

**Desk Review on Livelihoods and Self-Reliance for
Refugees and Host Communities in Kenya**



March 2019

Acknowledgements

Undertaken by the World Bank, this report was prepared in support of the Government of Kenya's contribution to the IGAD Thematic Meeting on Livelihoods and Self-Reliance of Refugees, Returnees, and Host Communities.

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Funding for the report was provided by the Government of the Netherlands.

Table of Contents

Acknowledgements	2
Executive Summary	6
I. Introduction	10
Why this report?	10
Defining self-reliance	11
Kenya as a host nation.....	11
<i>Kenya's regulatory context</i>	13
An introduction to the hosting counties	14
<i>Turkana</i>	14
<i>Garissa</i>	15
<i>Nairobi</i>	15
II. Methodology	16
III. An Economic Profile of Refugees in Kenya	18
Are refugees poor/vulnerable?.....	18
What are their main sources of income?.....	19
Are refugees moving towards self-reliance?	20
Which refugees have better economic outcomes?.....	21
IV. An Economic Profile of the Host Communities	22
Are host communities poor?	22
What are their main sources of income?.....	23
V. How Different are Refugees and Host Communities in Development Terms?	25
Access to services, including education and health.....	25
Employment and self-employment.....	26
Incomes.....	26
Living standards.....	27
Networks.....	28
VI. The Economic Impact of Refugees on Host Communities	28
Environmental impacts.....	29
Economic growth.....	29
Employment opportunities and labour	29
Better service provision.....	30
VII. Potential for Growth in Refugee-Hosting Counties	30
What are the potential sources of growth and opportunity in host areas?.....	30
Refugee participation in key drivers of economic growth	33
<i>Energy</i>	33
<i>Construction and mining</i>	33
<i>Pastoralism</i>	33
<i>Agriculture</i>	34
<i>Services and trade</i>	35
VIII. What's Holding Them Back? A Discussion of the Barriers to Self-Reliance	35
Human capital: Access and quality of education and skills training	39
Access to finance.....	40
Markets and economic opportunities in the hosting areas.....	40

Protection	41
IX. Where Are We Now? Current Programmatic Interventions	43
Building livelihoods and self-reliance: Current interventions.....	43
Evaluation of outcomes.....	44
Transitioning towards sustainable livelihoods and self-reliance.....	45
Maximizing finance for development.....	45
Devolution and its opportunities	46
X. Recommendations	46
XI. Unexplored Avenues	49
References	52
List of Annexes	55
Annex 1: Outline of Methodology of Studies	55
Annex 2: Kenya as a Host Nation.....	62
<i>One of the world's most documented refugee camps: The Dadaab refugee complex</i>	<i>62</i>
<i>A growing settlement: An introduction to Kakuma refugee camp.....</i>	<i>63</i>
<i>Gravitating towards urban areas.....</i>	<i>64</i>
<i>Durable solutions: The focus on repatriation.....</i>	<i>65</i>
Annex 3: Kenya's Hosting Counties.....	66
<i>Turkana.....</i>	<i>66</i>
<i>Garissa.....</i>	<i>69</i>
<i>Wajir.....</i>	<i>71</i>
<i>Nairobi.....</i>	<i>71</i>

List of Figures

Figure 1: Most refugees are concentrated in the Dadaab and Kakuma refugee camps	12
Figure 2: The number of refugees in Dadaab has, for the most part, been decreasing in recent years	63
Figure 3: Kakuma's population has been growing in recent years	64
Figure 4: Repatriation numbers and trends, 2009-2018	66

List of Acronyms

AAH-I	Action Africa Help International
CIDP	County Integrated Development Plan
CRRF	Comprehensive Refugee Response Framework
DRA	Department of Refugee Affairs
GoK	Government of Kenya
IDA	International Development Association
IGAD	Inter-Governmental Authority on Development
IRC	International Rescue Committee
KDRDIP	Kenya Displacement Response Development Initiative Project
KISEDIP	Kalobeyei Integrated Socio-Economic Development Program
KNBS	Kenya National Bureau of Statistics
NFI	Non-food item
NGO	Non-governmental Organization
NRC	Norwegian Refugee Council
RAS	Refugee Affairs Secretariat
RSD	Refugee Status Determination
TVET	Technical and Vocational Education and Training
UNDAF	United Nations Development Assistance Framework
UNHCR	United Nations High Commissioner for Refugees (UN Refugee Agency)
WBG	World Bank Group
WFP	World Food Programme

Executive Summary

This report is a stock-taking of relevant studies and assessments pertaining to livelihoods of refugees and host communities in Kenya, analysing and consolidating them into one narrative regarding economic opportunities for refugees and host communities. The key messages emerging from that literature are as follows.

Refugees in Kenya remain economically vulnerable

The importance of ‘self-reliance’ is increasingly ubiquitous in the literature on refugees in Kenya, but it is only recently that serious efforts, underpinned by researchers and refugee programming stakeholders, got underway to better understand and measure what this would actually entail for refugees in places such as Kakuma and Dadaab, and consequently, how donor and host-government projects need to be adapted to be more effective.¹ The refugee camps in Kakuma and Dadaab are located in counties that are relatively under-developed, characterized by difficult socio-economic conditions that include food insecurity, limited access to basic social services and economic infrastructure, and poor livelihood opportunities. The literature has revealed that refugees in both the camp and urban settings remain economically vulnerable. For instance, refugees in the camps have few assets, and very poor and poor households comprise a significant proportion of urban refugee households especially in areas such as in Kayole and Kitengela where many refugees working in the informal sector have low living standards (Betts et al. 2018b; UNHCR 2012). Further, though consumption in places such as Kakuma is substantial, the local community still lags behind national consumption in Kenya, and refugees are even further behind (IFC 2018).

Refugees have developed diverse livelihoods

The literature shows that refugees in Kenya, while poor, are economically active and doing business with local communities. In terms of income sources of refugees, along with remittances, the main sources of income are employment and income from running a business. For example, incentive work accounts for approximately 5,000 jobs in Kakuma and an even greater number of jobs in Dadaab, and in Nairobi’s urban areas, most refugees tend to operate small businesses, find daily casual labour opportunities, and are employed in various retail outlets. The literature on Kakuma and Dadaab also paints a picture of host markets dwarfed by refugee markets in terms of size and activity, showcasing the enterprising livelihood strategies that refugees have developed.

However, humanitarian assistance remains the main source of employment and income for refugees, particularly in the camps

Refugees in Kenya haven’t been able to develop strong self-reliance strategies. Unemployment rates in the camp settings remain high, and many refugees don’t have access to an income based on employment or self-employment. For instance, in a recent survey in Dadaab, only a third of respondents reported having access to an

¹ University of Oxford, (2017), “Refugee Self-Reliance: Moving Beyond the Marketplace.”

income, and 70 percent of households stated that reliance on humanitarian aid was their primary livelihood coping mechanism (REACH 2018). The data therefore reveals that in both Dadaab and Kakuma, reliance on humanitarian assistance remains crucial for many refugees, and especially so for new arrivals – particularly from South Sudan.

In terms of economic independence, many of the refugee businesses are small and informal and at early stages of development. There is strong consensus in the literature that very few refugees have been able to diversify their incomes to the extent that they could meet a significant proportion of their basic needs from their own resources. Thus, they remain vulnerable, largely dependent on food aid and/or assistance from within the community. Even in the urban areas, refugees aren't that much better off: many refugees, especially Congolese refugees, find it a struggle to survive in Nairobi.

Host communities, too, are economically vulnerable

Although host community households adopt a range of different livelihood strategies in both the camp and urban settings, widespread poverty still prevails. In Turkana, 84 percent of the population in Turkana West Sub-County lives below the poverty line, and in Garissa County, poverty stands at 73 percent (World Bank 2018). Related to high poverty levels and deprivation, the host communities are also under-served in terms of access to services. In terms of host communities in the capital city, although Eastleigh is known for its vibrant economic activity, it is characterized by extremes of wealth and poverty. In addition, areas in Nairobi East that host refugees, particularly Congolese refugees, such as Kayole, Kasarani, Umoja and Githurai, are characterized by high degrees of informal economic activity as well as poverty.

Neither refugees nor hosts inevitably do better

The recent focus in the literature has overwhelmingly been on Kakuma, and the picture of refugee and host community outcomes is not always consistent due to differences in the methodologies and sampling frames adopted in various studies. For example, the IFC study (2018) found that refugees, on average, earn almost a third less than those in Kakuma town, while Betts et al. (2018b) concluded that refugees in Kakuma are actually better off than the surrounding host population in terms of self-reported median income. In Nairobi, refugees do better than they would in camps, but they are still likely to be worse off than local citizens in terms of employment or self-employment rates.

Thus, when it comes to the often contentious topic of whether refugees are better off, there is a salient message: irrespective of whether a study finds that one group has a higher employment rate or higher incomes, or even a higher educational level, for the most part, refugee and local host communities in Kenya remain poor, economically vulnerable, and facing a myriad of challenges. If impoverished circumstances persist, refugees and host communities are unlikely to be able to rely on themselves.

Refugees matter for host communities and vice versa

The refugee presence, including the camp set-up, has paved the way for two-way economic integration between refugees and local communities. From recent research conducted in Kakuma, for instance, we learn that vendors from the host community put up shops alongside the refugees in the camp markets and it has not been

uncommon to observe Turkana hosts providing firewood and charcoal to refugees in exchange for maize flour, legumes, and cooking oil that the refugees receive as in-kind food aid.

The literature shows that the presence of refugees contributes positively to economic growth, though their presence is also associated with negative impacts for hosts. For example, studies found that the positive impacts of the Dadaab camps relate to access to distributed food, employment and economic opportunities, as well as service improvements, while negative impacts largely relate to the depletion of the ecological integrity of areas around the camps. The desk review has also revealed that there are strong social and economic ties between communities of refugees and host communities: cultural and ethnic ties between Somali refugees and Somali Kenyans in particular appear to play an important role.

A multitude of barriers

Refugees and host communities alike are in many cases constrained by the lack of specialized skills or capital to start a business enterprise, and low literacy levels. But research has also made a strong case that refugees are particularly disadvantaged given the restrictions they face and in addition to providing livelihoods support, humanitarian and political actors should address the systemic issues, such as barriers to work or a lack of legal representation, that create challenging work and living conditions for refugees.

The literature has documented the widespread constraints to livelihoods development in refugee settings, which include restrictive policy environments, poverty, low levels of social capital, and limited access to capital and external markets. Obtaining refugee ID cards can also be challenging and there are several bottlenecks in the ID issuing process, which exposes refugees to numerous protection challenges and also impacts their livelihood options.

There is a consistent message in much of the literature that unless there is a major change in policy that would give refugees freedom to move freely and establish businesses and livelihoods outside of the camp, these refugees will continue to need high levels of assistance. As it currently stands, the opportunity for refugees to earn an income from outside the camps is extremely limited due to constraints on the mobility and livelihoods of refugees. Easing these restrictions and facilitating greater economic inclusion for refugees promises to not only enhance their livelihood opportunities, but also contribute to host community economies. Moreover, while there are prospects of economic growth for the hosting counties, economic opportunities within these drivers of growth are not always available to refugees.

Refugees and host communities are not homogenous

The research has clearly demonstrated that there are differences in the livelihood and vulnerability profiles of refugees based on their gender, country of origin, and their duration of displacement. Research conducted in Kakuma and Nairobi show that as a group, South Sudanese refugees are worse off compared to other refugee groups in the camps in terms of employment rates, average incomes, and asset ownership (Betts et al. 2018b). The literature is also consistent in terms of the disadvantages facing new

refugee arrivals. Many studies highlight that communities in protracted refugee situations are more likely to develop stronger coping strategies and acquire more stable social and financial networks whether through remittances or the ability to engage in debt-related transactions (Samuel Hall 2016).

In addition, the needs and profiles of host communities also vary and it is important to develop locally, tailored solutions to each context. The acknowledgement that a good refugee policy must also be a good host community policy is increasingly gaining traction, with research advocating that host communities also require tangible benefits, whether in terms of the creation of economic opportunities or improved access to public services. The World Bank's Kenya Development Response to Displacement Impacts Project (KDRDIP) is one example of a project aimed at improving access to basic social services, expanding economic opportunities, and enhancing environmental management for hosting communities in different target areas.

Women are especially vulnerable

There is compelling research to show that among refugees and the host communities, women are particularly vulnerable; for instance, refugee women in Kalobeyei and Kakuma are more likely than men to be in a caretaker role and to rely on food aid, and they are less likely to be employed, educated, or to have access to credit or savings. There is a need for more targeted support and deliberate efforts to increase the capacity and likelihood of women participating in the labour market. A gendered approach is needed to promote self-reliance among women in settlements such as Kakuma IV and Kalobeyei given that the majority of South Sudanese refugees in Kalobeyei are women, many of whom are not used to being their families' sole breadwinners.

The path ahead

The need to support markets and move away from an unsustainable assistance-based economy has been recognized by many stakeholders, and actors are increasingly looking at different ways to benefit refugees and host communities alike. There have been many recent changes that promise to positively impact refugees and host communities in Kenya. Interest from the likes of county governments, development partners, and the private sector has been piqued in terms of developing markets and opportunities for refugees and host communities, and initiatives are well underway. The flurry of recent research on refugee economies in Kenya, including consumer and market studies, are also testament to these developments.

New approaches and innovative solutions are required to bolster the self-reliance of refugees and host communities in Kenya. If changes are affected based on the Nairobi Declaration framework, under which the Government of Kenya has committed to enhance education, training and skills development for refugees, to enable them to access gainful employment, and to advance alternative arrangements to refugee camps, all of which have been identified as major bottlenecks in the literature, then refugees stand a good chance of developing more sustainable livelihoods.

I. Introduction

Why this report?

In recent years, the Government of Kenya (GoK) has made a series of statements in support of greater self-reliance for refugees and expanded socio-economic opportunities for host communities. In 2016, during the UN General Assembly's adoption of the New York Declaration for Refugees and Migrants, the GoK committed to enhance refugees' self-reliance and inclusion in Kenya.

Subsequently, in March 2017, the GoK, along with the other Heads of States from the Inter-Governmental Authority on Development (IGAD), held the first ever *Special Summit on Durable Solutions for Somali Refugees and Reintegration of Returnees in Somalia*. Central to the principles of the Nairobi Declaration and Action Plan are the promotion of self-reliance and economic resilience for refugees and host communities. The GoK signed the Nairobi Declaration and like other IGAD Member States committed to, "(i) enhance, with the support of the international community, education, training and skills development for refugees to reduce their dependence on humanitarian assistance, and prepare them for gainful employment in host communities and upon return; (ii) align domestic laws and policies, including civil documentation, in line with refugee status under the 1951 Refugee Convention obligations in order to enable refugees to access gainful employment and self-reliance; and (iii) progressively advance alternative arrangements to refugee camps and facilitate the free movement of refugees and their integration into national development plans and access to services."

In 2019, IGAD will convene a regional meeting on *Livelihoods and Self-reliance for Refugees and Host Communities* that will include member states, development and humanitarian partners, as well as the private sector. This desk review is intended to serve as a background paper as the GoK and stakeholders, including humanitarian and development partners, seek to realise these initiatives. The desk review is designed to:

- Conduct a stock-taking of relevant studies and assessments pertaining to livelihoods of refugees and host communities in Kenya, analysing and consolidating them into one narrative regarding economic opportunities for refugees and host communities;
- Identify key opportunities and constraints for sustainable livelihoods and job creation for refugees and host communities in Kenya using key thematic areas;
- Inform livelihoods programming and the design of future projects in areas of high refugee hosting such as Turkana and Garissa based on the above analysis.

Some of the primary questions this review intends to shed light on include:

- What are the economic profiles of refugees and host communities in Kenya?

- What are the drivers of growth for hosting-counties?
- Are refugees and host communities distinct in terms of economic outcomes?
- Are refugees headed towards self-reliance?
- What are the barriers to refugee and host community self-reliance?
- Are there opportunities for refugees to participate in drivers of economic growth at the county levels?

Defining self-reliance

Rather than remain in a situation of long-term dependency on aid, self-reliance is defined as *‘the social and economic ability of an individual, a household, or a community to meet essential needs (including protection, food, water, shelter, personal safety, health and education) in a sustainable manner and with dignity’*.² Self-reliance is expected to yield a better quality of life than is achieved through aid dependence. Through preserving productive assets and building skills, it is thought that refugees will better realize long-term economic solutions when their income is based on their own efforts.³

The humanitarian and development community lack a common understanding of whether an individual household has achieved self-reliance. Studies on refugee self-reliance use varying indicators, making it difficult to compare the success of refugee self-reliance across contexts. Work is underway to agree upon a refugee self-reliance measurement tool that includes indicators such as income, employment, access to shelter, food, education, and safety.⁴ The goal is to capture broader concepts of human welfare without which financial independence would be meaningless.⁵

In the meantime, this report works on the basis of a simple definition that a household is ‘self-reliant’ when the proportion of household consumption covered through the activities and incomes of household members is greater than the proportion of household consumption covered by aid assistance (which includes both cash and in-kind distributions). In this case, incomes can come from various livelihood strategies and can include subsistence production, waged employment, as well as self-employment (such as self-run businesses).

Kenya as a host nation

Kenya has been hosting refugees since 1970, with the numbers increasing significantly from the 1990s and peaking following the 2011 famine in Somalia. The numbers have since dropped with the return of refugees, particularly Somali refugees, which began

² IRC, (2018), *Dreams Deterred: Opportunities to Promote Self-reliance for Somali Refugee Youth in Kenya*.

³ Amy Slaughter, (2017), “The Case for Measuring Self-Reliance.” http://europeanevaluation.org/sites/default/files/ees_newsletter/ees-newsletter-2017-10-october-r10_web.pdf

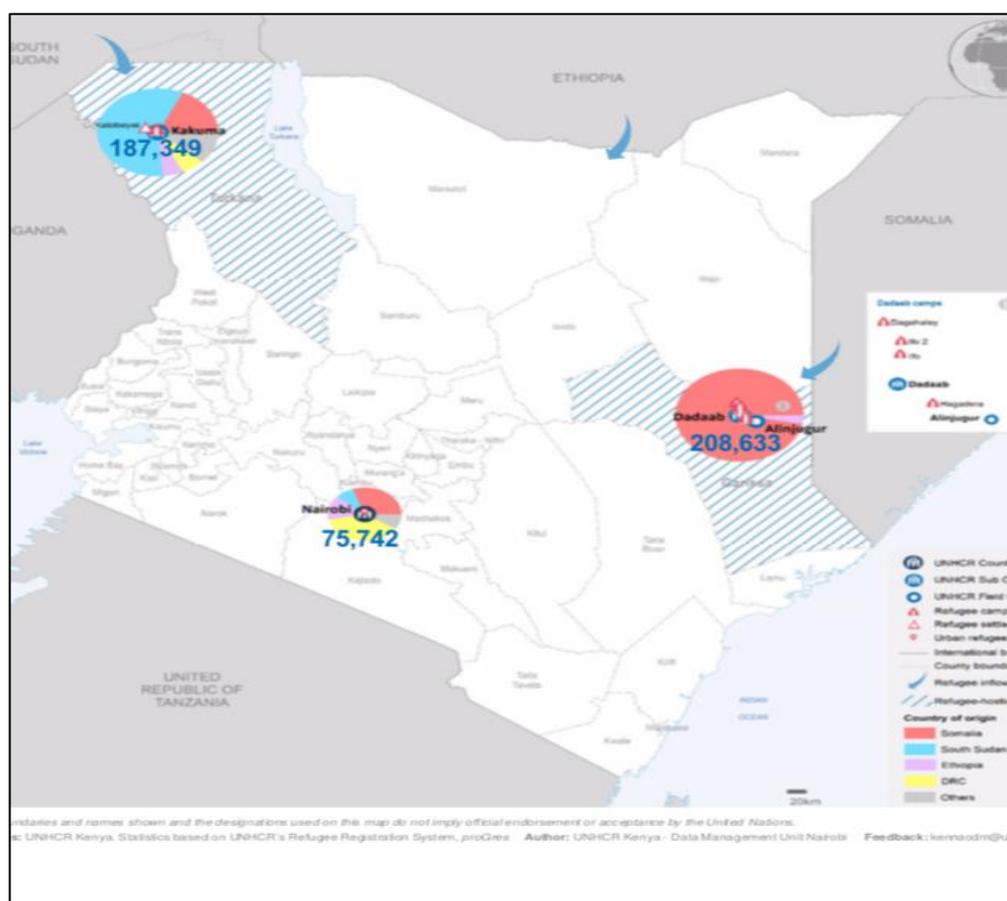
⁴ University of Oxford, (2017), “Refugee Self-Reliance: Moving Beyond the Market.”

⁵ Amy Slaughter (2017).

in 2014. However, the outbreak of conflict in South Sudan in 2013 has since led to an influx of new arrivals in the country.

As of February 2019, Kenya was host to 470,000 refugees and asylum seekers (49 percent of whom are female), making it one of the largest refugee-hosting countries in Africa. Refugees in Kenya are mainly concentrated in three major locations: Most reside in the Dadaab and Kakuma refugee camps (44 percent and 40 percent, respectively), while approximately 16 percent reside in the country's urban areas (mainly Nairobi).⁶

Figure 1: Most refugees are concentrated in the Dadaab and Kakuma refugee camps



Source: UNHCR Kenya, 2018

Currently, almost 55 percent of refugees and asylum seekers in Kenya are from Somalia. The Dadaab complex currently consists of three camps (Hagadera, Ifo 1, and Dagahaley), while Kakuma refugee camp is divided into four sections, Kakuma I-IV. In 2015, the Turkana County Government set aside land for the creation of Kalobeyei Settlement, designed to integrate the refugee and local Turkana populations. Around 20 percent of Kakuma's refugees currently live in Kalobeyei, a majority of whom are

⁶ UNHCR, "Kenya Statistical Summary December 2018." https://www.unhcr.org/ke/wp-content/uploads/sites/2/2019/01/Kenya-Infographics_December-2018.pdf

South Sudanese, 90 percent of whom arrived after June 2016.⁷

Over the years, the refugee population in Nairobi has been growing. The flow of refugees into Nairobi has been from both the camps and directly from the country of origin. The reasons for this include a combination of livelihood and protection concerns. Nairobi's approximately 30,000 Somali refugees are concentrated in the Eastleigh district of Nairobi, and in recent years, the number of Congolese refugees in Nairobi has also increased to around 19,000, with many residing in areas such as Kasarani, Kayole, Umoja, and Githurai (Betts et al. 2018b).

The Kenya refugee profile will continue to be affected by the political developments and humanitarian situation in the region, mainly in its two main refugee-producing countries (i.e. Somalia and South Sudan). In Somalia, the humanitarian situation is expected to remain fragile due to the impacts of drought, seasonal floods, ongoing displacement, and conflict, with over four million people in need of humanitarian assistance.⁸ In South Sudan, peace remains elusive and the humanitarian situation has worsened. Nearly 2.5 million people have fled to neighbouring countries, 1.7 million are internally displaced, and 7 million are in need of humanitarian assistance.⁹

Kenya's regulatory context

Kenya is a signatory to international treaties applicable to individuals seeking asylum and protection including the 1951 United Nations Convention relating to the Status of Refugees, its 1967 Protocol, as well as the 1969 African Union (AU) Convention Governing the Specific Aspects of Refugee Problems in Africa.

Kenya's 2006 Refugees Act stipulated that refugees live in "designated areas," but no areas were officially designated until the government designated Kakuma and Dadaab in March 2014. This policy was further formalized in 2016 through amendments to 2009 regulations issued under the Refugees Act, specifying that "[a] refugee or an asylum seeker shall be required to reside within a designated refugee camp" and that refugees "who wish to reside outside a designated refugee camp shall apply to the Commissioner for Refugee Affairs for an exemption."¹⁰

Kenya is also party to treaties that enshrine a right to work for refugees. The country's international obligations – which the Kenyan Constitution directly incorporates into domestic law – require Kenya to progressively realise refugees' right to work and allow them to engage in self-employment. Though the right to work may be enshrined in asylum law in Kenya, administrative barriers serve to constrain this right.

⁷ In this desk review, unless otherwise stated, "Kakuma" refers to Kakuma refugee camp as well as Kalobeyi settlement.

⁸ UNHCR Kenya, "Figures at a glance." <http://www.unhcr.org/ke/figures-at-a-glance>

⁹ OCHA, "South Sudan key figures." <https://www.unocha.org/south-sudan>

¹⁰ NRC and IHRC, (2018), *Supporting Kakuma's Refugees: The Importance of Freedom of Movement*.

An introduction to the hosting counties

The refugee camps in Kakuma and Dadaab are located in Turkana and Garissa Counties, respectively. These Counties are relatively under-developed areas of Kenya, characterized by difficult socio-economic conditions that include food insecurity, limited access to basic social services and economic infrastructure, and poor livelihood opportunities.¹¹ According to the 2015/2016 Kenya Integrated Household Budget Survey conducted by the Kenya National Bureau of Statistics (KNBS), Turkana is classified as the poorest county in Kenya and Garissa ranks fifth lowest.¹²

These hosting counties also fall below the national average on many other development indicators. The road networks are poor; electricity access is at 7 percent; and only 45 percent of households have access to safe water. The areas are arid or semi-arid and frequent droughts create vulnerabilities for the population, majority of whom rely on livestock.¹³

Turkana

Poverty rates in Turkana are extreme, with more than 79 percent of people living in poverty.¹⁴ Furthermore, Turkana alone accounts for close to 15 percent of the extreme poor in Kenya, and it also ranks highest in terms of food poverty, with 66 percent being food insecure.¹⁵ In terms of education, children in Turkana are less likely to access primary education with only 50 percent enrolled compared to the national average of 92.5 percent.¹⁶ The County remains prone to drought, insecurity, poor harvests, high malnutrition rates, water scarcity, and high food prices. Current data suggests that approximately 60 percent of Turkana's population relies on the livestock sector for their livelihood.

Turkana is expected to receive the third highest share of the 2018-2019 county allocation budget from the national government, set at Sh10.7 billion.¹⁷ It is also among the 14 counties that receive development assistance from the Equalization Fund.

There are hopes that the discovery of oil in Turkana South and East Sub-counties could bring better development prospects to the county as a whole. In March 2017, the GoK signed an agreement with the Tullow Oil to pave the way for the exportation of crude

¹¹ World Bank, (2018), *Social Assessment Report: Kenya Development Response to Displacement Impacts Project (KDRDIP) Additional Financing*.

¹² KNBS, (2018), *Launch of the 2015/16 Kenya Integrated Household Budget Survey Reports*.

¹³ World Bank, (2018), *NEDI: Boosting Shared Prosperity for the North and North Eastern Counties of Kenya*.

¹⁴ Daily Nation, "Turkana, Mandera and Samburu top list of poorest counties," March 2018.

¹⁵ KNBS, (2018), *Basic Report on Well-being in Kenya: Based on the 2015/16 Kenya Integrated Household Budget Survey (KIHBS)*.

¹⁶ Turkana County, (2016), *Turkana County Investment Plan 2016-2020*.

¹⁷ Standard, (2018), "Nairobi to get largest share of county cash allocations in Senate proposals," April 18, 2018:

<https://www.standardmedia.co.ke/business/article/2001277413/sonko-s-nairobi-maintains-lead-in-revenue-allocation>

oil from Turkana.¹⁸ In 2013, the discovery of vast aquifers near Lodwar and Lotikipi also raised hopes for the county, given that its plagued by water scarcity and food insecurity. Although initial tests indicate that parts of the aquifer are too saline for human consumption, the water could potentially be used for livestock and agriculture in Turkana.

Garissa

The unemployment rate in Garissa stands at 28.4 percent, and poverty incidence is at 65.5 percent, the fifth highest in Kenya.¹⁹ Along with Turkana and Wajir, Garissa is among the marginalized counties that have access to the Treasury's Equalization Fund because of their infrastructure and socio-economic indicators.

The majority of Garissa's population is predominantly pastoralist and livestock is a key productive asset in the region. There are, however, small-scale farming activities under irrigation along Tana River. The county continues to experience food insecurity due to droughts and poor rainfall, with a majority of the population relying on food assistance given that these conditions affect their livelihoods.

Only 1.5 percent of the population in Garissa County has access to electricity. By the end of 2018, the Garissa solar plant, billed as the largest solar plant in East and central Africa, will begin feeding the national electricity grid. Garissa County is a large trading centre for the North Eastern and Coastal regions, including cross-border trade from Somalia, but industry is under-developed.

Nairobi

Nairobi is the commercial and industrial hub of the country, and good connectivity between Nairobi and its satellite towns remains the main driver of population and economic growth in its metropolitan area.²⁰ Poverty rates are the lowest in the country, at 16.7 percent. The highest wage employer in Nairobi is the manufacturing sector, followed by trade, restaurants and hotels.²¹ A large number of the labour force – an estimated 1.5 million – is self-employed in the informal sector. This is 3.5 times higher than the figure of individuals in formal paying jobs.²² The level of unemployment in Nairobi stands at 14.7 percent while youth unemployment stands at a high of around 60 percent.²³

¹⁸ Deloitte, (2017), *Kenya Economic Outlook 2017: Joining the Dots.*

¹⁹ KNBS, (2018), *Basic Report on Well-being in Kenya: Based on the 2015/16 Kenya Integrated Household Budget Survey (KIHBS).*

²⁰ World Bank, (2016), *Kenya Urbanization Review.*

²¹ Standard Media, (2017), "Kenya's economy groans under weight of its jobless youth."

<https://www.standardmedia.co.ke/business/article/2001230740/kenya-s-economy-groans-under-weight-of-its-jobless-youth>

²² Ibid

²³ Nairobi City County, (2017), *County Integrated Development Plan (CIDP) 2018-2022.*

II. Methodology

This review, which involved a thorough literature search to identify relevant studies related to livelihoods and self-reliance of refugees and host communities in Kenya, was conducted with a priority placed on literature published in the last decade. The literature search included articles and assessments commissioned by humanitarian and development organisations in Kenya, livelihood and self-reliance studies conducted by universities, and programming and impact evaluation documents related to livelihood interventions in Kenya (more information on the methodology of these studies can be found in Annex 2). Meetings with stakeholders from the World Bank, UNHCR, and a number of humanitarian partners also guided and expanded the literature search.

A review of the state of the prevailing literature on livelihoods and self-reliance in Kenya reveals the following observations. First, the recent focus in the literature has overwhelmingly been on Kakuma. This is partly offset by three new studies published related to livelihood opportunities and constraints for urban refugees in Nairobi, particularly Somali and Congolese refugees (IRC 2018; Betts et al. 2018b; NRC and IHRC 2017). There has been a noticeable dearth of new research on Dadaab, which tended to feature heavily in previous research. Security concerns have often been cited as a reason for the gap, but the opening of the new Kalobeyei settlement in Kakuma, coupled with the influx of South Sudanese refugees, and the political willingness of Turkana's county leadership to engage with humanitarian and development actors are also potential reasons for this shift in focus towards Kakuma.

Second, it is observed that there has been an increase in quantitative studies measuring the economic lives of refugees and their economic impacts on hosting communities, most notably in Kakuma (IFC 2018; Betts et al. 2018b; Sanghi et al. 2016). Up until recently, refugee economies have been under-researched, with few attempts to understand variations in the economic outcomes for refugees, and findings have tended to be based on a large body of anecdotal evidence. The body of available research has benefitted from recent efforts to compare refugee and host community outcomes and also study the potential of market-based livelihood interventions and increased private sector involvement in refugee contexts (Staps 2018; NRC and IHRC 2018; IFC 2018; Sanghi 2016). The study by Sanghi et al. (2016), which quantified the net benefits to locals of the presence of refugees and aid in Kakuma by combining economic analyses and ethnographic research, was the first of its kind in terms of its rigorous and innovative methodology to address important policy-related questions of the potential impacts of greater refugee socio-economic inclusion.

However, on the down side, this growing body of quantitative work is weakened by a number of factors. Due to differences in methodology and sampling techniques,²⁴ there

²⁴ For example, the vast Kimetrica study (2016), which focused on the livelihoods and vulnerabilities of Kakuma's refugees, targeted 2,000 refugee households across all of Kakuma's subcamps, covering all refugee nationalities. The study on private sector opportunities by the IFC (2018) analysed data collected from 1,106 refugee heads of households across nationalities and across the four subcamps, as well as 311 host heads of households in Kakuma Town. The

is little comparability between the findings. It is therefore hard to ascertain whether differences in identified trends are due to differences in the lives of surveyed refugees and host communities or due to methodological difference. In particular, different metrics of well-being and vulnerability are used, again working against comparability. There are also challenges with representativeness as often sample sizes are small or sampling frames are often not made explicit. For example, the sampling techniques used by Fox & Kamau (2013) for their quantitative survey of 300 refugees in Dadaab are not discussed, and the study's strengths lie more in the qualitative insights gained from Focus Group Discussions (FGDs) with refugee groups, including youth, women, and business groups, as well as host community members and NGO staff working on livelihood programmes.

The literature is also weakened as the target groups tend to be different. For example, REACH & NRC (2018) undertook a quantitative survey in Dadaab, whereby most of the respondents were the heads of 286 refugee households across the camps. In contrast, the household study by Enghoff et al. (2013) targeted 398 host community households. Although similar topics were explored, the use of different survey tools, target groups, at different dates means that trends amongst refugees and host communities from the two surveys cannot be reliably compared.

Third, it is noted how closely surveys and analysis of livelihoods and self-reliance is linked to programming trends. Recent shifts in the livelihood strategies of humanitarian organisations have led to the commissioning of studies in order to underpin changes in programming with evidence-based research. For instance, the 2016 vulnerability study carried out by Kimetrica was commissioned to evaluate the scaling up of the World Food Programme (WFP) voucher programme in Dadaab and Kakuma. Thus, more recently – with a new emphasis on development responses to forced displacement – there has been a rise in rapid labour and market assessments with efforts to comprehensively map existing livelihood interventions for refugees as well as identify potential value chains and sectors that could be developed to enhance refugees' economic outcomes. The 2016 labour and market assessment conducted by Samuel Hall, which was designed to provide the Danish Refugee Council (DRC) and Action Africa Help International (AAH-I) with recommendations to develop livelihoods generation schemes in Kakuma, is one such example. However, while providing important information to inform programme design, the draw-back is that an incomplete picture emerges of refugee and host community vulnerability, beyond the programming topic of concern.

Town was defined by its urban economic boundaries, which includes the main road and adjacent alleys, and mapped as having a population of 60,000 that fluctuates based on the movement of mobile pastoralists. The study on refugee economies by Betts et al. (2018b) targeted 480 refugee households across Kakuma's subcamps, and this included 1,362 refugee adults (18-65 years) from the Somali, Congolese, and South Sudanese communities, and included multiple adults per household. In terms of the host community, the study interviewed 603 Turkana host community members from 11 villages close to the camp. Thus, this study differs in its methodology to the IFC study in terms of refugee nationalities included, as well as host community sampling given that it went beyond the boundaries of Kakuma Town and interviewed Turkana from villages around the camps.

For all these reasons, it is recommended that the trends identified in the following literature review are taken as indicative but not definitively proven. The current literature works best to inform broad policy and programmatic directions. For example, the barriers to refugee self-reliance have been well mapped in the literature by a number of studies, which have particularly focused on the legal and regulatory environment in Kenya (IRC 2018; NRC and IHRC 2018; Betts et al. 2018a). What is lacking is all-encompassing socio-economic and poverty profile of refugees and host communities. As of yet, no nationally representative survey has been undertaken, which would enable the investigation of poverty rates amongst refugees and host communities as compared to national poverty rates in Kenya.

III. An Economic Profile of Refugees in Kenya

Are refugees poor/vulnerable?

The literature has revealed that refugees in both the camp and urban settings remain economically vulnerable. In Kakuma for example, if the Kenyan poverty threshold of 125 Ksh is applied, only 1.7 percent of surveyed households are not vulnerable (Kimetrica 2016). The literature also shows that life in Nairobi remains a struggle for many refugees. Very poor and poor households comprise a significant proportion of refugee households especially in areas such as in Kayole and Kitengela where many refugees working in the informal sector have low living standards (Betts et al. 2018b; UNHCR 2012). Although Somali refugees in Nairobi enjoy higher living standards, Congolese refugees are worse off, being significantly less likely to own assets such as a television, a computer, clothes, or shoes (Betts et al. 2018b).

The research also shows that refugees in the camps have few assets. In Kakuma for instance, even in terms of ownership of relatively low-value items such as a TV, bicycle, wheelbarrow, dining table, and solar panels, 70 percent of households possess none of these assets (Kimetrica 2016). In terms of the purchase of more expensive items which could be seen to indicate wealth such as school fees and domestic help, only 3.1 percent of refugee households with children under 18 put them in private schooling, and few households spend on luxury items such as domestic help (Kimetrica 2016). Further, though consumption in places such as Kakuma is substantial, the local community still lags behind national consumption in Kenya, and refugees are even further behind. Based on IFC figures, in 2016, the per capita household consumption for Kenya was more than \$800 a year while Kakuma town was at \$602, and the consumption figures for the camp stood at \$94 (IFC 2018).

In terms of food insecurity, the picture is also concerning. Research in Kakuma found that the majority of households (almost 60 percent) had either poor or borderline food consumption (Kimetrica 2016). And in Dadaab, a recent assessment found that more than 80 percent of respondents reported that their main food source seven days prior to the assessment was humanitarian assistance, and half of the households perceived not having had sufficient access to food (REACH & NRC 2018). Food security is also a challenge for many refugees in Nairobi: Congolese refugees only afford to eat about

two meals per day on average and their diet is much less diverse, with many not being able to afford meat even once a week (Betts et al. 2018b).

What are their main sources of income?

The literature shows that refugees in Kenya, while poor, are economically active and doing business with local communities, and not all of them are exclusively dependent on humanitarian actors and donors (Staps 2018; Betts et al. 2018b; Sanghi et al. 2016; Samuel Hall 2015). In terms of income sources of refugees, the desk review has revealed that along with remittances, the main sources of income are employment and income from running a business.

Employment. In both the Dadaab and Kakuma camps, quite a number of refugees earn their livelihoods through employment as incentive workers for agencies, working as school teachers, translators, community outreach workers, health workers, sanitation and construction workers, security guards, and office staff among others. Incentive work accounts for approximately 5,000 jobs in Kakuma and an even greater number of jobs in Dadaab (IRC 2018). However, the literature points to many limitations of incentive work especially in terms of the low level of pay offered to refugees. Given that working in the NGO sector is a significant income source for many refugees, these remuneration limitations are particularly weighty.

Self-employment. The other significant source of income for refugees relate to running shops and small businesses, which usually involve retail businesses, selling groceries in kiosks, or hawking (IRC 2018; Swisscontact 2017; Samuel Hall 2016; Kimetrica 2016; Fox & Kamau 2013). In Kakuma, studies have estimated more than 2,000 businesses in the camp, while the figure is around 5,000 in Dadaab, with many of the goods being sourced from Somalia, stemming from the desire to supplement refugee rations with other food items (Fox & Kamau 2013).

The types of economic activities do vary among the refugee groups. For instance, compared to Somali refugees, Congolese and South Sudanese refugees in Kakuma tend to be employed by UNHCR and NGOs, while Somalis are more likely to be self-employed and run their own shops (Betts et al. 2018b; Kimetrica 2016; Samuel Hall 2016). In terms of gender, many female refugees engage in distinctive economic activities and frequently collaborate with other women of the same nationality within small cooperatives. For example, among Congolese women in Kakuma, catering is an important source of income, and in Nairobi, a considerable number of Congolese female refugees are involved in selling *bitenge* fabric (Betts et al. 2018b).

Remittances. Contributions to household income from family members outside the camps and country are an important source of income for refugees. Betts et al. (2018b) explained that in the absence of access to formal banking, refugees' transnational connections and the resulting money transfers are one of the main sources of business finance for refugees in both the camp and urban settings.

Agriculture. Few refugees in the camps engage in animal husbandry given that they face restrictions on livestock rearing, which is the main livelihood activity practiced by

the host communities. Some refugees in the camps are involved in agriculture, and this is a more prevalent activity in Kalobeyei given that the vast majority of refugees have kitchen gardens. However, few are selling produce from their kitchen gardens as most of it is consumed by households.

Other sources. Research shows that refugees in the camps often sell some of the food items distributed by the UN in shops, both within and outside the camps, and some also trade their in-kind goods with the host community, receiving cash or other resources such as firewood and charcoal (Betts et al. 2018a; Kimetrica 2016).

Urban refugees. Refugees in Nairobi are able to access better mobility and public services but they largely give up access to assistance by coming to urban areas. As a result, they need to be economically independent, with many refugees, particularly men, working. In Nairobi's urban areas, most refugees tend to operate small businesses, find daily casual labour opportunities, and be employed in various retail outlets. Most refugee households seek informal work on a daily basis and many are low-skilled workers. Petty trade is a common activity among Nairobi's female refugees, and this commonly involves selling food, water, handicrafts, and clothes (UNHCR 2012).

Are refugees moving towards self-reliance?

In the absence of any definitive data showing whether refugees underpin their household consumption based on their own efforts or through assistance, income and employment are useful proxy indicators of self-reliance.

Unemployment rates in the camp settings remain high, and many refugees don't have access to an income based on employment or self-employment. Recent data from Kakuma shows that while about a third of refugees living in Kakuma I or II have a source of income from employment or self employment (this includes incentive work), the corresponding figure for those living in Kakuma IV is only 5.5 percent, highlighting the even more dire situation facing new arrivals (Betts et al. 2018b; Samuel Hall 2016). In a recent survey in Dadaab, only a third of respondents reported having access to an income, and 70 percent of households stated that reliance on humanitarian aid was their primary livelihood coping mechanism (REACH 2018). The data therefore reveals that in both Dadaab and Kakuma, reliance on humanitarian assistance remains crucial for many refugees, and especially so for new arrivals. Moreover, the study by Kimetrica (2016) has crucially highlighted that having a household member employed or in business does not guarantee an adequate income as many households are involved in informal businesses such as hawking: "Over 80 percent of households with a business and with employment in Kakuma would not be able to survive without assistance equivalent to the minimum food and NFI basket."

In Nairobi, more refugees are employed but earnings are low. Data shows that in Eastleigh, 44 percent of Somali refugees are employed, earning a median income of \$150 per month, while for Congolese refugees, 55 percent are employed, earning a median income of only \$70 per month (Betts et al. 2018b).

Looking at access to food, another useful indicator of self-reliance, in a household survey undertaken in Kakuma and Kalobeyi (NRC & IHRC 2018a), two-thirds of respondents reported relying on humanitarian assistance as their primary form of food support, while a household survey conducted in Dadaab (REACH & NRC 2018) found an even higher percentage reporting humanitarian assistance as their main source of food in the past seven days. In addition, 50 percent of assessed households perceived not having access to sufficient food in the one week prior to the assessment.

Though households have been observed to pool their rations through ‘fictive households’, the literature asserts that refugees haven’t been able to develop strong self-reliance strategies, with humanitarian assistance remaining the main source of employment and income for refugees, particularly in the camps. Bamba Chakula, the cash transfer programme that allows refugees in Kakuma, Kalobeyi, and Dadaab to buy food from local traders with cash from their mobile phones, accounts for the main source of income for refugees in Kakuma (IFC 2018).²⁵

Which refugees have better economic outcomes?

This desk review has illustrated that there is significant variation among refugees’ economic outcomes, and this is often delineated in terms of location, nationality, duration of displacement, and gender.

Location

It emerges that refugees are better off in Nairobi than they would be in the camps (Betts et al. 2018b). In addition, the households that have less opportunities for self-reliant livelihoods and income, more food insecurity, less consumption expenditure and lower wealth assets tend to be living in Kakuma IV, originate from South Sudan, and have arrived recently (from 2014 onwards) (Kimetrica, 2016).

Date of arrival

The literature is consistent in terms of the disadvantages facing new refugee arrivals. Many studies highlight that communities in protracted refugee situations are more likely to develop stronger coping strategies and acquire more stable social and financial networks whether through remittances or the ability to engage in debt-related transactions (Samuel Hall 2016), and the data supports this. In Kakuma, South Sudanese refugees, many of whom are new arrivals, have the lowest employment rate and they report being either very dependent on assistance or without any reported source of income other than aid.

Moreover, the literature shows that there are added dimensions to the intra-refugee

²⁵ In Kalobeyi, food assistance is almost completely through Bamba Chakula, with refugees receiving \$14 per month per person along with a small in-kind supplement of 1.2 kg of corn-soya blend. In Kakuma and Dadaab, residents receive \$5 per month for single person households and \$3-4 per month per person for households of two or more, along with in-kind food aid that varies per month.

comparisons in Kakuma, marked by differences between the subcamps, with Kakuma IV, home to many new arrivals, being particularly notable. The survey by Kimetrica (2016) found that its residents have the smallest social networks, the lowest mobile phone ownership, and only a third of its households have a fenced property. In terms of other metrics such as electric lighting, subcamp IV is the poorest, so connections to generators are low, while those living in other subcamps tend to be better off and typically use some form of electric lighting (IFC 2018).

Research comparing socio-economic outcomes of refugees in Kakuma and Kalobeyi also reveals interesting differences, with refugees in Kalobeyi faring better in terms of income, food security, and consumption (Betts et al. 2018a). Nonetheless, the authors note that nearly all newly arrived refugees in both Kakuma and Kalobeyi are struggling economically, and it cannot be said that recently arrived refugees in either model have achieved a measurable degree of self-reliance.

Nationality

Research conducted in Kakuma and Nairobi show that as a group, South Sudanese refugees are worse off compared to other refugee groups in the camps in terms of employment rates, average incomes, and asset ownership. Research by Samuel Hall (2016) in Kakuma also shows that compared to South Sudanese refugees, surveyed Ethiopian and Somali households tend to have more diversified incomes, including remittances, which confirms their relatively stronger economic integration in the camp and more extended financial networks. For example, many Somali-owned shops in Kakuma are connected to wholesalers in Eastleigh. And in Nairobi too, research comparing Somali and Congolese refugees shows that the former are better off; they are significantly more likely to own assets such as a television, computer, clothes, or shoes (Betts et al. 2018b).

Gender

There is also a gender gap in economic outcomes among refugees. Existing disparities in employment between genders abound in the literature. Data collected also reveals that women in Kalobeyi and Kakuma are more likely than men to be in a caretaker role and to rely on food aid, and less likely to be employed, educated, or to have access to credit or savings (Betts et al. 2018a; IFC 2018; Samuel Hall 2016; Kimetrica 2016). The literature also shows that the gender gap is greater among Somali refugees than other refugee populations in Kakuma or Nairobi.

IV. An Economic Profile of the Host Communities

Are host communities poor?

Poverty is widespread among host communities in Turkana and Garissa. In the former, 84 percent of the population in Turkana West Sub-County (home to Kakuma camp and Kalobeyi) lives below the poverty line, and in Garissa County, poverty stands at 73 percent (World Bank 2018). In recent years, an added key concern of the host communities living around the Kakuma and Dadaab refugee camps is related to

pastoralist dropouts – those who lost their livestock during prolonged periods of severe drought and famine. Research has shown that the majority of them lack adequate social safety nets and this has led to increased poverty incidences among pastoral groups (World Bank 2018).

One of the consequences of prevailing poverty around the camps is that local community members attempt to access aid benefits from the camps. The study by Enghoff et al. (2010), which was carried out before the recent UNHCR verification exercise, found that at least 40,500 host community members within 50 kilometres of the Dadaab camps were holding refugee ration cards. Based on more recent UNHCR figures, it is estimated that about 43,000 Kenyans across all refugee-hosting areas ended up enrolling as refugees to access food benefits and other basic services (UNHCR 2016). According to interviews conducted with host community members in Dadaab who were applying to have their names taken off the refugee register as part of UNHCR's 2016 verification exercise, respondents noted that their parents had registered them as refugees because their families were chronically poor (World Bank 2018).

Related to high poverty levels and deprivation, the host communities are also underserved in terms of access to services. For example, the pastoralist population in Turkana West Sub-County is significantly underserved with respect to mainstream services such as health, education, and water. Further, the elderly, who tend to be left to cater for themselves when households move, are particularly susceptible to ill-health, which is worsened by the general poverty and limited access to services in these areas (World Bank 2018). In addition, Kakuma Town is not served by the national electricity grid, which only reaches as far as Lodwar, though the Rural Electrification Agency is now building a diesel mini-grid to serve it. And around the Dadaab camps, such as in Fafi Sub-County, host community residents face numerous challenges including a shortage of water, poor infrastructure, poor telephone networks, and electricity coverage (World Bank 2018). These communities also suffer from low educational levels: 74 percent of the population in Garissa County is illiterate (Garissa County CIDP 2018-2022).

In terms of host communities in the capital city, although Eastleigh is known for its vibrant economic activity, it is characterized by extremes of wealth and poverty. Other areas in Nairobi East that host refugees, particularly Congolese refugees, such as Kayole, Kasarani, Umoja and Githurai, are characterized by high degrees of informal economic activity as well as poverty. Research by Betts et al. (2018b) revealed that host communities in these areas earn a median income of \$126 per month, which is around the rate of the minimum wage in Kenya.

What are their main sources of income?

In Turkana West Sub-County, over 40 percent of the population are nomadic pastoralists although local livelihoods are diversifying with the rise of small urban

centers such as Kakuma Town.²⁶ Most non-Turkana in the area are economic migrants who moved to Kakuma Town for business reasons after the creation of the camp. Agriculture seems to play a more limited role due to the arid climate, scarcity of water, and poor soil quality, with a small number of households farming millet, maize, sorghum, and legumes.

Research shows that the presence of the refugee camp has emerged as an important source of income for the host community. In Turkana, host community members sell firewood or charcoal to refugees, they work in the refugee camps as construction workers, domestic servants, security guards, livestock producers/sellers, and some also staff refugee businesses (Betts et al. 2018b; Sanghi et al. 2016).

In Dadaab, a similar narrative emerges. Members of the host community sell products to the camps, including livestock, milk, and firewood. Studies have pointed out that the presence of refugees and humanitarian agencies have provided both a unique market for a number of businesses in the host community as well as employment opportunities, especially for communities adjacent to the camps or in Dadaab Town (Fox & Kamau 2013; Enghoff et al., 2010). Dadaab Town has a variety of businesses running, including tailoring, electronics and hardware shops, as well as restaurants and general stores. Products from these businesses are sold within the camps and host community members also own businesses within the camps; Dagahaley in particular hosts non-refugee traders in large numbers and they may account for more than half of the business community there (WFP 2014; Fox & Kamau 2013; Enghoff et al. 2010). Further, aid agencies also provide considerable economic opportunities for a selection of businesses in Dadaab.

In Nairobi, defining host populations and their economic profiles is not as straightforward as in the camp surroundings given that many of these communities are not as homogenous as in the camp settings and they vary from one Nairobi settlement to another. Eastleigh, for example, known as *Little Mogadishu* and home to many of Nairobi's refugees, represents a vibrant market, with commercial activity dominated by Kenyan Somalis. Members of the Somali business community are involved in many sectors ranging from *hawala* banking to the real estate sector, as well as general trade. Selling gold is also one of the common Somali businesses as is trade with China, which is reflected in many of the clothing shops that import their goods from China. However, Eastleigh is characterized by extremes of wealth and poverty (Betts et al. 2018b), and according to data from KNBS (2013), it also has some of the highest percentages of residents with no formal education. Other refugee communities are dispersed throughout the city, particularly within its informal settlements. Similar to most of Nairobi, the livelihoods of most inhabitants in refugee-hosting settlements such as Kayole, Kasarani, Umoja and Githurai, come from informal economic activities rather than formal wage employment, which has been decreasing as a whole in Kenya.

²⁶ UNHCR, (2018), *The Kalobeyei Integrated Socio-Economic Development Programme: Phase One: 2018-2022 Comprehensive Refugee and Host Community Plan in Turkana West, Kenya.*

V. How Different are Refugees and Host Communities in Development Terms?

A dominant message emanating from the desk study is that in the absence of a definitive assessment that would enable the comparison of rates of poverty between host communities and refugees, caution should be used when generalizing about the communities' respective status and vulnerability.

What the existing literature does reveal is that there are nuances in the contexts in Garissa, Turkana, and Nairobi depending on the refugee group and the local community in question (and indeed, how the host community is defined). And while one group may be better off in one location (depending on the indicators used), this may not necessarily hold true across the board. For example, in Nairobi, although refugees appear to be better off than they would be in camps, they are worse off than the local host population across almost all metrics (Betts et al. 2018b). Overall, the current literature has revealed a complex picture, and for the majority of refugees and host communities, irrespective of whether one group may be better off according to a certain indicator, these groups tend to be characterised by poverty and economic vulnerability.

Access to services, including education and health

The findings from various studies reveal that Kakuma camp fares better than the rest of Turkana County in terms of some socio-economic indicators such as access to education and medical services (Betts et al. 2018b; Sanghi et al. 2016). The camp is also better connected with major markets than most other regions in Turkana.

With regard to access to education for refugees in Kakuma camp and host community members in Kakuma Town and the surrounding areas, there is some discrepancy in the findings of two recent major studies. The IFC study (2018) found that more than half of the refugee respondents had no schooling compared to just over a third of host community members in Kakuma Town. This is at odds with the conclusions drawn by Betts et al. (2018b) who found that Somali, Congolese, and South Sudanese refugees in Kakuma all have more years of education than the Turkana host community, though this only corresponds to a low average of six years of education for refugees. However both studies note the low educational trends among Somali refugees in particular and the relatively higher educational attainment among Congolese refugees, revealing that national or cultural differences also play a role in education. In terms of vocational education, similar discrepancies exist with Betts et al. reporting that refugees in Kakuma are also significantly more likely to have done some vocational training while the IFC study observed that vocational training for refugees is lower as compared to the host community.

In Nairobi, research by Betts et al. (2018b) found that refugees generally face worse educational outcomes than hosts, with both Congolese and Somali refugees spending fewer years in school than their local hosts. In addition, according to their research, host communities have better reported health levels than refugees across the board.

There have been no similar studies in Dadaab to ascertain any development gap

between refugees and the host community. Anecdotal evidence is more prevalent: For instance, the study by Enghoff et al. (2010) notes that “ there is a strong sense in the host community that the camp environment provides better services and economic opportunities than in the host area.” This study, together with the 2013 study by Fox & Kamau, do note that the circumstances in Dadaab are better when compared to other similar arid and semi-arid regions of Kenya.

Employment and self-employment

The overall picture on employment outcomes among refugee and host communities varies from camp to urban setting. In terms of Kakuma, there is consensus among recent studies that more refugees are unemployed than host community members (IFC 2018; Betts et al. 2018b). The IFC study also found that host community members are more likely than refugees to receive a loan from a financial institution, and this is supported by Betts et al. (2018b) who concluded that refugees often face greater restrictions than hosts on access to formal banking and loans, which is one of a number of important obstacles to entrepreneurship.

Regarding Dadaab, there is an absence of studies that have systematically compared refugee and host community economic outcomes. In terms of measuring and comparing economic outcomes in Nairobi, there is only one study that does this (Betts et al. 2018b), and it therefore heavily informs the discussion. The authors found that refugees do better in Nairobi than they would in camps but they are still likely to be worse off than local citizens. Their survey of Somali and Congolese refugees in Nairobi revealed that both groups have lower employment or self-employment rates compared to local hosts.

The literature also supports the conclusion that the majority of refugee businesses in the camps and Nairobi operate in the informal sector (Betts et al. 2018b; IFC 2018; IRC 2018), and thus any discussion of the economic activities or livelihoods of refugees needs to be nuanced by this finding.

Incomes

In terms of income, the desk study has revealed that there are differences in the conclusions drawn by two major recent studies in Kakuma. The IFC study (2018) found that despite the fact that some refugees work in jobs that require a higher level of skill and education, on average, they earn almost a third less than those in the town (this is both the case in terms of income earned by refugees working in similar jobs to host communities, including salaried employment by NGOs and being employed in *dukas*, as well as working in different jobs and earning income from running their businesses). Moreover, data collected suggests that less than 3 percent of refugee households in Kakuma earn more than the minimum wage. This supports the findings from the survey by Kimetrica (2016), which highlighted that although a small percentage of refugee households surveyed in Kakuma reported receiving cash income from employment, business, and remittances, the value of earnings are low, and very few households earn more than the Kenyan minimum wage. This was also corroborated by the 2016 Samuel Hall research in Kakuma, which found that the average and median

refugee household income were low and fell below the minimum wage rate.

However, the study by Betts et al. (2018b) concluded that refugees in Kakuma are actually better off than the surrounding host population: “Even though they have comparable employment levels, working refugees’ self-reported median income is higher than for the local Turkana (around \$55 per month compared to under \$25 per month)”. Thus, it appears that the two major studies demonstrate convergence in terms of the average refugee incomes, but they diverge in terms of the median incomes of the host community. This could potentially be a result of their methodology, how incomes were calculated, how the host communities were defined, and which members were included in their studies. Betts et al. calculated incomes for refugees that reported having an economic activity while transfers under the Bamba Chakula programme were included in the IFC’s calculations of refugee incomes. However, not all refugee households considered these vouchers to be sources of income, and the number of South Sudanese households with no income may appear particularly high. In addition, the target host communities in the surveys conducted by Betts et al. focused on 11 Turkana villages and they interviewed those between the ages of 18-65. In contrast, the IFC study focused on the stationary, urban, and densely populated areas of Kakuma Town, which could have potentially also included non-Turkana host community members.

In Nairobi, current research shows that refugees are worse off than the local hosts in terms of earnings per month—this was the case for both Somali and Congolese refugees (Betts 2018b).

Living standards

There is some divergence again between the conclusions drawn by IFC (2018) and Betts et al. (2018b) regarding whether refugees are better off than the host community in Kakuma in terms of some proxy indicators of living standards such as access to electricity and ownership of assets such as mobile phones. Betts et al. found, that on average, more refugees have electricity at home (although South Sudanese refugees lag behind), while the IFC study found a seemingly comparable percentage of refugees and host community with access to electric lighting, though the latter registered a slightly higher percentage of homes with access to electric lighting or generators. The study nonetheless concurred that there is variation across nationalities and Kakuma IV, with its higher proportion of South Sudanese refugees, was found to be lagging behind on this metric.

Research by Betts et al. also concluded that refugees are significantly better off than host communities in Kakuma in terms of ownership of assets such as a mobile phone (with the exception of South Sudanese refugees who are only marginally better off). However, the IFC study found that although percentages for both groups are relatively high, with almost 70 percent of refugees having a mobile phone, the corresponding figure for the host community is higher and stands at 85 percent. In addition, although Betts et al. found refugees to have higher consumption rates in Kakuma, the IFC figures found refugees to be lagging behind the host community.

Data for Nairobi, which primarily comes from Betts et al. (2018b), reveals that living standards for refugees and host communities are higher in Nairobi than in the camps, and Somali refugees have comparable living standards to the host community. Congolese refugees, however, are worse off than their local hosts.

Networks

According to various studies in Kakuma, refugees often have better transnational links than host communities, with remittances being particularly common and significant for Somali refugees (Betts et al. 2018b; Kimetrica 2016; Samuel Hall 2016). These remittances are identified as an important source of start-up capital for refugee businesses.

VI. The Economic Impact of Refugees on Host Communities

The literature shows that the presence of refugees contributes positively to economic growth, though their presence is also associated with negative impacts for hosts. For instance, studies of the socio-economic impacts of refugees on host communities around the Dadaab camps found that positive impacts relate to access to distributed food, economic opportunities, and service improvements while negative impacts largely relate to the depletion of the ecological integrity of the areas around the camps, including depletion of firewood and building materials together with grazing competition in the immediate vicinity of the camps (Aukot 2003; World Bank 2016; Enghoff et al. 2010). Similarly, the World Bank economic study in Kakuma notes that each settlement scenario, (encampment, partial integration, and complete integration), has its own winners and losers. Those to whom refugees present direct competition in the labour market are likely to incur losses, while the owners of fixed factors of production like land, and to a certain extent capital, will incur gains (Sanghi et al. 2016).

The desk review has also shown that the impacts of the refugee camps on host communities play out differently for men and women. For example, whereas the economic opportunities, cheaper food and access to free rations is of equal benefit, the environmental impacts have clearly been felt more directly by women in and around the Dadaab camps (Enghoff et al., 2010). And in Kakuma too, research indicates that the impacts of the refugee presence and activities on the host community also fall along gender lines. Turkana women benefit the most from the refugee and UN/NGO presence as they are able to develop a diverse subsistence tool-kit that includes providing labor to the refugees (housework, fetching water/food) and goods (charcoal, firewood, agricultural crops) in return for food and cash. However, they do experience violence, both in the camp and outside, especially when they forage for firewood (Sanghi et al. 2016).

Environmental impacts

According to the 2018-2022 Garissa CIDP, the presence of a large number of refugees in the county is “adding pressure on the already fragile ecosystem since 90 percent of refugees’ livelihoods depends on the natural resources.” Similarly, for Kakuma, much of the literature provides caveats in terms of these impacts: For example, sedentary Turkana seeking employment in Kakuma may enjoy the opportunities afforded by the camp while some pastoralists are concerned about the loss of local grazing resources due to camp expansion (Betts et al. 2018b).

Economic growth

Numerous studies discuss the positive impacts of refugees on host communities in terms of bringing in revenue to county governments, creating markets for the host communities, and contributing to economic growth of hosting regions. The World Bank study found that the presence of Kakuma Camp has increased the host region’s economic output by 3.4 percent (Sanghi et al. 2016), and other research has revealed positive impacts on the host community in terms of taxation revenue and markets, with local producers being able to sell their products, notably meat, firewood, and charcoal, in refugee markets (Betts et al. 2018b; Alix-Garcia et al. 2017; Samuel Hall 2015). Similarly, the Dadaab camps have developed as major markets for pastoral products, such as milk and livestock, with considerable purchasing power. Dagahaley is particularly cited as the main catchment for livestock being trekked in from the north and Somalia. In addition, studies have found that the total economic benefits of the Dadaab camps and related operations for the host community, using 2010 as the reference year, is around \$14 million annually (Enghoff et al. 2010).

In Dadaab and Kakuma, the residents of the host community around the camps benefit from the availability of commodities sold by refugees at lower prices and host community members use the camp markets because of their cheaper prices (Samuel Hall 2016; Fox & Kamau 2013). For instance, Dagahaley refugee camp has been identified as the main shopping center for the host community of Darfur village in Wajir South (World Bank 2018). A 2010 study in Dadaab found that the price of basic commodities such as maize, rice, wheat, sugar and cooking oil was at least 20 percent lower in the camps than in other towns in arid and semi-arid parts of Kenya, and this was due to the re-sale of WFP rations, access to free food by locals registered as refugees, and illegal imports via Somalia.

It is therefore clear from the literature that in places such as Kakuma and Dadaab, the economic lives of refugees and hosts are interdependent. The desk review has revealed that there are strong social and economic ties between communities of refugees and host communities: Cultural and ethnic ties between Somali refugees and Somali Kenyans in particular appear to play an important role, with some Somali refugees having embarked on joint business ventures with Somali Kenyans.

Employment opportunities and labour

The Dadaab and Kakuma camps are also a major source of employment for the local community – from menial jobs provided by cleaners and housekeepers to local

contractors who undertake construction (Samuel Hall 2015; Enghoff et al. 2010). The World Bank study on the economic and social impact of refugees on host communities in Kakuma found that the presence of the refugee camp has increased local employment by 2.9 percent (Sanghi et al. 2016). Local wage rates for unskilled labour have also been found to be significantly higher in Dadaab than in other comparable parts of Kenya (Enghoff et al. 2010).

In the survey conducted by Betts et al. in Nairobi (2018b), the authors propose that host communities in areas such as Kitengela benefit from the relatively cheap labour provided by refugees: "One of the reasons that Congolese refugees have such a good reputation among their Kenyan employers is because of their tolerance of tougher working conditions and lower wages." Research on economic impacts of refugees on host communities in Nairobi is lacking and it is also more complex to describe and quantify given that refugees are dispersed within the city and the dynamics at play are not similar to the camp settings.

Better service provision

The presence of the refugee camps has been found to have positive benefits on host communities in terms of availability of health services, and in the case of Kakuma, the refugee presence is highly correlated with greater physical health for members of the host community (Betts et al. 2018b; Sanghi et al. 2016). Based on the latter's research, the average the Body Mass Index (BMI) for both men and women was higher in Kakuma (presence of refugees) and Lorugum (presence of development) than at Lorengo or Lokichoggio (no development). A similar theme emerges in research conducted in Dadaab, where health services for host communities have been improved by agencies working in Dadaab, and the overall availability of social services is high compared to other areas of pastoral settlement in Kenya. Enghoff et al. (2010) also found that the majority of people in the host communities report improved access to education facilities and water since the establishment of the camps. As a result, the authors also found that dependency on free food, services, and donor-funded projects was more pronounced than in other comparable pastoral areas.

VII. Potential for Growth in Refugee-Hosting Counties

What are the potential sources of growth and opportunity in host areas?

The first Turkana County Integrated Development Plan (CIDP 2013-2017), whose overall objective was to reduce hunger and poverty, as well as build the foundations for economic growth, discusses infrastructural development in the context of better road and transport networks to drive the County's growth. This remains key given recent developments in the oil industry in particular, which is set to expand in the coming years with the construction of 25 wellpads and which will need pipelines, roads, rail and a central processing facility. Thus, attracting investments to facilitate the exploration and mining of resources, including oil, gold and other industrial and

building minerals, is seen as a way to spur economic growth and also create employment opportunities for local communities. In 2018, the Turkana County Government, together with UNHCR and other partners, launched the Kalobeyei Integrated Socio-Economic Development Programme (KISED) in Turkana West. According to the 15-year KISED, which is closely aligned to the CIDP II sectors, more public and private sector investment is needed in health services, educational facilities, agriculture and livestock sectors, capacity development and skills building. Additional efforts are also needed in terms of road connectivity, energy, and water, which are cited as having the biggest potential to impact economic growth in the county.²⁷

Garissa County's second CIDP (2018-2022) also prioritizes infrastructure development, along with the livestock, agriculture, blue economy, renewable energy (particularly solar energy) and forestry sectors. Attracting investments in agro-pastoralism to diversify livelihood sources and reduce the economic impact of drought is also key, and the CIDP also sets out water and irrigation projects to further develop its agriculture potential. In addition, developing the county's micro and small enterprises, particularly businesses related to agriculture, trading, manufacturing, hotels, and transport, is seen as important in achieving growth, employment creation, poverty reduction, and in developing the county's industrial base.

For the UN Joint Programme for Turkana (2015-2018), whose focus is developing key sectors to spur employment and wealth creation, the identified productive sectors include agriculture, livestock, fisheries, energy, extractive industry, and tourism. The threat posed by climate change to the mainstay livelihoods of communities underpins many of Turkana County's development priorities and projects.

Pastoralism and agriculture are the foundations of the economy of the hosting counties of Turkana and Garissa given that the majority of their populations are predominantly pastoralist and livestock is a key productive asset (World Bank 2018). However, these sectors are vulnerable to climate variability and change and many efforts are now focused on enhancing the resilience of pastoralist communities and developing alternative livelihoods.

In Garissa, the potential for rain-fed agriculture (maize, sorghum, cowpeas and green grams) is 649,000 ha (14 percent of the county's total land), of which only 1.8 percent is currently cultivated. With nomadic pastoralism and agro-pastoralism being the major agricultural activities in Garissa, there are various value chain commodities (VCCs) that are being researched. These include meat, milk (cattle, goats, sheep, camels), cereals (maize), and fruits and vegetables.²⁸ In addition, the LAPSSET Project, which involves building a road that stretches from Lamu to Garissa, could open up markets and local industries, including the livestock and agri-business sectors.

²⁷ UNHCR, (2018), *The Kalobeyei Integrated Socio-Economic Development Programme: Phase One: 2018-2022 Comprehensive Refugee and Host Community Plan in Turkana West, Kenya*.

²⁸ Ministry of Agriculture, Livestock and Fisheries of Kenya, (2016), *Climate Risks Profile: Garissa County*.

In terms of agriculture, according to the Turkana CIDP II (2018-2022), agricultural production is dominated by maize and sorghum, which are cultivated mainly at the subsistence level with limited commercial production. Only 30 percent of the County's soil is suitable for crop production and farming is mainly practiced through irrigation along the Rivers Turkwel and Kerio and through rainfed production around Kakuma and Lokichogio. KISED P partners, including the County Government, are also investing in climate smart irrigation technologies and the construction of rainwater harvesting structures for use in crop and livestock productions.²⁹ A new project in Turkana funded by Tullow Oil has seen a series of permaculture sites in the South Lokichar region. These include the installation of a tree nursery and vegetable propagation units, an agroforestry section, and multiple demonstration beds under drip irrigation.³⁰

Fishing is also a sector that has been mentioned in the literature as having potential to spur growth in the hosting areas. Market assessments in Kakuma found that fish is expensive and brought to Kakuma from Lake Turkana, and fish farming could be undertaken to meet the growing local and peripheral demand both by the refugees and host community using water from shallow wells and solar powered water pumps (Staps 2018; Swisscontact 2013). In their assessment in Kalobeyei and Kakuma, Betts et al. (2018a) also recommend fish traders be registered for Bamba Chakula given that they found consumption of fish among refugees in both Kakuma and Kalobeyei to be low. The KISED P also speaks of the need to tap into the potential of increased consumption of nutritious livestock and fish products, and its activities will entail collaboration and participation in agri-nutrition sector activities in order to obtain information on nutrition gaps and deliver skills transfers to households in order to increase production. Fox and Kamau (2013) also note that increasing the skills of refugees in fishing could also aid return processes to Somalia, given that this is an untapped source of growth for Somalia too.

Other opportunities for growth in hosting counties relate to the provision and maintenance of more reliable and efficient energy for lighting, cooking, and commercial purposes, with spin-off benefits for employment and income. The IFC study (2018) found that the potential for energy consumption and provision in Kakuma is considerable due to the large population, high density, and presence of street markets. Further, in a context such as in Turkana West where only about 5 percent of households have access to electricity, with firewood being the main source of energy, solar energy and other forms of renewable energy are also mentioned in the literature as having the potential to contribute to better access to power, lower costs, and better environmental outcomes for refugees and host communities alike. Research on Dadaab has similarly shown that the energy sector is a potential area of opportunity given that the energy market there is worth over \$18 million per year (GVEP International & Chatham House 2016). In addition to the energy market, tapping into the consumer goods market, including food and household goods, is another area

²⁹ UNHCR, (2018), *The Kalobeyei Integrated Socio-Economic Development Programme: Phase One: 2018-2022 Comprehensive Refugee and Host Community Plan in Turkana West, Kenya*.

³⁰ Barefoot Solutions: <https://www.barefootsolutions.com/turkana-north-kenya/>

where investment and business opportunities can be found in places such as Kakuma and Dadaab.

Refugee participation in key drivers of economic growth

The priority sectors outlined in the new Garissa and Turkana CIDPs, which include energy, water, and agriculture, highlight key linkages with the refugee economy for potential integration through sectoral priorities. However, while there are prospects of economic growth for the hosting counties, economic opportunities within these drivers of growth are not always available to refugees even though refugees make up a sizeable portion of the population in some Sub-Counties (for instance, they constitute approximately 40 percent of the Turkana West population). This is also despite numerous studies highlighting that the livelihood options for refugees are closely intertwined with co-existence and relationships with the host communities.

Energy

In terms of the energy sector, the Turkana in Kakuma sell firewood or charcoal to refugees, but refugees are excluded from participating in these sectors. Trying to meet basic cooking, lighting, and phone-charging needs is therefore costly for refugees, consuming a significant share of stretched monthly budgets. However, the non-renewable energy sector is a potential driver of growth in the hosting counties, and there are increasing efforts to encourage the private sector to create low carbon projects, which could create local market-based solutions for energy access, generate livelihood opportunities for refugees and host communities, and reduce dependency on handouts.³¹ Further, among refugees in the camps, we have learned that there are informal networks of generator operators who provide electricity at particular times to nearby consumers, and in the absence of more sustainable forms of energy, facilitating these generator operators could be a temporary entrepreneurial measure (Betts et al. 2018a).

Construction and mining

In terms of employment in the construction and extractive sectors, the Turkana county Investment Plan (2016-2020) notes that there are a wide range of industrial and building minerals in the County and quarrying takes place in Kakuma among other locations. Refugees, especially those who have received relevant vocational training, could potentially participate in these activities but regulatory barriers currently prevent them from doing so. Research has highlighted that movement restrictions imposed on refugees are counterproductive to the economy given that they limit refugees' ability to contribute to the local host community economy.

Pastoralism

Many refugee households either farmed or reared livestock before arriving in the camps. However, refugees are excluded from owning and rearing most livestock, which

³¹ Chatham House, (2018), *Prices, Products, and Priorities: Meeting Refugees' Energy Needs in Burkina Faso and Kenya*.

forms the backbone of the economy in regions such as Turkana and Garissa. Currently, the participation of refugees in livestock production is limited to poultry and other small livestock. Their participation in the livestock value chains for camel, cattle, sheep, and goats is limited to trade (particularly as butchery owners) and consumption. Rapid market assessments carried out in the camps also propose exploring ways of investing in value-addition of livestock products, including skins and hides, and camel and goat milk, in order to involve both refugees and host communities in developing these sectors. And according to the first Turkana CIDP, there were plans to build a milk processing plant in Kakuma, and establishing factories for meat and leather were designated flagship projects. However, despite their potential, opportunities for refugees to contribute these sectors have so far been limited (World Bank 2018; Samuel Hall 2016; Swisscontact 2013).

Agriculture

Refugees are able to own land in Kenya, and this therefore prevents them from participating more fully in the agriculture sector, which has been identified as a potential important driver of growth in hosting counties. Despite the harsh conditions, Kakuma camp has a small but positive effect on farming; it seems that the refugee camp has provided some demand for products grown locally (World Bank 2016). In a market assessment in Kakuma, crop growing was highlighted as one area where there can be quick wins with observable results for beneficiaries, especially women and youth groups that may be involved and trained in horticultural projects, starting small and scaling up to tap the underserved market (Swisscontact 2013). The IFC study (2018) supports the recommendations of the Samuel Hall value-chain analysis in Kakuma (2016), which found that there is potential to grow tomatoes locally as they are in high demand and able to grow in arid areas. Both studies therefore suggest that tomato production could be a promising business opportunity for the camp, especially so given that fruits and vegetables that are sold in Kakuma are procured in Kitale, more than 400 kilometres away. The commodity value chain analysis by Samuel Hall (2016) also pointed to the potential of developing the aloe vera value chain in terms of profitability and employment generation for refugees and host communities in Kakuma.

Around 15 percent of refugees in Kalobeyei practice crop production. The KISED P discusses the presence of refugees, including women, as having the potential to benefit the agricultural sector in Turkana West especially given the discovery of fresh water aquifers for irrigation. In their study of Kalobeyei, Betts et al. (2018a) recommend promoting kitchen gardens, having found that they are positively correlated with better nutrition, higher dietary diversity, and reduced food insecurity. Currently, few refugees appear to be selling produce from these gardens and most of the produce is consumed by the households (Betts et al., 2018a; Kimetrica 2016). Providing seeds and tools to refugees while conducting assessments on the feasibility of larger-scale cultivation in agricultural areas is recommended. In addition, because agricultural allotments in Kalobeyei are small and have less access to water, research should be undertaken to assess the recharge rates of the aquifers and if water is inadequate for conventional crops, whether dryland varieties such as cowpea and sorghum could be explored.

There have been recent efforts to further explore agricultural opportunities in Dadaab. The NGO RET has initiated a greenhouse project, which primarily targets Somali Bantu refugees to enable them to sell their products to WFP retailers involved in the fresh food voucher programme.³² Thus, the potential for involving some segments of the refugee population in agriculture is promising, but land and water limitations, exacerbated by the encampment policy, prevent them from participating in this sector on a large-scale and in a sustainable manner. As per the Garissa CIDP 2018-2022, water and irrigation projects are in the works in areas such as Fafi and Lagdera Sub-Counties, which house the refugee camps. Going forward, if implemented in an integrated manner, and combined with an easing of movement and employment conditions, refugees – particularly those with an interest and the relevant skill set – could also benefit from and participate in such projects.

Services and trade

Creating economic change in places such as Turkana will require major investments and business and donors have a role to play. In light of attracting private investments that will serve host communities and refugees alike, studies such as the consumer and market study in Kakuma by the IFC indicate there is demand for access to finance and a willingness to pay for improved energy, housing, and sanitation services. The Kakuma and Kalobeyei area is the second largest business centre in the county after the capital Lodwar and before Lokichar, where oil is explored. Kakuma’s market monetary value is \$56 million per year with about half of the total consumption attributed to consumer goods (IFC 2018). Thus, studies illustrate that the high refugee spending on consumer goods could support a few supermarkets. The market assessment by Samuel Hall (2016) also pointed out that the main (potential) sector of employment for refugees is the service sector, and key activities in this sector include the sale of groceries, food, clothes, electronics, or the running of hotels and restaurants. Thus, given the number of dukas, restaurants, and other retail shops that already exist in the camp markets, refugees can increase their participation in these markets in both Kakuma and Dadaab, especially if movement restrictions are lifted. This is because the encampment policy means that refugees cannot usually travel outside the camp to acquire goods and materials, and they are forced to rely on brokers instead.

VIII. What’s Holding Them Back? A Discussion of the Barriers to Self-Reliance

The literature has documented the widespread constraints to livelihoods development in refugee settings, which include the policy environment, poverty, low levels of social capital, limited access to capital and external markets, as well as weak baseline levels of training and skills.

As demonstrated in the above section, much of the research has shown that though

³² RET, “Skills, tools, and markets: Making income-generating projects work.”
<https://www.theret.org/skills-tools-markets-making-income-generating-projects-work/>

some refugees in Kenya have indeed developed humanitarian-independent activities, many remain vulnerable and have not attained self-reliance. In Kenya, refugees face distinctive economic constraints compared to host communities, and this section concentrates on those refugee-specific constraints.

Refugee ID cards

Alien cards are government-issued identity cards that include a notation to indicate the holder is a refugee. Since 2006 they have been formally called “refugee identity cards” in Kenyan legislation. These ID cards typically expire after five years and can be renewed, although refugees receive a different ID number. This poses challenges including the possibility of refugees’ M-Pesa or bank accounts being blocked.³³ Although they are common, refugee ID cards can be challenging to obtain and there are several bottlenecks in the refugee ID issuing process related to the system and processing of applications. In Kakuma, this has led to a backlog refugee ID applications. In the urban areas, the issuance or renewal of ID cards has also stalled at different times. In addition to these stalls and delays, refugees also report a lack of clear information from RAS or UNHCR about the next steps needed to obtain or renew documentation due to the changing nature of refugee status determination (RSD) processes. Some also shoulder significant financial costs due to travelling repeatedly to RAS and UNHCR offices (NRC & IHRC 2017). Whether in Nairobi or the camps, refugees without ID cards face numerous protection challenges (including harassment by security officials) and this also impacts their livelihood options since it curtails their ability to access services (including banking and micro-finance) as well as apply for other permits and documentation, which will be discussed below.

Movement passes

There is no process for refugees to apply to permanently leave the camps and live elsewhere in Kenya, although UNHCR does advocate for particular refugees to live outside the camps for protection, family reunification, and other reasons. In addition to being unable to leave the camps without a movement pass, refugees must also observe a night-time curfew. Thus, movement passes represent the only official way for refugees with “valid reasons” (most commonly medical and educational purposes) to travel outside of the camps for temporary periods. However, the conditions associated with these passes is fraught with challenges for refugees; for instance, movement passes for educational reasons were granted on an annual basis, but in 2017, officials began issuing passes that lasted for several months only, requiring refugee students to come back to the camps between terms. Movement passes also only permit movement to a specified place: a refugee with permission to study in one part of the country may be unable to attend school-related conferences in other parts of Kenya, for example (NRC & IHRC 2018b).

Research carried out in 2018 has shown that although Kenyan law provides for the existence of these movement passes for refugees, there is no legal or policy guidance

³³ In March 2017, UNHCR announced that RAS had confirmed its intention to ensure that each renewed card would retain the same number as the previous card, leading to the hope that this particular issue may be resolved.

around their issuance. For example, as it currently stands, though movement passes are available for business reasons, there have been periods in which this has not been the case, and changes in practice have not been effectively communicated to business owners. As a result, refugees must navigate an unpredictable and opaque set of practices to obtain these passes, which are issued by RAS. This leads to reduced livelihood opportunities for refugees, contributing to a reliance on humanitarian assistance. In terms of the availability of goods and services, these practices affect the wide spectrum of consumers, producers, and suppliers as refugees running businesses are often forced to employ middle-people and brokers to establish supply chains, which results in a loss of time, money, and control for business owners and higher prices for consumers (NRC & IHRC 2018b; Betts et al. 2018). Movement restrictions also make it difficult for refugees to obtain prerequisite employment offers for work permit applications, to engage in day labour or other areas of the formal economy, or to pursue employment in cities across Kenya (NRC & IHRC 2018; IRC 2018; Fox & Kamau 2013). And despite the planned integrated settlement model of Kalobeyi, refugees there are subject to the same movement constraints as refugees living in Kakuma. Further, Kalobeyi residents must make a journey of 25 kilometres, at a cost of \$2 by motorbike, simply to apply for a movement pass at the RAS office in Kakuma, highlighting the practical challenges refugees face in obtaining these movement passes (NRC & IHRC 2018b).

Work permits

While in many cases the 2006 Refugee Act grants refugees the right to employment, the ability of refugees to exercise these rights has been limited by practical and administrative constraints and the ongoing encampment approach. This in turn impedes self-reliance, being associated with negative livelihood outcomes (IRC 2018; NRC & IHRC 2018; Samuel Hall 2015). The *Citizenship and Immigration Act 2011* stipulates that a Class M work permit may be issued to a refugee whether in gainful employment or voluntary service. However, although procedures for application of a Class M work permit are clearly detailed on the government website, in practice it is rare for refugees to have successfully obtained this permit. Further, an essential requirement for a Class M work permit application is an offer of employment. But without a movement pass it is impossible for refugees to obtain employment offers or to engage in formal wage employment. Thus, work permits remain inaccessible to refugees, requiring circuitous steps and documentation that is often out of their reach (IRC 2018). A new *Refugees Bill*³⁴ is currently being reviewed and is widely reported to be a progressive attempt by Parliament to anchor refugee self-reliance in Kenya by granting refugees the right to work and use land for business or farming.

Business registration and permits

As discussed earlier, one of the main ways that refugees try to earn a living is by running businesses. Refugee business owners, even those operating informal businesses, must obtain business permits for their businesses either at a county government office or from county officials who issue the permits and collect the fees. These fees depend on the type of business and where it is located, and whether a

³⁴ In 2017, the Kenyan Parliament passed the *Refugees Bill* in order to repeal the 2006 *Refugee Act* but the Bill failed to obtain presidential assent due to a cited lack of public participation.

business needs additional licenses depends on the type of business. Refugees face a number of challenges in obtaining these permits stemming from a lack of information about documentation requirements and application procedures, as well as struggling to meet the costs of obtaining these permits.³⁵ Recent research conducted in Kakuma shows that nearly a third of refugee business owners with permits said reported having to obtain additional documents such as a business license and/or undergoing a medical examination in order to receive a business permit, and refugees reported paying fees ranging from \$5 to \$62 for a single business permit, which is significant in the context of Kakuma (NRC & IHRC 2018a). Moreover, RAS' practice has been to require refugees who apply for a movement pass for business reasons to produce business permits, but business purposes – such as purchasing goods and supplies, looking for new customers, and selecting suppliers – are not always seen as valid reasons for travel. Further, even if movement passes are granted, the time limit may not be sufficient to achieve these business purposes.

Sectoral and ownership restrictions

In terms of other regulations which hinder refugees' livelihoods, many of the refugees in Kakuma and Dadaab either farmed or reared livestock before arriving in the camps (such as South Sudanese from the Lotuko and Didinga ethnic groups who have experience tending to livestock), but restrictions on livestock ownership and the scarcity of water have constrained their livelihood opportunities and they require greater support to diversify their income generating options (Betts et al. 2018b; Kimetrica 2016; Fox & Kamau 2013). In the camps as well as in Kalobeyei, refugees are unable to keep livestock (cattle, goats, camels) because of concerns it may fuel tensions between them and the host communities living nomadic lives. Refugees in the camp settings are also restricted from cutting down trees for charcoal production since these are among the main income sources for the host communities, especially in Turkana (Betts et al. 2018b). Further, even in Kalobeyei, refugees do not own the plot of land where they live nor the fixed assets they build on the land (Betts et al. 2018a).

There is therefore a consistent message in much of the literature that unless there is a major change in policy that would give refugees freedom to own livestock or to move freely to establish businesses and livelihoods outside the camps, these refugees will continue to need high levels of assistance (Kimetrica 2016). Sustainable business growth and reduction in unemployment depend to a large extent on easing these limitations (IFC 2018). However, whether the main barrier to work is regulation and the extent to which it acts as a barrier is still debated: Betts et al. (2018b) point out that refugees in their survey identified market conditions such as demand, supply, competition, and access to capital as the biggest impediments to entrepreneurship, and the survey by NRC & IHRC (2018a) concluded that while removing the barriers related to business permits are important, broader livelihood strategies must also be collectively enhanced; these include support to business incubation, enhanced market-based opportunities, and help to access credit.

³⁵ National business registration is a formal process that requires certain documentation such as an Alien ID, registration with the Revenue Authority, national health insurance, and a pension plan, which refugees often lack.

Human capital: Access and quality of education and skills training

Various studies have shown that education and skills are an important determinant of employment, and the higher the education level of refugees, the more likely they are to be employed, own a business, and have a higher income (Betts et al. 2018; IFC, 2018; Samuel Hall 2016). In addition, vocational training is also positively correlated with having an economic activity. Yet many refugee youth are falling short of accessing quality education.

In terms of formal education, the Dadaab and Kakuma camps are home to many more students than can be hosted by the existing schools. Partly as a result of the lack of schools, a high number of refugees are out of school. This further hinders their ability to gain access to vocational training (Fox & Kamau 2013). The survey by REACH (2018) found that 43 percent of refugee households in Dadaab reported barriers to accessing education, including not being able to afford it, while 18 percent also reported that children do not attend school to assist with family work. In Nairobi, research has revealed that refugees are still lagging behind the host communities in terms of education levels (Betts et al. 2018b). Further, although refugee children are eligible to enroll and benefit from free primary education, legal refugee documents are required for children to sit for national examinations. A proportion of the poorest refugees, as with the urban poor, attend non-formal institutions that are not linked to the formal education system and that offer low quality education (UNHCR 2012).

Access to education, particularly secondary education, is also a barrier for host communities given that in Kenya, only an average of 23 percent of the population have a secondary education or above (and in places such as Turkana, the figure stands at 3 percent).³⁶ A recent report by Oxfam detailing Kenya's inequality has revealed that nearly one million primary school-aged children are still out-of-school – the ninth highest number of any country in the world, compounded by the reality that Kenya's level of spending for education has gradually fallen each year since the early 2000s.

Women from both refugee and host communities are at a clear disadvantage when it comes to education; they are far more likely to not have attended school, with 60 percent of women in Kakuma camps and town combined having no schooling (IFC 2018; Samuel Hall 2016).

Studies have also shown that the lack of language skills among refugees (English and Kiswahili) also serves as a barrier to employment, especially with NGOs, and also it limits access to start-up capital (Swisscontact 2017). In addition, language barriers as well as age-limits lock out a large number of refugees from accessing technical and vocational education training (TVET) courses, and this especially hinders newly-arrived refugees (Kimetrica 2016; Fox & Kamau 2013). Further challenges include discrepancies between Government TVET programmes and those offered by partner

³⁶ KNBS and SID, (2013), "Exploring Kenya's Inequality: Pulling Apart or Pooling Together."

agencies to refugees, as well as limited cross-border market analysis informing TVET skills development for repatriation and self-reliance.³⁷

Access to finance

Challenges related to refugee access to finance is a recurring theme in the literature. Refugees are often unable to access loans and bank accounts, making business reliant upon informal sources. Although some NGOs have facilitated the formation of savings groups and provided some start-up capital, this assistance isn't available to all refugees. The recent household survey by NRC & IHRC (2018) in Kakuma and Kalobeyi found that although two-thirds of respondents want to start a business, the lack of start-up capital, access to loans, and the cost of obtaining goods are key barriers. The situation is even more dire for most new arrivals in Kakuma and Kalobeyi who have yet to tap into both formal informal finance mechanisms (Betts et al. 2018a; IFC 2018). Financial literacy is another barrier for both refugees and host community members in the camp settings, and formal credit and savings institutions are limited because many of these regions, especially Turkana, are remote and poor (IFC 2018; Betts et al. 2018b).

In urban settings too, refugees' self-reliance is hindered by the lack of access to capital. Betts et al. (2018b) explained that the lack of access to formal banking affects refugees' ability to save and to borrow money. And although much of the literature highlights the role of remittances among refugees, studies have equally demonstrated that not all refugees have access to these transnational networks.

Markets and economic opportunities in the hosting areas

One of the main physical barriers to livelihood opportunities for refugees is related to location, evident in the remote location of Turkana and Garissa, and at a more local level, evident in the analysis by subcamp. In Kakuma for instance, the largest and most established markets are located in Kakuma I, and the distances and costs of travelling between markets in the subcamps is also a limiting factor. In terms of supply chains, most food commodities in the Kakuma and Dadaab camps are brought in from markets in Kenya or imported, and local markets are not structured enough to meet current and potential demand (Samuel Hall 2016). A key constraint to trade is related to transport connectivity and capacity in these regions. Further, in the case of Dadaab, aside from markets within the camps themselves, Dadaab town is the closest market outside the camps, and its economy is limited and lacks the adequate the absorption capacity for the products and services produced by refugees (Fox & Kamau 2013).

Recent field research conducted by Staps in Kakuma (2018) argues that humanitarian organisations are hindering the growth of markets and impeding investments by the private sector. The 2015 study by Samuel Hall also speaks of the creation of a 'false'

³⁷ UNHCR & IGAD, (2018), "Post-secondary and technical vocational education training for refugees in IGAD member states."

economy in the camps having resulted from the distribution of free food and non-food items (NFIs) and having negatively impacted the county economies.

In Kakuma and Dadaab, land and water limitations have always been a constraint, restricting the potential of scaling up agriculture (Betts et al. 2018a; Samuel Hall 2016). The World Bank study found that those who farm in Kakuma are small producers who rely more on their own labour, consume a larger share of the harvest, and face greater rates of failure due to drought as compared to farmers outside Kakuma (Sanghi et al. 2016). While agriculture is essential to ensure refugee self-reliance, this sector cannot be expanded without improved access to water, and this is also a crucial barrier in Kalobeyei.

Limited labour markets in places such as Dadaab and Kakuma are another barrier. Betts et al. (2018a) found that in both Kakuma and Kalobeyei labour markets are almost non-existent, except for the few jobs offered by NGOs, and they noted that the lack of small locally-run businesses in Kalobeyei is also a limiting factor in the growth of the local labour market. Moreover, a low percentage of university graduates are engaged in areas of their studies due to a shortage of opportunities. Also owing to the physical location of Dadaab, the range of economic activities for refugees and host communities is limited, and the local market can only absorb relatively few people with the requisite skills before it becomes saturated (Fox & Kamau 2013). Labour markets in the camps are characterized by informality, unskilled jobs, and low wages. And as research in Kakuma has highlighted, “having a household member employed or in business does not guarantee an adequate income as many households are involved in informal business such as hawking” (Kimetrica 2016). Given the limited economic opportunities in the camps, some households disperse members outside the camp to seek work, even without formal permission.

Protection

Some studies have pointed out that employers may be reluctant to employ refugees due to social stigma, which results in refugees being hired for less attractive work, being subject to higher levels of exploitation, and poorer remuneration and working hours, particularly in the urban context (IRC 2018; Betts et al. 2018b). For urban refugees, the lack of legal documentation limits their social and economic mobility. The vast majority of urban refugees are engaged in economic activities in the informal sector, which is characterized by poor regulation, poor physical infrastructure, and limited access to business support services. The dominance of the informal sector in terms of employment is therefore a challenge, not just for the majority of refugees, but for Kenyans as a whole.

The correlation between employment levels and time spent in the camps is heavily influenced by protection issues. Many new arrivals tend to be extremely traumatized and require counselling and psychosocial support before they can begin looking for work or even work. This is especially true for young new arrivals, especially women, who often have undergone experiences that have affected their orientation to work and autonomy (Swisscontact 2017).

Sexual and gender-based violence (SGBV), child labour, and drug abuse are common concerns, and women and children can encounter obstacles when seeking protection support. The forms of child labour in Turkana include children working as domestic workers, as charcoal vendors, in slaughter houses, hawking, carrying water, and emptying sewers.³⁸ Research in the camps has also pointed to the use of children for commercial and sexual purposes, particularly in Kakuma, where use of children as sales girls, labourers and for sexual exploitation is prevalent. The main child protection risks are child labour, early and forced marriage, family separation, female genital mutilation (FGM), sexual assault/ defilement, and child neglect. The WFP mission report (2014) also noted that some unregistered female new arrivals in Kakuma IV were engaging in transactional sex to generate income in order to buy food and other non-food items. Commercial sex work as a livelihood activity was also mentioned in the study by Fox & Kamau in Dadaab (2013).

Moreover, the recent survey conducted in Dadaab (REACH & NRC 2018) also found that there are households that either have no members with refugee status or only some members being registered, leaving this group with even fewer options of earning an income and being dependent on cash and in-kind contributions from neighbours and clan members. The main type of paid labour available to this segment of the population is engaging in occasional food for work within the refugee community, and children within this category largely do not go to school because they are also required to work.

The literature also highlights the gender gap when it comes to employment: Research conducted in Kakuma has shown that women are less likely to be entrepreneurs than men and their businesses are more likely to be informal and have less invested (IFC 2018; Samuel Hall 2016). For South Sudanese households, especially in Kalobeyei, data shows a noticeably high proportion of female-headed households, whose husbands are either dead, missing, or living in South Sudan. For these households, taking care of children while engaging in economic activities is an additional challenge (Betts et al. 2018a). A recent survey in Dadaab also found that almost half of the surveyed households were female-headed (REACH 2018). Similarly, in the host communities around the camps, the majority of women have minimal skills, hence they predominantly engage in petty trade or casual work for livelihoods. Many of the women surveyed in a recent study in Kakuma were young mothers (teenagers) and given they are still minors, they cannot fully execute business contracts due to the lack of documentation (Swisscontact 2017).

³⁸ UNHCR, (2018), *The Kalobeyei Integrated Socio-Economic Development Programme: Phase One: 2018-2022 Comprehensive Refugee and Host Community Plan in Turkana West, Kenya.*

IX. Where Are We Now? Current Programmatic Interventions

Building livelihoods and self-reliance: Current interventions

Despite a decrease in overall funding, recent efforts have been made by UNHCR and others to increase the proportion of funding allocated to livelihoods and host community projects in order to facilitate economic, social, and legal inclusion of refugees with the host community and contribute to the development of areas such as Garissa and Turkana.³⁹ The World Bank is also among key partners scaling up its partnership with the GoK in support of the socio-economic inclusion of refugees and stronger livelihood and job opportunities for refugees and host communities. The ongoing Kenya Displacement Response Development Initiative Project (KDRDIP) in Garissa, Wajir, and Turkana supports host communities through a community-driven development approach that is complementary to UNHCR programmes in Dadaab and Kakuma.⁴⁰ Further, the recently launched KISEDIP provides a framework to manage the presence of the refugees in Turkana West in a manner that is of benefit to both the refugees and their hosts.

In Kakuma, various partners provide community services and support for livelihoods activities, including vocational training and village banking, as well as entrepreneurship and business skills training (Betts et al. 2018b). Other interventions include improving access to agriculture through use of optimal water irrigation systems, providing access to ICT, and improving access to self-employment opportunities. UNHCR has begun shifting from in-kind distribution of products and services to the provision of cash based interventions (CBIs), and there are already ongoing conditional cash programs such as the cash for permanent shelter intervention in Kalobeyei.⁴¹ Along with Action Africa Help International (AAH-I) and Equity Bank, UNHCR is also starting a financial loan programme to provide interest-free loans to groups of refugees with clear business plans. There are also a number of additional self-reliance projects currently being rolled out in Kalobeyei with a focus on agriculture and kitchen gardens. Another new initiative introduced in this settlement is the Bamba Chakula programme designed by the WFP as an alternative to in-kind food aid.

³⁹ UNHCR Kenya, *Durable solutions*: <http://www.unhcr.org/ke/durable-solutions>

⁴⁰ KDRDIP will be a part of the broader 'North and Northeastern Development Initiative' (NEDI) for Kenya, specifically focusing on an area-based and progressive-solutions approach to address the impacts of protracted presence of the refugees on the host communities. Over 1 million host community members, 50 percent of whom are women, are expected to directly benefit from the KDRDIP.

⁴¹ More than 350 houses have already been completed. It costs between \$1,440 to construct a single room and \$2,770 for a double room. The entitlements and size of the house is determined by number of family members, with less than five members constructing a single room while more than five members construct double room.

Current market-based livelihood projects in Dadaab include vocational and technical skills training (notably through NRC's Youth Education Pack centres), enterprise development (including agricultural ventures), as well as advocacy activities targeting the private sector and national and county governments. Other support is also provided in the form of literacy and numeracy skills training, ICT skills development, and entrepreneurship skills training. Most livelihood programmes are targeted at refugee youth and women, but host community members also benefit, including from the skills trainings and community micro-finance schemes (VSLA).

And in Nairobi, UNHCR's urban livelihoods strategy is aimed at providing skills development, enterprise development, safety nets and consumption support for refugees, as well as advocacy support for better access to legal permits, admission to vocational institutions, and access to financial services and livelihood opportunities in the private sector. Further, as per UNHCR's updated livelihood strategy, new approaches and initiatives to improve refugee livelihoods are being implemented, including setting up of online platforms to promote refugee products and linking refugee artisans with markets at the local, national, and international levels. UNHCR operations are encouraged to consult the SEEP Network's Minimum Economic Recovery Standards (MERS), which offer guidance on what good programming looks like and what to consider when planning activities.

Evaluation of outcomes

A review of evaluation studies carried out on various livelihood programmes for refugees and host communities in Kenya, related to both demand and supply-side strategies, reveals that they seem to have had limited impacts on local labour markets. This is due to factors such as a top-down approach in terms of trainings offered, a lack of market-driven programmes that address employers' demands, inadequate beneficiary targeting, small-scale interventions, and a lack of follow-up of trainings. Once a person learns a skill there aren't many attempts by NGOs or training centres to help them find employment or link them to external markets to sell their products (Samuel Hall 2016; Swisscontact 2013; Fox & Kamau 2013). Moreover, social norms also limit the participation of women in specific activities. From a capacity standpoint, some implementing livelihood partners were found to be lacking sufficient professional know-how on the ground to design and implement effective livelihood programmes. In addition to these challenges, there seems to have often been a duplication of programmes among livelihood partners. For instance, Fox & Kamau (2013) noted a high number of tailoring, weaving, soap making and other similar courses offered by a variety of agencies in Dadaab.

Recent field research conducted by Staps in Kakuma (2018) is even more critical: The author notes that a shift towards "sustainable livelihoods was already advised 15 years ago and market-based interventions should have been in place a decade ago." Much of the recent literature praises the efforts and rationale behind establishing the novel Kalobeyi settlement, and although studies point out that implementation may have not gone to plan, there is overwhelming support in the literature for this shift towards more sustainable outcomes, including working through and supporting local markets.

Transitioning towards sustainable livelihoods and self-reliance

The desk review has revealed that there has been a noticeable shift in the nature of livelihoods programming for refugees in recent years. The need to support markets and move away from an artificial and unsustainable assistance-based economy has been recognized by many stakeholders, and actors are looking at ways that will benefit refugees and host communities (Samuel Hall, 2016). Current self-reliance interventions in Kenya appear to be focused on creating jobs, providing vocational training, or extending micro-credit. To increase the purchasing power of potential customers, UNHCR and partners will scale up efforts to provide assistance for shelter, food, and other core relief items through cash-based interventions, gradually rolling out a Multi-purpose Cash Grant (MPG). There is already a shift underway to implement unconditional cash transfers, which according to the IFC, should have a significant positive impact on local businesses and households (IFC 2018). The preliminary research conducted by Betts et al. (2018a) comparing the socio-economic outcomes of refugees within the different assistance models (Kalobeyei and Kakuma), provides important insights into this shift to cash transfers, which is also being implemented by the WFP. According to the authors, the better outcomes found among refugees in Kalobeyei “appears to be attributable to the monthly Bamba Chakula cash credit in Kalobeyei, which raises income and consumption.”

There have also been repeated calls in the literature for a more integrated development-oriented approach to working with refugees and host communities. The research has recently been advocating that a good refugee policy must also be a good host community policy (Staps 2018; Betts et al. 2018b). There are many voices championing for inclusive market development, defined as making the market work for both refugees and host communities, and this involves integrating refugees and host communities into the existing market system while distinguishing each group’s potential entry points given their differences between their legal statuses, right to work, and freedom of movement (Staps 2018).

Maximizing finance for development

The literature is filled with descriptions of the vibrant camp markets, and the role of private sector investments in refuge-hosting areas has begun to feature more prominently in recent studies (IFC 2018; World Bank 2016; Samuel Hall 2016). A recent article by the World Bank spoke of the opportune time in investing in Kakuma: “With a pronounced demand for goods and services in and around the camp, the time seems right for businesses and social enterprises to get more involved in Kakuma camp and other areas hosting refugees.”⁴² There are already various UN and World Bank Group interventions in the pipeline in Kakuma, including the upcoming business challenge to facilitate further private sector investment. The competition will be open to Kenyan companies and social entrepreneurs, as well as refugee and host-community entrepreneurs, and winners will receive grants, financing, and coaching.

⁴² World Bank, (2018), “In Kenya, Refugees are Opening up Frontiers: The Pull of Investing in Underserved Areas.”

Devolution and its opportunities

The study by IRC (2018) cautions that at the national level, Vision 2030 makes no mention of displacement or refugees, and consequently, the Medium Term Expenditure Framework does not allocate resources to the refugee response. Devolution and the county governments are seen to offer a good opportunity to lobby for more refugee-friendly actions related to markets, access to services, and vocational training (Betts et al. 2018; Fox & Kamau, 2013).

At the county level, the new Nairobi CIDP makes no mention of refugees, and while the new Garissa CIDP does make reference to the presence of refugees, this is mostly in terms of their detrimental impact on ecosystems and the environment, especially in Dadaab and Fafi sub-counties. The Garissa CIDP proposes providing alternative livelihoods to refugees in terms of “alternative shelter, energy-saving *jikos*, and charcoal briquettes” as a potential solution. The desk review revealed that the energy sector, particularly renewable energy, is being touted as one of the main sectors for further investments in terms of developing these regions and offering better livelihood opportunities for refugees and host communities. In addition, the Garissa CIDP also calls for the commissioning of a scientific integrated study on the impact of refugee settlements since 1991. The references and rationale behind many of these activities in the CIDP appear to be driven more by concerns about environmental impacts of the refugee presence rather than identifying potential sectors that could open up the hosting area for the benefit of refugees and host communities alike (as is the case in Turkana).

Much of the literature on Kakuma lauds the efforts by Turkana County to develop the self-reliance opportunities of refugees and host communities and speaks of the refugees being included in the new CIDP. Nonetheless, studies point out that the needs and economic potential of refugees far exceed current opportunities created at the micro-level, and that enabling self-reliance is not just about commitments (IRC 2018; Betts et al. 2018a). The multi-stakeholder KISEDIP, whose objective is to re-orient the refugee assistance program to improve the socio-economic conditions of refugees and host communities, better prepare the host community to take advantage of economic opportunities, and reduce over-dependence on humanitarian aid, therefore represents a significant step.

X. Recommendations

The recommendations presented below are based on the literature reviewed.

1. *Advocate for refugee rights and reforming of the regulatory framework*

Many studies of the refugee situation in Kenya advocate for greater freedom of movement for refugees outside the camps, within counties, and within Kenya more broadly. Research conducted by NRC & IHRC (2018) sets forth incremental changes the GoK can make such as waiving the requirement for Kakuma refugees to have a movement pass for travel within Turkana County, providing multi-trip and/or year-

long movement passes for refugees who meet stated criteria, and allowing refugees with valid business permits to be issued with movement passes on request. Changes that focus on policy implementation at the county levels would also take into account sub-national variations in regulations that govern the economic lives of refugees.

2. Continue to support refugee-led enterprises

Studies do point out that while the removal of barriers to self-reliance, including the right to work and freedom of movement, may unlock opportunities for some refugees, particularly the educated and those with entrepreneurial capabilities, a significant number will remain marginalized as they lack the capacity to engage in employment or economic activities due to special needs and vulnerabilities (IRC 2018). Alongside removing barriers that refugees face in running formal businesses and engaging in trade, livelihoods programming that supports business incubation, enhances market-based opportunities, and helps refugees access credit has a role to play in building self-reliance (NRC & IHRC 2018b).

3. Work to enhance the local inclusion of refugees in Kenya

Based on their economic analyses, Sanghi et al. (2016) point out that economic integration in Kakuma, even if limited, maximizes welfare gains, which would last for over two decades. On the other hand, decampment (camp closure and sudden departure of all refugees) – reduces per capita host incomes permanently and also causes a collapse in prices. A gradual phasing out of the limitations of encampment will be key to the economic empowerment of both refugees and host communities.

4. Focus on development for hosting areas

The World Bank's research in Kakuma (2016) also concluded that helping Kakuma's refugees requires helping develop Turkana in a meaningful way that necessitates a shift from short-term emergency financing to long-term development financing, and this is where partnerships with development actors is required especially since most of the hosting counties are poor. The inclusion of refugees in the county integrated development plans, is a positive first step towards area-based development for the benefit of refugees and host communities.

5. Focus on specific refugee and host community groups and tailor interventions to specific contexts

Another important recommendation stemming from the literature is the need to tailor livelihoods interventions and policies to the specific refugee needs and settings. The study by Samuel Hall (2015) underscored the necessity of “de-linking the two camp settings of north-western and north-eastern Kenya in any programming initiative. Kakuma and Dadaab represent drastically different camp populations, demographics, security and economic landscapes – as well as financial means.” The same strategy can be applied to the urban context given the different needs and profiles of urban refugees.

In many ways, these recommendations have been set in motion given that UNHCR is already developing separate strategies for the three major refugee-hosting areas.

Related to the above, the literature also emphasises the need to differentiate among refugees and host communities for programming and policy purposes. For instance, Betts et al. (2018b) stress that “policy-makers need to view host communities as diverse and differentiated, and take into account the distributive consequences of refugees’ economic participation.”

Further, focusing on programming for refugee new arrivals and women is seen as a potential way of bolstering their self-reliance strategies. There is a need for more targeted support and deliberate efforts to increase the capacity and likelihood of women participating in the labour market. A gendered approach is needed to promote self-reliance among women in settlements such as Kakuma IV and Kalobeyei given that the majority of South Sudanese refugees in Kalobeyei are women, many of whom are not used to being their families’ sole breadwinners. They may therefore be more vulnerable in terms of socio-economic or climatic shocks.

6. Carve a role for the private sector and attracting more players

The private sector can become an important player in increasing the self-reliance and inclusion of refugees and boosting the resilience of their host communities. Many studies recommend greater involvement of the private sector in terms of business development, tailoring financial products to the circumstances facing refugees, and developing internship programmes and vocational skills development for refugees in order to equip them with marketable skills.

In addition to skills trainings and credit facilities, attracting private sector investments into refugee-hosting areas is recommended to enhance access to services, jobs, markets, and economic opportunities. The studies also show that there is a need for better linkages and sharing of information to address refugees’ limited access and understanding of regional and national market requirements (quality standards, local labels, analyses of demand and supply) (Samuel Hall 2016).

7. Invest in human capital

Given that the data has shown that education shapes economic outcomes, investing in human capital is widespread among the recommendations in the literature. Expanding educational and vocational opportunities for children and adults, especially in places such as Kalobeyei, where the education level of refugees is limited, is recommended. Various studies also recommend that in order to ensure that vocational training is more widely accessible, English language courses should be offered, and the possibility of offering vocational training in multiple languages should be explored (Kimetrica 2016; Fox & Kamau 2013).

In terms of vocational education, identifying the skills gaps and market demand in the counties as well as countries of origin of refugees is crucial, and this remains relevant in the current context of the voluntary repatriation programme. Moreover, improved

selection criteria needs to be considered in order to align these educational programmes with candidates' interests and skills (Fox & Kamau 2013; Samuel Hall 2016).

In terms of affordable, formal education, especially in the camp settings, efforts are needed to ease the pressure on the overstretched humanitarian system. A possible mix of public and private school providers may be required, and social enterprises could potentially ease some of this pressure by engaging Kenyan and regional low-cost private school providers (IFC 2018).

Further, although the Borderless Higher Education for Refugees (BHER) provides eligible refugees in Dadaab with the opportunity to gain accredited diplomas and degrees using digital learning, creating a more enabling environment for more refugees to access educational opportunities outside hosting areas is also important in order to build their capacities and enhance the number who have access to secondary and tertiary educational opportunities.

In terms of the host communities, development partners can continue to play a role in supporting county governments to increase the quality and access of education in these counties, which the data has shown to be severely lacking.

8. Explore self-reliance opportunities beyond designated hosting areas

Refugees' self-reliance needs and their economic potential often exceed the opportunities that currently exist in designated hosting areas. Returns to labor supply policies may be low because economic opportunities for refugees are scarce and characterized by low income. In the short-term, there are little returns to more investments in education and skills, and in many cases the problem is demand not supply.⁴³ A study of the early outcomes of the Kalobeyei integrated settlement has revealed that without economic opportunities, "it is difficult to foresee how refugees will be able to reduce reliance on assistance" (Betts et al. 2018). Given the large proportion of unemployed youth in places such as Turkana, the IRC is also advocating for "institutional strengthening to support refugee self-reliance beyond the designated hosting areas" (IRC 2018). Not creating such opportunities could mean that self-reliance opportunities for refugee youth will remain stifled.

XI. Unexplored Avenues

Further socio-economic and impact studies

A comprehensive socio-economic and poverty profile of refugees and host communities in Kenya would be beneficial not only in terms of using a set criteria to compare economic outcomes across the board, but also in terms of providing data for development partners and the GoK to design more effective interventions for the

⁴³ World Bank, (2016), *How Poor are Refugees? A welfare assessment of Syrians living in Jordan and Lebanon*.

distinct refugee and host community groups country-wide. Although the recently released national poverty statistics by KNBS was a good starting point, a similar survey including data from refugee communities throughout the country would be important.

From the desk study it is apparent that a more in-depth and up to date socio-economic analysis of the impacts of refugees in Dadaab on host communities is needed as this will form an added entry point for discussions with host communities and local government. Research is also needed to map current market opportunities from the perspective of attracting private sector investment and partnerships in the area.

In the context of restrictive camp settings, cash and vouchers are examples of some of the new approaches devised for providing support, which can increase self-reliance and instill a sense of dignity and ownership in refugees.⁴⁴ In terms of effective programming, further analysis of the impact of cash transfers and the Bamba Chakula programme in the camps is required in order to draw more concrete conclusions about their impact on the self-reliance of refugees in Kenya.

More research on agriculture and pastoralism as viable economic activities

In Kenya as a whole, growth in the agriculture sector accounted for the largest share of poverty reduction in the decade following 2005, but it also revealed that progress is vulnerable to climatic shocks. As part of the World Bank's KDRDIP Project, there will be a mapping of productive livelihoods, which will potentially highlight further sustainable livelihoods opportunities in Turkana and Garissa. Related to the agricultural sector, as noted by Betts et al. (2018a), further agricultural assessments are needed to ascertain the potential of growing conventional crops in places such as Turkana and whether dryland farming would be a feasible alternative for both refugees and host communities.

Another important study would be to ascertain the actual proportion of refugees interested in resuming their pastoralist way of life – and what livelihood support mechanisms would be most beneficial and effective for them in light of current restrictions. In addition, more research evaluating the impacts of alternative livelihood projects for refugees and host communities in pastoral areas is required.

Incorporating lessons learned from the refugee self-reliance index piloted in Kenya

Given that there is now a concerted push to better measure the self-reliance of refugees, more data is required to ascertain which indicators refugees are performing well against and where they are lagging behind. In 2017, a new tool for measuring the quality of life and self-reliance of refugee households was piloted in Kenya, and the results will provide important insights as to more effective programming design, policies, and funding practices.

Research into drivers of child labour and child marriage among refugees

Research on effective “gendered” approaches as well incorporating social norms in livelihoods programming is required in order to understand how social norms

⁴⁴ European commission, (2016), “Lives in Dignity: From aid dependence to self-reliance.”

influence labor market participation, especially among refugee and host groups of different ethnicities. As the literature has shown, resilience and self-reliance of refugees and host communities can be fostered through quality education, access to economic opportunities, and social protection, and children and women particularly require critical support. Social norms underpinning child marriage among refugee and host population groups would also need to be understood and documented to ensure a more effective response when designing self-reliance initiatives and ensuring better protection outcomes. In addition, child labour, including prostitution, has been noted as a concern among refugee children in Kenyan camps and more research is needed to understand its social and economic drivers among different refugee communities. This research can help underpin the design of future education and livelihood initiatives for children and youth.

Survey on repatriation

A socio-economic survey of refugees who were voluntarily repatriated from Kenya to countries such as Somalia would help shed light on their current livelihood situations. In addition, a survey of those who then returned to Kenya would be useful to understand the conditions that made them return in spite of the financial incentives, and what support they require.

Digital work as a way to offer refugees, including women, better educational and livelihood opportunities

Given that Kenya's technology sector has been one of the fastest growing in the world, coding bootcamps are increasingly being touted as a source of youth employment and better educational outcomes. The World Bank has been testing the impact of this 'ready-to-work' model in places such as Nairobi, with a particular focus on women, and similar trainings could be adapted to the refugee setting. Companies such as Samasource have been piloting impact outsourcing for the country's poor and there are organisations such as RET piloting their own digital work projects in the camp settings, particularly Dadaab. Thus, evaluation studies of existing programmes in Kenya could be useful in terms of scaling them up in refugee-settings.

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List of Annexes

Annex 1: Outline of Methodology of Studies

Study	Location	Scope	Study Design	Sample Characteristics
<p>Betts et al. (2018a): Self-Reliance in Kalobeyei? Socio-Economic Outcomes for Refugees in North-West Kenya</p>	<p>Kakuma Camp and Kalobeyei Settlement</p>	<p>To measure self-reliance for newly arrived refugees and compare the self-reliance and socio-economic indicators of recent arrivals living in the Kalobeyei settlement and the Kakuma Camp</p>	<p>-Household interviews with refugee adults, 15 focus groups and 20 semi-structured interviews with refugees and other stakeholders</p> <p>-8 focus group discussions and numerous informal interviews with host community members living in the vicinity of Kakuma and Kalobeyei</p>	<p>-The study targeted four strata: South Sudanese recent arrivals in Kakuma; South Sudanese in Kalobeyei; Burundian nationals in Kalobeyei; and Ethiopian nationals in Kalobeyei.</p> <p>-2,560 refugee adults interviewed from 1,397 households (1,106 South Sudanese recent arrivals living in Kakuma, as well as 927 South Sudanese refugees, 250 Burundian refugees, and 277 Ethiopian refugees living in Kalobeyei).</p>
<p>Betts et al. (2018b): Refugee Economies in Kenya</p>	<p>Kakuma Camp, surrounding communities, and Nairobi</p>	<p>To compare economic outcomes for refugees and host communities across livelihoods, living standards, and subjective well-being</p>	<p>-Participatory, mixed methods approach. Quantitative and qualitative data was collected from refugees and host communities in both urban and camp contexts. Multiple adults per household were interviewed and the sample was restricted to adults between 18 and 65 years.</p>	<p>-A total of 4,355 survey respondents (1,738 from the host communities and 2,617 refugees).</p> <p>-480 refugee households across Kakuma's subcamps (1,362 refugee adults from the Somali, Congolese, and South Sudanese communities). -The study also interviewed 603 Turkana host community members</p>

Study	Location	Scope	Study Design	Sample Characteristics
				<p>from 11 villages close to the camp.</p> <p>-In Nairobi, 2,390 adults were interviewed (701 Congolese refugees, 556 Somalis refugees, 567 Kenyans living in Congolese concentrated areas, and 566 Somali Kenyans).</p>
<p>IFC (2018): Kakuma as a Marketplace: A consumer and market study of a refugee camp and town in northwest Kenya</p>	<p>Kakuma Camp and Town</p>	<p>To understand Kakuma as a potential market and identify business opportunities and challenges for the private sector</p>	<p>An in-depth review of previous studies, a survey of households in Kakuma Camp and Town, interviews with UNHCR and other agencies, and case studies of private companies</p>	<p>-Survey of 1,106 refugee heads of households, across nationalities and the four Kakuma subcamps, as well as 311 host heads of households in Kakuma Town.</p> <p>-The Town was defined by its urban economic boundaries, which includes the main road and adjacent alleys, and mapped as having a population of 60,000 that fluctuates based on the movement of mobile pastoralists.</p>
<p>IRC (2018): Dreams Deterred: Opportunities to Promote Self-reliance for Somali Refugee Youth in Kenya</p>	<p>Kakuma Camp, Dadaab Camp, and Nairobi</p>	<p>To understand barriers and opportunities for self-reliance of Somali refugee youth in Kenya</p>	<p>-A mix of qualitative and quantitative methods. Interviews were conducted with refugees, host communities, citizens and policy makers.</p> <p>- The research included a national survey of citizens' perceptions on refugees and refugee policies in Kenya</p>	<p>A total of 45 interviews involving 120 refugees and host community members took place in Kakuma, Dadaab and Nairobi where IRC implements refugee support programs.</p>

Study	Location	Scope	Study Design	Sample Characteristics
NRC and REACH (2018): Multi-sector Needs Assessment, Dadaab Refugee Complex	Dadaab camps (Dagahaley, Ifo and Hagadera)	-To understand future intentions of refugees in Dadaab to return to Somalia -To understand pull and push factors related to refugees considering returning to Somalia	Primary data was collected through household surveys of refugees	Total sample of 286 refugee households across the three camps
NRC and IHRC (2018): Supporting Kakuma's Refugee Traders: The importance of business documentation in an informal economy	Kakuma Camp	To understand the significance of business permits to Kakuma's business owners and the challenges experienced by refugees.	Interviews and focus groups with refugees, camp and local officials, UNHCR, and representatives of NGOs. This was supplemented by a quantitative survey.	Quantitative survey of 841 refugees
NRC and IHRC (2018): Supporting Kakuma's Refugees: The importance of freedom of movement	Kakuma Camp	-To shed light on how movement restrictions affect the lives and livelihoods of Kakuma's refugees and limit their opportunities to participate in the local economy	-Interviews and focus groups with refugees, camp and local officials, UNHCR, and representatives of NGOs. This was supplemented by a quantitative survey.	Quantitative survey of 841 refugees
Staps (2018): Market-Based Livelihood Interventions in a Long-term Refugee Camp	Kakuma Camp and Town, and Kalobeyei Settlement	How can the concept of market-based livelihood interventions be applied in a long-term refugee camp like Kakuma?	The report used a framework for market systems analyses and included both qualitative surveys and qualitative interviews.	-Quantitative survey of 36 shop owners and 30 households spread over Kakuma town, Kakuma camps, and Kalobeyei -43 qualitative interviews spread over Kakuma town, Kakuma camps, and Kalobeyei -4 FGDs with vocational training centre graduates and farmers
Swisscontact (2017): Promoting Life-skills	Kakuma Camp and Town	-To conduct a comprehensive scan	-Literature reviews, labour capacity and	-Data on labour capacity and market

Study	Location	Scope	Study Design	Sample Characteristics
and Livelihoods (Skills 4 life) in Kakuma, Kenya: Labour market scan		of the labour market within Kakuma to identify trades on demand as well as skills gaps among the youth in order to inform the development of targeted trainings for youth under Phase II of the S4L project	market opportunity scan, as well as a qualitative local market assessment survey. -Primary data for the market assessment was derived from survey interviews, FGDs and key informant interviews.	opportunities was collected from 34 S4L graduates and potential trainees, 22 business owners from both the host and refugee communities, 10 key informant interviews, and 2 FGDs. -FGDs and key informant interviews with stakeholders included S4L project staff, and representatives of partner organizations, TVET staff, and community leaders.
GVEP & Chatham House (2016); The Energy Situation in the Dadaab Refugee Camps, Kenya	Dadaab camps (Hagadera, Dagahaley, Ifo, Ifo2, Kambioos) and host community settlements		-Quantitative methods consisted of surveying household energy use and measuring the energy consumption of administrative operations. -Qualitative methods included key informant' interviews, FGDs, and desk research.	-The survey targeted refugee households in the sub-camps and host-community households in the neighbouring settlements. -A sample size of 381 households was selected. To compensate for non-responses, 23 households were added to the sample, bringing the total number of refugee households in the sample to 404. -A total of 50 host-community households
Kimetrica (2016): Refugees Vulnerability Study, Kakuma, Kenya	Kakuma Camp	To fill knowledge gaps regarding refugee livelihoods and the level and differences of vulnerability in refugee households, as well as explore the feasibility of	-Three phases of fieldwork: an initial scoping study, a household survey, and a follow-up mission to explore the feasibility of various targeting mechanisms	- The household survey covered 13,378 refugees (500 refugee households sampled in each of the four subcamps covering all refugee nationalities)

Study	Location	Scope	Study Design	Sample Characteristics
		delivering more differentiated assistance and identify mechanisms to do so.		
Samuel Hall (2016): Rapid Market Assessment & Commodity Value Chain Analyses, Kakuma Refugee Programme, Turkana, Kenya	Kakuma Camp	-To identify opportunities where sustainable assistance could be provided to refugees -To provide DRC and AAH-I with evidence-based recommendations to develop existing or innovative livelihoods generation schemes	-Mixed methods (rapid market assessment, including KAP survey, interviews with consumers, traders, wholesalers, and middle-men) -3 value chain analyses on priority sectors following a mapping of 10 sectors	-435 households interviewed in total (half female); FGDs with refugees and host community; stakeholder interviews with NGOs and government officials
Sanghi et al. (2016): Yes in my Backyard: The Economics of Refugees and Their Social Dynamics in Kakuma, Kenya	Kakuma Camp and Town, Lorugum, Lokichoggio, and Lokichar	To provide an analysis of the economic and social impact of refugees in Kakuma refugee camp on their Turkana hosts	-Economic analysis combined available sources of data, household surveys of refugees and locals, and a simulation model -Social analysis used ethnographic research (participant observations, semi-structured interviews, and FGDs) - Survey of stress/health indicators used anthropometric measures of physical/nutritional wellbeing to compare communities in Turkana	-Household sample included refugees and Turkana in each location -121 interview participants for social assessment selected from the refugee (30) and the host community (91) - Survey of stress/health indicators included a sample (600) comprising of equal numbers of men and women from each of the four towns (Kakuma, Lokichoggio, Lorengo, and Lorugum)
WFP (2014): Dadaab and Kakuma	Dadaab and Kakuma Camps	To understand the market systems in the refugee camps	-Primary market data collected using traders and key	-124 retailers, 36 wholesalers and 6 key informant groups were

Study	Location	Scope	Study Design	Sample Characteristics
Refugee Camps Market Assessment		and explore the feasibility of delivery mechanisms in terms of food assistance	informants questionnaires (including market committees, local government officials and partners with experience in cash interventions) -Fieldwork for the gender dynamics section was conducted separately. Data collected was qualitative in nature, and consisted of face-to-face interviews and use of participatory tools.	interviewed in Dadaab; 173 retailers, 25 wholesalers and 5 key informants groups in Kakuma. -A total of 30 FGDs and 21 key informant interviews with the refugee communities living in Dadaab and Kakuma camps.
WFP and UNHCR (2014): Joint assessment mission-Kenya refugee operation	Dadaab and Kakuma Camps	To assess the overall service provision including supply of food and non-food items as well as their impact on food security and nutrition status of the beneficiaries in Dadaab and Kakuma camps.	-Review of relevant secondary data sources and documentation -Field visit involved observations, structured and semi structured interviews with refugee households, key informant interviews, and FGDs.	Key informant interviews conducted with refugee households, market committees, security officials, national and county Government officials
Fox & Kamau (2013): The Dadaab Dilemma: A Study on Livelihood Activities and Opportunities for Dadaab Refugees	Dadaab camps (Hagadera, Dagahaley, Ifo, Ifo2, Kambioos)	-To analyse issues that impinge on developing effective livelihood strategies for refugees - To develop a strategy to support planning of livelihood interventions implemented by partners operating in Dadaab	Fieldwork comprised of interviews and FGDs.	-A semi-structured questionnaire administered to 300 refugee respondents from all camps, and 13 FGDs with groups such as youth, women, people living with disability, and business people. - 25 interviews with members of the host community.

Study	Location	Scope	Study Design	Sample Characteristics
				-Interviews with staff of DRC, UNHCR, Save the Children, LWF, Care Kenya, NRC, Handicap International, RET, and Terres des Hommes.
Swisscontact (2013): Promoting Life-skills and Livelihoods in Kakuma, Kenya: Market Analysis Study	Kakuma Camp and Town	A market survey and analysis to link life skills programming to livelihoods and skills development. The objective was to carry out a comprehensive market analysis of current needs for specific income generating activities to benefit refugee and host community youth.	The methodology used for the survey was largely participatory, involving the input of a wide spectrum of stakeholders (UNHCR, IOM, LWF, NCCK, LOKADO, DON BOSCO, NRC, & GoK) -Literature review, household questionnaires, key informant interviews, FGDs and observations were used in the data collection.	-The survey reached 306 households: 54.6% in Kakuma town and 45.4% among the refugees. This included 167 host community households, 139 refugee households, and 36 key informants. - The persons interviewed included potential project beneficiaries, representatives from donors and NGOs, government and local leadership, financial service providers, local businesses and vocational training providers.
UNHCR (2012): Living on the Edge: A Livelihood Status Report on Urban Refugees Living in Nairobi, Kenya	Nairobi (Eastleigh, Kayole, Kitengela)	-To analyze livelihood strategies of refugee populations in urban locations -To provide a socio-economic profile of the displaced population -To identify opportunities and constraints for employment/self-employment -To identify strategies to develop their capacities, assets, address	-The three locations for the study were purposively selected based on background information regarding asylum seeker and refugee settlement patterns, information on livelihood activities, and diversity of nationalities residing in the locations -The Household Economy Approach (HEA) was used for collecting and	- Household representative interviews provided an in-depth picture of household livelihood strategies by wealth group. 41 FGDs with refugee and asylum seekers in Kitengela (from Great Lakes, Somalia and South Sudan). 64 FGDs with refugees and asylum seekers in Kayole (DRC, Rwanda and Burundi.) 71 FGDs with refugees and asylum seekers in Eastleigh (Somalia

Study	Location	Scope	Study Design	Sample Characteristics
		capacity gaps, and enhance access to employment/self-employment opportunities	analyzing field-based information -Market assessments conducted in Eastleigh at Gikomba and Kayole markets, and in Kitengela.	Ethiopia, DRC, Rwanda, Burundi, Eritrea) -Interviews with key policy stakeholders (government, private sector and civil society)
Enghoff et al. (2010): In Search of Protection and Livelihoods: Socio-economic and Environmental Impacts of Dadaab Refugee Camps on Host Communities	Dadaab camps (Hagadera, Dagahaley, Ifo) and host community	To assess the social and economic benefits and challenges that the Dadaab refugee camps have on the host community and Kenya at large -To assess the environmental impacts of the camps on the surrounding area -To identify options for addressing the negative impacts and optimising the positive elements.	The study comprised of a desk review, meetings with stakeholders, and a field survey of host communities in the Dadaab area, using social, economic and environmental surveys that included quantitative and qualitative research approaches. -The study identified a 50 km radius of interaction between the refugee camps and host communities for analysis of impacts, encompassing an area of 9,600 km ² in Fafi, Lagdera and Wajir South Districts.	-398 questionnaires in total, 115 qualitative interviews -The main field study was undertaken in eight locations of Abak Khaile, Matheghesi, Alinjugur, Welmerer, Borehole 5, Hagarbul, Sebule and Dadaab town. -Additional surveys were undertaken in the refugee camps (with a focus on their markets) and in 40 sample plots up to 50 km from the camps.

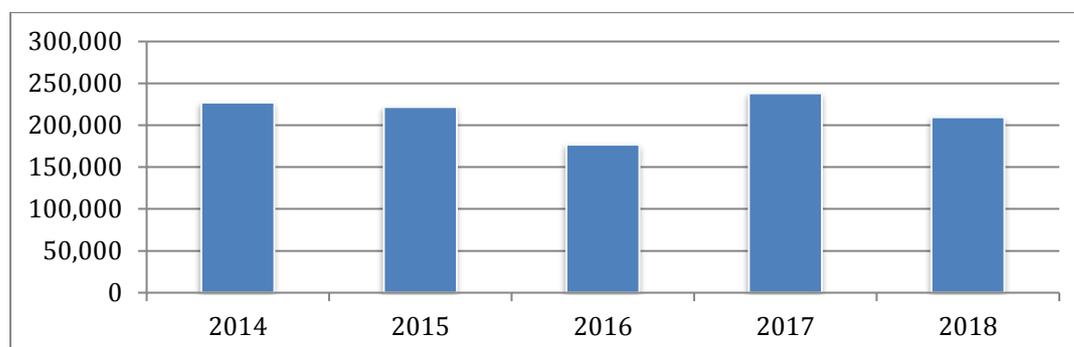
Annex 2: Kenya as a Host Nation

One of the world's most documented refugee camps: The Dadaab refugee complex

In 1991, thousands of Somalis fled to Kenya's North East, prompted by the collapse of the Somali Government and the ensuing civil war. Three camps were established in the region to house these refugees (Hagadera, Ifo, and Dagahaley), having a combined capacity of accommodating up to 90,000 refugees. The 2011/12 famine in southern Somalia caused another crisis, forcing around 130,000 across the Kenyan border. Consequently, for a number of years, the Dadaab refugee complex became known as

the world's largest refugee camp. Since then, the population of the Dadaab camps has decreased from a peak of 463,427 in 2011.⁴⁵

Figure 2: The number of refugees in Dadaab has, for the most part, been decreasing in recent years



Source: UNHCR Statistics 2018

Currently, almost 55 percent of refugees and asylum seekers in Kenya are from Somalia, and the vast majority are concentrated in the Dadaab refugee camps (78 percent). The Dadaab complex currently consists of three camps: Hagadera, Ifo 1, and Dagahaley. Kambioos and Ifo 2, the smaller camps that were created following the 2011 influx, were recently closed, with the remaining refugees either voluntarily returning to Somalia, moving to the remaining Dadaab camps, or being relocated to the Kalobeyei settlement in Turkana County.

The Dadaab camps and humanitarian compounds are spread across four different constituencies in two counties: Wajir South Constituency (Wajir County) and Lagdera, Dadaab, and Fafi Constituencies (all Garissa County). Wajir is included because Dagahaley camp is partly located in Wajir South Constituency, although UNHCR operations are run from the Dadaab office.

A growing settlement: An introduction to Kakuma refugee camp

In 1991, around 10,000 Sudanese boys entered Northern Kenya, seeking refuge from war. The “lost boys” were initially housed in a temporary camp located closer to the Sudanese border in the town of Lokichogio. In June 1992, the camp was relocated south to Kakuma Town, in Turkana West Sub-county.⁴⁶ Currently, almost a quarter of refugees and asylum seekers in Kenya are from South Sudan, with 94 percent residing in the Kakuma refugee camp. Kakuma is currently home to 185,615 refugees and asylum seekers.

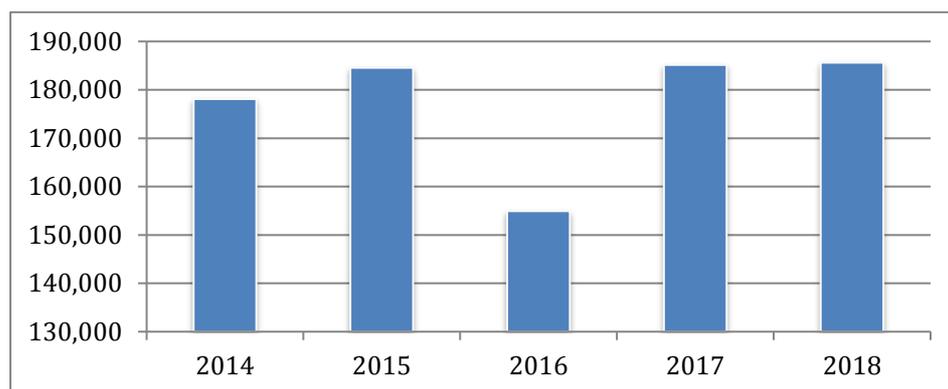
Kakuma refugee camp is divided into four sections, Kakuma I-IV. Kakuma IV is predominantly occupied by refugees who recently arrived from South Sudan. In 2012, the Kakuma camp surpassed its capacity of 100,000, and in 2015, the Turkana County Government set aside land for the creation of Kalobeyei, a settlement intended to

⁴⁵ IOM, (2015), *Migration in Kenya: A Country Profile*.

⁴⁶ Jennifer Alix-Garcia, Erhan Artuc, and Harun Onder. (2017). *The Economics of Hosting Refugees: A Host Community Perspective from Turkana*, World Bank.

decrease overcrowding in Kakuma refugee camp. It lies 25 kilometres northwest of the camp and is designed to integrate the refugee and local Turkana populations. Kalobeyei has been organised with more attention to spatial design, infrastructural planning, and planning for land use.⁴⁷ Around 20 percent of Kakuma’s refugees currently live in Kalobeyei, a majority of whom are South Sudanese, 90 percent of whom arrived after June 2016. UNHCR estimates that Kalobeyei will eventually host a local population of 20,000 and a refugee population of 60,000.⁴⁸ In this desk review, unless otherwise stated, “Kakuma” refers to Kakuma refugee camp as well as Kalobeyei settlement.

Figure 3: Kakuma’s population has been growing in recent years



Source: UNHCR Statistics 2018

As of September 2018, more than half of Kakuma’s population hails from South Sudan, just under a fifth from Somalia, and most of the remainder from the Democratic Republic of the Congo (DRC), Ethiopia, Burundi, and Sudan. Approximately 56 percent of the camp’s inhabitants are aged under 18.⁴⁹

Gravitating towards urban areas

Over the years, the refugee population in Nairobi has been growing. The search for livelihood prospects and access to better quality education and health services in Nairobi were particularly appealing to the urbanite section of the asylum seeker and refugee population (UNHCR 2012). Nairobi’s approximately 30,000 Somali refugees are concentrated in the Eastleigh district of Nairobi, and in recent years, the number of Congolese refugees in Nairobi has also increased to around 19,000. In contrast to the Somalis, they are scattered throughout the city in areas such as Kasarani, Kayole, Umoja, and Githurai (Betts et al. 2018b).

Eastleigh is the preferred location for Somali’s migrating to Nairobi, where the substantial indigenous Somali Kenyan population eases integration into the social and economic life. Ethiopian Oromo’s are drawn to Eastleigh by social ties, and a good

⁴⁷ Betts et al., (2018), *Self-Reliance in Kalobeyei? Socio-Economic Outcomes for Refugees in North-West Kenya*.

⁴⁸ NRC and IHRC, (2018), “Supporting Kakuma’s Refugees: The Importance of Freedom of Movement.”

⁴⁹ Ibid

proportion of them are Muslims sharing a religious identity with the Somalis. Trade, employment, and labour opportunities are the mainstay of the Eastleigh economy (UNHCR 2012).

Kayole is the preferred residential location for asylum seekers and refugees from the Great Lakes, with close to three-quarters originating from the DRC, and a minority from Burundi, Rwanda and South Sudan (UNHCR 2012). The majority of refugees residing in Kitengela are from the DRC. The inflow of refugees into Kitengela has increased over the last two years, with coming in search of livelihood opportunities and they are also attracted by the lower cost of living in the area (UNHCR 2012).

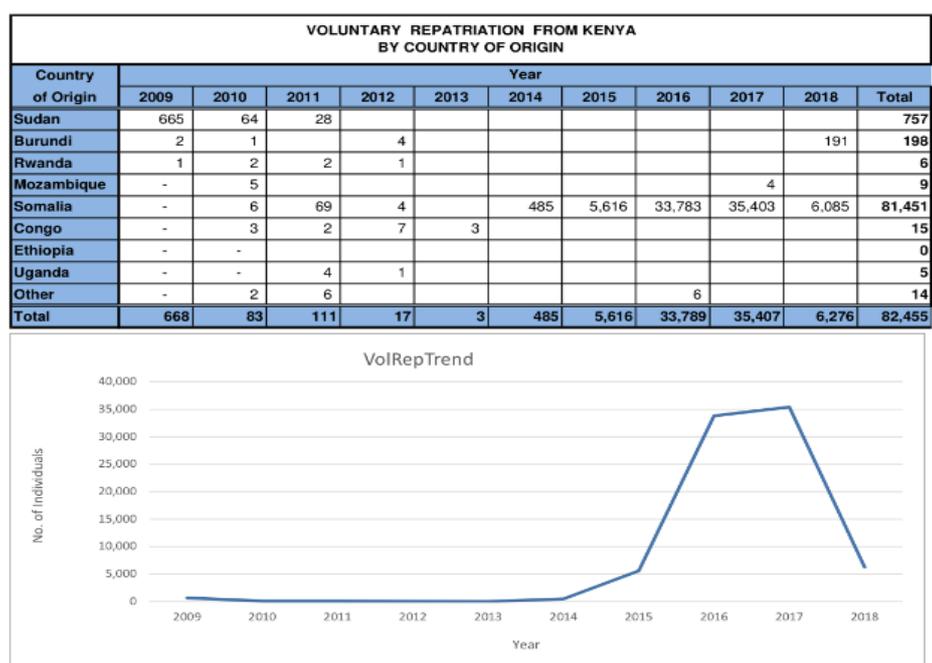
Durable solutions: The focus on repatriation

In November 2013, the Governments of Kenya and Somalia, together with UNHCR, signed a Tripartite Agreement, which laid out a strategy for the voluntary repatriation of Somali refugees. This was followed by the GoK's announcement of its intention to close the Dadaab camps⁵⁰ and disband the Department for Refugee Affairs (DRA) following security concerns. These measures saw the GoK taking more responsibility for refugee affairs, including refugee status determination (RSD), which was previously handled by UNHCR. A new government secretariat for refugee management, the Refugee Affairs Secretariat (RAS), has been put in place, and as of July 2018, the number of Somali refugees who have voluntarily returned home since the repatriation process began is 82,455.⁵¹ However, more than 250,000 Somali refugees remain in Kenya, and according to a recent household assessment by REACH in Dadaab, 42 percent of households said they will not return to Somalia, with the main reason being a fear of conflict (REACH 2018).

⁵⁰ The Government extended the deadline by six months while continuing to maintain that the returns would be conducted in a safe and humane manner under the auspices of the 2013 Tripartite Agreement. In 2017, the High Court blocked the government's bid to close the camp.

⁵¹ UNHCR, *Kenya operation statistics, July 2018*.

Figure 4: Repatriation numbers and trends, 2009-2018



Source: UNHCR Kenya, 2018

Most of the returnees fled from the southern and central regions of Somalia, and arrived in Kenya following the 2011 drought. They therefore have more recent links to Somalia compared to the refugees who arrived three decades ago, and the African Union and UNHCR have declared this group to have profiles that may bring them within the scope of the 1951 Refugee Convention, requiring continued international refugee protection (IRC 2018). The return to Somalia is not always easy: refugees who travel back face numerous barriers including difficulty getting land, housing, and property, especially if they have never lived in a region where they are being resettled, and they face a real risk of becoming displaced again.⁵²

Annex 3: Kenya’s Hosting Counties

Turkana

Kenya’s second-largest county, Turkana has a population of only around 1.4 million, with refugees comprising around a fifth of the population. The county, located in the country’s northwest, has traditionally been home to nomadic pastoralists who rely on livestock rearing and subsistence farming.⁵³ Current data suggests that approximately 60 percent of Turkana’s population relies on the livestock sector for their livelihood while the rest rely on rain-fed agriculture, irrigation, fishing, mining, and employment. The movement of livestock into and out of the target grazing areas is dictated by

⁵² NRC, *Nearly impossible to close Dadaab*, June 2018:

<https://reliefweb.int/report/kenya/nearly-impossible-close-dadaab>

⁵³ IFC, (2018), *Kakuma as a Market Place: A Consumer and Market Study of a Refugee Camp in Northwest Kenya*.

availability of pasture and water.⁵⁴ In Kenya, pastoralism contributes an estimated 12 percent to Kenya's GDP.

Poverty rates in Turkana are extreme: According to the 2015/16 KNBS survey, Turkana is classified as the poorest county, with more than 79 in every 100 people living in poverty.⁵⁵ Furthermore, Turkana alone accounts for close to 15 percent of the hard-core poor in Kenya, and it also ranks highest in terms of food poverty, with 66.1 percent of its population categorized as food poor.⁵⁶ Unemployment levels are at 70 percent compared to the national average of 42 percent.⁵⁷

In addition, more than 30 percent of Turkana's population is malnourished, more than double the World Health Organization (WHO) emergency threshold of 15 percent.⁵⁸ The county also has among the highest maternal and infant mortality rates in the country and the lowest life expectancy. Also, its Human Development Index is significantly lower than the weighted national average.⁵⁹

In terms of education, children in Turkana are less likely to access primary education with only 50 percent enrolled compared with the national average of 92.5 percent,⁶⁰ and according to recent KNBS statistics, Turkana is among the counties that recorded the lowest school attendance with 51.7 percent of its population never having attended school.

Water availability is also very limited – there are only two permanent rivers in Turkana County -- 80 percent of the county is considered arid or very arid, and droughts are commonplace and recurrent.⁶¹ Turkana was one of 23 counties that were affected by the recent 2016/17 drought that left around 300,000 people in need of food assistance and about half a million goats, sheep, cows, and camels perished, leaving many Turkana households destitute.⁶² The county remains prone to drought, insecurity, poor harvests, high malnutrition rates, water scarcity, and high food prices.

Turkana West Sub-County is home to Kakuma camp and Kalobeyei settlement. Turkana West, with an estimated population of 207,080 (Census 2009), is the most

⁵⁴ FAO, (2013), *Opportunities and Threats of Irrigation Development in Kenya's Drylands*.

⁵⁵ Daily Nation, "Turkana, Mandera and Samburu top list of poorest counties," March 2018.

⁵⁶ KNBS (2018)

⁵⁷ Turkana County Integrated Development Plan 2013-2017.

⁵⁸ Irin News, (2011), "Turkana Reels from Severe Drought."

<http://www.irinnews.org/report/93210/kenya-turkana-reels-severe-drought>

⁵⁹ UNDP Kenya, (2017), "Turkana County Inspires Hope for Future Human Security."

<http://www.ke.undp.org/content/kenya/en/home/blog/2017/3/4/Turkana-county-inspires-hope-for-future-human-security.html>

⁶⁰ Turkana County, (2016), *Turkana County Investment Plan 2016-2020*.

⁶¹ IFC, (2018), *Kakuma as a Market Place: A Consumer and Market Study of a Refugee Camp in Northwest Kenya*.

⁶² Irin News, (2018), *Inside Kenya's Turkana Region: Cattle, Climate Change, and Oil*, January 2018: <https://www.irinnews.org/feature/2018/01/15/inside-kenya-s-turkana-region-cattle-climate-change-and-oil>

populated sub-county in Turkana because of the refugee camp. Most non-Turkana Kenyans in the area are economic migrants who moved to Kakuma for business reasons following the creation of the camp.⁶³ According to the Kenya Demographic and Health Survey (KDHS) 2008/09, the sub-county's health and development indicators are amongst the worst globally with 84 percent of the population living below the poverty line. Over 80 percent of the population are nomadic pastoralists, and this pastoralist population is significantly underserved with respect to health services and is out of reach of mainstream services and resources.⁶⁴

Turkana is expected to receive the third highest share of the 2017-2018 county allocation budget from the national government, set at Sh10.7 billion, though there have been concerns of delays and stalled disbursements from the Treasury.⁶⁵ In addition, Turkana is among 14 counties that receive development assistance from the Equalization Fund. Other development initiatives are also underway: In line with the UNDAF, 2014-2018, the UN formulated a joint programme in support of the implementation of the Turkana County Integrated Development Programme (CIDP), which focuses on four strategic areas: (i) transformative governance; (ii) human capital development; (iii) inclusive and sustainable economic growth; and (iv) environmental sustainability, land management and human security.⁶⁶

There are hopes that the discovery of oil in Turkana South and East Sub-counties could bring better development prospects to the county as a whole. In March 2017, the GoK signed an agreement with the Tullow Oil to pave the way for the exportation of crude oil from Turkana, which is expected to pump 2,000 barrels per day for transportation and storage in Mombasa, after which it will then be shipped abroad.⁶⁷ Although the discovery of Kenya's reserves are small (only around 600 million barrels), which could mean that at that rate, all of Kenya's reserves would be depleted in 52 days, their impact on fiscal revenues is not small. This is estimated to be about \$9 billion annually,⁶⁸ which is about 12 per cent of Kenya's 2016 GDP.

The oil company has brought a demand for manual labour, local raw materials and developed a small hospitality industry. And women have also found employment as

⁶³ Betts et al., (2018), *Refugee Economies in Kenya*.

⁶⁴ World Bank, (2018), *Social Assessment Report: Kenya Development Response to Displacement Impacts Project (KDRDIP) Additional Financing*.

⁶⁵ Standard, (2018), Nairobi to get largest share of county cash allocations in Senate proposals, April 18, 2018:
<https://www.standardmedia.co.ke/business/article/2001277413/sonko-s-nairobi-maintains-lead-in-revenue-allocation>

⁶⁶ Annette Ittig and Michael Karanja, (2017), "The 2014-2018 Kenya United Nations Development Assistance Framework: Final evaluation report":
<http://ke.one.un.org/content/dam/kenya/docs/unct/Final%20UNDAF%20evaluation%20%20report.docx.pdf>

⁶⁷ Deloitte, (2017), "Kenya Economic Outlook 2017: Joining the Dots."

⁶⁸ Apurva Sanghi and Harun Onder, (2016), "Kenya got oil: What next?" Financial Times.

community liaison officers or traffic marshals, while others are in camp and catering services.⁶⁹

However, expectations of economic transformation for communities in the area since the discovery of commercially viable oil deposits six years ago have yet to be satisfied: residents recently staged a number of demonstrations and recently prevented trucks from ferrying the crude oil to Mombasa, demanding the government address insecurity in the region, recover stolen livestock, and assure residents of their share of jobs and tenders in the oil operation.⁷⁰ And as economists have pointed out, the main impact of oil on the economy is not necessarily through the temporary boom from pipeline construction but through the fiscal revenues that oil generates and how they are used, which in Kenya should also include spending on human capital, notably health and education.⁷¹ Moreover, with new roads and migrant workers, the sex industry in Turkana is growing, and this has led to an inevitable rise in HIV/AIDS cases in towns such as Lokichar and Lodwar, placing burdens on poor families.⁷²

According to KNBS data, the main economic activity in Turkana County is pastoralism, characterized by livestock rearing of cattle, donkeys, camels, and goats. Fishing is also practiced in Lake Turkana, mainly by the El Molo people, and basket weaving is also a major income generating activity, especially among women in Lodwar and other urban centres. Other economic activities in the county include farming of cassava, millet, sorghum, and drought-resistant maize, as well as honey and charcoal production, and tourism.⁷³

Based on the UN Joint Programme for Turkana for 2015-2018, whose focus is developing key sectors to spur employment and wealth creation, the identified productive sectors include energy, agriculture, livestock, fisheries, extractive industry, and tourism.

Garissa

According to recent figures, Garissa County has a population of 871,644, with the urban population constituting about 16 percent. The county only has two towns while there are six urban centres, which include Dadaab. The unemployment rate in Garissa stands at 28.4 percent, and poverty incidence is at 65.5 percent, the fifth highest in Kenya. Garissa is among the counties where the poverty gap – 24.1 percent—is much deeper compared to the national average poverty gap of 10.4 percent.⁷⁴

⁶⁹ The Conversation, (2018), “Oil discoveries in Turkana six years ago haven’t delivered benefits to women,” July 31, 2018.

⁷⁰ <https://www.businessdailyafrica.com/news/Cost-of-Turkana-oil-stand-hits-Sh1bn/539546-4683590-eudxud/index.html>

⁷¹ Ibid

⁷² The Conversation, (2018), “Oil discoveries in Turkana six years ago haven’t delivered benefits to women,” July 31, 2018.

⁷³ KNBS, (2015), *Turkana County Statistical Abstract*.

⁷⁴ KNBS, (2018), *Basic Report on Well-being in Kenya: Based on the 2015/16 Kenya Integrated Household Budget Survey (KIHBS)*.

Children aged between 0-14 years old make up approximately 43.7 percent of Garissa's total population, and the county has the highest number of people who have never attended school (62.2 percent). The transition rate for girls, in particular, from primary to secondary school is low due to reasons including early marriage. Garissa has a small elderly population (80 years and above) because of the county's low life expectancy rate, and the dependency ratio in the County stands at 48 percent.⁷⁵

Of the six sub-counties in Garissa, Fafi, which is home to the Hagadera camp, has the lowest population density of 9 persons per square kilometer. This is because of its large area and relatively poor infrastructure. The main challenges faced by residents of Fafi sub-county include shortage of water, poor infrastructure, poor telephone networks and electricity coverage. Drought and famine are common and relief food often cannot reach starving populations due to inaccessible roads. Fafi sub-County suffers from high levels of school dropouts and low enrolment.⁷⁶

The Dadaab camps and humanitarian compounds are spread across Wajir South Constituency (Wajir County) and Lagdera, Dadaab and Fafi Constituencies (all Garissa County). According to the 2018-2022 Garissa CIDP, the county has approximately 70 NGOs and donor agencies operating within it, participating in sectors such as education, agriculture, livestock, health, and social protection. UNHCR's assistance is also benefiting a host community population of 60,390 in Dadaab, 137,600 in Fafi, and 130,070 in Wajir South.⁷⁷

The majority of Garissa's population is predominantly pastoralist and livestock is a key productive asset in the region. There are, however, farming activities under irrigation along Tana River, but this is on a small-scale. Some of the crops grown include watermelon, mangoes, tomatoes, rice, sorghum, and maize. The county continues to experience food insecurity due to droughts and poor rainfall, with a majority of the population relying on food assistance given that these conditions affect their livelihoods. Livestock rearing is the backbone of the county's economy, and the livestock bred include cattle, goats, sheep, and camel. The main livestock products are meat, milk, hides and skins. During the dry season, there is a migration of livestock from the hinterland to areas near River Tana; however, some pastoralists also move with their livestock to the adjacent counties of Tana River and Lamu in search of pasture.⁷⁸

In terms of strategic priorities going forward, the County is focused on improving its transport infrastructure, especially in the form of tarmacking roads in order to enhance linkages and connectivity in the region and beyond, bolstering food security by improving irrigation facilities, transforming its healthcare system, enhancing access to safe drinking water and promoting sanitation, among other development initiatives.

⁷⁵ World Bank, (2018), *Social Assessment Report: Kenya Development Response to Displacement Impacts Project (KDRDIP) Additional Financing*.

⁷⁶ Ibid

⁷⁷ Ibid

⁷⁸ Garissa CIDP, 2018-2022.

Wajir

Given that Dagahaley camp is partly located in Wajir South Constituency, a brief description of the county's economic profile is provided below.

Wajir South Sub-County is characterized by chronic food insecurity and high rates of malnutrition. The community is largely pastoralist and pre-dominantly Somali. About 60-70% of the people depend largely on livestock for their livelihood. The high rates of malnutrition can be attributed to poor health conditions, sub-optimal maternal and child feeding and care practices, and food insecurity. These shocks are compounded by high rates of poverty and illiteracy, marginalization, recurrent environmental shocks (floods and droughts) and displaced populations, which add further strain to already weak health systems and communities.

Nairobi

Nairobi is the commercial and industrial hub of the country, and it is expected to become a city of more than 6 million by 2030. The gap between the rich and the poor in the County has remained high. The County is home to the largest Informal Settlement in East and Central Africa (Kibera), and others such as Kawangware, Mathare, Kangemi, and Korogocho. The informal settlements are the most populated hosting 29 percent of the County's population, most of whom experience poor access to basic infrastructure services.⁷⁹ In Nairobi, for example, water demand exceeds supply by more than 150,000 cubic meters per day, with few having access to a sewer system.⁸⁰

According to the new Nairobi CIDP, The strategic plan envisages to shape the city in areas such as land use planning, infrastructure, health, service delivery and asset management. The CIDP sets forth a seven-pillared development agenda that includes governance, public safety and security; housing and settlement; education and health; environment, water, sanitation and garbage; traffic and transport; jobs, business environment and wealth creation; and youth, women, people with disabilities, and social protection.

⁷⁹ Ibid

⁸⁰ World Bank, (2016), *Kenya Urbanization Review*.