



WORKING PAPER SERIES NO. 120

# **Refugee economies in Kenya**

Preliminary study in Nairobi and Kakuma camp

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November 2016

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University of Oxford

# Working Paper Series

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# Acknowledgements

We would like to thank the Danish Ministry of Foreign Affairs for their funding and support for this research.

## Abbreviations

DRA	Department of Refugee Affairs, Government of Kenya
DRC	Democratic Republic of Congo
HIP	Humanitarian Innovation Project
IP	Implementing Partner of UNHCR
KES	Kenyan Shilling
RCK	Refugee Consortium of Kenya
RSD	Refugee Status Determination

# 1 Introduction: research on ‘Refugee Economies’

This working paper is based on preliminary fieldwork conducted as part of ‘Refugee Economies’ research led by the Humanitarian Innovation Project (HIP) based at the Refugee Studies Centre (RSC), University of Oxford.<sup>1</sup>

The research strand of refugee economies at the RSC is driven by an imminent need to better understand and support the economic lives of refugees. Around the world now more people are displaced than at any time since the Second World War. Over half the world’s 20 million refugees are in protracted refugee situations, having been in exile for at least 5 years. For these people, the average length in exile is now estimated to be more than two decades (Crawford et al. 2015).<sup>2</sup> Meanwhile, the volume of international aid for long-term refugees is very limited, with dwindling interest among donor countries in supporting prolonged displaced populations.

Given these daunting challenges, it is imperative to rethink refugee assistance and to seek ways to promote refugees’ economic potential. Pioneering work has already taken place in this area, drawing attention to and describing key aspects of the economies that exist in refugee camps and urban areas. However, the research on refugees’ economic lives requires more theoretical approaches. Against this backdrop, the concept of refugee economies has been developed to nurture a better understanding of refugees’ economic lives and to explain variation in economic outcomes for refugees (Betts et al., forthcoming 2016). The second section of this paper provides a more detailed explanation of the conceptual framework of refugee economies.

Between 2013 and 2014, the Humanitarian Innovation Project completed a pilot case study across four research sites in Uganda – three refugee settlements and the capital city, Kampala.<sup>3</sup> Although Uganda’s treatment of refugees is far from perfect, the host country offers refugees a relatively high level of socio-economic freedom through its Self-Reliance Strategy. For comparative purposes, we have selected Kenya as our second case study country, since it neighbours Uganda but has more stringent refugee policies that restrict socio-economic freedom. Through a comparative analysis of Uganda and Kenya, our ultimate aim is to deepen our understanding of the economic lives of refugees *vis-à-vis* different regulatory environments and to accumulate more data on variation in economic consequences for refugees.

We conducted initial research in Kakuma refugee camp and Nairobi between March and April 2016, including follow-up phone and skype interviews in May and June 2016 (see Map 1). Due to security concerns, we have decided not to include Dadaab refugee camp as a research site in Kenya. This initial fieldwork focused on the most prevalent nationalities of refugees in each site, namely Somali and Congolese refugees in Nairobi, and South Sudanese, Somali and Congolese refugees in Kakuma camp.

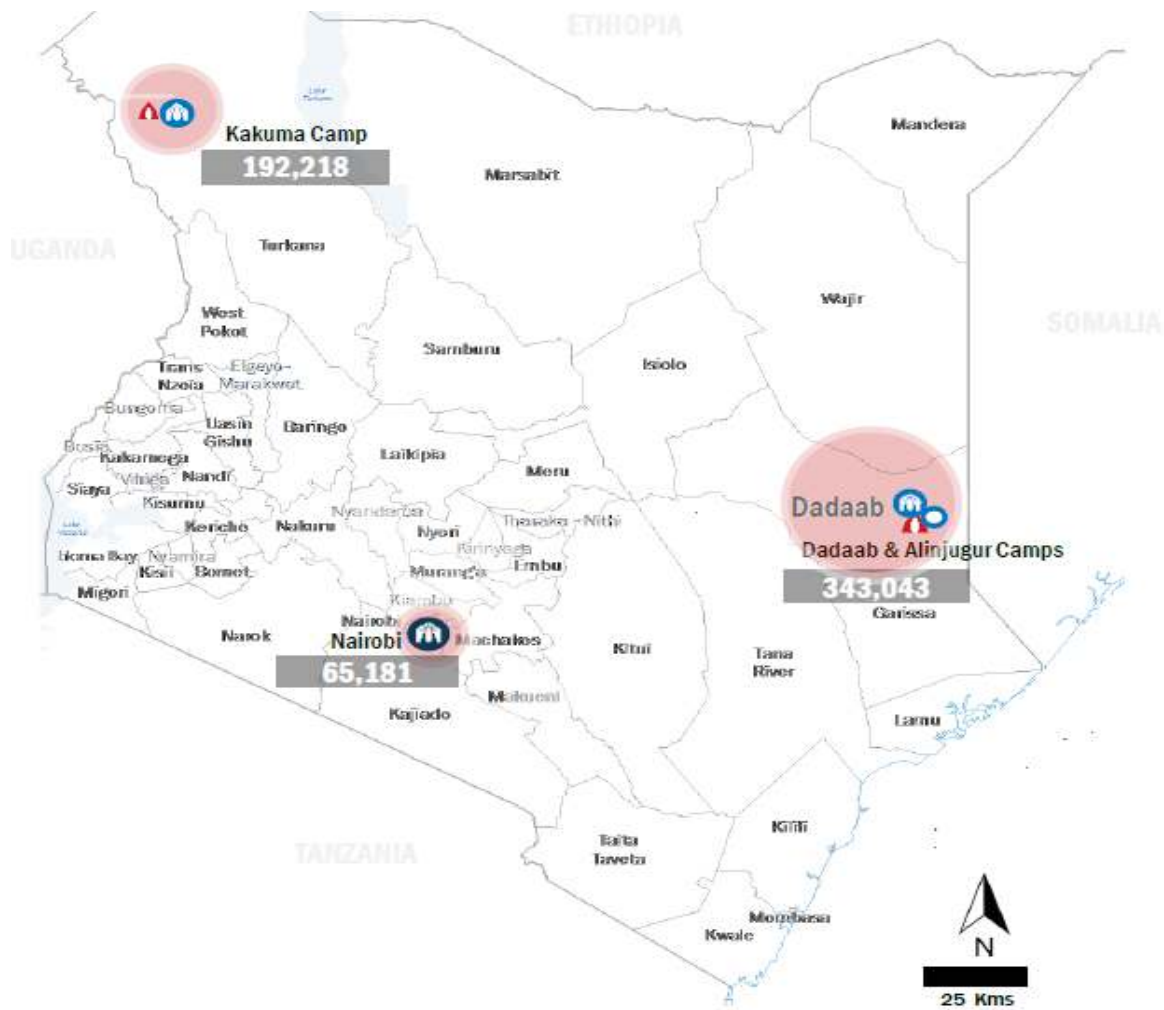
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<sup>1</sup> We are indebted, in particular, to UNHCR and RefugePoint in Kenya for their generous logistic support. We are also grateful to refugees who actively participated in this research in two sites, as well as a number of refugee-supporting agencies in Kenya, who generously shared their knowledge with us.

<sup>2</sup> This figure is estimated based on the data available as of 2011 by Crawford et al., factoring in UNRWA refugees.

<sup>3</sup> Our research in Uganda is scheduled to be published as a book titled *Refugee Economies: Forced Displacement and Development* from Oxford University Press later this year.

Map 1: Presence of refugees in Kenya<sup>4</sup>



Given the limited duration of the fieldwork, its focus was on gathering qualitative data primarily from Somali, Congolese and South Sudanese refugees, exploring the following two research questions:

1. What types of livelihoods strategies are employed by refugees living in Nairobi and Kakuma refugee camp?
2. What are the potential factors that differentiate refugees' economic lives from local host communities and amongst different refugee populations?

Qualitative methods were used, consisting mainly of semi-structured interviews, focus group discussions, and some participatory tools such as wealth breakdown exercises. To select refugee interviewees, we relied on stratified snowball sampling based on the country of origin. In addition to about 50 refugee respondents, 18 non-refugee stakeholders were interviewed in two research

<sup>4</sup> This map is taken from UNHCR's internal document titled 'Refugees and Asylum Seekers in Kenya' as of May 2016.

sites, including officials from the Kenyan government, staff members of UNHCR and its Implementing and Operating Partner agencies, and Kenyan host communities. In order to protect their anonymity and to avoid any potential negative consequences from involvement in this research, assumed names were used for all refugee interviewees, regardless of their nationality. Additionally, existing secondary sources including reports and assessments on refugees in Kenya were widely collected and reviewed.

This paper consists of seven sections. After this introduction, the second section identifies analytical gaps in the current scholarship and presents our working conceptual framework of refugee economies. The third section provides deeper contextual information about refugees in Nairobi and in Kakuma refugee camp. The fourth and fifth sections present provisional findings regarding the economic activities of refugees from different nationalities, as well as those of local host populations in these two sites. The sixth section then draws some research implications emerging from this preliminary study. Finally, the paper ends with some reflections and a description of the project's next steps.

## 2 Research on the economic lives of refugees

This section first provides a brief overview of the current scholarship on economic aspects of refugees and then outlines the concept of refugee economies developed by Betts et al. (forthcoming 2016) as an analytical framework of this paper.

### **Existing studies on refugees' economic lives**

Previous economic studies on refugee populations have typically fallen into one of two broad categories: 1) research on refugee livelihoods, which usually seeks to descriptively understand the different income-generating activities employed by refugees; and 2) 'impact' studies, which attempt to quantitatively assess the economic impacts that refugee populations have on host states.

The body of literature on refugee livelihoods has been particularly enriched over the last decade or so largely due to the failure of the refugee-assisting regime to provide effective solutions for the numerous protracted refugee situations worldwide. As refugee situations become protracted, levels of international relief are normally reduced or entirely cut off after the period of emergency (Jacobsen 2005). As a result, assistance programmes for long-term refugee situations are routinely deprived of adequate funding. With the declining financial commitment of the international donor society, it has become clear that UNHCR is unable to ensure essential needs for all prolonged refugee populations (Jamal 2000). These challenges have pressed UNHCR and other refugee-supporting agencies to pay attention to refugees' economic capacity and self-reliance, and to improve their understanding of how refugees construct their livelihoods. Alongside the burgeoning interest in refugees' economic autonomy, a number of seminal works on refugees' livelihoods have emerged (for instance, Buscher 2011; Horst 2006a; Jacobsen 2002, 2005, 2014; Kaiser 2006, 2007; Lindley 2010; Porter et al. 2008; Werker 2007; Young et al. 2007).

Another major body of literature on refugees' economic aspects is research focusing on 'refugee impacts'. In the field of forced migration, the economic impacts of hosting refugees on receiving populations or states has been a key policy agenda for decades. In the early 1980s, the first and

second International Conference on Assistance to Refugees in Africa sought to draw attention to the ‘burdens’ suffered by refugee-hosting states and their populations as a major issue in humanitarian assistance (Betts 2004). Over the following decades, concern about the socio-economic impacts of hosting refugees has remained salient. From the late 1990s through the early 2000s, a sequence of UNHCR Executive Committee standing committees published a series of reports on the socio-economic impacts that host countries face in accommodating massive refugee populations. The topic has also been engaged with by a number of researchers (for instance, Alix-Garcia and Saah 2010; Baez 2011; Kirui and Mwaruvie 2012; Ruiz and Vargas-Silva 2013; Zetter et al. 2012). In the light of the recent massive influxes of refugees from Syria into neighbouring states, the issue of refugee impacts on host nations continuously draws global attention.

These pioneering works have produced important knowledge of key aspects of refugees’ economic lives. However, what has been largely missing are overarching theoretical frameworks for understanding refugee economies. In her book *Displacement Economies in Africa*, Hammar (2014) states that to date there are no conceptual frameworks with which to make sense of the economic lives of displaced people. In particular, neither of these research strands can answer fundamental questions such as: ‘What difference does it make, in economic terms, to be a refugee, and what explains variation in economic outcomes for refugees themselves?’ By better explaining variation in economic outcomes for refugees, we may be able to fundamentally rethink the policy and practice of refugee assistance.

### **The concept of ‘Refugee Economies’**

In order to fill in this analytical lacuna, Betts et al. (forthcoming 2016) has developed the concept of ‘refugee economies’, which is broadly defined as the resource allocation systems relating to the lives of refugees. This concept represents an attempt to look holistically at what shapes the production, consumption, finance, and exchange activities of refugees, and to begin to explain variation in economic outcomes for refugees themselves.

Its conceptual starting point is that refugees are no different from anyone else as people. Betts et al. argue that what makes the economic lives of refugees distinctive is the institutional context of ‘refugeehood’. Their research highlights that refugees’ economic lives are institutionally distinctive in three ways. They lie: 1) between state and international governance, since refugees are partly under the authority of the host state and partly under the authority of international organisations; 2) between the formal and informal sectors, having some legitimate access to the formal economy but also frequently facing regulatory restrictions compared to citizens; and 3) between national and transnational economies, as the primary sources of exchange and capital for refugees may sometimes be trans-boundary.

These three features of refugeehood have been extensively recognised in previous studies. Having been excluded from state protection, refugees fall outside the ‘normal’ state-citizen relationship. As a result, during their exile, refugees occupy a particular status and position, partly governed by a state of asylum and partly by international institutions – primarily UNHCR. These features mean that the economic lives of refugees are carried out within a distinctive institutional context – which is often framed as a ‘double chain of administration’ (Colson 2004: 108).



Although the right to work for refugees is granted by the 1951 Convention, in most cases, their socio-economic rights have been narrowly interpreted by states, creating institutional barriers to the full participation of refugees in the formal economy (Kibreab 1993; Omata 2013). Due to their precarious legal status, refugees in the Global South have to constantly navigate between the formal and informal economy in their day-to-day survival (Jacobsen et al. 2014; Kibreab 2012).

While refugeehood normally creates constraints on refugees' economic activities, experiences of displacement sometimes can result in the construction or expansion of new connections. During exile, refugees retain – and often develop – social and economic networks with their homeland and frequently with fellow nationals who have dispersed to other countries as refugees and migrants. As represented by access to remittances and cross-border trade, transnational connections are an integral part of refugees' socio-economic lives (Campbell 2005; de Montclos and Kagwanja 2000; Horst 2006b; Lindley 2006, 2007, 2010; Monsutti 2005; Van Hear 2012).

It should be noted that reference to the institutional characteristics of refugeehood is not intended to draw a rigid delineation between refugees and non-refugee populations. Rather, these features and factors should be understood cumulatively and as a matter of degree. As Betts et al. (forthcoming 2016) emphasise, this conceptual framework serves as a starting point for theorising what makes refugees' economic lives distinct. Of course, in addition to the institutional contexts described above, refugees' individual or communal agency and economic and social capital differentiate the economic outcomes within and between different groups of refugees.

### **3 The research context: refugees in Kenya**

#### **The historical background**

Kenya has signed and ratified all principal international legal instruments for refugee protection – the 1951 Refugee Convention, the 1967 Protocol, and the 1969 OAU Convention. The country also has signed other international and regional human rights instruments that are relevant to refugee protection. On the domestic front, however, Kenya lacked any national legislation until the enactment of the 2006 Refugee Act, which came into operation in 2007.

Notwithstanding the relatively recent introduction of national refugee legislation, Kenya has a long history of hosting refugees from neighbouring countries. In the 1970s, for instance, a significant number of Ugandans fled from the violence in their own state and sought refuge in Kenya (Campbell et al. 2011). Until the end of the 1980s, refugees and asylum seekers had the right to move freely and settle anywhere in Kenya, and they also had access to work in the formal sector with work permits issued by the Kenyan government (Wagacha and Guiney 2008).

However, from 1990, the Kenyan asylum landscape started to change radically due to political turmoil in neighbouring states. In the early 1990s, Kenya began to experience a mass inflow of refugees from adjacent countries. Until 1991, the Kenyan government was in charge of Refugee Status Determination. The surge in the number of refugees, however, overwhelmed the capacity of the Kenyan asylum system (Verdirame 1999), which led the Kenyan government to surrender its role in Refugee Status Determination to UNHCR (Wagacha and Guiney 2008).

With the steep increase in the number of refugees, Kenyan refugee policy became increasingly restrictive. From the early 1990s onwards, the host administration required refugees to reside in either Dadaab or Kakuma refugee camps, which are located in remote, underdeveloped, and insecure areas of the country. Movement out of the camps has been constrained, and refugee residents wishing to travel outside have been required to obtain a ‘movement pass’ – a written permission from the camp authority (Betts 2013; Campbell et al. 2011). Refugees can apply for these travel documents if they need to access higher education or specialised medical care, or if they are confronted with serious protection threats inside the camps (Campbell et al. 2011).

### **Securitisation of asylum**

The Kenyan refugee policy has been inseparable from the issue of national security. From the 1990s to date, refugees and asylum seekers have continually been perceived as a security threat to Kenya (RCK 2015). For example, in 2004, the Kenyan Vice President, Moody Awori, linked refugee hosting to an increase in the proliferation of light arms and small weapons (Campbell 2006). More recently, refugees and asylum seekers have been connected with terrorism (RCK 2015).

In particular, Somali refugees are the direct victims of these tighter securitisation policies. A string of attacks by Al-Shabaab, such as the Westgate mall siege in Nairobi in 2013 and the massacre of nearly 150 students at a university in Garissa in 2014, has led to growing intolerance and even hostility against Somali communities, including refugees (ReDSS and Samuel Hall 2015).

The linkage between insecurity and refugee-hosting has evidently exacerbated public perceptions towards Somali refugees, particularly in urban areas. Refugees are often perceived to rely on laundered money from Somali pirates and Al-Shabaab to finance their stay in Kenya (RCK 2015). In some areas this has led to outright aggression towards them; hostility that is not driven by facts but rather by fear-mongering and anecdotes.

Alongside the mounting negative sentiments against Somali refugees, the Kenyan government has been reinforcing its encampment policy over the last few years. In December 2012, the host administration announced that all refugees and asylum seekers in Nairobi should move to Kakuma and Dadaab refugee camps or face forced relocation there (Human Rights Watch 2013; ReDSS and Samuel Hall 2015). In March 2014, the Kenyan government again gazetted Dadaab and Kakuma refugee camps as the exclusive refugee-hosting areas citing security concerns (RCK 2015).

### **Overview of the state of refugees**

As of 2015, Kenya is the second largest refugee-hosting country on the African continent, following Ethiopia. While Kenya hosts refugees and asylum seekers from a range of countries, the country has been the primary regional destination for Somali refugees from the south-central part of Somalia (Lindley 2011). According to UNHCR’s internal statistics, Dadaab refugee camp is Kenya’s largest refugee-hosting site, and is predominantly occupied by Somali refugees (see Table 1).

**Table 1: The number of refugees/asylum seekers in Kenya (as of May 2016)**

	<b>Dadaab</b>	<b>Kakuma</b>	<b>Nairobi</b>	<b>Total</b>
Somalia	326,611	54,558	32,040	<b>413,209</b>
Ethiopia	14,368	7,490	8,785	<b>30,643</b>
Sudan	72	10,605	159	<b>10,836</b>
DRC	317	9,815	17,701	<b>27,833</b>
Rwanda	34	634	996	<b>1,664</b>
Eritrea	19	121	1,474	<b>1,614</b>
Burundi	206	7,011	1,872	<b>9,089</b>
South Sudan	1,321	100,657	1,259	<b>103,237</b>
Uganda	79	1,255	678	<b>2,012</b>
Other	16	72	217	<b>305</b>
<b>Total</b>	<b>343,043</b>	<b>192,218</b>	<b>65,181</b>	<b>600,442</b>

Kakuma refugee camp, located in north-west Kenya, was initially set up in 1991 primarily to host unaccompanied minors who had fled the war in Sudan (Verdirame 1999). Given its proximity to South Sudan, today, of the total roughly 200,000 camp residents, more than half are South Sudanese. Following South Sudanese, refugees from Somalia form the second largest nationality in population size – their numbers have expanded since 2009 when UNHCR began relocating Somali refugees from Dadaab to Kakuma camp to alleviate congestion. The camp also accommodates a considerable number of refugees from Sudan, Democratic Republic of Congo (DRC), Ethiopia and Burundi.

Despite the recent and more targeted enforcement of the encampment policy, Nairobi hosts more than 65,000 refugees of various nationalities. These refugees are motivated to settle in urban areas for a number of reasons including improved access to employment opportunities, better education and better social services (Dryden-Peterson 2006). In Nairobi, the presence of Somali refugees has been long acknowledged, particularly with regard to the Eastleigh district of the city. Refugees from DRC follow Somali refugees in number, with about 18,000 living in the Kenyan capital as of 2016. In recent years, the number of Congolese refugees residing in the city has been on an upward trend, from 6,518 in 2012 to nearly triple this within the past 4 years, according to UNHCR internal statistics.

According to a legal expert who works for an NGO that advocates for refugees' rights, Refugee Status Determination (RSD) in Kenya is in transition. As noted above, since the early 1990s, UNHCR had been undertaking RSD on behalf of the Kenyan administration. But since around 2014, following Kenya's Refugee Act 2006, UNHCR has begun gradual handing over of RSD procedures to the Kenyan Department of Refugee Affairs (UNHCR 2015). In the current system, the Department of Refugee Affairs (DRA) interviews asylum seekers and issues a refugee ID card if an asylum seeker is granted refugee status.<sup>5</sup> However, because of the limited capacity of the DRA office, RSD is often an unacceptably lengthy process for refugees. The Refugee Consortium of Kenya (RCK) and Danish Refugee Council conducted a joint survey with 268 Congolese refugees and asylum seekers in Nairobi in 2014. Nearly 60% of respondents answered that it took between 7

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<sup>5</sup> The data presented here is based on fieldwork between March and April 2016. In May 2016, when the Kenyan government announced closure of refugee camps in the country, they also announced the disbanding of the DRA.

months and 2 years to receive their UNHCR mandate letter, while about one-quarter of respondents said it took 2-5 years (RCK and Danish Refugee Council 2014). The report highlights that the DRA and UNHCR have been overwhelmed by the increasing numbers of asylum seekers applying for refugee status in Nairobi.

The lack of official refugee status and documents creates significant livelihoods problems. For instance, people cannot access any forms of relief assistance offered by aid agencies. Nor are they able to apply for a driver's licence or to register mobile phone accounts in order to use services such as M-pesa.

The following sections of this working paper present provisional findings drawn from the field research undertaken this year.

## 4 Refugee economies in Nairobi

### Living in Nairobi as refugees

Nairobi has a population of some 3.5 million and continues to expand due to inward migration from rural regions of the country. Around 40% of the population are unemployed, 50% live below the poverty line, and 60% live in slums (Campbell et al. 2011). Many urban residents are obliged to eke out a living in the informal sector of the economy. As of 2006, nearly 70% of Nairobi's population was estimated to be working in the informal sector (UNHCR and Danish Refugee Council 2012).

As described above, the Kenyan government officially requests refugees to live in either of two refugee camps but there are several exceptions to this encampment policy. These cases include refugees undergoing resettlement interview processes, needing specialised medical treatment, pursuing further education, or facing serious security threats in the camps (Pavanello et al. 2010). However, the vast majority of refugees in Nairobi do not have these special permissions, and therefore reside in the city in an unauthorised manner.

In Nairobi, self-settled refugees must largely give up their access to assistance by aid organisations (Betts 2013; Campbell et al. 2011). Yet, a considerable number of refugees move to Nairobi due to a range of push and pull factors, including insecurity in the camps, pursuit of economic opportunities, better education, and medical services. According to a senior Kenyan staff member of a refugee-assisting NGO, in contrary to the encampment policy, refugees can access some forms of public services without proper documentation:

*Like Kenyans, refugees can get access to medical and educational services. This awkward thing happens because medical services are under the Ministry of Health and education is under the Ministry of Education. Despite the encampment policy, these ministries don't necessarily exclude refugees from accessing their services.*

As described in the previous section, as of 2016, refugees from Somalia and the DRC constitute the two largest refugee populations in Nairobi. However, their settlement patterns are significantly different. Almost all Somali refugees navigate to Nairobi's Eastleigh district, located to the far east of the Central Business District of the capital. Given its proximity to the commercial hubs, Eastleigh is a busy place. The roads are filled with rows of vehicles and mini-buses and throngs of

pedestrians traversing the congested streets through spaces between vehicles. In this noisy, densely populated area of Nairobi, more than 30,000 Somali refugees are residing.

Commonly portrayed as ‘little Mogadishu’, Eastleigh is dominated by Somali Kenyan populations. Eastleigh was formerly a lower-middle-class and predominantly Asian suburb. Although there was a small Kenyan Somali community prior to the Somali civil war, most of the Somali refugees started migrating to Eastleigh after 1990 (Lindley 2010; UNHCR and Danish Refugee Council 2012). Since the influxes of Somali refugees, this district has experienced some dramatic changes and has become a major economic centre in Nairobi.

Shared Somali origin and a Muslim identity can ease the transition of refugees into social, cultural and economic life in this Somali society (UNHCR and Danish Refugee Council 2012). Humza, a Somali Kenyan in his mid-20s, who has been living in Eastleigh since he was born, emphasised the importance of Somali bonding based on clanship:

*In Somali society, there is strong clanship. It does not matter whether one is a refugee or not. Within the same clan, we help others to find jobs. We provide charitable support for the poor. Refugees are part of a clan so they can access these forms of support.*

In contrast to the Somali refugees who concentrate in Eastleigh, 18,000 refugees from DRC – primarily from south and north Kivu of Eastern Congo – are scattered throughout the capital city, especially in suburb areas such as Kasarani, Kayole, Umoja, and Githrai. A representative of a refugee-supporting NGO in Nairobi described the settlement pattern of Congolese refugees in the city:

*Compared to Somalis, Congolese refugees are much easier to be integrated in Kenyan society. First, they can speak Swahili so they can easily communicate with Kenyans. Second, most of them are also Christian like the majority of the Kenyan population. Also, their features are kind of similar to Kenyan people [unlike Somali].*

In addition to these reasons, our interviews highlighted security concerns as the major reason behind the dispersal strategy by Congolese refugees. In particular, Banyamulenge people – often called ‘Tutsi Congolese’ – remain cautious and avoid the attention that would be drawn by concentrating in a specific area of the city (see also Wagacha and Guiney 2008). In an interview with one of the representatives of Banyamulenge refugees in Nairobi, he confirmed:

*If we stay in one place, we become too visible and get attention. This is not good for our own security. Many Banyamulenge people came to Kenya for security. Uganda, Rwanda and Burundi are not safe because they all share a border with DRC. We cannot go to the [Kakuma] camp because there are other Congolese refugees who are against our tribe.*

There is a clear contrast in the patterns of settlement between Somali and Congolese refugees. While Somali refugees are absorbed into an existing Somali community in Eastleigh, Congolese refugees generally prefer to mingle within wider Kenyan host communities. These differences in the settlement patterns also affect their economic strategies, as discussed next.

## Popular livelihoods employed by refugees

Refugees in Nairobi are engaged in a variety of economic coping strategies. Although there are considerable differences between Somali and Congolese refugees' economic strategies, there are also some commonalities.

According to a series of focus group interviews with Somali refugees in Nairobi, the following livelihoods are identified as some of the most popular income-generating activities: selling clothing, vending cooked meals such as pasta and rice, and a range of casual labour positions including shopkeepers, porters and waiters/waitresses. As noted above, the presence of a large Somali Kenyan population has offered Somali refugees a space for 'segmented assimilation' in the existing Somali society in Eastleigh (Lindley 2011), and almost all businesses of Somali refugees take place only inside this Somali-concentrated area. A Kenyan staff member of an international NGO explained how their livelihoods have been shaped by the wider Somali society:

*Many Somali refugees sell clothes because the clothing business in Eastleigh is so popular. I think Eastleigh is the biggest hub of clothing business in Kenya and there are so many Somali Kenyan wholesalers [of clothes]. They import items from abroad and sell them cheaper than those in other places. Somali refugees can even buy clothing items on credit from shop owners and repay after they sell.*

Alongside retailing of clothes, selling food items or tea is acknowledged as another frequent livelihood of Somali refugees. According to some Somali refugee interviewees, selling food and beverages is popular since it does not require large initial capital to begin. Many spend time hawking cooked food around Eastleigh, and their customers are almost entirely Somali residents (or some Oromo Ethiopians) living in Eastleigh.

A considerable number of Somali refugees find income-generating opportunities through networks of Somali Kenyan people in Eastleigh. A Somali Kenyan businessperson stated that a large number of Somali refugees are employed by Somali Kenyans:

*In Eastleigh, there are garment shops, restaurants, cafes, bakeries, grocers, hotels, forex bureaux, mini-supermarkets, real estate businesses... They are all owned by Somali people. I know many Somali refugees are employed by these shop owners as shopkeepers, waitresses/waiters, clerks, and security guards.*

Amongst Congolese refugees, typical livelihoods include hawking clothing and cloth materials, tailoring, working at salons or barbers, and teaching French. Of these income-generating means, selling bitenge – African traditional fabric – is recognised as the most popular; this was also true of our observations of Congolese refugees in Uganda (see Omata and Kaplan 2013). Congolese people are known regionally for their fashion and taste in clothing, and are reputed especially to be connoisseurs of bitenge items, which are popular among Kenyan women (also see Campbell 2006). The following is an excerpt of conversation I had with a Congolese refugee bitenge vendor, Alexis, who came to Nairobi last year.

NO: How are you making a living in Nairobi?

Alexis: I sell bitenge. I carry it in a bag and visit individual houses or offices.

NO: Do you know hawking is not allowed in Nairobi?

Alexis: Yes, I know it but I have to survive somehow here.

NO: Do you ever encounter the city council patrol?



*Alexis: Yes! They chase hawkers! They arrest and fine us. If I cannot pay the fine, they confiscate my bitenge. In some cases, we can bribe them to get back my bitenge and let us go.*

In addition, a considerable number of Congolese refugees engage in casual labour as construction workers, domestic household workers, cleaners, and watchmen/security guards (also see UNHCR and Danish Refugee Council 2012). Unlike their Somali counterparts, most of these Congolese casual workers are employed within Kenyan host communities who do not have any ethnic linkage with the DRC. Benjamin, a Congolese refugee who works for Kenyans, commented:

*I often go to Kenyan construction companies and search for any available work. If I find construction labour, I make 500 KES per day. Also, I do many other ad-hoc works for Kenyans like working as a security guard and taking care of their animals.*

Many Congolese refugee interviewees highlighted their cordial relationships with their Kenyan neighbours. In the same interview, when Benjamin was asked about his views towards his Kenyan hosts, he said: “Kenyan people are very friendly. Since I came to Kenya, I have never had any trouble with them.” As described above, the Swahili language and Christianity are important common denominators among Kenyans and Congolese refugees, and these shared elements seem to facilitate smooth communication and interactions.

One important commonality between Somali and Congolese refugees is that almost all of them are making their living in the informal sector. This is not surprising since a large number of Kenyan people are also absorbed into the informal economy in Nairobi (see Hope 2014). However, an important difference is that refugees are largely ‘forced’ to eke out their living in the non-formal economy due to the governmental regulations and their precarious legal status.

### **Economic differentiations**

There seem to be considerable differences between and within refugees living in Nairobi. The research conducted by Campbell et al. (2011) states that there is a widespread perception that Somali refugees are generally prosperous because of the visible intensity of the commercial activities in Eastleigh. This view is shared by most of the refugee-assisting agencies in Nairobi. A senior livelihood officer of one of the international NGOs also confirmed that, in general, Somali refugees are doing better than other refugee populations in Nairobi due to the range of business advantages that they can draw upon given the presence of strong Somali commerce in Eastleigh.

However, within the Somali refugee community in Nairobi, there seems to be significant internal economic differentiation. During an interview with Mohamed, a Somali refugee community leader in Nairobi, he highlighted the problem of economic variation amongst Somali refugees:

*There is economic disparity within Somali refugees. Some are doing well. They are running big businesses and many of them are also receiving remittances from abroad. But this wealthy group is very small in number. The vast majority of refugees are poor. They are mostly hawkers. Others are employed by Somali Kenyans as shopkeepers, porters or security guards. They make a tiny income from casual labour.*

When asked how much income Somali refugees from different economic categories make, Mohamed replied: “For hawkers, perhaps they earn 500–1000 Kenyan Shilling (KES) per day (15,000–30,000 KES per month) but for shop owners, they can make 2000–3000 KES a day

(60,000–90,000 KES per month).” This statement also corroborates previous research. According to a survey conducted by UNHCR and the Danish Refugee Council (2012), amongst the Somali refugee population in Nairobi, those in the poorer category were making 16,000–20,000 KES per month via casual labour and hawking and those with slightly better status were earning 47,000–95,000 KES per month. On the other hand, better-off Somali households – mostly owners of large-scale businesses – were generating at least 150,000 KES per month.

In comparison with Somali Kenyan nationals in Eastleigh, however, the income level of Somali refugees appears to be lower. Drawing upon her observations, a Kenyan livelihood officer of a refugee-supporting NGO stated:

*I think that Kenyan Somalis are much better off than Somali refugees. Refugees have more handicaps in their economic lives than the Kenyan nationals. Also Somali Kenyans are particularly entrepreneurial and many of them are wealthier than average Kenyans.*

On the other hand, most Congolese refugees struggle to survive in Nairobi. In several focus groups with Congolese refugees, they were asked about the economic status of Congolese refugee communities. One participant explained:

*In Congolese refugee communities, we have no rich people. Most of us combine the income of different family members for bare survival. We work as construction workers, hawkers and barbers. Poor groups have to rely on charity from other refugees.*

Congolese refugees in Nairobi appear to earn less than their Somali counterparts. According to a survey conducted by the RCK (2015), about a half of the Congolese refugees earn between 10,000–30,000 KES per month, followed by a group of refugees earning between 30,000–50,000 KES. Only about 10% of respondents earn more than 50,000 KES per month. Also, the level of cash income generated by Congolese refugees seems to be much lower than that of their Kenyan neighbours.

### **Livelihood challenges**

Refugees face numerous challenges in making a living in the Kenyan capital. As many previous studies also highlight (Campbell 2006; Kibreab 2012; Lindley 2011; Pavanello et al. 2010), the biggest livelihood obstacle is undoubtedly abuse from the public authorities, especially police officers. Bribery, stemming from persistent corruption throughout the county, is a common feature of the informal sector in Kenya (Hope 2014). However, with precarious legal status, refugees in Nairobi are subjected to increased harassment, extortion, and payment of bribes to the police. A Congolese refugee vendor confided:

*NO: Have you experienced any abuse by the Kenyan police?*

*Refugee: Of course! So many times!*

*NO: How do you deal with the police?*

*Refugee: I pay ‘informal tax’ to them.*

*NO: What do you mean ‘informal tax’?*

*Refugee: Bribe. They will let us go if we give them some cash like 200–300 KES.*

*NO: But if you refuse to pay a bribe, what will happen to you?*

*Refugee: They will take away our goods and put us in jail.*



Almost all of the refugees interviewed had had a similar experience with the Kenyan police in Nairobi. For refugees in Nairobi, paying bribes is an inevitable part of their survival strategies, and necessary to avoid arrest and imprisonment (also see Crisp et al. 2012; Lindley 2011). The practice of bribery of course can increase the cost of goods and services, which is regarded as a negative externality of informal markets (Hope 2014).

While almost all refugees experience police abuse, Somali refugees have been particularly targeted by national authorities in Nairobi. According to Jaji (2014), Muslim Somali refugees have been perceived as a local and regional focal point for contemporary global terrorism. This perception has led to increasing 'Somali-phobia' (Jaji 2014) in Kenyan society, which has resulted in acute harassment and interrogation by the Kenyan police. The head of an advocacy unit for a Kenyan NGO commented:

*Kenyan police deliberately target refugees, especially Somali refugees who are visibly distinct. The harassment against Somali refugees has been worsened because of threats and suspicion towards Somali linkages with Al-Shabab.*

These findings, in turn, mean that refugees have very little access to justice in Nairobi. Amongst interviewed refugees, very few had proper documentation enabling them to be in the city. They told me that they never argued or confronted the authorities when stopped or arrested, as they know that fighting against the police would only make the matter worse (see also Pavanello et al. 2010). When asked whether they have ever reported these abusive practices to the authorities, including UNHCR, one Somali refugee hawker responded emotionally: "Where do we report? Police are harassing us. Even if I report it to UNHCR or NGOs, it will not change anything!"

Limited access to the justice system is one of the major differences between refugees and local Kenyan hosts. In one interview, Ahmed, a Kenyan shop owner of Somali origin, described how Somali refugees suffer in Nairobi because of their refugee status:

*In recent years, unfortunately, Somali people are very often targeted by Kenyan police and government. But refugees suffer more than we do. We [Somali Kenyans] are essentially Kenyan nationals. We can speak the local language and have national ID cards which usually solve most harassment.*

Ahmed also explained other types of socio-economic differences between refugees and local Kenyan nationals:

*We [Somali Kenyans] definitely have more economic opportunities in formal sectors and better access to education. We can also own property and inherit assets to the next generations. Of course we can open up bank accounts and get access to loans. None of these things are readily available to refugees.*

For refugees in Nairobi, importantly, these handicaps create a number of market distortions and increase negative externalities for their economic lives, as discussed later.

## 5 Refugee economies in Kakuma camp

### Refugees in Kakuma camp

Kakuma refugee camp, founded in 1991, is located in Turkana district in north-western Kenya, approximately 1000 kilometres from Nairobi but less than 100 kilometres from the Kenya-South Sudan border (Horn 2010; Jaji 2009). The camp now consists of four administratively defined sections. The initial site of the camp is the so-called current Kakuma I area, but the camp has been expanded due to influxes of refugees from neighbouring states, as well as the relocation of Somali refugees from Dadaab camp since 2009 because of over-congestion. Kakuma IV is the newest area, established in December 2013 to accommodate a surge in South Sudanese refugees.<sup>6</sup> Kakuma IV is thus predominantly occupied by new arrivals of South Sudanese refugees while Kakuma I-III are mixed with different nationalities of refugees.

Kakuma camp is managed by UNHCR and the Camp Manager's Office belonging to the authority of the DRA (Oka 2014). As of 2016, according to senior expatriate staff of UNHCR Kakuma, there are 13 Implementing Partners (IP) of UNHCR in the area of community services and livelihood assistance, with Action Africa Help as the lead agency. These partner organisations provide refugees with vocational training, village banking, and livelihood guidance. In addition to these traditional aid agencies, Equity Bank also participates in UNHCR's support programmes for refugees. UNHCR has given funding in the amount of approximately 50,000 USD to the bank, return for one-year zero interest rate loans to refugees for the purposes of embarking in new enterprises.

Kakuma camp is hosted in a historically marginalised area. The surrounding local area is largely devoid of any major investment or development activities by the Kenyan government, private enterprises, or international agencies (Crisp 2000; Ohta 2005). Because of the arid climate and poor soil quality, there is little agriculture in Turkana district. Indigenous Turkana people have traditionally relied upon nomadic livelihoods, although their pastoral lifestyle is also in transition. A representative of an UNHCR IP, who has been working in Kakuma for several years, explained that:

*Turkana people are very poor. They used to have a lot of livestock but with bad climate, raising animals is getting much harder now. But they do not have alternative livelihoods. Most of them are poorly educated. With few options, they rely on selling charcoal and firewood by cutting trees.*

According to Ohta (2005), the Turkana and refugees have had various violent clashes with each other, especially in the early years of the camp. Indigenous populations accused the refugees of cutting trees for firewood and building materials – trees played a vital role for the nomadic lifestyle of the Turkana people. With the passing of time, however, as indigenous people have begun to experience new kinds of economic opportunities due to influxes of refugees in the area, the general relationship between them has improved (also see de Montclos and Kagwanja 2000).

In addition to the indigenous Turkana population, there are also noticeable numbers of non-Turkana Kenyan people around the camp area. These Kenyans are mostly economic migrants who

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<sup>6</sup> However, in fact, a good number of South Sudanese new arrivals are not 'new'. Many of them previously experienced refugee lives in Kakuma, then went back to South Sudan, but had to flee again due to the most recent conflict there.

moved to Kakuma town and began their enterprises there after the establishment of the camp in 1991 (de Montclos and Kagwanja 2000).

### **Overview of livelihood activities**

In the commercial areas of Kakuma camp there are many shops selling a wide range of items and services, including food, groceries, electrical equipment, hardware, medicine, shoes, clothing, salons, restaurants, bars, internet cafes, carpentry, and banking (see also Oka 2014). In addition, a considerable number of refugees make an income as ‘incentive workers’ employed by UNHCR and other refugee-supporting agencies in the camp. Due to Kenyan laws restricting formal employment of refugees in the country, they are engaged on a voluntary basis and paid ‘incentives’, which are much lower than the wage that would be given to a Kenyan in an equivalent job (Horn 2010).

As mentioned above, farming activities by refugees are very limited by the lack of a conducive environment. Additionally, refugees are not allowed to keep cattle or other animals because of concerns about fuelling tension between refugees and Turkana people living nomadic lives (Verdirame 1999). Also refugees are prohibited from cutting down trees for charcoal production.

Certain livelihood strategies are commonly associated with specific nationalities of refugees. For instance, several focus groups held with mixed nationalities of refugees identified Somali (and sometimes Ethiopian) refugees as the most business-oriented group, involved in wholesale business or other types of capital-intensive enterprises such as money transfer (Hawala), internet cafés and restaurants. Of course, not all Somali refugees are owners of large-scale businesses. A noticeable number of Somali refugees in Kakuma are involved in small-scale trade or casual labour, for example working as cleaners or porters at the major shops owned by their fellow Somali refugees. While not considered business activities, some Somali refugees are benefiting from overseas remittances.

On the other hand, Congolese refugees in Kakuma camp are frequently engaged as incentive workers or in less capital-intensive livelihoods than their Somali counterparts. According to some focus group discussions with Congolese refugee communities, after incentive workers for UNHCR and its IPs, work as tailors, barbers, and clothing retailers are recognised as popular economic activities. As observed in Nairobi, the main merchandise item for many Congolese refugees in Kakuma is bitenge fabric.

For South Sudanese refugees, there are considerable differences in their economic strategies, largely depending on their length of exile in the camp. In a focus group discussion with South Sudanese residents, one participant gave the following explanation for this:

*South Sudanese refugee populations are divided into new arrivals in Kakuma IV and old caseloads in Kakuma I-III. Most of the new arrivals are reliant on free food rations and some small businesses. But old caseloads are involved in a range of commercial activities such as brewery, lodge, theatre, tailoring, butchery, and boda-boda. Also, many of them work as incentive workers.*

Due to restrictions on refugees’ economic activities in Kenya, the ambit of refugees’ economic lives is largely constrained to the informal economy operating inside the camp. Nevertheless, since around 2014, the district municipality in Turkana has been requesting that refugee enterprises inside the camp pay a fee for a business license and register their shops with the local authority.

Yousif, a Somali refugee who runs a retail shop inside Kakuma, has been quite perplexed about why they have to pay such 'tax' to the Kenyan authorities:

*NO: Have you ever paid a registration fee for your shop?*

*Yousif: Yes, I paid 3500 KES for a 1 year license.*

*NO: How do you feel about paying it?*

*Yousif: Unfair. We have not been treated like Kenyans at all. The municipal government has never given us any formal support. Rather, the government puts restrictions on us.*

Other refugee business owners echoed the same point and expressed their frustration regarding the local authority. Indeed, refugees in Kenya are not given equal status by the Kenyan government but they are treated in the same manner with respect to taxation.

### **Linkage with external economies**

While refugees' mobility outside of the camp is severely constrained, Kakuma refugee camp is not isolated from external economies. In entrenched refugee camps, it is typical for surrounding villages and towns to become gradually socio-economically interdependent. Similarly, the protracted Kakuma camp represents a specific resource allocation system that has evolved over decades under humanitarian governance (see Jansen 2016).

Many refugee interviewees highlighted the economic interactions between refugees and local hosts. Refugees often employ indigenous Turkana people as casual labour – for housework, as shop keepers, security guards, cleaners, and porters. But at the same time, Turkana people sell livestock, firewood and charcoal to refugees because refugees do not have access to these national resources. In this way, their needs are economically complemented.

There is frequent trade between the camp and nearby Kakuma town, where refugees can go freely without permission. Benjamin, a South Sudanese refugee who owns a kiosk shop inside Kakuma camp, explained how he obtains his merchandise from Kakuma town:

*NO: What kind of items do you sell at your shop?*

*Benjamin: I sell mainly food items such as milk, maize, flour, eggs, cooking oil, etc.*

*NO: Where do you buy these items?*

*Benjamin: I buy them from Kenyan shops in Kakuma town. I cannot travel far without a legal pass so I have to get them in a nearby town.*

*NO: Who are your customers?*

*Benjamin: Mixed, mostly refugees but some Turkana people buy from me.*

As the nearest and largest economic hub to the camp, merchants in Kakuma town have been supplying goods and services to the refugees for many years (see Oka 2014 for more details). For these local shops in the town, refugees from the camp have been crucial customers and thus are the economic lifeblood of Kakuma Town (Oka 2014). Indeed, although it is not officially permitted, some Kenyans have even built their own shops inside the camp, which thus far have been tolerated by the Kenyan government and police.

The research in Kakuma camp found a number of refugees who directly purchase their business goods from Kenyan counterparts in other major commercial centres such as Nairobi and Kitale. In general, Somali retail shops in Kakuma camp are notably better-stocked and organised than those

owned by other nationalities, perhaps due to their extensive Somali trade networks. For instance, Hassan, a Somali businessman in Kakuma camp, explained how he ‘imports’ his commercial goods from outside:

*NO: What kind of business are you running now?*

*Hassan: I sell electronic items such as mobile phones and other gadgets in Kakuma.*

*NO: Where do you buy these items?*

*Hassan: From Nairobi.*

*NO: Do you go to Nairobi?*

*Hassan: No. I make an order to a company owned by a Somali Kenyan in Eastleigh.*

*NO: How do you order?*

*Hassan: First, I request several items via email. Next, they send their photos to me [via email]. Then, I choose which items I really want to buy. They pack items ordered and send the package via Dayah express from Eastleigh to Kakuma town. When I receive them, I transfer money via M-pesa.*

As stated in the comment of Hassan, ‘Dayah express’, a transportation company founded by a Somali Kenyan family, has been connecting Kakuma camp with other commercial hubs. Not only Somalis but many other refugees rely on this transportation company. In an interview with Cabiona, a Congolese refugee bitenge seller in Kakuma camp, he said:

*NO: Where do you buy bitenge?*

*Cabiona: From Eastleigh in Nairobi.*

*NO: Why do you buy goods from Nairobi? Isn't it too far and costly?*

*Cabiona: There is no choice. In Kakuma town, there are no wholesalers of clothing. Eastleigh is the cheapest place to buy cloth including bitenge.*

During this preliminary research, we did not come across any refugee business owners who directly engage with traders in neighbouring countries. According to the report produced by ReDss and Samuel Hall (2015), while trans-border trade between Kakuma camp and South Sudan takes place, the scale of trade is limited and in a predominantly unilateral direction from Kenya to South Sudan. Furthermore, the frequency of trade has been generally on the decline since 2013 due to deteriorating security in the border area.

### **Economic divisions**

Although all refugees ostensibly live in a similar environment under the same restrictions, my initial research indicates that there are considerable economic divisions between and within refugee populations in Kakuma camp. A livelihoods officer of an international NGO, who has been working in Kakuma camp for nearly a decade, confirmed:

*There are significant economic differences between refugees. Nationality does matter. In my view, Somali and Ethiopian refugees are generally well off. Congolese refugees are in the middle class. South Sudanese are poor because they are newcomers and have not established business yet.*

During focus group interviews, most refugee residents in Kakuma camp also confirmed the economic superiority of Somali (and sometimes Ethiopian) refugees. A representative of the Congolese refugee community in one of Kakuma's areas shared his years of observation on economic disparity inside the camp:

*In Kakuma camp, Somali refugees are rich ones. Almost all of the major shops in the camp are owned by them. They have better access to diaspora and get remittances. They are also linked with Somali Kenyan communities. I think Congolese are the poorest. We do not have access to remittances and do not possess trade networks like Somali do. We do not help each other.*

Indeed, in general, Somali refugees are better positioned to embark on lucrative businesses in the camp due to their ethnic and religious networks with wider Somali communities. For instance, in one interview a Somali owner of a well-stocked grocery shop in the camp was asked how he secured his initial financial capital to begin his business, he replied: “I borrowed money from a Somali Kenyan lender in Kakuma town.”

Of course, not all Somali refugees are doing well in the camp. Abdirakarim, one of the Somali elderly leaders in Kakuma, explained:

*NO: I heard Somali refugees are all doing well. Do you agree?*

*Abdirakarim: No! There are vulnerable Somali refugees too.*

*NO: But there are many successful Somali refugees, right?*

*Abdirakarim: Yes, there are some Somali refugees with big business. But not all of us are like them.*

*NO: What is the percentage of such successful Somali refugees?*

*Abdirakarim: Not large. Perhaps around 25%. The rest of 75% are not doing well. They are relying on aid, working for others or being incentive workers for small profit.*

Similarly Congolese and South Sudanese refugees highlighted the presence of economic disparity within their communities. They identified a small number of wealthy refugees among their nationality group and almost always attributed the economic prominence of this privileged group to access to remittance support.

While considerable economic divisions are observed inside the camp, the economic status of refugees is still perceived to be much better than Turkana host communities. When faced with challenges in their traditional pastoral lifestyle, many Turkana people have turned to manual labour work for refugee households in the camp (ReDSS and Samuel Hall 2015). Meanwhile, the economic and welfare conditions of non-Turkana Kenyans seem to be better than both refugees and Turkana communities, as suggested by a UNHCR officer in Kakuma:

*There are two types of local hosts. Indigenous Turkana people are much poorer than refugees in Kakuma. But there are non-Turkana people living in Kakuma town. They are sophisticated businesspeople. The size of the non-Turkana population is much smaller compared to Turkana and even refugees but they are better off.*

### **Livelihood challenges in Kakuma**

Refugee interviewees highlighted a number of challenges in the pursuit of their economic activities in the camp. As anticipated, refugees typically identified restrictions on their rights to move freely and to work outside the camp as major obstacles:



*Whenever we travel, we need to get permission. But it takes one week or so [to get permission]. If travel is for business purposes, it takes even longer...Without the documents, police harass us and demand money. This is not just in Nairobi but in Lodwar and Kitale [other commercial hubs nearest to Kakuma]. The only safe place outside the camp is Kakuma town.*

Refugees in Kakuma regularly experience harassment by police, even inside the camp. According to refugees, some police officers target ‘unauthorised’ businesses run by refugees, such as pharmacies, clinics, boda-boda transportation, and brewery businesses, all of which require specific licenses from the Kenyan authorities. In these instances, it becomes necessary for refugee business owners to pay bribes or they face the closure of their enterprise, consequently increasing their transaction costs. Similar to refugees in Nairobi, refugees cannot expect protection from the police.

These refugee-specific obstacles can also render livelihoods assistance programmes ineffective. In this research, interviews were conducted with some of the UNHCR IPs working in the area of livelihoods and they all echoed difficulties of designing instrumental livelihood support programmes for refugees in Kakuma. A representative of one NGO in Kakuma explained: “In the current conditions, no matter how much livelihood support we provide for refugees, success will be limited because refugees have no place to use their learned skills.”

In addition to these longstanding challenges, the recent announcement of refugee camp closures by the Kenyan government has been affecting refugees’ economic planning. In May 2016, the Kenyan administration announced that it would shut down both refugee camps in Kenya, citing deteriorating security and environmental issues. Our interviewees routinely reported that they were ‘shocked’ by this announcement, and subsequently fearful. Although the Kenyan authorities later removed Kakuma camp from the official closure list, the government has remained firm on its plan for shutting down the Dadaab refugee camp that currently hosts more than 340,000 refugees, predominantly Somali.

However, the psychological impact of this announcement remains for Kakuma-based refugees even following the government’s retraction on the closure of Kakuma. In particular, Somali refugees commented that they have lost confidence in the Kenyan government and remain concerned that the host administration will re-announce the Kakuma closure once Dadaab is closed. Some Somali refugee business owners in the camp said that they have stopped further investment in their current enterprises since they may be forced to relocate in the future without notice.

## 6 Research implications

Drawing upon preliminary fieldwork in Nairobi and in Kakuma refugee camp in Kenya, this section highlights some potential implications as well as intriguing research themes for future research.

### **Diversity in refugees’ economic lives**

Initial research indicates the diversity of livelihoods strategies employed by refugees, as well as socio-economic differences between and within refugee populations both in Nairobi and in Kakuma camp.

Similar to our findings in Uganda (see Omata and Kaplan 2013), access to social networks plays an important role in characterising and differentiating the economic strategies of different groups of refugees. The contrastive patterns of settlement between Somali and Congolese refugees in Nairobi underscore this point. In pursuit of livelihoods, self-settled refugees are often heavily reliant on the tangible and intangible support provided by their co-nationals already living in the city (Jacobsen 2006). The concentration of Somali refugees in the existing Somali community in Eastleigh falls into this pattern. Importantly, their hosting economic environment largely shapes the income-generating strategies of Somali refugees, since many are involved in, for example, the retail of garment materials, which is a particularly popular business in Somali Kenyan economy.

Though to a lesser extent, Somali refugees in Kakuma also capitalise on their Somali connections to formulate their economic strategies. Apparently, well-stocked wholesale shops owned by Somali refugees are 'importing' materials from their business counterparts in Eastleigh. Crucially, connections with Somali diaspora have enabled them to access transnational remittances, which are often a sources of initial capital for these major enterprises.

On the other hand, Congolese refugees in Nairobi are scattered but also as a result are integrated with wider Kenyan communities. Security concerns for Banyamulenge refugee communities appear to be a particularly important motive for this dispersed settlement strategy. Unlike Somali refugee populations, Congolese usually cannot rely wholly on their ethnic community networks, and therefore must build new networks with Kenyan nationals. These new networks often become the basis through which they seek informal employment opportunities.

The different levels of access to ethnic networks could be a key reason for the disparate economic outcomes of Somali and Congolese refugees. In both research sites, Somali refugees tend to be wealthier than other nationalities, while Congolese refugees often struggle to make a living. Of course, this is not to ignore the individual differences and socio-economic outliers within each refugee population, nor to disregard the profile of refugees' individual financial assets. In subsequent research, we will conduct further investigations into the existing variation in economic outcomes for refugees in Kenya.

### **Shrinking informal economic space**

Across both research sites, refugees in Kenya are required to fend for themselves in the informal sector, due to a series of restrictions by the host administration. While the Kenyan Refugee Act 2006 recognises refugees' right to work, refugees are virtually excluded from entering the formal economy of the country.

Yet refugee entrepreneurs in Kakuma camp are requested to register their shops with the district municipality even though these businesses are located inside the camp. As noted above, since this registration process entails paying considerable fees and does not give any benefits to them, it has generated mostly frustration amongst refugee shop owners. In Kakuma camp, the refugees have been living in a 'grey zone' between formal and informal economic sectors; the taxation of refugees' business narrows the informal economic space inside the camp while it does not open up any new avenues for refugees to the formal economy.

Paradoxically, the imposition of registration by the Turkana district government could be said to be equivalent to 'formalising' the camp-based business owned by refugees, which contradicts the Kenyan administration policies that virtually prohibit refugees from entering the formal economy in the country. As described above, refugees often navigate under a 'double chain of



administration’ (Colson 2004: 108) between the authority of the state administration and of international organisations. But in the case of Kakuma camp, the local government is intervening as an additional actor. This is at a different level from – and occasionally at odds with – the host authority, thereby creating a ‘double standard’ regarding the treatment of refugees within the local and national authorities.

### **Refugee-specific livelihood handicaps**

Refugees both in Nairobi and in Kakuma camp confront refugee-specific handicaps in sustaining their economic lives. Whereas the practice of bribery due to police corruption is a well-known feature of the Kenyan economy (Hope 2014), the police appear to deliberately prey upon refugees, especially Somali refugees. While this particular harassment also affects non-refugee Somali populations, Somali Kenyans do have some recourse against these abuses thanks to their citizenship status. Given their precarious legal status and limited access to justice, refugees are especially vulnerable to police abuse. Alarming, it has been reported that abusive practices against Somali refugees have intensified because of increased securitisation, which is used as an excuse for further police harassment against refugees.

Another example of ‘refugeehood’ affecting their economic lives in Kenya is the uncertainty and unpredictability that are illustrated by the announcement of refugee camp closure by the Kenyan government. This announcement has demonstrated to refugees, regardless of their living sites and nationalities, the full extent of the precariousness of their lives in exile. Moreover, suspicion towards the Kenyan administration, coupled with lack of access to information regarding their own futures, affects refugees’ economic decisions and planning. This, in turn, highlights the ways in which refugees’ economic lives are shaped by specific issues beyond their control, such as macro-level security policies of the host government.

Some of the livelihood challenges addressed in this paper are not exclusively applicable to refugees alone; nevertheless the issues shown here represent particular handicaps for refugees and also can easily increase (negative) externalities within their economic lives. Jacobsen (2014) argues that the pursuit of refugees’ livelihoods should be differently understood from those of other migrants or those who are equally poor or discriminated against, due to the myriad political, legal and policy factors shaping the nature of refugee’ economic activities in a host country. As explained above, the concept of refugee economies points to three institutional contexts of ‘refugeehood’ but the refugee-specific handicaps identified in this preliminary study in Kenya may contribute to enriching this analytical concept.

## **7 Way forward**

Drawing upon the concept of refugee economies developed by Betts et al. (forthcoming 2016), this paper presents provisional findings on the economic lives of refugees in Nairobi and in Kakuma refugee camp, and explores how their economic activities differ from local host populations, as well as amongst different groups of refugees. Although this field mission is meant to be preparatory, the research has sketched out an overview of diverse economic activities employed by refugees and also highlighted some preliminary claims about what distinguishes the economic lives of refugees, and what explains variation in economic outcomes for refugees in the Kenyan context.

It is evident that even under constrained circumstances, refugees in Kenya engage in significant economic activities and endeavour to survive, notwithstanding numerous difficulties facing them. Additionally, the research indicates that even while living in similar environments, economic outcomes for refugee populations are varied.

Our next step is to gather additional data along the themes explored in this initial study and to engage in a more detailed investigation of refugee economies in Kenya. With additional collection of empirical data in subsequent research, we aim to explain why such variation has emerged between and within refugee populations, and ultimately aim to nurture a better understanding of refugees' economic lives in different regulatory settings.

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