for Global Development and Refugees International, 2020, https://reliefweb.int/sites/reliefweb.int/files/resources/displacement-to-development-colombia.pdf.

opportunities. Furthermore, NGOs could prioritize hiring women for these positions, thus addressing the disproportionate barriers that they face in the labor market.[193] Importantly, to address the gender income gap, NGOs should also ensure equal pay between male and female employees.

Launch an information campaign on registration, movement passes, work permits, and business licensing

This case study has highlighted how a lack of clarity is a consistent problem for refugees trying to access various forms of documentation, including IDs, movement passes, work permits, and business licensing. Again, the first step to addressing this problem is for the government to create clear guidelines and indicate willingness for greater permit provision (which could be achieved through funding incentives). Without government cooperation in this regard, it will be difficult for other actors to help create clarity. In fact, a partnership between various organizations (including UNHCR, the Danish Refugee Council, and the Refugee Consortium of Kenya) previously attempted to clarify guidelines for work permits and actively facilitate access for refugees. However, RAS blocked the attempt, likely because it was uninterested in expanding the number of permits.[194]

Once government buy-in is achieved, NGOs and international organizations should play an active role in facilitating the provision of information and application guidelines to refugees, both in camps and in Nairobi. As such, they would play a role in amplifying the guidelines created by the government. For example, UNHCR should give out packets of key information whenever its staff interact with refugees. NGOs could use radio programming to spread information. For business licensing, after government buy-in, information provision can begin. In providing information to refugees on documentation, NGOs and international organizations should not only describe how to obtain documentation but also emphasize the benefits of doing so—which is not always apparent. For example, some refugees were reportedly unaware of the power business licenses had in reducing harassment until they heard testimonies from refugee business owners that had obtained them.[195]

Focus livelihood support on women

As discussed previously, refugee and host women face additional challenges to economic inclusion compared to men—and those challenges have been exacerbated by COVID-19. Despite this, they often receive less livelihood support from NGOs than do men.[196] Moving forward, NGOs should prioritize the inclusion of women in livelihood programs by setting 50 percent quotas for women. In many cases, this will require adapting programs to address the specific challenges women face, including by providing childcare stipends that allow women to attend trainings.[197] Trainings should also be adapted to provide women with the specific skills they need to excel in their sectors of interest—without siloing them to traditionally women-dominated sectors, which are often less lucrative. Livelihood training that targets women should also be sure to engage married participants' partners to reduce the risk of backlash (e.g., domestic violence), promote equitable household decision making, and ensure that livelihood opportunities result in women's economic empowerment.[198]

[193] Interview with a representative from Resilience Action.
[194] Interview with a representative from DRC.
[195] Interview with a representative from DRC.
[196] Interview with a representative from Resilience Action.
[197] Interview with a representative from IRC.
[198] Interview with a representative from WUSC.

Increase assistance to host communities

Livelihood programs and service provision should not only be improved in regard to gender but also in regard to nationality. This case study has shown that unequal service provision is a major source of contention among host communities. And if economic inclusion accelerates for refugees, that contention may grow. It is therefore paramount for NGOs and international organizations to focus on including as many hosts as refugees in their programs and allowing hosts additional access to services. Many organizations are indeed doing more with host communities, but there is still progress to be made.[199]

Progress toward improved access to services can also be made through greater integration of services. That is, donors and NGOs could work toward providing services through government systems rather than their own parallel systems. To do so, they could provide capacity building and financial support—potentially through the World Bank WHR. Already, the World Bank has done an analysis of how to carry out such an approach and its potential cost. If successfully achieved, more integrated services could allow for improved access to services for refugees and hosts and a more sustainable system of quality services in host areas.

Elevate the role of refugee-led organizations in coordination and planning

Currently, many refugee-led organizations (RLOs) are left out of the coordination and planning processes led by donors and major NGOs working with refugees. Excluding them and their valuable insights serves to limit the potential for progress. Efforts are being made to address this shortcoming, with some organizations prioritizing the elevation of refugee voices in these processes. However, involvement is still ad hoc, and much more needs to be done.[200]

To address the problem, donors and other international organizations can start by systematically involving RLOs in coordination groups. They should also more actively involve RLOs in project planning, especially when they are involved as contractors. Furthermore, donors should loosen funding regulations for RLOs, so that they can involve these organizations as direct beneficiaries. This approach to flexible funding for local organizations has been successfully implemented in other settings and could be replicated for RLOs in Kenya.[201]

Expand support to private-sector investors

As the case study has highlighted, the dearth of economic opportunities in the hosting regions of Turkana and Garissa poses a challenge to economic inclusion. Greater private-sector investment could help alleviate this challenge, leading to improved livelihoods for refugees and hosts alike.

IFC is already taking the lead in facilitating increased investment. In 2018, it published a study highlighting the economic potential of Kakuma camp and the many possibilities for investment.[202] In November 2020, it launched the KKFC, a fund that will be used to reward grants through a competition to small- and medium-sized businesses that enter the camps, provide business support

[199] Interview with a representative from the ILO.
[200] Interview with a representative from and NGO.
[201] Angelika Arutyunova and Cindy Clark, *Watering the Leaves, Starving the Roots,* Association for Women's Rights in Development, 2013, https://www.awid.org/sites/default/files/atoms/files/WTL_Starving_Roots.pdf.
[202] World Bank, *Kakuma as a Marketplace : A Consumer and Market Study of a Refugee Camp and Town in Northwest Kenya* (English), 2018, https://documents.worldbank.org/en/publication/documents-reports/documentdetail/482761525339883916/kakuma-as-a-marketplace-a-consumer-and-market-study-of-a-refugee-camp-and-town-in-northwest-kenya.

services to firms in the camp (which could help facilitate business licensing), and provide financing and assessment services to larger companies looking to invest.[203]

Moving forward, IFC should build on lessons learned from that progressive endeavor to expand similar activities to Garissa county. NGOs could also step in to play a similar role. For example, in Ethiopia, the Strengthening Host and Refugee Populations program, implemented by the NGO, DAI, is focused on subsidizing the entry of businesses to camps and surrounding areas.[204] Although Garissa faces security concerns, it is more developed than Turkana and may therefore provide even more opportunities for private-sector investment. The many small businesses in the camp and surrounding area could benefit from support services. Greater refugee-driven investment in the area could also help confront negative narratives around Somali refugees and counter the possibility of camp closure. As such, overcoming security challenges to implementing a similar challenge fund in the county could create benefits for hosts, refugees, and private-sector investors.

To the private sector

Invest in host areas

In consideration of the lack of economic opportunities in host areas, perhaps the best way that the private sector can support refugee economic inclusion is by investing in camps and host communities. Doing so would create job opportunities, build greater support among Kenyans for hosting refugees, and support the economic development of marginalized counties in Kenya.

It would also bring benefits to private-sector investors. As a recent IFC report shows, Kakuma camp (and surely also Kalobeyei and Dadaab) represent large markets, with large consumer bases, that are ripe for investment. Certain sectors, such as telecommunications, are especially promising.[205]

Hire refugees and support refugee-owned businesses

Another major way that the private sector can support refugee economic inclusion is through direct hiring and supplying from refugee-owned businesses. This is especially true in Nairobi, where there is a greater concentration of businesses that could work with refugees. Given the barriers to economic inclusion that refugees face, businesses can provide a social good by helping to incorporate them into the labor market. In doing so, they not only increase their income, but also help them obtain Class M work permits and valuable experience.

To succeed in hiring refugees, companies can partner with NGOs, which can connect them with qualified refugees and help them navigate the legal barriers associated with work permits. They can also be partners with NGOs for livelihoods trainings by offering to accept refugees as apprentices or employees following trainings.

Advocate for policy progress

Given their powerful role in driving the economy and creating job opportunities, private-sector actors can play a powerful role in influencing policy.[206] And in Kenya, a number of major private-sector actors have an incentive to see progress on refugee economic inclusion policy. For example, companies in Nairobi that do want to leverage the skills of urban refugees may find it hard to obtain

[203] "Core Components," Kakuma Kalobeyei Challenge Fund, n.d., https://kkcfke.org/core-components/.
[204] Graham and Miller, *From Displacement to Development: Ethiopia*.
[205] World Bank, *Kakuma as a Marketplace*.
[206] Cindy Huang, "Global Business and Refugee Crises: A Framework for Sustainable Engagement," September 21, 2017, https://www.cgdev.org/blog/global-business-and-refugee-crises-framework-sustainable-engagement.

work permits for them. Telecommunications companies could benefit from refugees using mobile money, but it is currently impossible for most refugees to sign up, due to regulations. And these same companies, along with others, may want to invest in host areas, but could be reluctant to do so as long as refugees cannot work and move freely—which restricts their ability to contribute as consumers and employees. Facing these constraints, major companies in Kenya with political influence could create benefits for their own bottom line as well as refugees and their hosts by advocating for greater policy progress. For instance, Safaricom, the largest telecommunications provider, could play a powerful role in creating change.

CONCLUSION

As one of the world's largest refugee-hosting countries, Kenya has the potential to lead on the economic inclusion of refugees. The passage of the new Refugees Act could provide new opportunities for this. Yet, refugees in Kenya continue to face many barriers to economic inclusion. These include policy barriers, which limit their right to work, move freely, and access financial services; political barriers such as negative perceptions of refugees that limit the political will for change; and economic barriers such as limited job opportunities and a difficult climate for private-sector investment in host areas.

Overcoming such barriers could generate many benefits for refugees and host communities alike. With greater economic inclusion, refugees could earn far greater incomes, which would in turn alleviate many of their protection needs. Greater inclusion and fewer regulatory restrictions could also lead to an expansion of economic activity in host areas, greater private-sector investment, and an increase in job opportunities. To ensure that benefits are maximized, NGOs and international organizations providing humanitarian and development support must increase support for hosts, as well.

In the wake of COVID-19, these benefits will be more important than ever. The pandemic has caused a widespread loss of employment and incomes, including in host areas and for refugees in particular. By creating a stimulus and boost to the economy, greater economic inclusion could help host areas recover from the shock created by the pandemic.

Although governments are always affected by political constraints, recent shifts in the Kenyan government's willingness for change, as signaled through its buy-in to the CRRF process, suggest that there may be some openings for progress on the economic inclusion of refugees—especially if international organizations create the right incentives to further encourage Kenya. For example, the government could and should certainly expand the provision of work permits through its existing policy structure. And the international community can incentivize such actions by providing funding for the government's priorities. Working together, the government and international organizations, as well as NGOs and the private sector, can make substantial progress toward refugee economic inclusion in Kenya.

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COVER PHOTO CAPTION: Kenya. Refugee and host community women making jewelry as part of MADE 51. *Photo Credit:* © UNHCR/Loduye Ghaisen.