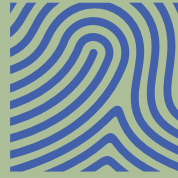


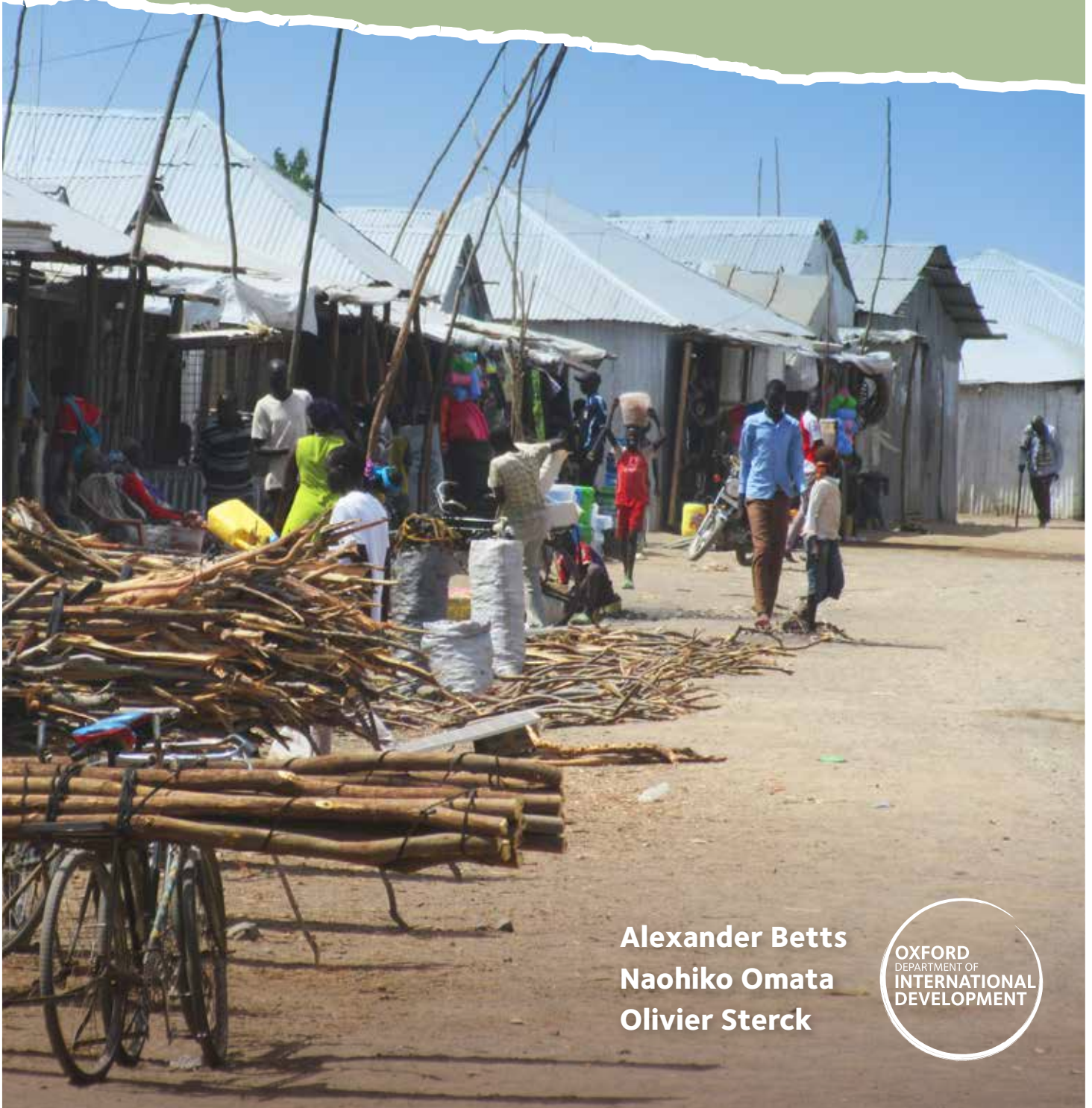


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Refugee Economies in Kenya



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Credit: N. Omata

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Kitengela market

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Cover photo: Turkana selling firewood in the Kakuma 1 camp. Credit: RSC

Executive summary

Context. Kenya currently hosts 490,000 refugees. Most are Somali refugees but others are from South Sudan, Ethiopia, the Great Lakes region, and Sudan. Its refugees are concentrated in three main locations: the Dadaab camps, the Kakuma camp, and Nairobi.

Background. Since the early 1990s, the Government of Kenya has restricted refugees' socio-economic freedoms, notably by denying them the right to work and limiting their movement outside of camps. Kenya therefore represents an interesting context in which to examine the economic lives of refugees and their interactions with host communities within a constrained regulatory environment, typical of many refugee-hosting countries.

Question. The distinctive regulatory environment faced by refugees enables us to explore a particular and under-researched question: 'What difference does it make – in economic terms – to be a refugee?' In order to explore this, we collect quantitative and qualitative data from both refugees and host communities, in both urban and camp contexts. The report represents the first systematic comparison of economic outcomes for refugees and host communities. It draws upon the baseline data collection we have conducted in Kenya as part of a broader multi-country, multi-year panel dataset.

Methods. Our data collection is based on participatory methods, including the recruitment and training of refugees and host nationals as peer researchers and enumerators. The data has been collected in and around both Nairobi and the Kakuma refugee camps (we excluded Dadaab for security reasons), and the quantitative methods are based on representative sampling, with a total of 4355 survey respondents (1738 from the host communities and 2617 refugees).

Theory. We outline a preliminary conceptual framework for explaining variation in economic outcomes for refugees and hosts. Our model seeks to explain economic outcomes across three dimensions (livelihoods, living standards, and subjective well-being) based on four main sets of explanatory variables: regulation (how you are governed), networks (who you know), capital (what you have), and identity (who you are).

Livelihoods. In terms of employment, in Kakuma, 62% of Congolese (earning an average¹ income of 5467 KES/month),² 38% of Somalis (earning an average of 6000 KES/month), and 19% of South Sudanese (earning an average of 5500 KES/month) have an economic activity, compared to 48% of the local Turkana (earning an average of 1647 KES/month). For the Congolese and South Sudanese, more than half of those employed are employed by UNHCR and its implementing partner NGOs, compared to just 20% of Somalis, who are more likely to be self-employed and run their own shops. Over 40% of the Turkana sell firewood or charcoal, a sector

from which refugees are excluded. In Nairobi, refugees are less likely to have an economic activity and more likely to earn less than Kenyan nationals. In Eastleigh, 44% of Somali refugees are employed or self-employed, compared to 60% of ethnic Somali Kenyans, with the former earning a median income of 15,000 KES/month and the latter 20,000 KES/month. For Congolese refugees, the figure is 55% compared to 73% among the local hosts, with a median income of 7000 KES/month compared to 12,650 KES/month.

Living standards. In terms of living standards, in Kakuma, Congolese and Somali refugees are better off than the Turkana hosts, based on metrics such as number of meals per day, diversity of diet, ownership of clothing, a mobile phone or television, and access to electricity. However, the South Sudanese have relatively lower standards of living, having arrived more recently. In Nairobi, living standards are higher across the board, and Somalis have comparable living standards to the surrounding host community across these metrics while the Congolese are worse off than either Somalis or the host population. In all contexts, though, the host communities report higher subjective well-being than refugees.

Regulation. One of the main reasons for different economic outcomes between refugees and hosts is that refugees face a different regulatory environment. We show what difference this makes. In Kakuma, refugees are required to apply for (and pay a fee for) a Movement Pass in order to leave the camp. Consequently, 40% of Turkanas have left Kakuma in the last year compared to 17.5% of Somalis, 13% of Congolese, and 8% of South Sudanese. Refugees are not allowed to own livestock, meaning that 29% of Turkana own large animals compared to less than 1% of refugees. Refugee entrepreneurs are disproportionately likely to incur 'business tax': 30% of Somalis businesses pay compared to 10% of Turkana businesses, and to be forced to pay police bribes: 10% of the Turkana, compared to 54% of South Sudanese, 43% of Congolese, and 23% of Somalis. In Nairobi, formal restrictions on the right to work mean that refugees also risk police harassment: Somalis pay on average 1400 KES/month in police bribes, and they often have to co-register businesses with nationals. Congolese are less likely to be subject to police harassment.

Networks. Refugees' networks are often central to their economic strategies and create three sets of opportunities. First, supply chain: Nairobi and Kakuma are economically interconnected; refugees who travel regularly from Kakuma to Nairobi for business have an average income 78% higher, and intra-ethnic brokerage networks often import commodities from abroad into Nairobi and onto Kakuma. Second, remittances: in Nairobi, 43% of Somalis receive remittances (at a median level of 252,000 KES/year) compared to 36% of the Somali Kenyans (at 120,000 KES/year) although only 23% of Congolese in Nairobi receive remittances (60,000) compared to 28% of the

¹ Here the median is used to represent the average in order to account for outliers. ² Based on current exchange rates, 100 KES is roughly equal to 1 USD.



host community (24,000). In Kakuma, 35% of Somalis (63,000), 32% of South Sudanese (26,000), and 17% of Congolese (12,000) receive remittances, compared to 19% of Turkana (6000). Third, social protection. In both Nairobi and Kakuma, refugees rely far more upon their own networks (friends, family, and neighbours) for different forms of social protection (e.g. basic assistance) than they do upon international organisations and NGOs.

Identity. Identity shapes refugees' economic opportunities. Gender is significant in shaping employment and income levels, for example, and also correlates with less access to education. The gender gap in economic outcomes is greater among Somalis than other refugee populations or the host community (although it is also large among ethnic Somali Kenyans). Ethnicity facilitates a range of community associations, for instance among Banyamulenge Congolese and Nuer South Sudanese, which are a source of codes of conduct and material support. Religion similarly enables access to social protection, notably through Islamic practices such as 'ayuto' savings schemes within the Somali community.

Capital. Access to capital is an important source of variation in economic outcomes. This applies to both financial capital, as well as forms of human capital such as education and health. 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. They rely upon family and savings for credit. In Kakuma, refugees have better education levels than the Turkana (8.2 years for Congolese, 6.6 years for South Sudanese, and 5.7 years for Somalis, compared to 2.7 years for the Turkana). In Nairobi, the host community has slightly better education levels than refugees (10.4 years for Congolese compared to 12.4 for hosts; 8 years for Somalis compared to 10.1 for Somali Kenyans in

Eastleigh). In terms of health, the host communities have better reported health levels than refugees across the board.

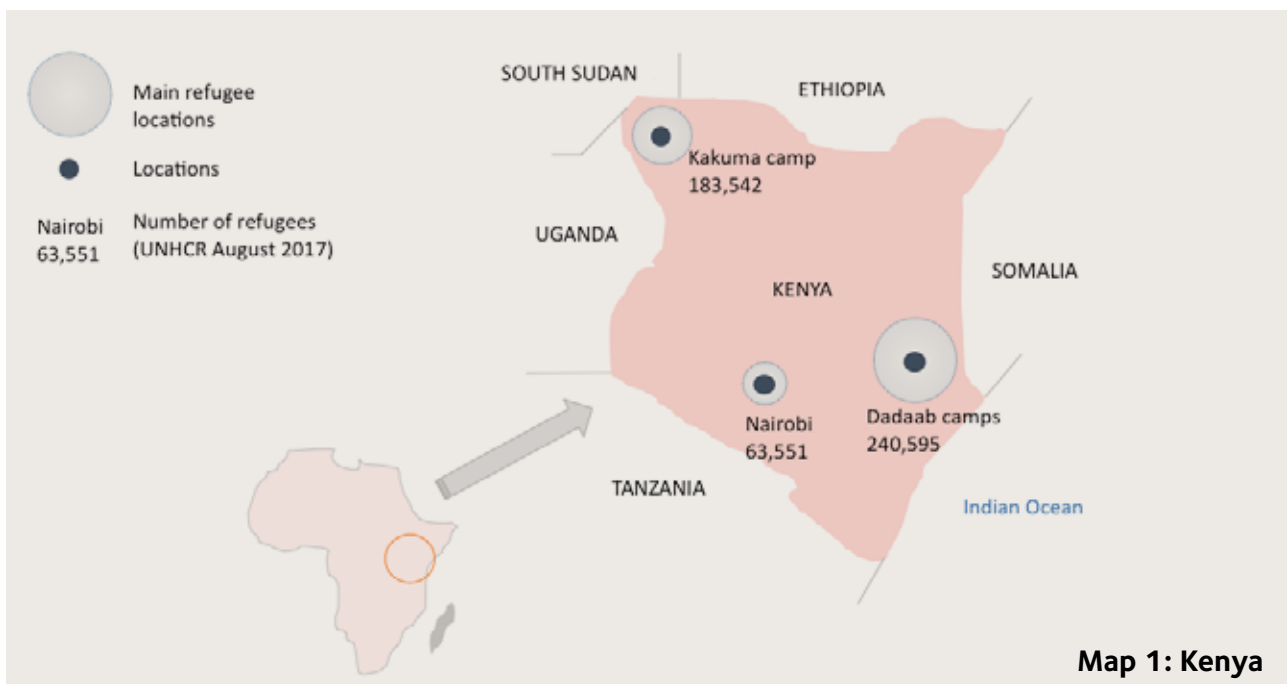
Correlations. Regression analysis confirms important aspects of the relationship between economic outcomes for refugees and hosts (our dependent variable) and our four sets of independent variables (regulation, networks, identity, and capital).

Refugee-host interactions. The Turkana generally regard refugees in Kakuma as making a positive economic contribution, as do Kenyans living in Eastleigh. However, these findings also require some nuance. In and around Kakuma, there are different relationships between refugees and the Turkana and non-Turkana. Within Nairobi, Somalis' relationships with their Kenyan neighbours are different from those of Congolese refugees. Across contexts, there is some evidence that the degree of perceived and actual economic contribution – and the distribution of costs and benefits among the host community – influence refugee-host community relations.

Implications. The analysis has a range of implications for policy-makers. First, even in a restrictive regulatory context, a range of interventions are available to promote economic participation and market-based approaches to assistance. Second, our comparison of refugees and hosts offers important insights into the 'development gap' between refugees and hosts, with implications for the Sustainable Development Goals (SDGs) (and their 'leave no one behind' principle) and the integration of refugees into national development plans. Third, our 'refugee outcomes' model highlights the areas in which advocacy, programming and policy should focus in order to enhance economic outcomes, and improve relationships between refugees and hosts: regulation, networks, identity, and capital.

1. Introduction

Kenya currently hosts 490,000 refugees, making it the 10th largest refugee-hosting country in the world and the 4th largest in Africa, following Uganda, Ethiopia, and the Democratic Republic of Congo (DRC).³ Most of its refugees are from Somalia but it also hosts refugees from South Sudan, Ethiopia, DRC, and Sudan. Its refugees are concentrated in three main locations: the Dadaab camps, the Kakuma camp, and Nairobi.



Since the mass influx of Somali refugees in the early 1990s, Kenyan refugee policy has been characterised as imposing significant restrictions on refugees' socio-economic entitlements.⁴ It has been described as a policy of 'abdication and containment': delegating responsibility to the international community and requiring refugees to reside in camps.⁵ Its refugee policies contrast notably with those of neighbouring Uganda, which allows refugees the right to work and freedom of movement, just as Kenya had done during the 1970s and 1980s. In that sense, while by no means

representative, Kenya's regulatory framework is similar to that adopted by many other major refugee-hosting countries in the developing world.

Kenya therefore represents an interesting context in which to examine the economic lives of refugees and their interactions with host communities within a seemingly constrained regulatory environment.⁶ It offers an opportunity to further explore a particular, and still largely unresearched, question: 'What difference does it make – in economic terms – to be a refugee?'⁷

³ UNHCR (2017), *Global Trends: Forced Displacement in 2016* (Geneva: UNHCR).

⁴ Wagacha J and Guiney, J (2008). 'The Plight of Urban Refugees in Nairobi, Kenya', in Hollenbach, D (ed), *Refugee Rights: Ethics, Advocacy, and Africa* (Georgetown: Georgetown University Press); Campbell et al (2011), 'Navigating Nairobi: A Review of the Implementation of UNHCR's Urban Refugee Policy in Kenya's Capital City', (Geneva: UNHCR).

⁵ Milner, J (2009), *Refugees, the States, and The Politics of Asylum in Africa* (New York: Palgrave MacMillan).

⁶ Kenya has been the site of at least two major studies on the economic impact of refugees on the host economy, one focusing on Dadaab and the other on Kakuma. See: Sanghi, A et al (2016), 'Yes' in My Backyard? : *The Economics of Refugees and Their Social Dynamics in Kakuma, Kenya* (Washington DC: World Bank), which focuses specifically on the impact of Kakuma on the Turkana, and Enghoff, M et al (2010), *In Search of Protection and Livelihoods: Socio-Economic and Environmental Impacts of Dadaab Refugee Camps on Host Communities* (Nairobi: Danish Embassy).

⁷ The economic lives of refugees have been explored qualitatively through the work of Karen Jacobsen and others, in, for example, Jacobsen, K (2005), *The Economic Life of Refugees* (West Hartford: Kumarian Press). They have been explored quantitatively in, for example, Betts et al (2016), *Refugee Economies: Forced Displacement and Development* (Oxford: Oxford University Press). Eric Werker has explored some conceptual propositions on what makes refugees economically distinctive. See: Werker, E (2007), 'Refugee Camp Economies', *Journal of Refugee Studies*, 20 (3): 461-480. However, this is, to the best of our knowledge, the first study to systematically compare refugee and host community outcomes.



Street market in Kakuma

Credit: RSC

We know from New Institutional Economics that markets are shaped by their institutional context.⁸ Institutions such as property rights, the right to move, and the right to work shape people’s interaction with markets. In Kenya, these institutions are fundamentally different for refugees compared to host nationals.

These parallel regulatory environments may create particular constraints and opportunities. For example, the contrast created by a dualistic regulatory structure may enable distinctive economic activities, notably based on arbitrage. So what do restrictions on refugees’ socio-economic activities mean for their economic outcomes, compared to host nationals? Are these regulatory restrictions the main source of variation in outcomes? And what effect do these differences have on the economic interaction of refugees and host nationals?

In order to answer these questions, we draw upon the baseline data collection we have conducted in Kenya as part of a broader multi-country, multi-year panel dataset. Within this first round of data collection, we adopted a participatory, mixed methods approach to collect quantitative and qualitative data from both refugees and host communities in and around the Kakuma refugee camp and the capital city, Nairobi. To our knowledge, our initial baseline data is the first that comparatively examines the economic lives of both refugees and hosts in urban and rural contexts.

By way of background to our two research sites, Kakuma,⁹

founded in 1991, hosts 184,000 refugees and is located in Turkana County in north-western Kenya, approximately 1000 km from Nairobi but less than 100 km from the Kenya-South Sudan border (see Map 1). It is jointly managed by UNHCR and the Camp Manager’s Office, an authority under the national government’s Ministry of Interior. Kakuma divides into four administratively defined sections (see Map 3), having been expanded from the initial Kakuma 1 site due to new influxes and the relocation of Somali refugees from the Dadaab camps since 2009. Kakuma 4 is the newest area, established in December 2013 to accommodate the arrival of South Sudanese refugees. Kakuma 4 is predominantly occupied by recent South Sudanese arrivals, while Kakuma 1–3 are mixed. The area has an arid climate and poor soil quality, and there is little agriculture. Indigenous Turkana people have historically relied upon nomadic livelihoods, although many are now taking advantage of alternative livelihood opportunities including business and urban employment. Most non-Turkana Kenyan people in the area are economic migrants who moved to Kakuma town to create businesses after the creation of the camp. Food rations are distributed by UNHCR and WFP. Thirteen implementing partners (IPs) of UNHCR provide community services and support for livelihoods activities, including vocational training and village banking. Many refugees are employed in ‘incentive work’ by these refugee-supporting agencies. A number of markets operate in different parts of the camp, and commercial activities are tolerated by the camp authorities.

⁸ North, D (1990), *Institutions, Institutional Change and Economic Performance*, (Cambridge: Cambridge University Press); Williamson, O (2000), ‘The New Institutional Economics: Taking Stock, Looking Ahead’, *Journal of Economic Literature*, 38(3): 595-613.

⁹ We refer to Kakuma camp as ‘Kakuma’ throughout the report. Wherever we refer to Kakuma town, we call it Kakuma town.



Refugees and asylum seekers in Kenya (as of February 2017)

	Dadaab	Kakuma	Nairobi	Total
Somalia	249,144	38,075	30,054	317,273
South Sudan	1133	90,176	2304	93,613
DRC	152	101,020	19,358	29,530
Ethiopia	10,204	7882	9500	27,586
Sudan	54	9390	170	9614
Burundi	121	6973	2168	9262
Uganda	75	1365	749	2189
Rwanda	19	527	1115	1661
Eritrea	10	57	1527	1594
Other	11	106	322	439
Total	260,923	164,571	67,267	492,761

Despite the country's encampment policy, Nairobi hosts about 67,000 refugees, making it a home to 15% of the country's refugee population (see Map 2). By moving to the city, refugees give up almost all access to assistance. The city's 30,000 Somali refugees are concentrated in the well-known Eastleigh district of Nairobi, known as 'Little Mogadishu'.¹⁰ The presence of a large 'ethnic Somali' Kenyan population offers Somali refugees an opportunity for partial assimilation within Eastleigh.¹¹ Eastleigh represents a vibrant market

but is also characterised by extremes of wealth and poverty. In recent years, the number of Congolese refugees has increased to around 19,000. In contrast to the Somalis, they are scattered throughout the capital city, especially in suburb areas such as Kasarani, Kayole, Umoja, and Githurai. The Congolese tend to be Christian and Swahili-speakers and integrate relatively easily into Kenyan society. However, the Banyamulenge people – frequently called 'Tutsi Congolese' – often remain cautious for security reasons.

¹⁰ Carrier, N (2016), *Little Mogadishu: Eastleigh, Nairobi's Global Somali Hub* (London: Hurst).

¹¹ Lindley, A (2011), *The Early Morning Phone Call: Somali Refugees' Remittances* (London: Berghahn Press).

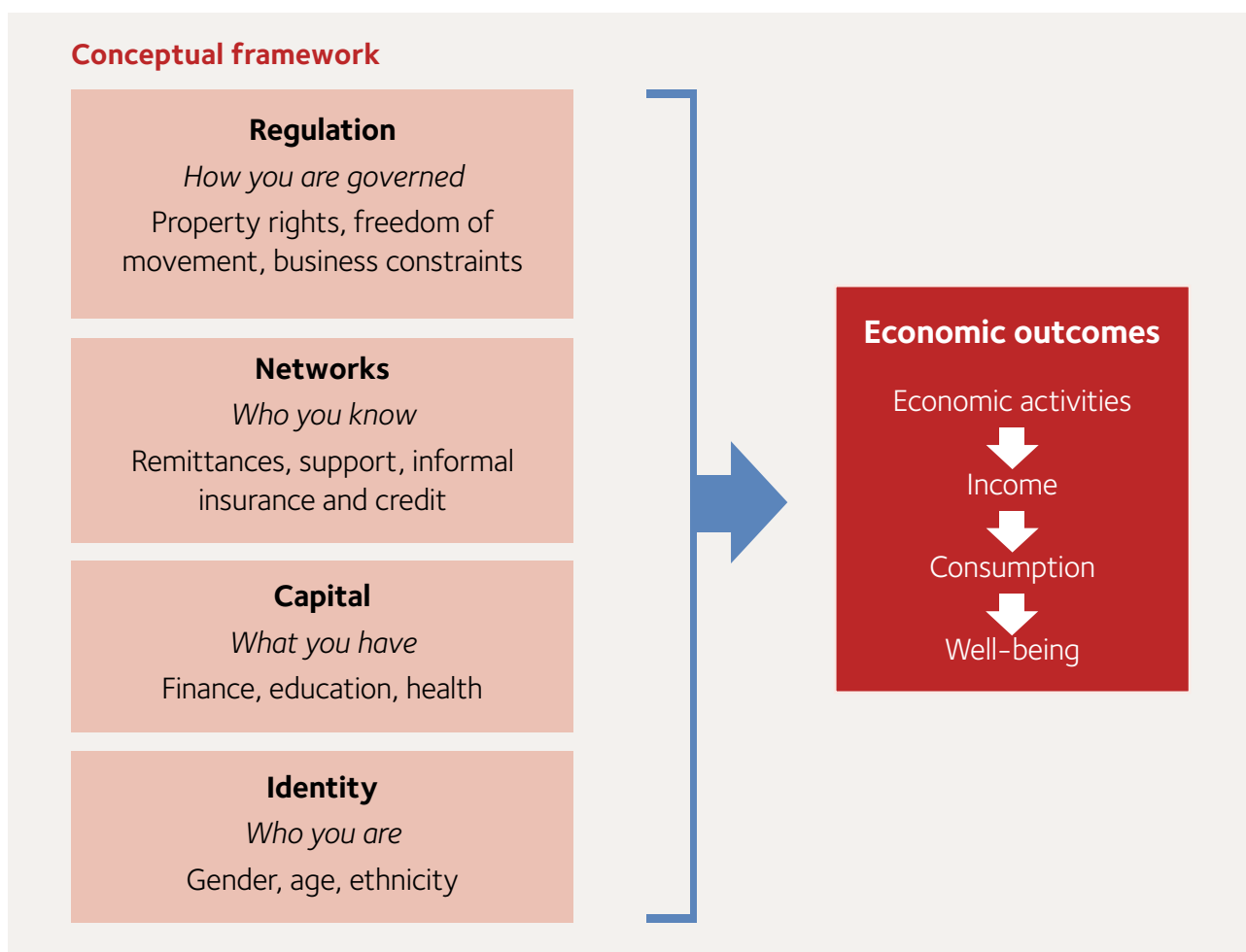
The primary purpose of this report is to offer an overview of the insights offered by our Kenya baseline data, collected across these sites. Our central finding is that, even in constrained regulatory environments, refugees engage in economic activities, and have significant but complex economic interactions with host communities. We suggest, in contrast to other recent work on the economic impact of refugees in Kenya, that important insights stem from data that comparatively analyses refugees and host communities across both urban and camp contexts.

The report follows a particular analytical structure: moving from outcomes to explanations. After explaining our methodology, we outline the main findings of the report in terms of economic outcomes for refugees and hosts, across a range of indicators of well-being, broadly divided into livelihoods, standards of living, and subjective well-being. Next, we group our data relating to possible explanations for this variation in well-being into the following four broad sections: *regulation*, *networks*, *capital* and *identity*. To make these categories even more intuitive, one might think of them as: ‘how you are governed’, ‘who you know’, ‘what you

have’, and ‘who you are’. Having examined refugees’ and hosts’ economic outcomes in parallel throughout these sections, we then turn to explore refugee-host interactions, before concluding with a series of practical implications.

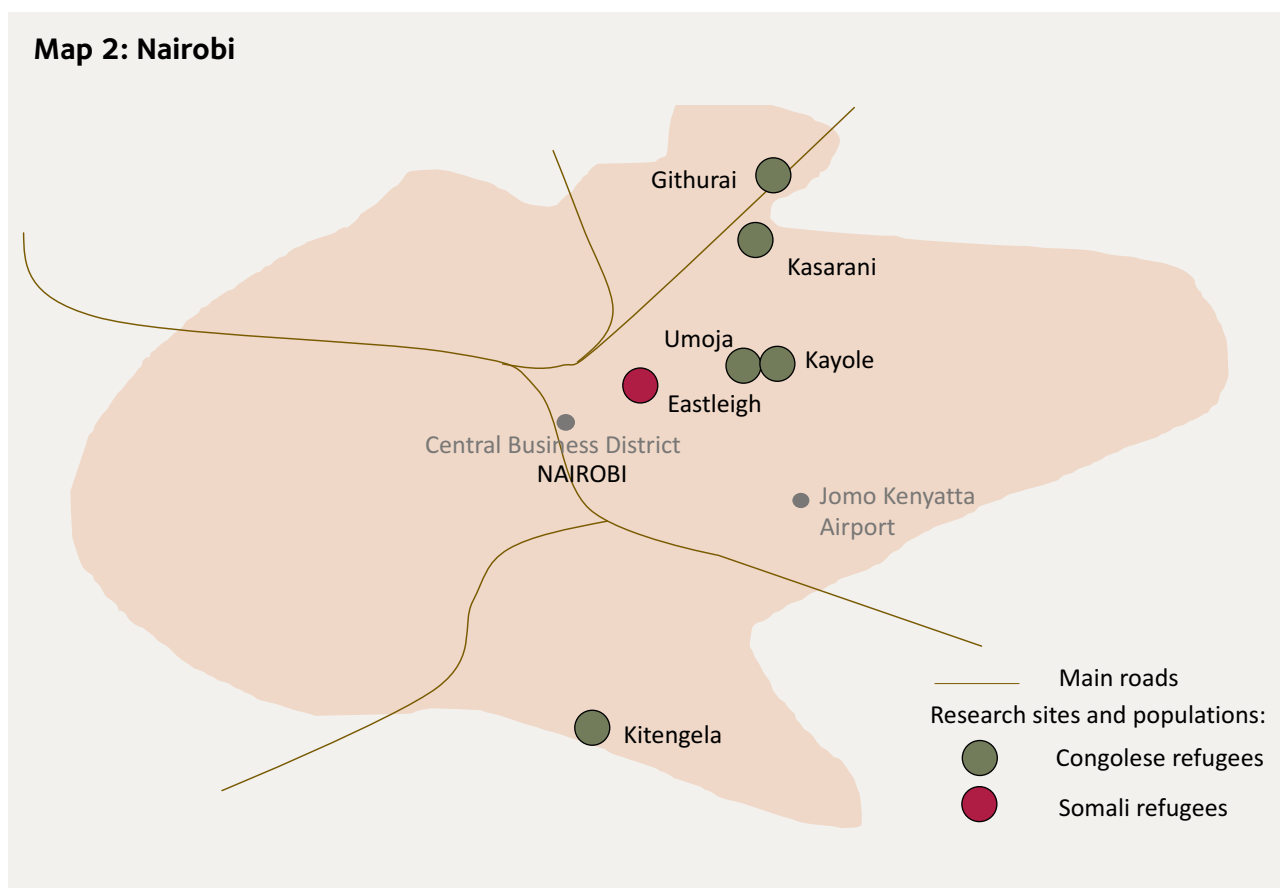
This structure reflects the conceptual framework for the report, which is illustrated below. It shows the four main sets of independent variables, and how we understand their relationship to the economic outcomes we are interested in.

Our regression analysis shows how networks, capital and identity affect economic outcomes. Because the regulatory environment does not vary within each of our main research sites, we cannot analyse the effect of this dimension using regression analysis. Nevertheless, qualitative insights and descriptive statistics substantiate it as important in shaping outcomes. Regression results are discussed in each section, and tables are shown in the appendix. While regression results should not be interpreted as causal, they provide useful insights into what may be the most important determinants of particular economic outcomes among refugee and host populations.



2. Methodology

This report is based on a participatory, mixed methods approach, focusing on two of the three main refugee-hosting areas in Kenya: Kakuma and Nairobi. Due to security reasons, we chose not to include Dadaab. We conducted six-months of fieldwork between October 2016 and June 2017. We focused on Somali and Congolese refugees in Nairobi, and South Sudanese, Somali, and Congolese refugees in the Kakuma camp. In both contexts, we included the local host communities living in Nairobi and near to Kakuma camp in Turkana County within our research.



We sequenced qualitative and quantitative methods. Initially, we used a range of qualitative tools, including unstructured and semi-structured interviews, focus group discussions, transect walks, participatory livelihood mapping, and wealth breakdown exercises to understand the economic lives and interactions of refugees and hosts, and to establish trust within the communities. In addition to interviewing refugees and hosts, we undertook elite interviews with representatives of relevant international organisations and NGOs.

Next we moved to a large-scale survey ($n=4355$) intended to generate representative data and enable comparative analysis. As part of this process, we trained refugees from across the different communities as enumerators. Overall, the research

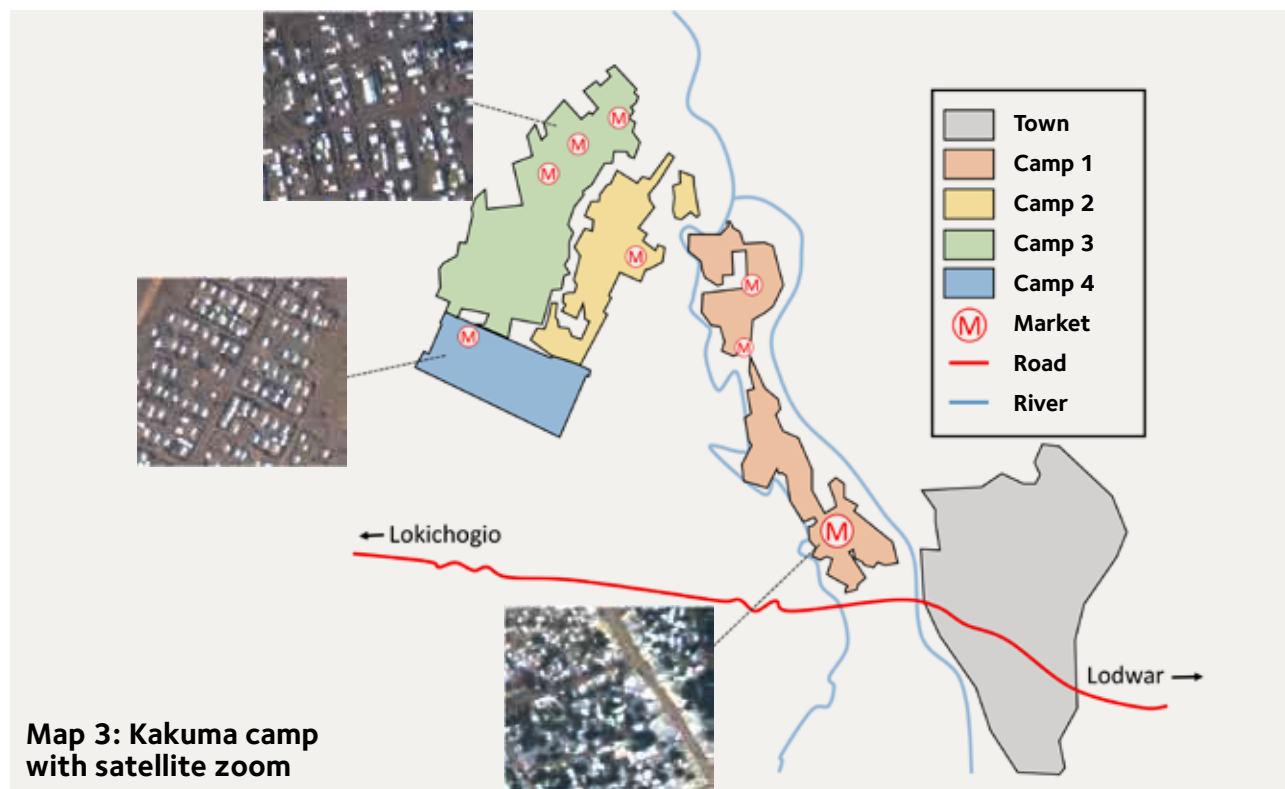
is based on the contributions of more than 40 refugee and Kenyan research assistants and enumerators. All of our research assistants were provided with intensive training in social research methodologies over the course of the project.

The questionnaires for both refugees and hosts include modules on a range of themes such as demographics, economic activities, income, assets, networks, mobility, health and well-being. Questionnaires were refined through multiple rounds of testing with respective refugee communities before implementation. Questionnaires were translated in the most prevalent languages of respondents, namely Somali, Kiswahili, Acholi, and Turkana.

Kakuma

In and around Kakuma, we interviewed 1965 adults, of whom 1362 were refugees and 603 Turkanas. Within Kakuma camp, our data collection was carried out by 3 teams of 5 enumerators from DRC, Somalia and South Sudan, who collected data for 13 days under our supervision. Each team was supervised by a team leader. Within the surrounding areas, a team of 6 Turkana enumerators collected data for 11 days, working under the supervision of a Kenyan research assistant, as well as two Turkana leaders in charge of supervision and community mobilisation.

Our sampling strategy was based on two-stage cluster sampling. Within Kakuma, we used existing UNHCR data to map out the distribution of different nationalities across the sub-camps and blocks. We then randomly selected blocks with probability proportional to the number of individuals of each nationality living within the blocks. The selected blocks were mapped by enumerators. Each household and their nationality was reported on the map. Random sampling was then used to select households on the map. For each nationality, we interviewed 8 households in 20 selected blocks, giving a sample size of 480 households (160 households per nationality).



We interviewed multiple adults per household in order to study within-household dynamics. We restricted our sample to adults between 18 and 65 years old. In households with less than 5 adults, all adults were interviewed. When the number of adults was higher than 5, we interviewed the household head as well as 4 other adults randomly selected. Of our final interview sample, 443 are Congolese, 456 are Somali, and 463 are South Sudanese. 426 interviews were carried out in Kakuma 1, 306 in Kakuma 2, 493 in Kakuma 3, and 146 in Kakuma 4.

Our sampling strategy among the Turkana was more

challenging. Moving between villages is time-consuming and expensive, and roads are scarce and in poor condition. We therefore decided to (1) randomly select villages in the 3 closest locations to the refugee camp of Kakuma (107 villages and about 27,631 households), and (2) to focus on one village per day, and randomly select and interview as many households as possible in that village. Our sample is therefore limited to 11 villages. The number of individuals (and households) interviewed varied from one day to another, ranging between 41 and 80 interviews per day. As in Kakuma, we undertook within-household sampling.

Nairobi

In Nairobi, we interviewed 2390 adults. Our sample was divided in four main strata: 701 Congolese refugees, 556 Somalis refugees, 567 Kenyans living in Congolese concentrated areas, and 566 Somali Kenyans. 10 enumerators – 5 Somalis and 5 Somali Kenyans – collected data in Eastleigh. 12 enumerators – 6 Congolese and 6 Kenyans – collected data in the Congolese-concentrated areas. Each team was supervised by a team leader. Enumerators completed on average around 5.5 surveys per day of work.

Our first-best strategy of simple random sampling was largely impossible because we were unable to access UNHCR lists of refugees living in Nairobi, and we could not access census

data with names and addresses of Kenyans living in Nairobi. We therefore mainly used two-stage cluster sampling, with the exception of the Congolese refugees, for whom we had to adopt an alternative approach, explained below.

For the first stage, in order to select enumeration areas (EAs), we used data from the Kenyan National Bureau of Statistics (KNBS) from 2009. For each EA, this data told us the total population size but not whether this population consisted in refugees or Kenyans. We used simple random sampling to select EAs. We selected 40 EAs in Eastleigh, and 40 EAs in Congolese-concentrated areas (20 in Kasarani/Githurai, and 20 in Kayole/Umoja).



Household visit in a Turkana village

Credit: N.Omata



Building where refugees reside in Kayole, Nairobi

Credit: N.Omata

We then performed a mapping exercise for each EA. We purchased a map from the KNBS representing the buildings of the EAs as of 2009. Teams of enumerators and local leaders then went into each building of the EA in order to map its structure (shape, number of floors, organization of housing units, apartments and businesses, etc.), and identify the nationality of each household.

For security reasons, a total of 21 EAs from Eastleigh were deemed too risky for selection by enumerators; these were slum areas inhabited by poor Kenyans and located on the borders of Eastleigh. One area in the Congolese-concentrated areas was excluded because its local leader was unwilling to let us work without a bribe. Another was excluded because it is a convent.

Our mapping exercise demonstrated that refugees tend to cluster in just a few buildings in a few EAs. This was especially the case for Congolese refugees. Among the 40 EAs in the Congolese areas, we identified about 200 Congolese households but 90% of those identified were living in just one EA. This was problematic from a statistical point of view, and so made two-stage cluster sampling difficult for this group. We therefore opted for an alternative strategy. With the help of clan leaders, we established lists of household heads in Kasarani, Githurai, Umoja and Kayole. We focused on the two

most important Congolese ethnic groups living in Nairobi: the Banyamulenge and the Banyamasisi. From the 7 lists we obtained, we randomly selected about 8% of households.

In each EA, we randomly selected a fixed number of households to be interviewed. Up to 29 Somali refugee households and 15 Somali Kenyan households were interviewed in each EA in Eastleigh. In Kasarani and Githurai, 9 Kenyan households were interviewed in each EA. In Umoja and Kayole, 6 Kenyan households were interviewed in each EA.

In sum, we used two-stage cluster sampling for Somali Kenyans and Somali refugees living in Eastleigh, as well as for Kenyans living in Kasarani, Githurai, Umoja and Kayole. For Congolese refugees, we used simple random sampling.

We restricted our sample to adults between 18 and 65 years old. In households with less than 5 adults, all adults were interviewed. When the number of adults was higher than 5 (38 households or 3.8% of the sample), we interviewed the household head as well as 4 other adults randomly selected.

Sampling weights, clustering and stratification are taken into account in the analysis. 95% confidence intervals around the mean are illustrated in the figures below.

Number of surveyed households

	Congolese	Somali	S. Sudanese	Local host	Total
Nairobi	701	556	-	1133	2390
Kakuma	443	456	463	603	1965
Total	1144	1012	463	1736	4355

3. Economic outcomes

In this report, we aim to describe and explain variation in economic outcomes within and between the refugees and host communities in Kenya. How do refugees and hosts compare in economic terms? When do particular members of the refugee or host communities thrive rather than merely survive? In order to answer these questions, we first need a basis on which to identify differences in the well-being of our populations of interest. Here, we describe variation in economic outcomes in three areas: livelihoods, standards of living, and subjective well-being.

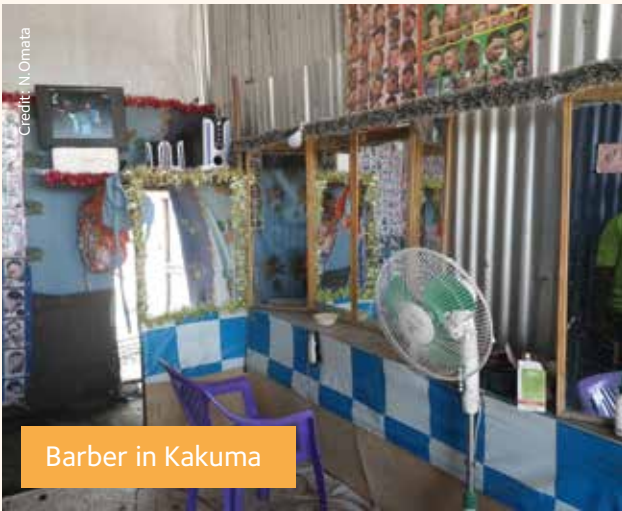
Livelihoods

Refugees are significantly less likely to have an economic activity than Kenyans. But employment rates and income levels vary by location. Those living in Nairobi are significantly more likely to be engaged in an economic activity, and those with a job earn on average more money than their counterparts in Kakuma. We also observed large variations in employment rates and income within Nairobi and within the Kakuma camp.

Refugees living in the Kakuma camp are much more likely to have an economic activity if they are living in Kakuma 1 or Kakuma 2, the older parts of the camp. While about 30% of refugees living in Kakuma 1 or 2 have a livelihood, only 5.5 % of those living in the more recently created Kakuma 4 do so. More generally, the labour market is completely different in Kakuma compared to Nairobi.



Refugee shop in Kakuma



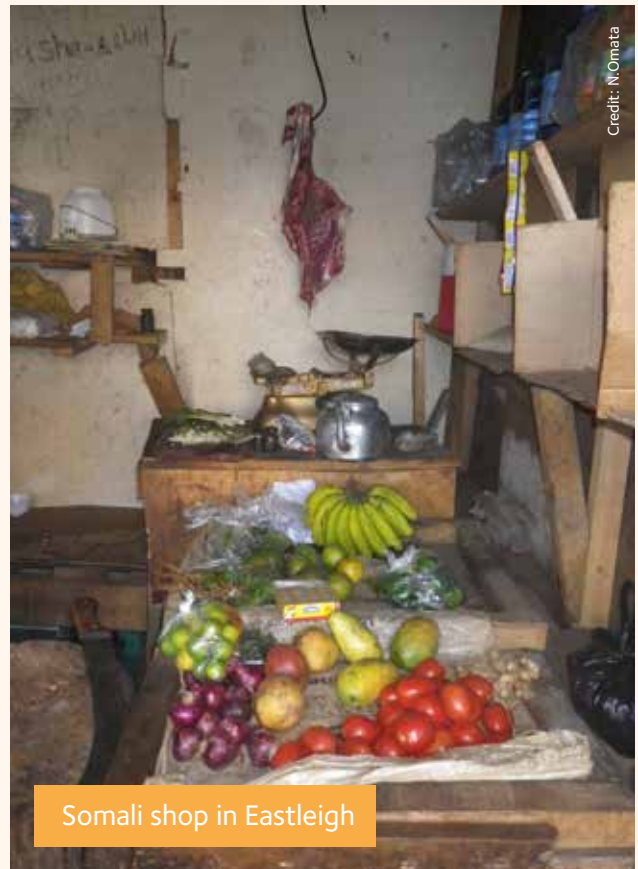
Barber in Kakuma



Bitenge shop in Kakuma



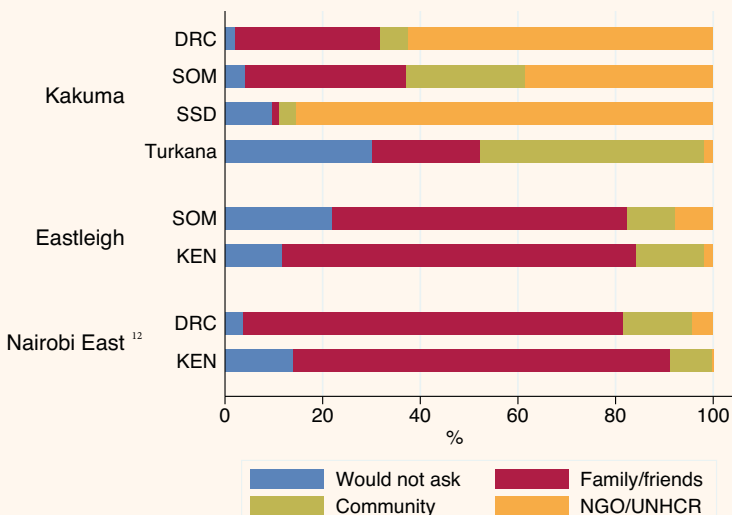
Refugee electrician in Kakuma



Somali shop in Eastleigh

One particular contrast that stands out from the comparison of the camp and urban environments is the primary source of employment, and this is further reflected in what refugees say when asked who they would approach for work. Figure 1 shows that in Kakuma, most refugees would refer to UNHCR or an NGO if they were looking for a job, while the Turkana mostly rely on their networks. In Nairobi, both refugees and hosts tend to rely on their family and friends to find employment.

Figure 1 – Who would you ask if you were looking for a job?



Inside Kakuma camp, around 5000 refugees work for UNHCR and its partner agencies as informal, non-contractual workers. While they work full-time, they are only given reduced ‘incentive pay’ rather than a salary. Steven¹³ is a South Sudanese refugee who works as a community mobiliser at a UNHCR partner NGO. He has been in the role since 2015 and works to respond to community complaints relating to aid distribution. He works 6 days a week between 8am and 3pm, and earns 5500 KES per month. He explained how difficult it is for his household to survive off his incentive payments: “with my current salary, I am not able to afford basic items such as a mattress and food. But I cannot find any better job in Kakuma so I have no choice”.

¹² Nairobi East refers to Kayole, Kasarani, Umoja and Githurai as they are all located in Eastern parts of Nairobi

¹³ Some names have been changed in order to protect anonymity

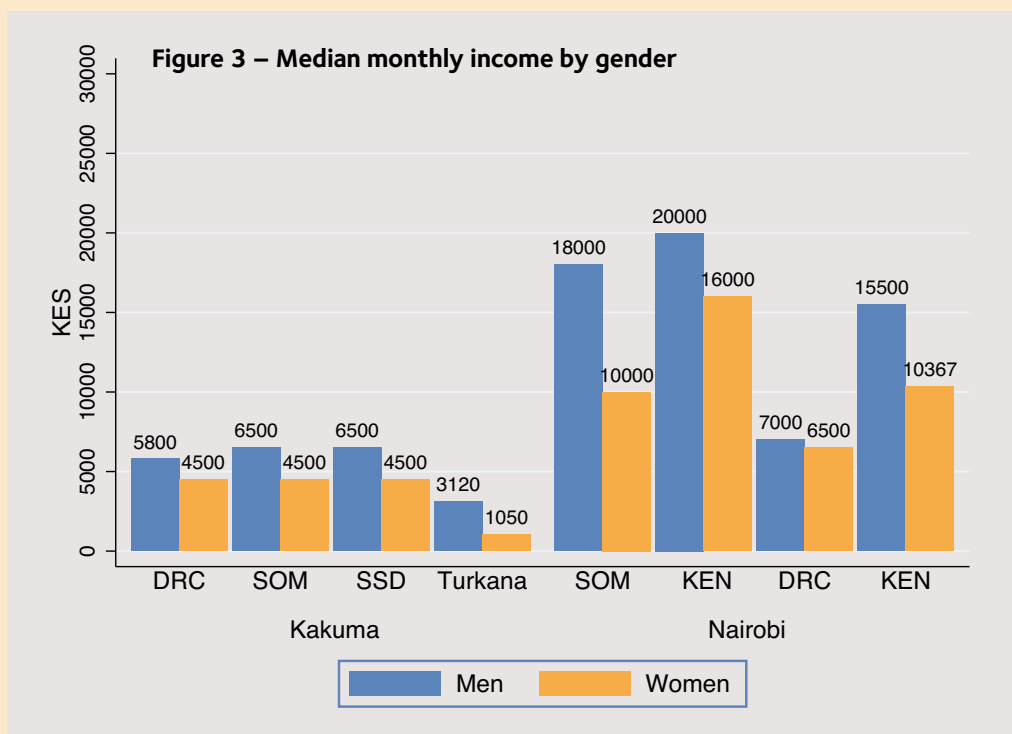
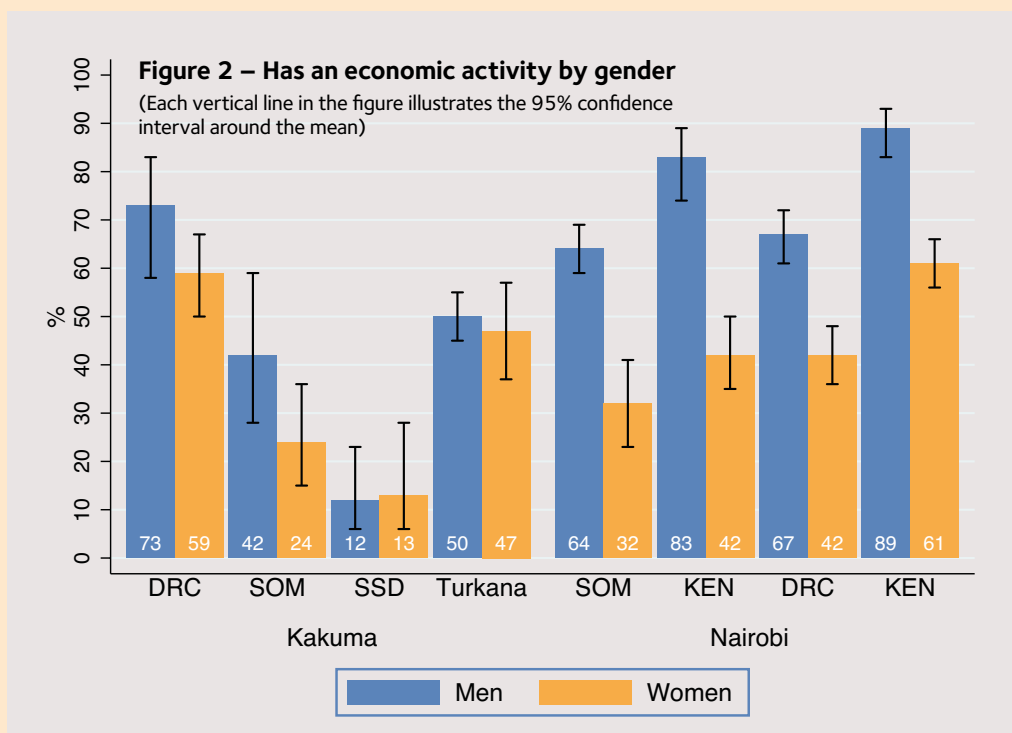
In Kakuma, the South Sudanese have the lowest rate of employment: only 13% of them have a livelihood. This is partly explained by the fact that many South Sudanese refugees arrived in the camp recently. Among the 39 South Sudanese refugees from our sample who arrived in 2015 or 2016, only one has an economic activity: he is an incentive worker who makes 5500 KES per month (about 55 USD). About 50% of the South Sudanese with an economic activity were hired by an NGO as an incentive worker.

Compared to the South Sudanese, Congolese and Somali refugees are significantly more likely to have an economic activity. 73% of Congolese men and 59% of Congolese women

have a livelihood. About half of these are employed by an NGO as incentive workers. For the Congolese, other popular activities include working in a beauty/hair salon, being a construction worker, having a small shop, or tailoring.

While 42% of Somali men have an economic activity, only 24% of women do so. Compared to other nationalities, Somali refugees are less likely to be incentive workers, and more likely to work in their own shop.

About half of interviewees from the host population have an economic activity. The type of work done by local hosts sharply differ from the activities undertaken by refugees: most Turkana are selling firewood or charcoal to refugees.



In Nairobi, refugees acquire access to better mobility and better public services. But in doing so, they largely give up access to assistance. As in Kakuma, there is considerable variation in socio-economic outcomes for refugees.

Compared to Somali refugees, the Somali Kenyan are significantly more likely to have an economic activity, and the income from this activity is significantly higher. About 44% of Somali refugees have an economic activity, while 60% of Somali Kenyans have a job. For those working, the median income of Somali refugees is 15,000 KES per month, but 20,000 KES per month for Somali Kenyans. The Somali and Somali Kenyans living in Eastleigh are usually working in shops.

In comparison, many Congolese refugees find it a struggle to survive in Nairobi. While 67% of men and 42% of women have a job, their income is substantially lower than other groups living in the capital. The median income of Congolese refugees with an economic activity, 7000 KES per month, is about half the median income of Kenyans living in the same areas. One focus group participant explained:

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

One asset that Congolese refugees do have is their knowledge of Swahili. This often enables them to find work and to navigate the city's informal economy. However, most are dissatisfied with their limited earnings. Phillip is a 47 year-old Congolese refugee who came to Kasarani, Nairobi in 2016. He currently works as a security guard at a Kenyan company in Kasarani. He came to Kenya in 2016 and first lived in Kitengela but later moved to Kasarani. He explained his dissatisfaction with his salary:

Q: How do you make a living now?

A: I work as a watchman [at a Kenyan security company]. My wife sells vegetables. She hawks around house by house.

Q: What is your normal work schedule?

A: 6pm–6am every single day. No holidays. But at the end of the month, I only get 6000 KES. Kenyans doing the same work get 15,000 KES.

Q: Are you happy with your work?

A: No but I have no option. I have no official documents. This is the only place to hire me.

Q: Do any of your family work and earn money?

A: Yes, my wife sells vegetables. In one month, she makes about 2000–2500 KES. In total, we are earning 8000–8500 KES in one month.

Q: How much do you need for one month?

A: We need at least 9000 KES. Rent is 4000 KES including water. Electricity is 500 KES. Food is 4000 KES.

Q: What do you do if you don't have enough money?

A: Skip meals. Ask other refugees to help us with some food.

As this conversation illustrates, the fact that many Congolese refugees find employment relatively easily in Nairobi does not mean that they are earning sufficiently. One of the reasons that Congolese refugees have such a good reputation among Kenyan employers is their tolerance of tougher working conditions and lower wages. One effect of this is that the majority of Congolese employees in the informal sector have similarly low living standards, unless they have access to external resources such as remittances.

Of course, as in any society, 'outliers' exist. About 6% of our Nairobi sample earn more than 500 USD per month. Some Congolese refugees were involved in larger and formal businesses such as tailoring shops, barbers, and grocery shops. Charles, a Congolese refugee living in Kayole, is viewed as one of the most successful refugees amongst fellow Congolese in Nairobi. He owns a cyber café there, which he started in 2010. His internet café has 6 computers, 1 printer/scanner, and 1 photocopying machine.

Q: Why did you choose to open an Internet cafe?

A: In 2010, there was only 1 cyber café in this area so I thought there must be good demand. I know many refugees want to use the internet but they don't have their own laptop.

Q: How many customers do you receive in one day?

A: 40–50 per day.

Q: Is your business registered with the city council?

A: Yes, I paid 19,500 KES for this year's license

Q: Are you an owner of this café?

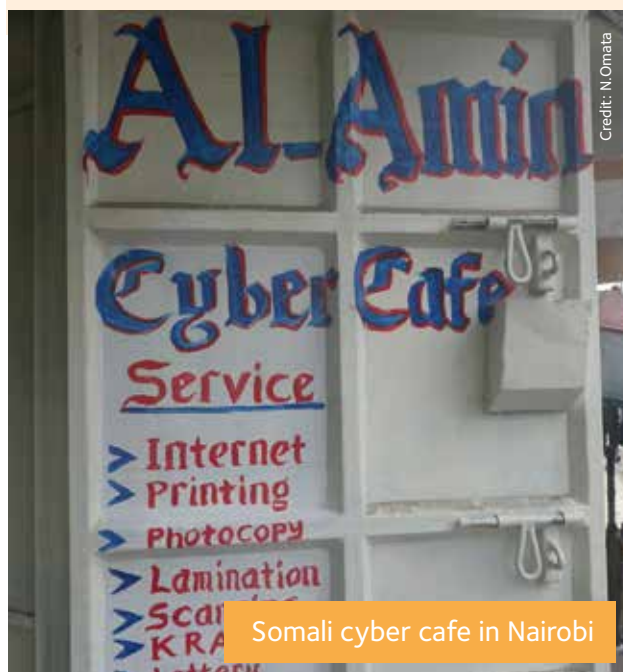
A: Initially, it was a joint business with my cousin. But he left for Canada via resettlement. I bought his share when he left so now I am the sole owner.

Q: How much capital did you need to start this business?

A: 2000 USD. I paid 1000 USD and my cousin paid 1000 USD.

Q: How did you manage to get 1000 USD?

A: I carried that with me from Congo.



Somali cyber cafe in Nairobi

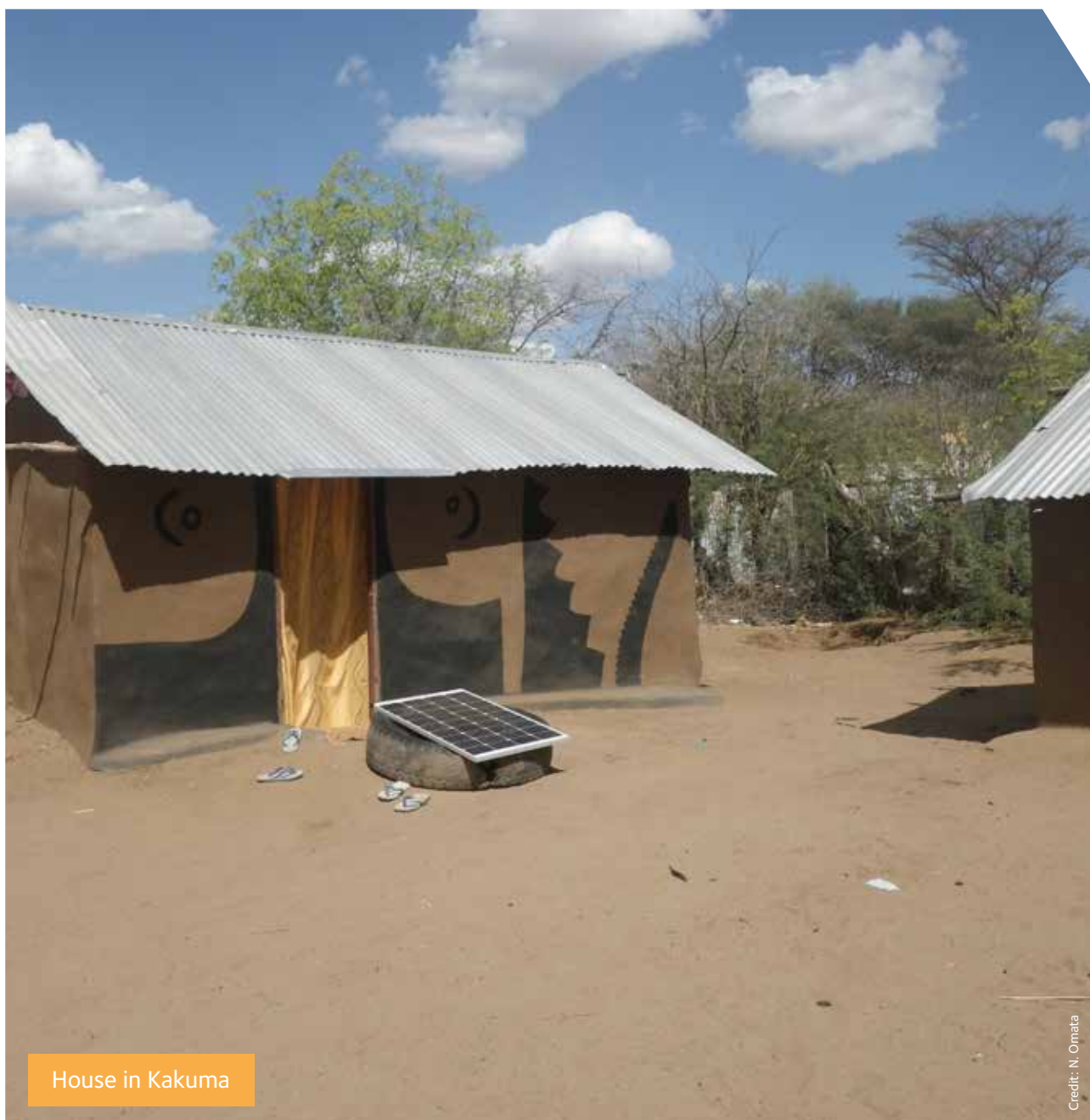
Living standards

As one might expect, living standards are on average higher in Nairobi than Kakuma. But, contrary to popular expectations, refugees are not always worse off than local host communities. There is significant variation across contexts and nationalities.

In Kakuma, the vast majority of refugees depend at least partly upon food rations provided by aid organizations. This is particularly the case for the newly arrived South Sudanese. Food rations are often inadequate and so households often pool their rations, including through so-called 'fictive households.' Compared to other nationalities, South Sudanese refugees and the Turkana are significantly worse off: they eat significantly fewer meals per day, they are less likely to own a mobile phone or a television, and less likely to have access to electricity. Refugees living in Kakuma 4, mostly South-Sudanese recent arrivals, have less diverse diets, are less likely

to own assets, and less likely to have access to electricity.

Compared to Kakuma, living standards in Nairobi are relatively high, especially for Somali refugees and the host population. As shown in Figure 4 to 11, these groups eat 3 meals per day, they eat meat a few times per week, and have a very diverse diet. About 90% of them have a mobile phone, 80% have a television, and almost all of them have access to electricity. Congolese refugees living in Nairobi are significantly worse off. They eat about 2 meals per day on average. Their diet is much less diverse. Many of them will not eat meat, even once a week. They are significantly less likely to own assets such as a television, a computer, clothes, or shoes. Most of them, 87%, have a mobile phone, an indispensable device to access economic opportunities and participate in the social life in Nairobi. Most of them have access to electricity.



House in Kakuma

Credit: N. Omata



Market stall in Kakuma

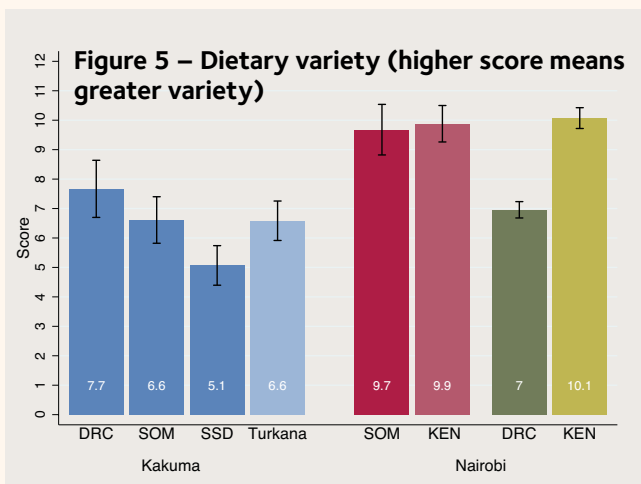
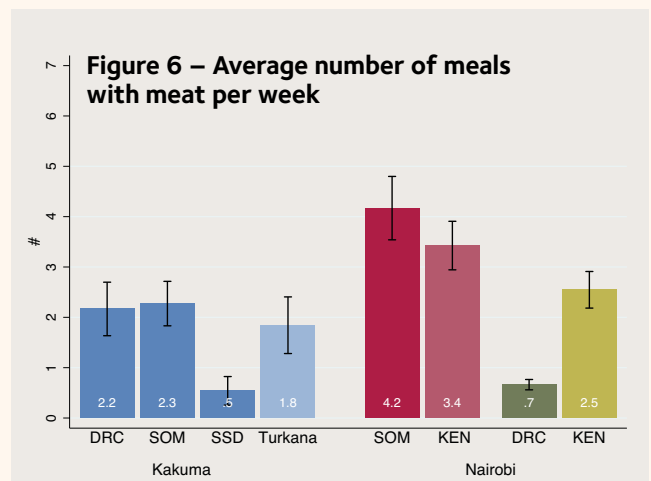
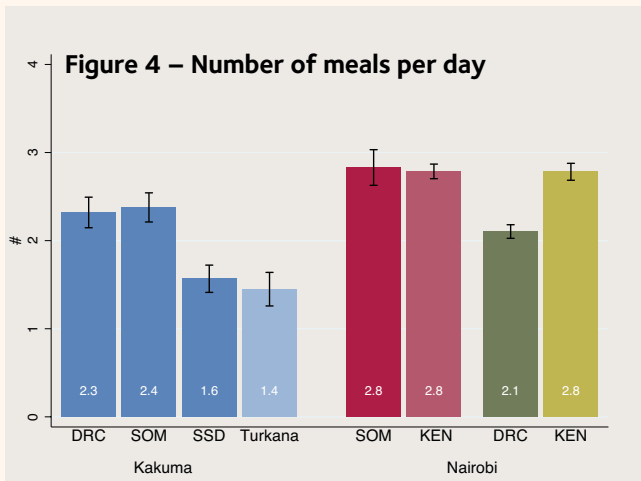


Figure 7 – Has a mobile phone

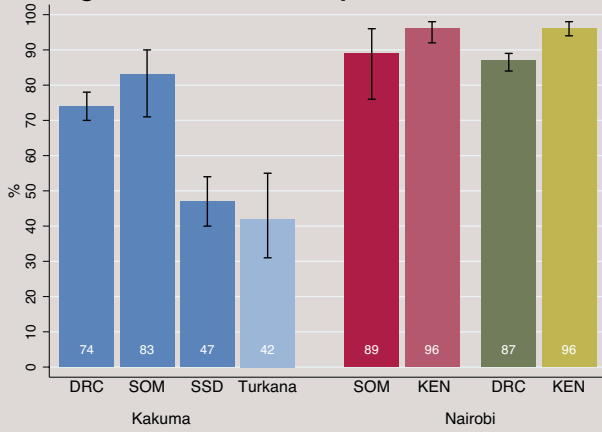


Figure 8 – Has a television

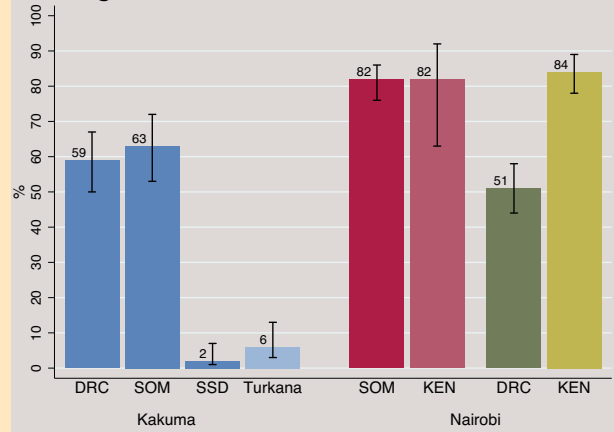


Figure 9 – Has a computer

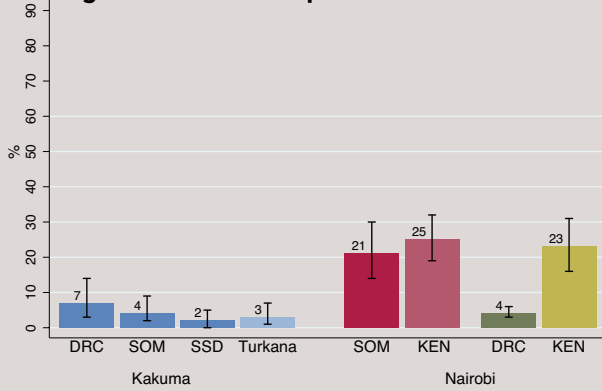


Figure 10 – Median number of clothes owned

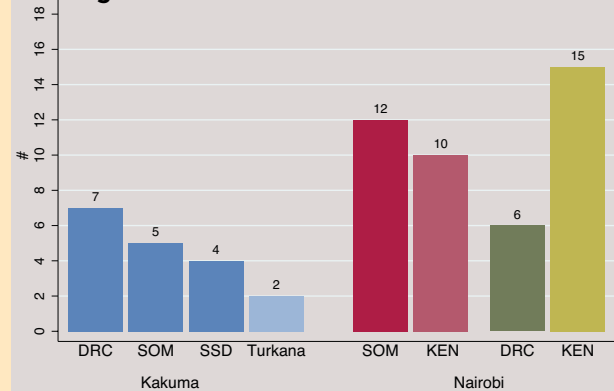


Figure 11 – Has electricity at home

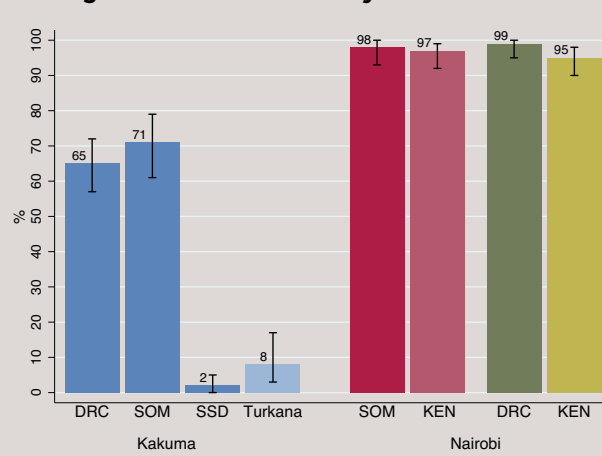


Figure 12 – Subjective well-being

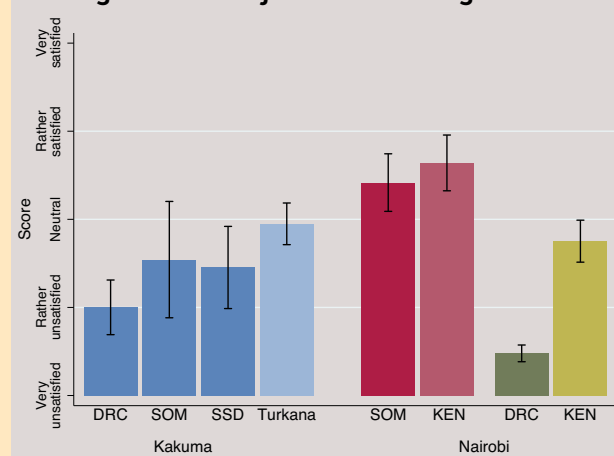


Figure 13 – Member of a community-based organisation

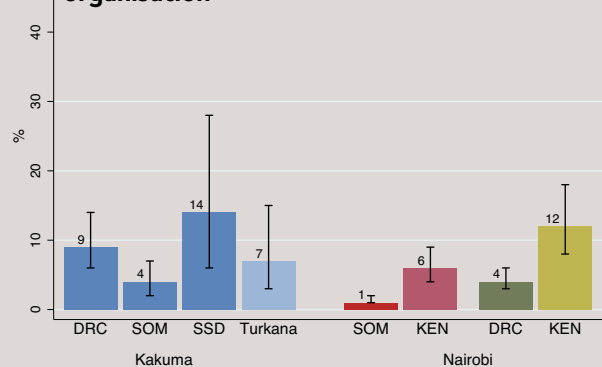
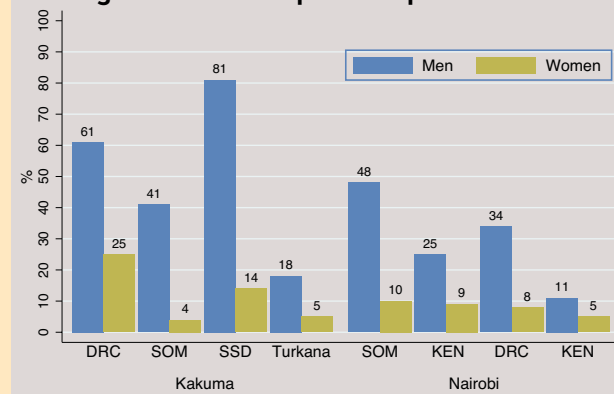
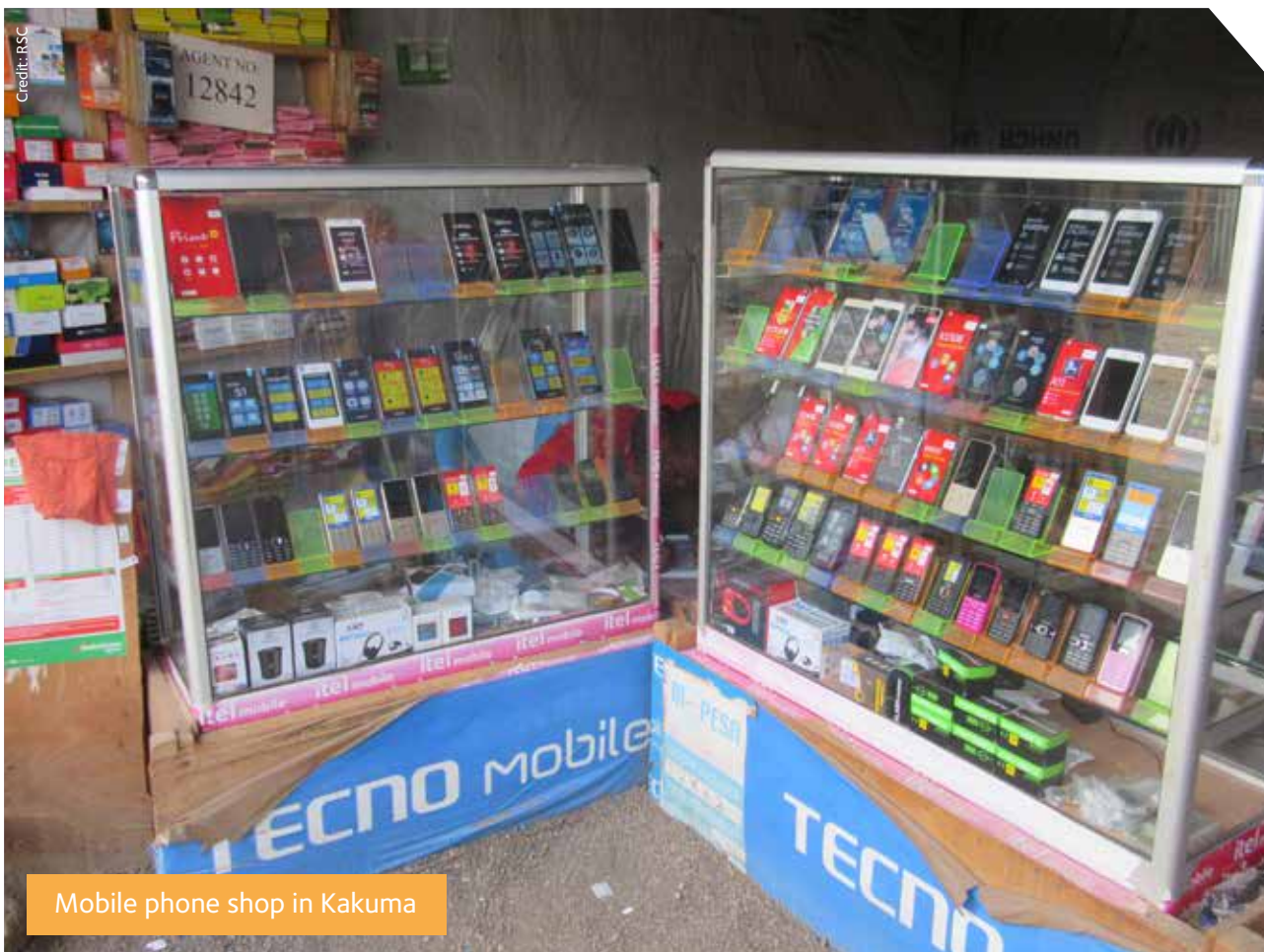


Figure 14 – Participates in sports





Mobile phone shop in Kakuma

Subjective well-being

Subjective well-being reveals a slightly different pattern, compared to objective measures. Across all contexts, Kenyans are significantly more satisfied with their lives than refugees. In Kakuma, the Turkana appear to be more satisfied than other groups, despite earning lower incomes and owning fewer assets than the Congolese and the Somali.

In Nairobi, Congolese refugees are unsatisfied with their life, while other groups are neutral or rather satisfied. Refugee men, though, are significantly more likely to do sports activities, compared to Kenyans or women. Surprisingly, relatively few respondents are part of a community-based association.



Somali shop in Eastleigh

4. Regulation

Refugees face a distinctive regulatory environment compared to host nationals. As we know from New Institutional Economics, how markets function is shaped by the institutions that regulate them. And in Kenya, in particular, refugees face a particular economic governance framework. The most striking features of this dualistic regulatory framework stem from Kenya's restrictions on refugees' right to work and mobility. Nevertheless, in practice, there is a *de facto* 'legal pluralism' within Kenya. Restrictions are differently enforced and implemented in different parts of the country; Kakuma and Nairobi represent different regulatory environments.

In Kakuma, refugees cannot move around freely due to encampment policy. Refugees are not granted the right to work outside the camp. Although they can go into Kakuma town and other nearby areas, they cannot travel beyond these areas without the permission of the Department for Refugee Affairs. While 40% of Turkana have travelled outside Kakuma the year before the survey, only 17% of Somali, 13% of Congolese and 8% of South Sudanese refugees have left Kakuma (Figure 15).

To obtain permission they need special dispensation based on medical, education, or business grounds; although business reasons are frequently disallowed. And about half of those who made a demand had to pay a fee as part of the application process (the share is significantly higher for Somali refugees, who had to pay something about 80 % of the time). As a result, about 32% of refugees who travelled outside Kakuma did so without asking for a movement pass.



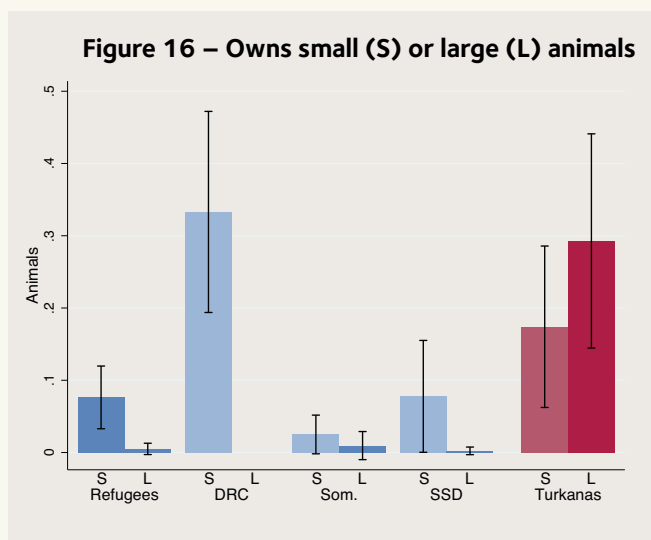
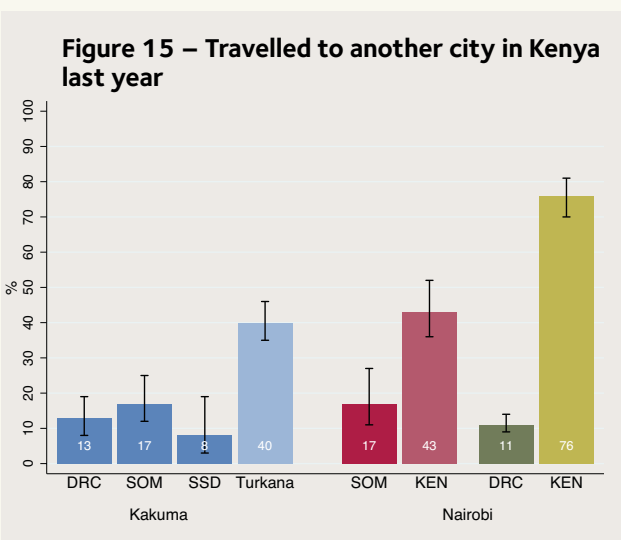
Credit: RSC



Turkanas and their livestock

Refugees also face an additional set of Kakuma-specific rules. They are not allowed to keep livestock (cattle, goats, camels) or other animals because of concerns about fuelling tensions between refugees and Turkana people living nomadic lives. As a result, very few refugees own animals, and if they do, it is mainly chickens or doves (Figure 16).

Refugees are also prohibited from cutting down trees for charcoal production since these are among the main income sources for the Turkana. Furthermore, at the time of our data collection, there was a curfew inside the camp due to insecurity, including issues of armed robbery and theft. The curfew has consequently constrained refugees' nocturnal commercial activities.



Refugee entrepreneurs are also forced to apply for business licenses; effectively a ‘tax’ on economic activity. This charge is levied by the local municipality, which requires refugees in the camp to register their shops with the local authority. Because they tend to have larger shops and higher revenues, Somali businessmen are more likely to pay these taxes (Figure 17).

One Congolese refugee who runs a DVD/CD shop inside Kakuma camp was perplexed about why they have to pay such a ‘tax’ to the Kenyan authorities:

I have a DVD/CD shop in Kakuma. I recently paid 3200 KES as an annual fee for my business license. But I don't understand why we have to pay it. In order to buy stock of DVDs, I have to travel to Nairobi. Even though I paid this tax, I am still not able to get travel permission...I recently requested permission but I could not get it... We have not been treated like Kenyans at all. Even though we pay registration tax, we don't get any benefits even like freedom of movement. What is this tax for? ... Tax collectors came from Turkana government with police. They didn't give me much explanation but showed a paper stating 'all people need to comply with the Kenyan rule'. It was threatening because they were with police.

A Kenyan senior staff member of a UNHCR IP, confirmed the nature of this arrangement:

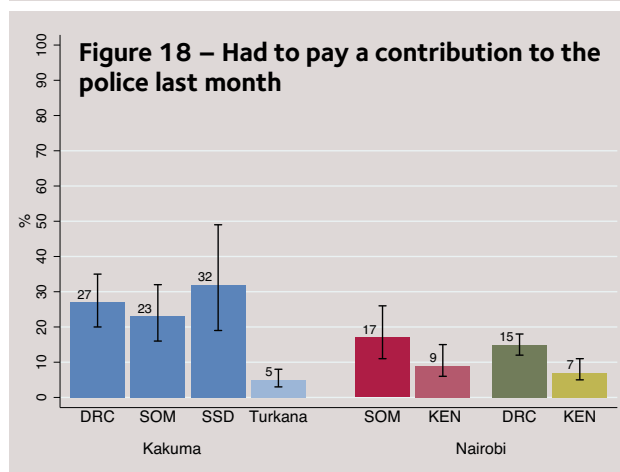
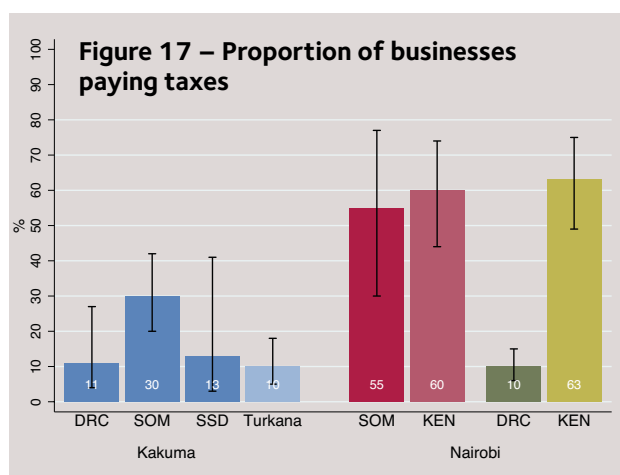
Since around 2014, the local government started collecting taxes from refugee business owners in the camp. Their logic is that Kakuma camp is located inside the influence of the county government so refugees there must follow the same tax regulations as Kenyan nationals. They charge different taxes depending on the size and scale of the business. They charge 2000 KES for a kiosk business but charge more for a major wholesale business in the camp.

On an informal level, refugees’ ability to run a business often relies upon being willing and able to pay bribes. Police officers target ‘unauthorised’ businesses such as pharmacies, clinics, boda-boda companies, and breweries, all of which require specific licenses in Kenya. Overall, Congolese and South Sudanese refugees seem more likely to be targeted by these practices (Figure 18).

According to one Congolese boda-boda driver:

There are 2 specific stopping points in the camp. 1) Hong Kong and 2) Near Angelina Jolie's school. Every day, we have to pay 50 KES. If we pay once, they will not stop us again in the same day...If we resist the police or refuse to pay, they will take our motorbike and keep it at the police station. The police will also give us a 'fine' of 10,000 KES...Dealing with the police is part of our daily life in the camp. I am working hard and earning a little money from my business to support my family but a lot of it goes to the pockets of the police.

There was a clear difference in the way local host community members were treated by the police. We asked Turkana people whether they experienced any police harassment or requests for a bribe; their responses were almost always ‘never’, which indicates a significant handicap imposed on refugees. Turkana are very poor but they have some advantages compared to refugees.



Refugees also often have to pay informal charges to obtain travel permission, which is supposed to be free of charge. One Congolese refugee community leader who has been living in Kakuma for several years explained about the practice of travel permission:

If you have a medical reason to travel outside the camp, this is the easiest one. You can get permission within 3 days. For education, if you have a UNHCR supporting document, you can get it easily. But if you want to travel for business or economic reasons, it will be very hard.

These restrictions impose a set of constraints on refugees’ economic lives compared to the indigenous Turkana. Indeed, one Congolese refugee described the camps as a ‘half prison’, and refugees typically identified restrictions on their rights to move freely and to work outside the camp as important obstacles.

Meanwhile, in Nairobi, refugees often enjoy greater economic freedom. This is because there are differences in refugee policy enforcement between the national and local levels. One of the assistant chiefs of the Kayole district, for instance, acknowledged that the local government is fairly tolerant: “Yes, we know the Kenyan national government employs a tough policy against refugees but at a community level, we are accommodating of them... most local governments do not really pay attention to legal status”. Meanwhile, a UNHCR officer confirmed: “At the government level, refugee policy is tough but at a local level, its implementation is loose... Kenya’s refugee policy is not monolithic. The official policy and actual implementation are not the same.”

Refugees' right to work also works differently in Nairobi compared to Kakuma. Although Kenya is usually viewed as a country that does allow refugees to work, the Refugee Act 2006 stipulates that refugees are allowed to work in Kenya and should be able to apply for formal employment with a so-called 'Class M' work permit, issued by the migration section of the Ministry of the Interior. In theory, it is available free of charge but refugees are required to submit many documents and, in practice, the permit is rarely issued.

On the other hand, refugees are able to obtain business licenses in Nairobi. For example, Anne-Marie, a Congolese refugee, who runs a hair salon in Kayole, explained that she paid 9500 KES for a business license plus 5000 KES for a trade license and 4500 KES for a fire license. Her certificates, provided by the city council, were displayed on the wall of her salon. It is worth noting that Congolese businesses are much less likely to pay taxes than Somali refugees or Kenyans (Figure 17).

A legal officer of an NGO in Nairobi explained the contradiction between the national government and the city council regarding refugees' right to work:

Provision of business licenses falls under the authority of a county government. This is a completely separate process from work permits issued by the Ministry of Interior...city council is not interested in refugee ID or registration status. Fees from business licenses are a part of city council's revenue so they do not exclude refugees as long as they pay it. In a way, city council does not discriminate between refugees and locals. But city council does chase refugees if they are not registered. If they cannot pay for a business license, city council confiscates commercial materials regardless of their status.

However, many of these contradictions – and the gap between national policy and local implementation – also create opportunities for the police to routinely extract bribes from refugees. In Nairobi, refugees are frequently and systematically subject to widespread police harassment. Refugees are significantly more likely to pay contributions to the police compared to Kenyans (Figure 18), and Somali refugees are usually asked to pay larger amounts (Figure 20).

This is because they are more easily identifiable, and often speak limited Swahili. One Kenyan community leader living in Eastleigh explained:

Police see Somali refugees as 'a source of money'. Police do not care about refugees' documents...Police sometimes harass nationals but refugees are much more vulnerable than locals. They are forced to give out something small [money to police] if threatened.

In the same interview, this Kenyan elder explained that there are 'fixed' prices for being released when police stop Somali refugees in Nairobi:

If you are stopped by the police on street, you will be released with 1000 KES. If you are taken to a police car, you will be released for 2000 KES. But if you argue and are taken to police station, you must pay 5000 KES. If you are put in a cell in the police station, you have to pay at least 10,000 KES to be released even if you have not committed any crime.

Figure 19 – Types of documents possessed by refugees in Nairobi

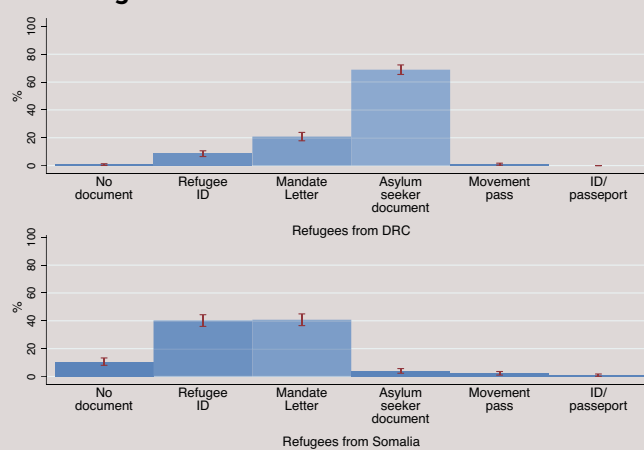
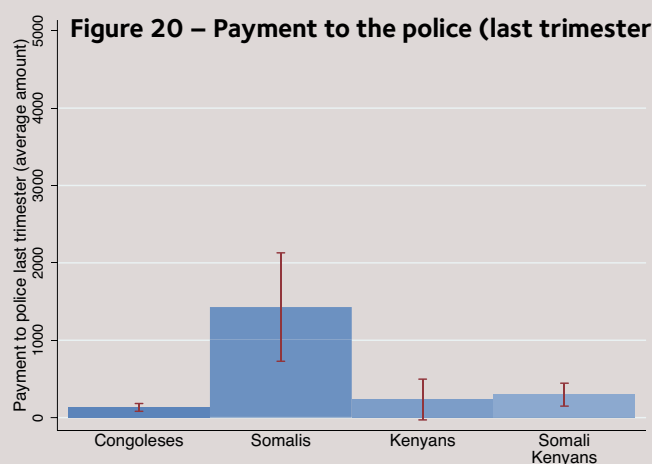


Figure 20 – Payment to the police (last trimester)



In Nairobi, making payments to the police is part of refugee life and often included in the daily budget. For instance, Amira is a Somali female refugee who runs a retail shop in Eastleigh. She is registered in Nairobi as a refugee and her business is officially registered with the Nairobi city council. Although she has proper legal status in Nairobi, she is constantly exposed to police harassment as her testimony indicates:

When I am on my way home, the police stop me and say 'refugees must go to camp'. They say 'refugees have no right to stay in Nairobi'. Last time, I had to pay about 4000 KES. Even though I am registered in Nairobi, they don't care about our documents.

A Kenyan lawyer who works at a refugee-supporting organisation in Nairobi commented that, compared to Congolese refugees, Somali refugees are generally better off and can often afford bribes. He suggests they are particularly concerned with the risk of having a criminal offence on record because it could ruin their resettlement case:

Somali refugees can often sort out things with money. Because of that, they are more targeted by police. In a way Somali refugees are contributing to perpetuating a practice of corruption...Many Somali refugees are waiting for resettlement so they don't want to have any criminal record in Kenya. If they resist the police and are put in jail, they may end up with a criminal record in their background, which will ruin their future goal. This is why Somali refugees are so obedient to the police.

5. Networks

Refugees' economic outcomes are shaped by their networks. Although some of these are pre-existing, many represent new networks that emerge as a result of displacement and exile. Different connections shape economic opportunity structures and strategies in particular ways. Refugees sometimes have economic networks that connect Kakuma and Nairobi, as well as transnational connections across Kenya, Africa, and globally. These networks are economically useful for supply chain, remittances, and social protection, for example.

Supply chain

There is a common assumption that refugee camps are necessarily isolated and economically disconnected. Although Kakuma is located in a remote area, has weak infrastructure, and is several hours from the nearest major commercial hubs, it is nevertheless economically interconnected. A commercial bus service between Kakuma and Nairobi is run by the Somali Kenyan-owned Dayah Bus Company. This enables a range of commodities to enter the camp, including clothing, shoes,

household items, medicines, stationary, and cosmetics.

Despite mobility restrictions, a non-negligible number of refugees travel within Kenya to purchase goods that are then sold in the camp. In Kakuma, the average income of refugees who travelled outside the camp for business reasons the year before the survey is about 14,000KES per month, which is 78% higher than the average income of refugees with an economic activity.



Selling fish from Lake Turkana in Kakuma

Credit: N. Omata

However, most refugee entrepreneurs establish supply chains by working with brokers. For example, many of the Somali-owned shops in Kakuma are connected to wholesalers in Eastleigh. Fadumo is a Somali female refugee living in Kakuma 3, she came to Kakuma from Dadaab in 2009 and she has been selling female clothing since 2015. She buys clothes and fabric from Eastleigh through Kenyan middlemen in Nairobi and pay in Mpesa. Although she has never met the Kenyan middlemen, she was introduced to them through her own network of Somali shop owners.

As Fadumo's story highlights, because of tight restrictions on refugees' mobility, most refugee shop owners rely on brokers for supply. These brokers are mostly Kenyans but occasionally refugees also act as brokers. Often these are Somali refugees registered in Kakuma but who usually reside in Eastleigh. For example, Hawa, a Somali female refugee in her late 30s, who lost her husband during the war and now raises 5 children by herself. She is registered in Kakuma but goes to Nairobi often. In an interview with her, she explained how she has become a refugee middle-women:

Several years back, I went to Nairobi and started doing casual labour at a cloth shop [owned by Somali Kenyan]. During my stay in Nairobi, other refugees in Kakuma asked me to bring extra clothing to sell in the camp. I carried many of them to the camp with me. I made good money then. In 2013, I started working as a broker.

Sometimes refugees who have moved from Kakuma to Nairobi maintain their economic ties. Hodan is a Somali female refugee who has a small retail business. She came to Kenya in 1998 and lived in Kakuma until 2009, before moving to Eastleigh. She sells camel milk and clothing, for example, to the retailers to whom she is related in Kakuma. Orders are received by mobile phone and then dispatched to Kakuma via the daily Dayah bus services. She is paid in Mpesa, and charges a fee for her brokerage service.

For reasons of trust, these supply chain networks are often restricted along ethnic lines. For example, Somali brokers tend to work solely for the Somali refugee business community; one South Sudanese refugee who owns a retail shop in Kakuma complained that when he asked Somali refugees to link him with Somali middlemen in Nairobi, they refused.

For some businesses in Eastleigh, supply chains are transnational, and may even extend beyond Africa. For instance, selling gold is one of the common Somali businesses in Eastleigh. Suad, a Somali woman who came to Eastleigh in 2006, has been trading gold for several years. In her shop located on the basement floor of a multi-story shopping mall, she explained, "I began this business in 2010. I am dealing in gold rings, necklaces, earrings, and bangles...I import gold items from Dubai through my Somali Kenyan business partner. He was my neighbour in Nairobi. He has a Kenyan passport so that he can easily travel to Dubai."

In Eastleigh, an emerging trend is trade with China. This reflects a growing Chinese commercial presence in Eastleigh, and is especially prevalent among Somali communities. Many of the clothing shops, for example, import from China. A Somali refugee who runs a clothing business in partnership with Somali Kenyans stated:

We started our shop in 2003. Initially, the items were from various places but now most of the goods are from China. They [Chinese traders] came to Nairobi with some sample clothing. We were introduced [by other Somali businesspeople] and made trading contracts. Now we order items via email and WhatsApp. My business partner goes to China twice a year.

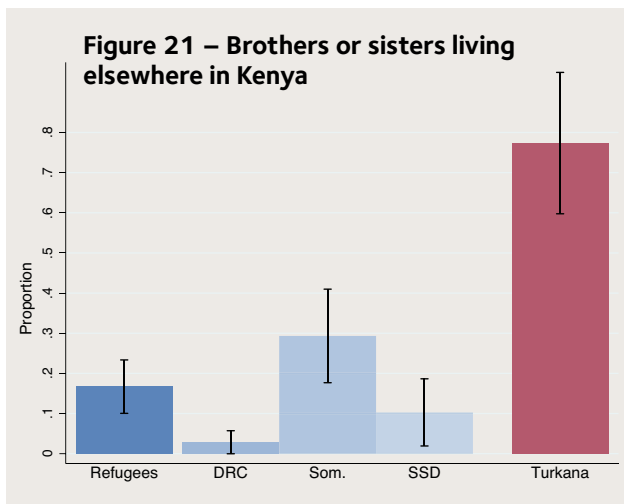
The growing presence of Chinese commercial society was visible in Eastleigh. During our fieldwork, we occasionally came across Chinese business people accompanied by Somali people.

In addition to the movement of goods, circular labour migration sometimes takes place between Kakuma and Nairobi. Given limited socio-economic opportunities inside Kakuma, some households strategically disperse members outside the camp, especially to Nairobi to seek work, even without formal permission. This too is typical among Somali refugees, although it is not always successful. As shown in Figure 21, about 30% of Somali refugees living in Kakuma have a brother or a sister living elsewhere in Kenya. Many connect with the larger Somali Kenyan societies in Nairobi, Mombasa, Eldoret, and Kitali as a means to find work as domestic workers, shopkeepers, waiters/waitress, and security guards, for example, and then remit money back to the camp. Sadiya is a Somali female refugee in Kakuma 3. One of her daughters moved to Nairobi in 2015 and is now remitting back to her family in Kakuma. Her daughter is 19 years old, she is working as a shopkeeper in Eastleigh and sends about 10,000 KES per month; "she took her own decision. I am unable to work due to a bullet in my leg. She is the eldest daughter so she decided to go there to make money."

This kind of split-household strategy is most common among Somalis due to their widely dispersed networks. However, non-Somali refugees also sometimes venture outside the camp to pursue their own goals and socio-economic betterment. Java, a 22-year-old Congolese refugee artist, is one of the more than 300 refugee artists inside the camp. He occasionally goes to Nairobi and plays his guitar in Nairobi's nightclubs because, he explained, it's the only way to get proper equipment like microphones, speakers, and recording facilities.



Somali clothing shop in Kakuma



Remittances

Networks are especially important for access to remittances. 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. Furthermore, access to remittances is correlated with a variety of positive economic outcomes. For example, our regression analysis suggests that respondents who receive remittances have more varied diets and are happier.

There are several Hawala¹⁴ agencies operating inside the camp. According to Mustafa, a Somali employee at one of these agencies in Kakuma 3, there is considerable demand for money transfer:

We receive 250 customers per day during the first 10 days of every month. After that, 100–150 customers per day. Somali refugees account for the vast majority of our customers...Some Somali refugees receive money 2–3 times a month. They are entirely reliant on remittances and not working in the camp...Remittances are from mainly US but also from UK, Australia and Canada. Some come from Puntland or Somaliland.

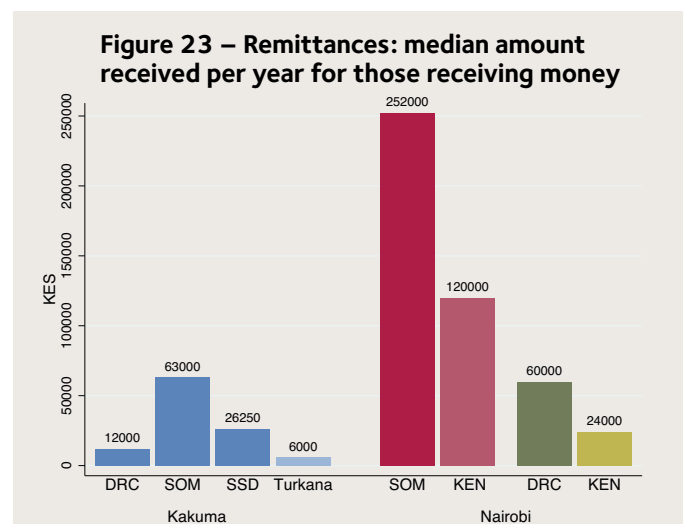
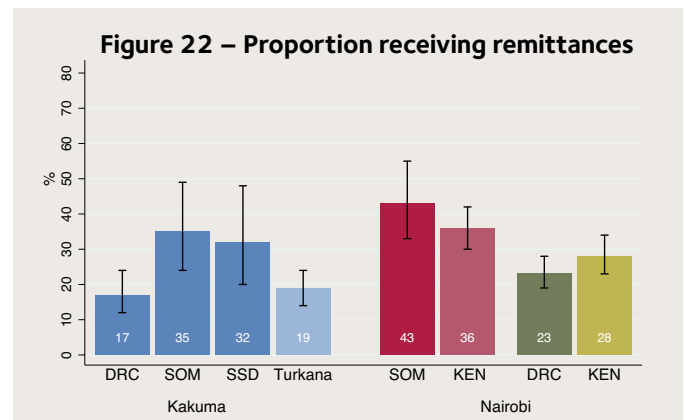
Larger Somali businesses tend to be especially reliant upon remittances. One business owner told us: “Most wholesale businesses in the camp (hotels, restaurants, wholesale shops) are initiated by those with access to remittances...there are some money lenders in the camp but they do not give loans of large amount.” One of the owners of a large business in the camp is Mohamed, a Somali refugee who owns a grocery in Kakuma. His shop stands out in the camp with well-stocked items which he purchases mostly from Nairobi and Eldoret. He opened his grocery shop in 2013 with 500 USD sent by relatives in the US, where several members of his extended family are based. They continue to send 100–200 USD/month.

Remittances are important for other nationalities as well, although generally to a lesser degree. For instance, Benjamin, a Congolese refugee, sells bitenge, a ceremonial fabric, in Kakuma 1. He has a relatively well-stocked shop. When we asked him how he managed to secure start-up capital to open his business, he replied: “Remittances. My parents and younger brother got resettled in Canada from Tanzania. They sent me USD 500 to begin this business”.

In comparison with other businesses in the camp, the shops of Ali and Benjamin are larger and better stocked. These types of large scale businesses do not seem possible to achieve without any external capital support.

The impact of receiving overseas remittances was also significant amongst Nairobi’s refugee communities. Often, large or medium-sized businesses, especially in Eastleigh, owned or co-owned by Somali refugees benefit from remittances sent by members of the diaspora. For instance, Katra is a Somali female refugee who operates a clothing business. She came to Eastleigh in 2006 and is officially registered in Nairobi. Her shop is co-owned with a cousin based in Minnesota, who was resettled to the US in 2005. They both contributed 5000 USD in start-up capital; the money was necessary to cover stock, rent, and license fees, for example.

Comparatively, refugees generally receive higher remittances than host nationals, especially Somali refugees. Refugees in Nairobi receive higher remittances than those in Kakuma. In Nairobi, 43% of Somalis refugees receive remittances compared to 36% of ethnic Somali Kenyans, while 23% of Congolese receive remittances compared to 28% of Kenyans living in the same neighbourhoods. In Kakuma, 35% of Somalis, 32% of South Sudanese, and 17% of Congolese refugees receive remittances, compared to just 19% of the Turkana (see Figure 22). Refugees also receive remittances at a mean level higher amount than host nationals. Focusing on those receiving remittances, the median amount received in Nairobi is around 252,000 KES/year for Somalis, 60,000 for Congolese; 120,000



¹⁴ Hawala is an informal system of money transfer commonly used by the Somali community.

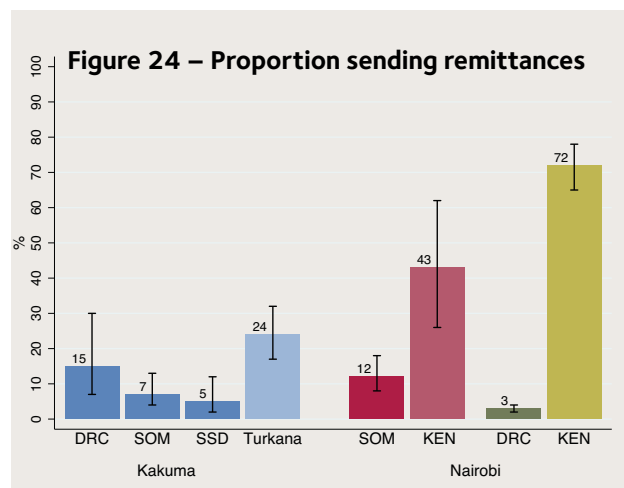
for Somali Kenyans, and 24,000 for other Kenyans. In Kakuma, the median amount received by those benefiting from remittances is around 63,000 for Somalis, 26,250 for South Sudanese, and 12,000 for Congolese, compared with around 6000 for the Turkana.

On the other hand, however, host nationals are more likely to be remittances senders, and those that send are likely to send larger amounts than refugees. In Nairobi, 72% of Kenyans in Congolese areas and 43% in Somali areas send remittances, compared with 12% of Somalis and 3% of Congolese. In Kakuma, just 6% of refugees send remittances compared to 24% of the Turkana.

Social protection

It is often assumed that refugees' main sources of social protection come from international organisations or NGOs. In practice, though, refugees themselves are an important source of social protection for other refugees. Indeed, our data from both Kakuma and Nairobi illustrates quite how significant this is, with friends, family, and community being widely cited as far more important sources of social protection than international organisations.

In Kakuma and Nairobi, we asked refugees where they would be most likely to go if faced with different kinds of need (Figures 25 to 27). In Kakuma, a series of answers connected to friends, family, and community were ranked as most important for various basic needs, with international organisations and NGOs only seen as relatively important in two categories of need: employment by 23% and business capital by 13%. In Nairobi, this picture becomes even more



stark. Refugees rank friends, family, and community as more important than international organisations and NGOs for all categories of social protection, with one exception: 42% of Congolese refugees identify IOs and NGOs as an important source of business capital, implying that at least one organisation has run an entrepreneurship programme targeting Congolese urban refugees. But for basic assistance, the international community is virtually irrelevant in Nairobi. When asked 'who would you go to for 500 KES in an emergency?' international organisations and NGOs were cited by less than 2% of refugees, behind family and friends, community, and even 'I would not ask for aid'. Indeed, in Nairobi, most refugees reported receiving no formal assistance whatsoever in the last 3 months, with less than 5% receiving money, food, or material assistance.



Madrasa school in Eastleigh, Nairobi

Figures 25 and 26 summarise a small part of these findings, showing that both refugees and host rely on their close networks if they have not enough food to eat or if they need money for an emergency, for example to purchase a medicine. Almost nobody would refer such challenges to an international organisation (such as UNHCR) or an NGO, even in Kakuma camp.

Our qualitative research indicates that families and households offer another important source of social protection. But not all household members are necessarily related to one another. So-called 'fictive households' often bring together members who are not related. In Kakuma, this practice was prevalent among recently arrived South Sudanese refugees. For example, Rut is a member of such a fictive household. He is a 24-year-old South Sudanese refugee of Nuer ethnicity who came to Kakuma 4 alone in 2014. He now lives as a member of a large household whose members are not kin-related:



Q: With whom did you come to Kakuma?
A: Alone – during the war, our family got separated.

Q: Do you live with any other people now?
A: Yes, there are 7 people in our shelter.

Q: Who are these 7 people?
A: We are all male south Sudanese refugees aged 19–25.

Q: Are you related each other?
A: None of us are related. 2 are from Equatoria ethnicity and 5 are from Nuer ethnicity.

Q: How did you meet?
A: We met at the reception centre when we arrived initially. We were put together to live in the same temporary shelter and got to know each other.

Q: Why did you decide to live together?
A: We have very little food so it is better to share it. We can also help each other in case of any trouble like illness.

Q: How many of you are working now?
A: No one. We all rely on food rations. We gather them and sell them to get money for other things also.

Over time, these artificial households sometimes function in ways that replicate the functions of a family. Elder refugees establish rules for appropriate behaviours or mentor younger or more vulnerable members of their household. For instance, in Rut's household, smoking cigarettes and drinking alcohol is strictly prohibited regardless of their age. If anyone falls ill then other members of the household take care of that person. While all 7 members share daily household chores, those approaching graduation or important exams will be exempt.

Figure 25 – Who would you ask if you were looking for 500 KES in an emergency, for example to purchase medicine?

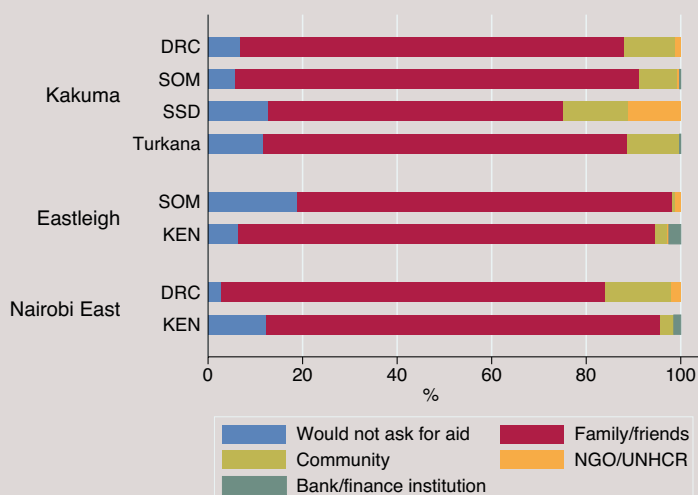
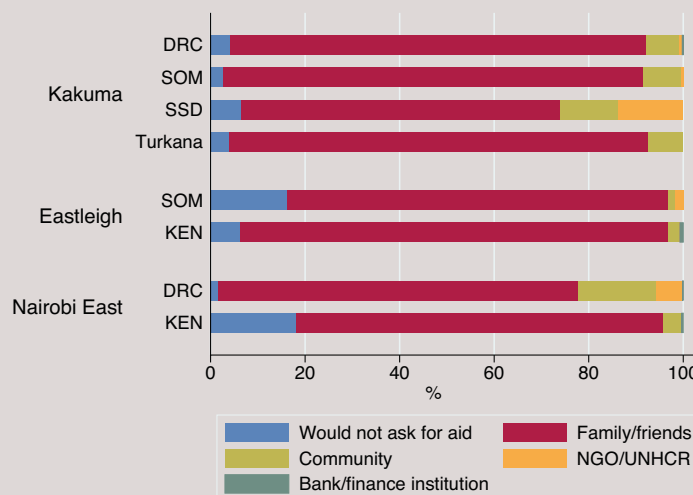


Figure 26 – Who would you ask if you did not have enough food to eat?



6. Capital

Financial, human capital, and physical capital are essential for economic activity. Yet, refugees’ access to credit, education, and health care are often different from those available to host country citizens. Where formal provision is limited, informal social institutions sometimes offer an alternative source of these forms of capital. Each one is important in its own right and has an impact on refugees’ economic outcomes and well-being.

Access to finance

Our regression analysis suggests that access to financial capital increases the likelihood of having an economic activity and increases earnings from that economic activity. However, refugees in Kenya are generally not allowed to open a bank account. This constraint is reflected in the data collected in Nairobi. While 30% of Somali Kenyans and 43% of Kenyans have a bank account, only 7% of Somali refugees and 2% of Congolese refugees have one. Access to banking is poor in Kakuma: only 3% refugees and hosts have a bank account.

Lack of access to formal banking affects refugees’ ability to save and to borrow money. We asked refugees where they would go if they wanted to obtain a loan of 10,000 KES to launch a business. Figure 27 highlights that a substantial share of refugees living in Kakuma would refer to UNHCR or to an NGO if they needed money to start or expand a business. Similarly, about half of Congolese refugees living in Nairobi, would ask UNHCR or an NGO. Almost no one from these groups would ask for a credit in a bank or finance institution. In contrast, Somali refugees and Somali Kenyans in Eastleigh mostly rely on their close network if they need a credit. Kenyans, especially in Nairobi, are more likely to refer to a bank or a financial institution.

According to a senior officer of refugee-supporting NGO in Nairobi, “refugees are virtually excluded from formal financial systems in Kenya because they [financial institutions] think that refugees can disappear at any time”. Exclusion from financial services poses a particular challenge for entrepreneurs who seek start-up capital for their businesses. Although remittances can sometimes fill this gap, not all refugees have access to transnational networks. Consequently, many refugee entrepreneurs used their own savings as initial capital. However, such businesses are usually small-scale due to the modest amount of savings, which may require several years to accumulate because of limited salary and income, especially inside the camp.

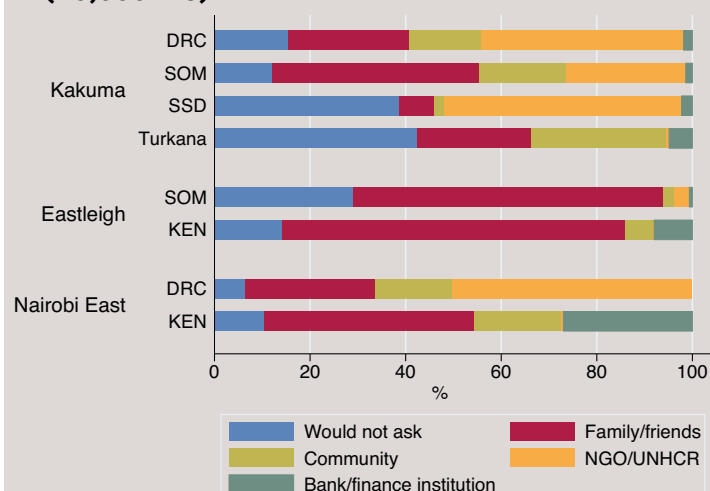
In the absence of access to Kenyan financial institutions, many refugees in Kakuma camp have looked for financial support from aid organisations (see Figure 27). Indeed, we interviewed several refugees who initiated joint-businesses with loans from UNHCR partners such as AAH, LWF and DRC. Most of these lending services are given to a group of

refugees with a shared business idea and interest. At the time of our data collection, UNHCR and Action Against Hunger – a lead livelihood agency in Kakuma – were starting a financial loan programme funded to about 50,000 USD by UNHCR. Working with Equity Bank, a private commercial bank in Kenya, they aim to provide interest free loans to groups of refugees with a clear business plan.

Other refugees resorted to informal lending from within their own community. In Kakuma camp, Somali refugees obtained loans from members of the same clan or Somali Kenyan business owners in Kakuma town. Similarly, some Oromo Ethiopians, who are known to have strong ethnic solidarity, borrowed money from their co-nationals to launch businesses in the camp.

Outside the camp where refugees generally lose access to humanitarian assistance from UNHCR and its partners, refugee entrepreneurs must seek alternative financial sources. Given the significant demand for financial capital amongst refugees, there are some refugee money-lenders in Nairobi. Usually, they run a lending business in parallel with their primary business. Chantal is a well-known Congolese refugee money lender in Kayole, Nairobi.

Figure 27 – Who would you ask if you were looking for a large amount of money to start or expand a business? (10,000 KES)





Credit: N. Omata

Tailoring cooperative of Congolese refugees in Nairobi

Q: When did you start your lending business?

A: In 2015.

Q: How did you accumulate money to lend?

A: I have been selling bitenge and have saved profit.

Q: Do you lend money to anyone?

A: Only to Congolese refugees. No Kenyans. Even for refugees, I only lend to those who are working so that they can repay

Q: What is interest rate?

A: 20 % per month. Maximum loan amount is 10,000 KES.

Q: Do you take any collateral or a guarantor from a beneficiary?

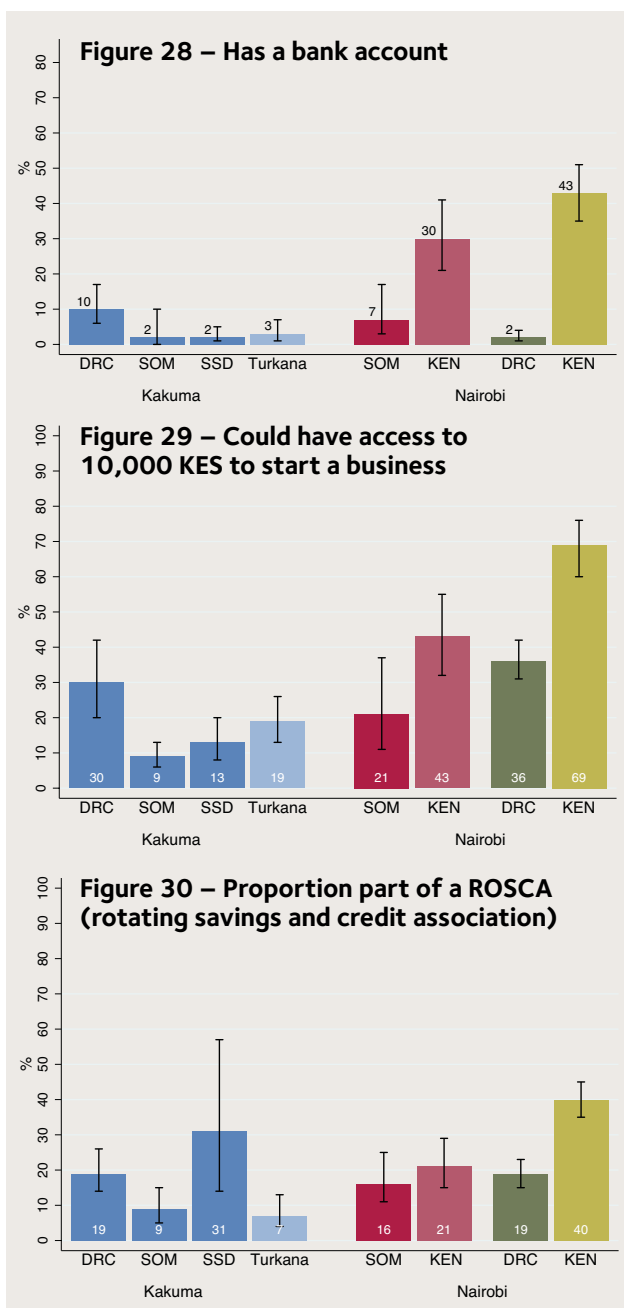
A: No. I only lend to those whom I think trustworthy.

Another means to obtain financial capital for refugees is to create a rotating savings and credit association. For instance, within the Somali community, there are numerous ‘ayutos’, a type of community savings mechanism (see Figure 30). Fatuma, a Somali female refugee, who has run an ayuto since 2011, explained its importance for refugees:

Now we have 17 members. Every Friday, each member gives 1500 KES. One person will get this total... In Eastleigh, we need to start business to secure our bread, medicine and police bribe [on our own]. But it is not easy to get a loan for us. We don't have documents and ID card which formal banks request. This is the only way to get initial capital.

One of the most organised credit arrangements was observed amongst Burundian refugee boda-boda drivers in Kakuma camp. These credit groups are called ‘likelemba’ – meaning ‘informal banks or credits’ in their language – consisting of only these motorbike drivers. At the end of the month, each member is required to contribute an agreed amount. When the savings reach a target amount, the group purchases a motorbike and gives it to one of the members. They continue this cycle until all the members of the likelemba get their own bike. This type of rotating savings and credit association enables refugees to save large amounts and thus access physical capital such as a motorbike. In fact, boda-boda drivers are one of the most frequent income-generating strategies for Burundian refugees in Kakuma.

Refugees with limited access to financial capital often work together to fill in this gap. Some refugees formed a business consortium with other fellow refugees to reduce the burden of common expenditures. For example, there was a group consisting of 7 Congolese refugee tailors in Kasarani, Nairobi. They rented a working space from a Kenyan landlord and shared the rent of 5000 KES and electricity bills while their work remained individual and they did not share profits amongst members. Interestingly, however, some members in this group shared a sewing machine – one form of physical capital – which they co-purchased by putting together their limited savings.



Education

Our regression analysis shows that education is positively correlated with having a livelihood and with having a higher income (for those with an economic activity), and that vocational training is positively correlated with having an economic activity.

Our data highlights important differences between refugees and host populations in terms of skills, and ability to turn these skills into income. Refugees living in Kakuma camp are on average better educated than the Turkana. Refugees living in the camp have on average 6.4 years of education, while the Turkana only have 2.4 years of education (Figure 31). Kakuma refugees are also significantly more likely to have done some vocational training and to speak English compared to the Turkana. In contrast, Kenyans living in Nairobi are better educated than the refugees: they have accomplished more years

of education, they are more likely to have done vocational training, and their levels of Swahili and English are better. Overall, men receive better access to formal education than women.

Inside Kakuma camp, we came across a number of refugee-initiated schools. Amongst South Sudanese communities, there are several schools that teach basic language skills in English and Swahili for new arrivals. Somali refugees have also founded madrasa schools for their children. These educational facilities set up by refugees exist outside formal schooling systems that are built by UNHCR.

Based on our data, we estimate that more than 1000 refugees in Kakuma travelled to Nairobi last year for educational purposes.¹⁵ This educational migration is particularly observable in Somali refugees as they often have ‘host families’ in Nairobi. In fact, one of our Somali refugee research assistants has been going to Nairobi periodically to attend a Kenyan university for the last few years. According to her, it is nearly impossible to attain higher level education in and around Kakuma camp. During her study period, she has been hosted by a Somali Kenyan family from the same clan.

In Nairobi, refugees often benefit from vocational and entrepreneurial educational support provided by refugee-led Community-Based Organisations (CBOs). One such CBO, Refugee Care, was established by a Congolese refugee pastor in 2016, and has been operating in refugee-concentrated areas in Nairobi such as Kayole and Umoja. It offers refugees vocational support, including language training and business development counselling. An executive board member described the organisation’s work:

Currently, there are about 350 beneficiaries. They are all refugees, mainly Congolese but also some Burundians and Ethiopians... We live closely with our beneficiaries so we understand what kind of problems they face here... [As part of entrepreneurship support] We have been assisting 42 widows to build their own income source. Many of them are now selling bitenge... Congolese know bitenge well and it is relatively easy to start [with limited resource].

Another CBO, the BORTOPRA Youth Group, founded by a group of young Congolese refugees provides skills training in areas such as handicraft, hair dressing, and tailoring for self-settled refugees to enable them to survive in Nairobi. These refugee-led schools employ a ‘students become teachers’ model in order to operate with a very limited budget.

An alternative form of refugee-led vocational education comes from apprenticeships and ‘on-the-job-training’ within small businesses. For instance, Fatuma, the Somali ayuto organiser mentioned above, gave the following example of how her ayuto members began a new business together:

There is a beauty salon owned by 4 Somali refugee women. They put together their money as initial capital. Once this salon becomes big enough, they are planning to start a branch. One day each of them will become a salon owner... They are all involved in running the salon so they can learn how to run this business.

¹⁵ 42 refugees from our sample travelled to Nairobi for education last year. This is 3% of our sample. If we take into account sampling weights, we have that 1.8% of Kakuma refugees travelled last year for educational purposes. This means that more than 1000 refugees from Kakuma travelled to Nairobi last year for educational purposes.



Informal education at a Congolese refugee church in Nairobi

Figure 31 – Years of education by gender

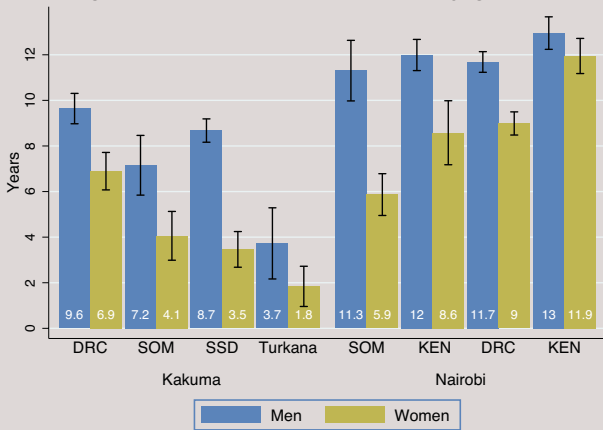


Figure 32 – Vocational training

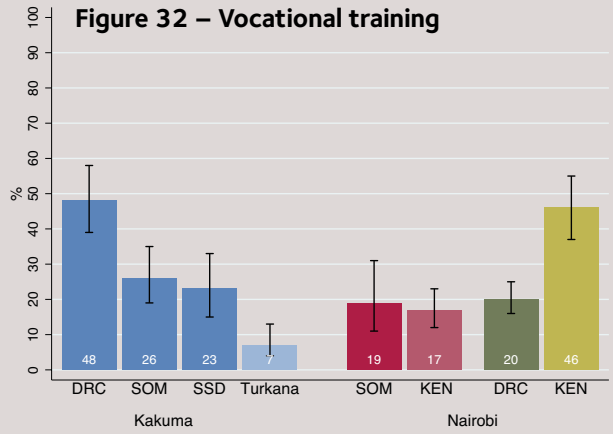


Figure 33 – Ability to speak Swahili

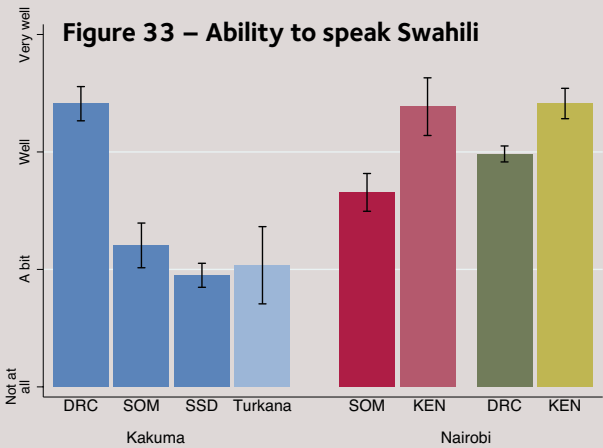
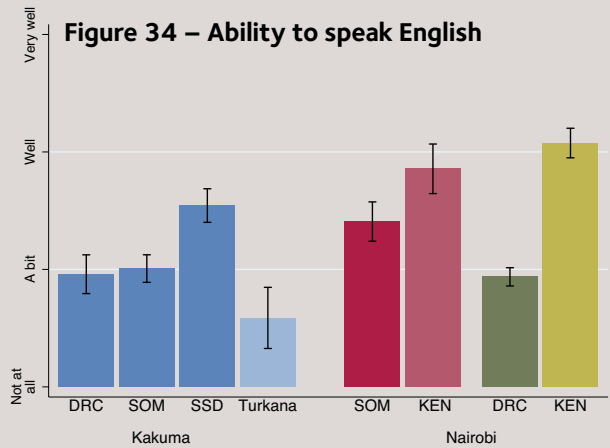


Figure 34 – Ability to speak English



Health

In order to measure health, our questionnaire included 6 questions to assess the health of refugee and host populations. On a scale from 0 “no difficulty” to 4 “extreme difficulty”, respondents had to evaluate how much difficulty they have in (1) standing for long periods, (2) taking care of their household responsibilities, (3) learning a new task, (4) joining community activities, (5) concentrating, and (6) walking. Figure 35 reports the average score obtained by respondents. It shows that refugees’ health is significantly worse than the host community’s. This is particularly true for South Sudanese refugees living in Kakuma, and Congolese refugees living in Nairobi.

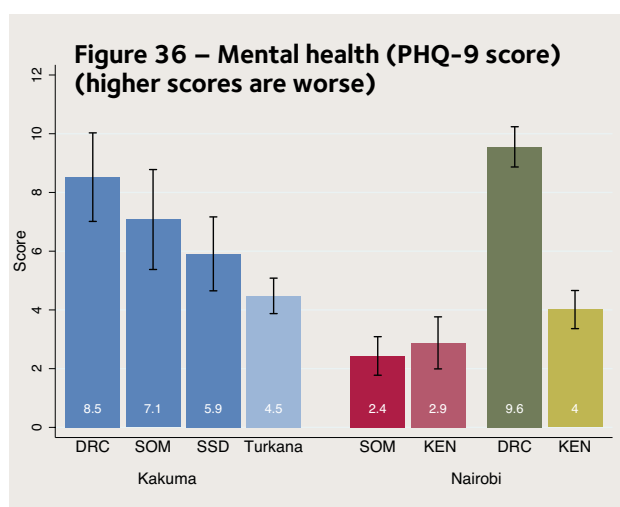
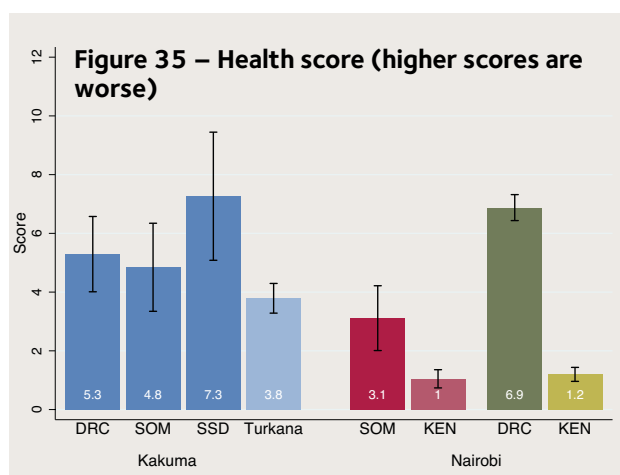
We also included a module in order to assess the mental health of participants (derived from the patient health questionnaire, PHQ-9). The nine questions included in this module measure whether respondents have suffered from anxiety, depression, eating or sleeping disorders over the last 2 weeks, on a scale ranging from 0 “not at all” to 3 “nearly every day”. Overall, we find that refugees are worse off than hosts in terms of mental health. This is particularly true for Congolese refugees in Kakuma and Nairobi.

Having sound health is crucial for refugees’ economic survival. Within our regression analysis, poor health is associated with lower income, poorer diet and lower life satisfaction. But in general, refugees face a challenge in this area. In Nairobi, as a UNHCR partner agency, National Council of Churches of Kenya (NCCCK) provides health support for refugees by referring those with special medical needs to a hospital and providing mobile medical services to self-settled refugees. The acting Director of NCCCK emphasised the importance of good health for urban refugees:

Urban refugees need to be self-reliant [to cover their medical expenses] but not all of them are able to do so... Many of them are engaged in casual labour so if they don't work, they don't have bread for that day. Health is a critical issue for refugees.

NCCCK’s concern is particularly relevant to Congolese refugees since the vast majority of them are working in Nairobi’s informal sector without any medical leave. As the comments of some interviewees implied, they seem to be working for long hours regularly.

Having good health is of course important for refugees in the camp too. Given limited access to lucrative economic opportunities inside Kakuma, as explained above, some refugee households send their members to urban commercial hubs to diversify income sources. Typically, this split-household strategy requires relatively young members in good health because such internal migration necessitates physical and mental strength in addition to finance.



IRC general hospital in Kakuma

Credit: N. Orrete

7. Identity

Identity is an area in which refugees are often distinct from host communities. This has been highlighted by sociologists and anthropologists as important for understanding refugees' socio-cultural integration. But as 'identity economics' has begun to recognise, identity also has economic implications.¹⁶ Gender, ethnicity, religion, and social class, for instance, and the complex interactions between them, sometimes enable or constrain a range of economic strategies and outcomes.

Ethnicity

For example, the Banyamulenge Congolese, comprising around 12,000 of Nairobi's 19,000 Congolese refugees, have a large community association within Nairobi called CBCRK. Jacques, a chairperson of the CBCRK, explained the mission of his organization.

Our aim is to improve the daily life of Banyamulenge [Congolese] refugees...In DRC...we had conflictual relationship with other tribes...Because we had so many plights in DRC, our tribes are so united...In Nairobi, our target areas include health, education, livelihoods, legal, security, social issues. We also assist with funerals and weddings. We do internal arbitration amongst members for our family and personal issues like domestic violence, child abuse, divorce, sexual abuse, etc. We aim to sort out all problems internally.

During this interview, what was particularly interesting was the code of conduct used in CBCRK.

There is a code of conduct for members. We should not be involved in political activism, no conflict with locals, no heavy drinking in public, no drug use. If we observe any misbehaviours, we warn that person. We are living in a foreign country as refugees. We have to be careful not to create misunderstanding with local hosts.

In Kakuma strong internal bonds based on ethnicity were also seen as important for welfare. This was most evident among South Sudanese refugees, who are largely divided into Nuer and Dinka groups. Both, the South Sudanese refugee chairperson of the Nuer Association Council of Elders in Kakuma camp, explained:

[We have] 2000 [members] but membership is growing due to recent influxes... only Nuer can be our members... The main purpose is to unite 4 different clans of Nuer and to bring together all Nuer in the camp...[We do] many things. If one of us is arrested by the police, we will negotiate with police to release him or her. In case of any conflicts within Nuer, we will try to solve them by ourselves. We also provide

in-kind support for vulnerable groups such as orphans, chronically ill, and those who need medical assistance... We collect 1 cup of maize or flour from members every month and sell it to food buyers in order to make some cash. This is our main income source for the organisation. In addition, sometimes, we get assistance from diaspora members abroad.

Religion

Religious and faith-based organisations often provide direct material assistance in Nairobi. In Kayole, Kasarani, and Githurai, several Congolese churches have formed a consortium of called the 'Alliance of Refugee Churches in Nairobi'. It comprises 20–30 churches which meet every 3-months to share experiences and identify ways to collaborate. The churches provide not only moral and spiritual encouragement to refugees but also food, rent subsidies, counselling, and financial support to the most vulnerable.

Simon, a pastor from one of the biggest Congolese churches in Nairobi called Release International Mission – which has more than 1500 members (mostly Congolese refugees but some Burundian, Rwandan, Ethiopian, and Kenyans too) – illustrates how religious institutions serve as a first provider of aid for refugees:

We give temporary shelters and food for new arrivals. They can sleep there for several nights or even a few weeks. We request donations from members for these new arrivals... We offer some food and rent support for vulnerable people like widows and orphans. We give tuition subsidiary for children. We are providing micro-loans for refugee entrepreneurs though the amount is limited. For one person, we can give only 5000–6000 KES. So far we have 70 recipients.

Churches are often the 'first stop' for newly arrived Congolese refugees, and are referred as being able to give concrete guidance on the complex systems of refugee registration processes for new arrivals and teach newcomers how to survive in Nairobi as refugees.

¹⁶ Akerlof, G and Kranton, R (2010), *Identity Economics: How Our Identities Shape Our Work, Wages, and Well-Being*, (Princeton: Princeton University Press).



English lessons for women's group in Kakuma

Credit: N. Omata

Gender

In Kakuma, female South Sudanese refugees play a particularly active role in the resale of food rations to local traders. This secondary market appears to be systematically organised by several women groups in the camp. Within Kakuma, there are specific sites where these women meet after receiving food rations to group food items in order to sell in bulk at a fixed price. Each has a representative member that negotiates pricing in order to avoid competition between the groups. One of these representatives in Kakuma 4 informed us that many of them came to Kakuma ‘with empty hands’ and were single heads of households. She explained that the majority of them had limited educational and business backgrounds and therefore had to find alternative means of survival that did not require much initial capital or technical expertise.

Among Congolese women in Kakuma, catering is an important source of income. Such businesses often work as a collective of several women, preparing food and beverages for events organised by UNHCR or its partner agencies. According to a leader of one of these groups, there are about 40 catering groups across Kakuma camp and more than half of them are run by Congolese refugees.

In Nairobi, a considerable number of Congolese female refugees are involved in selling bitenge (a brightly coloured

fabric). Congolese people have a reputation regionally for their interest in fashion, and are renowned as connoisseurs of bitenge, which are also popular amongst Kenyan women. In choosing to sell bitenge, female hawkers capitalise upon a cultural asset. One of the Congolese bitenge sellers we interviewed, Gentille, explained why she chose to hawk bitenge in Nairobi:

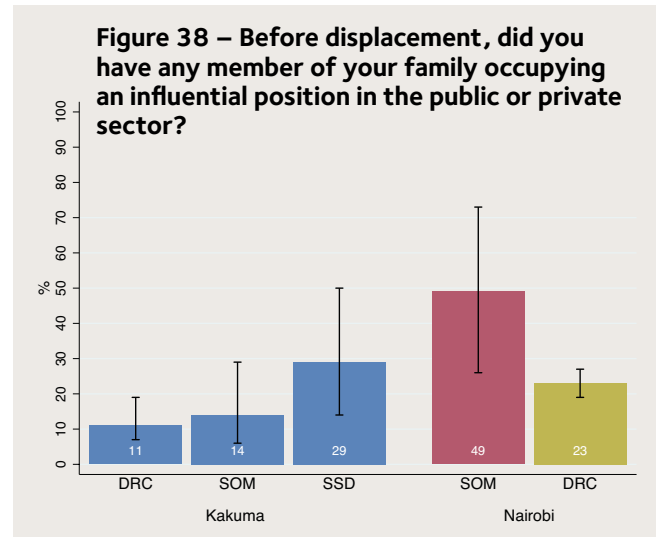
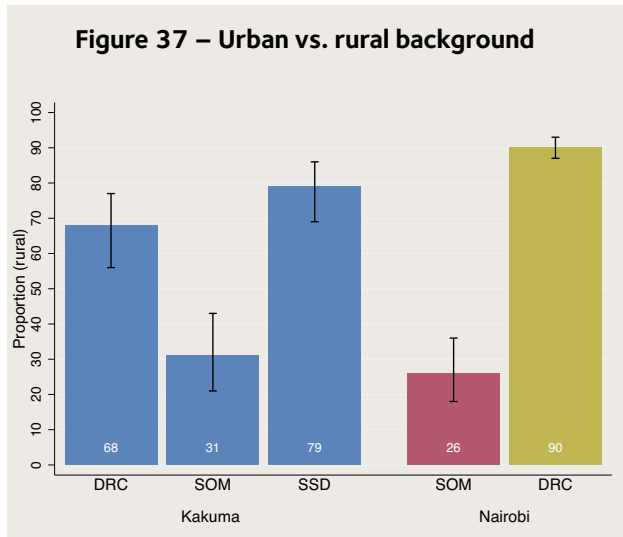
Bitenge is from Congo. It is our culture. Congolese know better than others about bitenge. We are experts! ...When we sell, we wear bitenge. Kenyans say they want to wear the same dress like me. Interestingly, bitenge hawkers in Nairobi typically work in groups of 4-5 refugees and travel together. Gentille, who works with 3 other Congolese female refugees, told us that this is a protection strategy in case of trouble, such as police arrest or mugging on streets.

As these examples illustrate, in both the camp and the city, many female refugees engage in distinctive economic activities, and frequently collaborate with other women of the same nationality within small cooperatives. However, they often face gender-based restrictions on their activities. Our regression analysis, for example, shows that women are less likely to have an economic activity. They also tend to have lower incomes than men. This difference is particularly salient for Somalis in both Kakuma and Nairobi, and also for the Turkana and the Kenyans in Nairobi East.

Social class

For refugees, an important aspect of identity relates to their social background and status within the country of origin. This background may have implications for their opportunities within the host country. Figure 37 suggests that whether a refugee has an urban or rural background has no clear influence on their choice to move to the camp or

the city. However, Figure 38 suggests that whether or not a refugee comes from a high social status family in the country of origin influences urban-rural selection. For example, Somalis are more likely to move to Nairobi if they have a family member occupying an influential public or private sector position.



8. Refugee–host interactions

Our study sheds light on four different sets of refugee–host interactions: Turkana-to-refugee in and around Kakuma; non-Turkana-to-refugee in and around Kakuma; Congolese-to-Kenyan in Nairobi; and Somali-to-Somali-Kenyan in Nairobi. Each one has its unique dynamics and our findings complement, build upon, and nuance those in the World Bank study *Yes! In My Backyard*, which examined refugee–Turkana interactions in Kakuma.

Turkana and refugees

The Turkana are economically worse off than refugees across a whole range of economic indicators: income, consumption, assets, education, and health, for example. And their economic opportunities depend almost entirely upon the presence of the Kakuma refugee camp. They benefit from employment opportunities with international organisations and NGOs, as well as the markets created by the presence of refugees. They further benefit from having a de facto monopoly within certain protected sectors, such as firewood and livestock, which refugees are prohibited to enter.

Reflecting this interdependence, many Turkanas acknowledge the positive impacts of refugees' presence in Kakuma, citing that they 'increase opportunities' and 'generate employment.' Many Turkanas living some distance from the camp sell firewood, charcoal, and building materials in the camp. Other Turkanas living close to the camp are employed to carry out tasks for refugee families, including collecting water, washing dishes and clothes, cooking, or staffing refugee businesses. Many of these informal employment arrangements constitute long-standing relationships between families, such that some children from these Turkana households speak Somali as a second language; other Turkana families have joined the Ethiopian Orthodox Church in Kakuma.

However, many Turkanas also suggest that the presence of the camp has downsides, insofar as refugees may represent 'competitors' and may 'increase insecurity'. Our qualitative research indicates that these latter concerns sometimes emerge when refugees engage in activities that Turkana people have claimed for themselves, such as collecting firewood or illegally rearing livestock on Turkana community land. Furthermore, outlying communities have raised concerns about the presence of guns in the camp.

On the other, hand, refugees' opinion of the Turkana are more likely to be negative, with Congolese refugees in particular holding the most negative opinions and being the least likely group to view the Turkana as 'friendly' or 'trustworthy'. A spate of night time attacks that included theft, battery, and rape against refugee households has been attributed to local Turkana youth. Highlighting the negative sentiment, some refugees avoid entering Nalemsekon and other small Turkana villages adjacent to the camp, for fear that they may be robbed or beaten.

It is crucial to note that not all Turkana people have the same economic relationship to the refugee communities. Sedentary Turkana seeking employment in town may enjoy the opportunities afforded by the camp and the humanitarian agencies that serve it. However, secondary school graduates growing up in Kakuma have greater access to formal employment, whereas destitute former herders moving to town are often left with low-skill, low-paying tasks. Furthermore, while some pastoralists also take on occasional low-skilled jobs as night guards or builders, they are also concerned about the loss of local grazing resources due to camp expansion. This diversity in wealth, education level, and livelihood practices means that there are winners and losers to any intervention. For example, the growth of livestock markets in the camp has created opportunities for distant cattle herders as well as local businessmen, but local goat herders complain that the high prices offered for meat increase incentives for animal theft within the Turkana community.





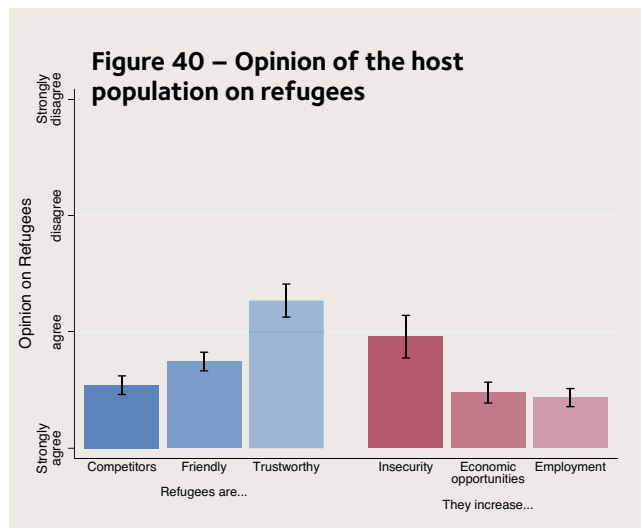
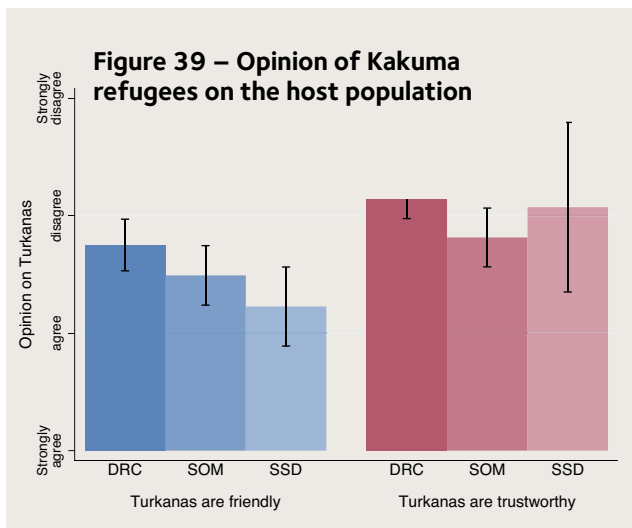
Credit: RSC

Turkanas selling meat in Kakuma



Credit: N. Omata

Turkana market in Kakuma town



Non-Turkana and refugees

The Turkana are not the only members of the ‘host community’ close to Kakuma. While the exact number is unknown, there are significant numbers of non-Turkana Kenyan people in Kakuma town and the surrounding areas. Many of them are migrants from other parts of Kenya who came to pursue economic opportunities. Their relationship with refugees and economic status are different from that of the Turkana. They are mostly business people and generally regard refugees as ‘their customers’.

One non-Turkana Kenyan who has a retail shop selling vegetables in Kakuma 1 came from Nairobi to Kakuma in 2009 in search for business opportunities, explained:

I buy vegetables in Kitali and sell in the camp. We receive 50–100 customers per day and almost all of them are refugees...Daily sales are around 120,000 KES on a good day and profit is about 45,000 KES...I currently employ 2 people (South Sudanese refugee and Turkana) as shopkeeper and porter.

In Kakuma town, there are also Somali Kenyan business people. According to one of the Somali Kenyan business owners, there are around 200 Somali Kenyans who run businesses in the town. One of the largest Somali Kenyan businesses in the area, AL-AMIN, is the biggest food and grocery shop in the area. It has 6 branches inside the camp in addition to the one in Kakuma town. Its customers are both refugees and Kenyans.

The shops owned by Somali Kenyans sometimes offer informal employment opportunities to refugees. For instance, Mahad is a Somali refugee who is employed by a Somali Kenyan in Kakuma town:

Q: How are you making a living now?

A: I am working as a waiter at a Somali restaurant in Kakuma town.

Q: Who is the owner of the Somali restaurant?

A: He is a [Somali] Kenyan.

Q: How did you come to know this restaurant owner?

A: I didn't know him personally. I heard this restaurant is looking for some people so I went to see the owner and asked him to hire me.

Q: Did you get a job easily?

A: I was asked to come back with a guarantor. This guarantor must be known to the owner. I went back to this restaurant with my Somali block leader because they knew each other since they came from the same clan group.

At the point of this interview, Mahad was working full-time for 5 days a week and was earning 10,000 KES per month. In Mahad's case, a Somali guarantor from the same clan as the owner was the basis for the initial opportunity. This type of clan-based employment represents or offers an advantage in the local labour market for Somali refugees. In addition to direct employment, Somali Kenyan business people sometimes give some items to Somali refugees to sell inside the camp on credit and refugees repay it. Somali Kenyans who own a car or motorbike often hire Somali refugees drivers to work inside and around the camp and share the profits at the end of the day.

Nevertheless, these relationships were mainly based on economic reciprocity rather than deeper socio-cultural ties. In one focus group, one senior Somali leader commented as follows:

Our relationship with Somali Kenyans are business only. They [Somali Kenyans in Kakuma] are business owners and come to the camp only to search for labour as shopkeepers or manual labour. We don't have much interactions with them.



Turkanas buying from a refugee shop

Somalis and Somali Kenyans

In Eastleigh, Nairobi, the cultural and ethnic ties between Somali refugees and Somali Kenyans appear to play a more crucial role in economic strategies. According to our Somali refugee research assistants in Nairobi, ‘these relationships typically emerge between the same clans, neighbours, and school and mosque friends across Somali community’. Somali Kenyans can offer important forms of protection for Somali refugees. For instance, one of our Somali research assistants explained:

Sometimes, Kenyan police come to our place and even enter our room. They say this is investigation but it is their tool to get bribe from us. [When the police comes to our place] It is much better to keep Kenyans at the front door and they respond to police. The police will not be too tough on them [Somali Kenyans] because they are Kenyan nationals.

During our research period, we interviewed several Somali refugees who were employed by Somali Kenyan companies. For instance, Omar, a Somali man refugee who has been living in Nairobi since 2005, has been working as a driver of a Somali transportation company:

Q: Can you explain your job?
A: I drive trucks to carry oil. Normally I work in Northern side of the country, From Turkana to Lochichogyo, near Lodwar.

Q: How did you find employment in this company?
A: I know the owner of this transportation company. I used to work for him as a mechanic and driver before.

Q: Is he your relative?
A: Well he is from the same clan in Somalia but I met him in Kenya.

Q: How much salary do you make?
A: Between 30,000–50,000 KES depending on the mileage of my work.

Some Somali refugees have embarked on joint-business ventures with Somali Kenyans. These often arise because Somali refugees face more restrictive regulation or higher levels of police harassment. These business partnerships provide refugees with a ‘cover’. For instance, Faiza, a female Somali refugee in her 30s jointly created a business in Nairobi with her Somali Kenyan friend in Eastleigh a few years ago. During our interview with Faiza at her shoe shop, she explained how they have established and run this business.

Q: Do you own this shop?

A: I co-own this with a Somali Kenyan partner.

Q: Who is this partner?

A: Both of us were hawkers in Eastleigh but hawking was very tough. So we worked together and put money to start this business.

Q: How much money did you put as capital when you began this business?

A: I put 1000 USD and my partner put 2000 USD.

Q: How do you share profits?

A: In proportion to shareholding. So she gets 2 and I get 1.

Q: Is it better to work with Kenyans?

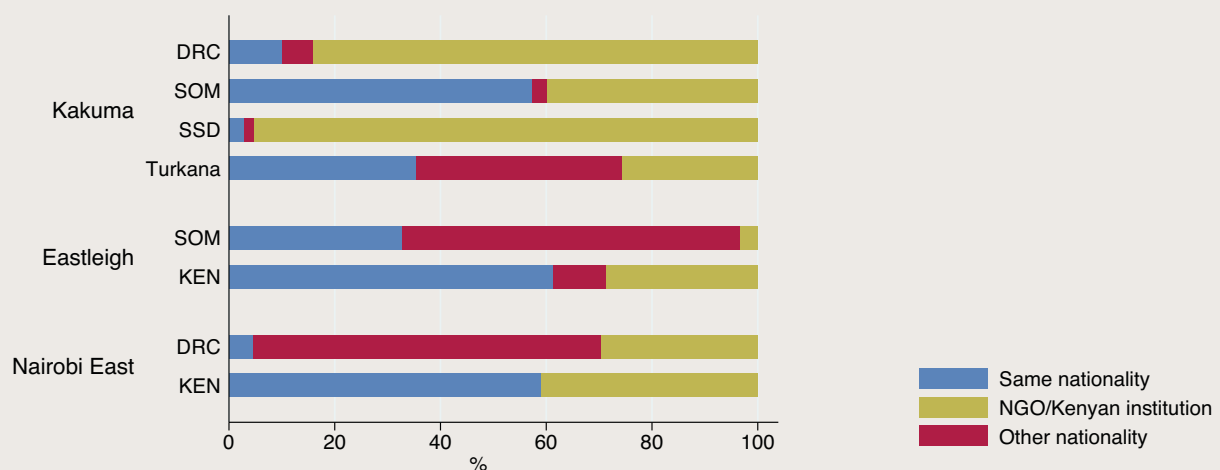
A: Yes, it is much easier and safer to involve Kenyans in business. Easier to get documents. I think city council will disturb us a lot if refugees are requesting business licenses. They will also ask bribes from us.

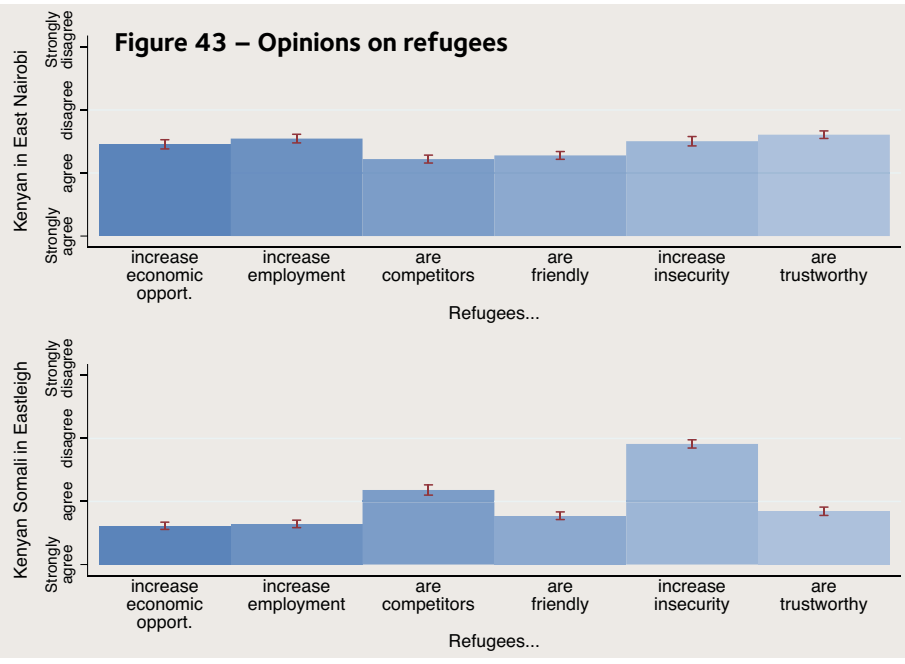
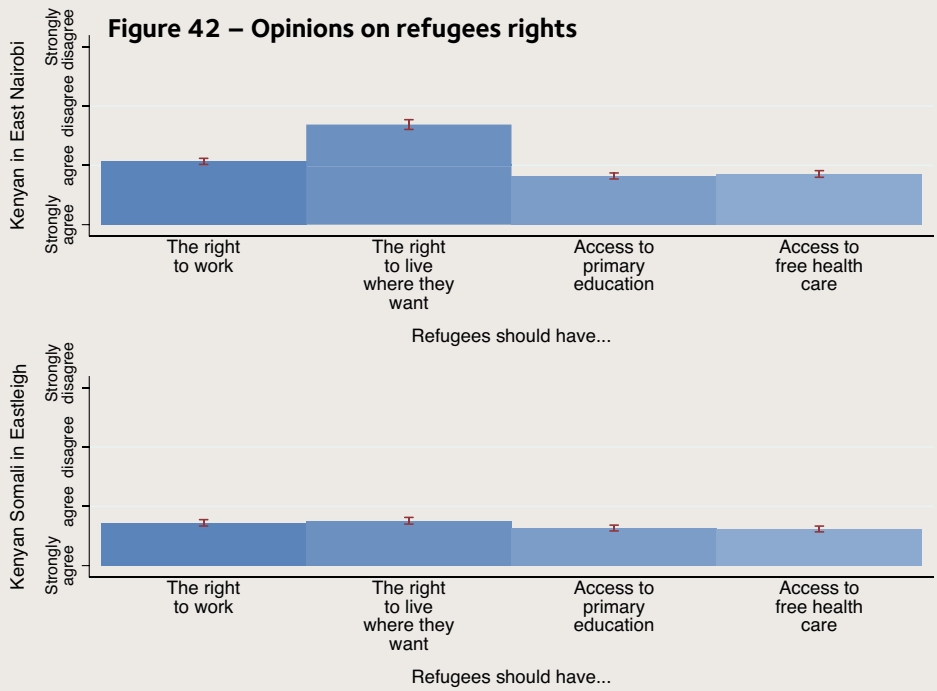


Most large-scale Somali refugee businesses took the form of joint-ownership with Somali Kenyans and were registered with the Nairobi's city council. They all echoed the advantage of having a Kenyan as the 'front' for the business to bypass additional bureaucracy, regulation, and police harassment.

Our survey data further reveals the disproportionately positive view that ethnic Somali Kenyans have of refugees compared to other Kenyans in Nairobi. On a scale of 1-4 (with 1 as the most positive and 4 as the least positive), Kenyans ranked refugees on average as 2.7 in 'trustworthiness' compared to 1.8 among Somali Kenyans in the Somali areas; 2.4 on friendliness compared to 1.7; 2.5 on increasing economic opportunity compared to 1.6; 2.6 on increasing employment compared to 1.7; and 2.6 on increasing insecurity compared to 2.9 (see Figures 42 and 43). This further translated into more positive views on refugee rights, with Somali Kenyans more likely to think that refugees should have the right to work, reside where they want, have access to primary education, and access to free health care.

Figure 41 – Who is employing you?





Congolese and local hosts in Nairobi

The relationships between Congolese refugees and neighbouring Kenyans is quite different, primarily because the Congolese do not have ethnic counterparts in Kenya in the way that Somali refugees do. Instead, they take advantage of their command of Kiswahili – Kenya’s national language – and their common religious affinity with Kenyan hosts in order to be socio-culturally accepted. As a result, the perception of locals in Congolese-refugee areas such as Kasarani, Kayole, Githurai, Umoja, and Kitengela towards refugees is generally positive.

A Kenyan elder in a local government position, who has been living more than 30 years in Kayole – a lower-medium sized town with lively commerce, noted:

Our place [Kayole] hosts so many refugees for many years. I recall many refugees from Rwanda came here in 1990s but most of them returned. For last several years, the number seems to have begun increasing. Especially around 2013 or 2014, many Congolese refugees started influxing...our relationship is generally cordial. Previously we had some conflicts between refugees and hosts but no longer such tension. We have no problem to host refugees.

This sentiment was echoed by other Kenyans in these refugee-concentrated areas. Many of them were aware of the government’s encampment policy but paid little attention to its implementation. This again highlights contradictions between formal policy and actual implementation.

A considerable number of Congolese refugees find informal employment with Kenyan business owners. As Congolese refugees tend to accept a lower level of payment compared to Kenyan nationals, Kenyan business owners often prefer to hire refugees over Kenyans as casual labourers. Priscila is a Kenyan salon owner in Kasarani which employs Congolese refugees:

Q: How many staff do you employ at your salon?

A: 6 staff and 2 of them are Congolese refugees

Q: How did you recruit these Congolese refugees?

A: They came to my salon and asked for a job. After I hired one person, the other followed.

Q: Why do you employ refugees?

A: Refugees are more trustworthy, humble, and responsible. Kenyans are much harder to deal with.

Q: Have you had an issue with Kenyan neighbours about hiring refugees?

A: No complaints. All of our customers are fine with Congolese refugee workers.

It appears common amongst Congolese refugees to seek employment at the same establishment once one Congolese refugee is hired. Similar patterns can be seen in private security companies, restaurants, and retail shops. According to our interviews with Kenyan business owners, almost all of these Congolese workers were employed as informal casual labour. Kenyan business owners often ask Congolese refugees to show their UNHCR mandate letter as their ID but do not request any other document or references.

Explaining tensions: winners and losers

Although Congolese refugees generally co-exist peacefully with local hosts in Nairobi, recently, their increasing presence has led to a communal tensions in Kitengela. According to a local government official, Kitengela has about 500,000 people. It is one of the fastest growing cities in Kenya with relatively cheaper rent, increasing employment opportunities and proximity to Nairobi’s centre – and is often portrayed as the ‘bedroom of Nairobi’.

Because of cheaper living costs and lower levels of police harassment, Kitengela has become an increasingly popular destination for Congolese refugees. Around 2000 Congolese refugees have settled there. Most make a living as casual labourers in the informal sector, typically as barbers, watchmen, waiters/waitresses, porters, while some engage in tailoring and selling bitenge.

There has been growing animosity due to the noticeable presence of refugees in the local business sectors. This was evident in a recent communal conflict in March 2017. According to various local media sources, a quarrel between a Congolese refugee and his Kenyan friend occurred at a local bar in Kitengela, resulting in the Congolese refugee stabbing the Kenyan’s leg with a knife. The Congolese refugee was arrested by police and prosecuted. After this incident, some groups of Kenyan locals organised protests against the entire Congolese refugee community in Kitengela.



Kenyan-owned shop employing refugees in Kitengela

Credit: N. Omata



Credit: N. Omata

Market stall in Kasarani

Behind this incident there are signs of tension fed by growing economic competition between refugees and local hosts. Joseph, a 42-year old Kenyan elder, was involved in mitigating this conflict. In an interview, he described the nature of this conflict:

Most of these protestors were Kenyan manual workers who also engaged in lower paid jobs such as hawkers, security guards, factory workers. They have no special skills and only limited levels of education. They claimed the number of Congolese refugees has become too big in Kitengela and were taking away our jobs.

Having worked as a factory worker in Kitengela, Joseph shared his sympathy with these protestors, even though he did not directly participate in the demonstrations:

I understand the concerns of protestors. Initially we thought refugees are seeking temporary asylum in Kenya and soon returning to their home and also their number was modest. But they are not returning to DRC instead more and more are being settled in Kitengela. It is understandable some Kenyans see them as an economic threat or as competitors.

On the other hand, Kenyan business owners in Kitengela, especially those who directly employ Congolese refugees took an opposing position. For instance, Alex, a Kenyan Mpesa and phone selling shop owner in Kitengela since 2002, strongly sided with refugees and dismissed the claim of Kenyan protestors as 'nonsense':



Credit: N. Omata

Kenyan owned shop employing refugees in Kitengela

Q: How many people do you hire at your shop?

A: Total 7 staff. 3 refugees and 4 Kenyans. These refugees have been working at my place since 2016.

Q: Do you prefer refugees to Kenyans?

A: Yes, definitely. I fired some Kenyans and replaced them with refugees. These locals stole money from the shop. Refugees are much more honest and reliable.

Q: Have you heard of Kenyans' protest against refugees?

A: Yes but Kenyan protestors made no sense to me. Simply Congolese refugees are better workers and they deserve employment.

When asked whether he thinks refugees are taking away Kenyan jobs or not, Alex emphatically responded:

No, Congolese refugees are not taking jobs away by force... The employers should be able to decide who to hire. This is business not charity...I definitely prefer to hire refugees. If refugees disappear from here, many of our business will be damaged. It is not only a source of employment but they also bring other Congolese refugees as customers. They increase our sales.

The comments from Kenyan local hosts in Kitengela highlight a critical difference between employers and labourers in terms of attitudes towards refugees. These observations reinforce existing literature on the ways in which the economic impact of refugees may be differently perceived by particular members of the host community, depending on whether they 'win' or 'lose' from the presence of refugees.¹⁷

¹⁷ Maystadt, J. F., & Verwimp, P. (2014). 'Winners and losers among a refugee-hosting population'. *Economic development and cultural change*, 62(4): 769-809; Sanghi et al (2016): 44.

9. Implications

This report represents just the preliminary analysis of our data from Kenya, which is itself just one element of a multi-country panel data set. Nevertheless, the insights from both quantitative and qualitative data offer a range of implications for practitioners and policy-makers. Given the sampling methods used, we can be confident that the quantitative data is representative for the populations we have looked at in Kakuma and Nairobi, and therefore offers particular insights on how to enhance economic outcomes for refugees and hosts in Kenya. However, given that the Kenyan Government's policies are in some ways typical of many refugee-hosting countries, there may also be important insights of wider relevance.

1. Working under constraints

There is often a common assumption that in host countries that do not allow the right to work, little can be done to promote refugees' economic participation and market-based approaches to assistance. But even when there is no formal right to work, refugees do engage in diverse forms of economic activity. A significant proportion still have an economic activity, whether based on employment or self-employment. Even though most refugees in camps receive food rations, these are usually regarded as insufficient, and – although there is a significant gender disparity – over 40% of Somali and 70% of Congolese men have an income-generating activity. In urban areas, little assistance is available, and nearly all refugees in Nairobi need to be economically independent, with over 60% of Somali and Congolese refugee men working. In many cases this contribution is highly valued by the surrounding host community. The challenge for international public policy makers is to find ways to support refugees' economic participation that can be reconciled with political sensitivities and legal barriers.

2. Recognising legal pluralism

Even in the same country, regulation on refugees' economic participation may be interpreted and implemented differently in different local contexts. Although Kenya's 2006 Refugee Act places limitations on refugees' right to work and freedom of movement, there is significant variation in its implementation. In practice, Dadaab, Kakuma, and Nairobi represent different regulatory environments for refugees. Put simply, there is *de facto* legal pluralism. Different levels and types of socio-economic participation are tolerated across these three contexts partly because of local politics and partly because of the difficulties with enforcement. In Kakuma, there are specific restrictions placed on refugees such as the ban on firewood collection and ownership of livestock, for

example, but refugee employment with UNHCR and NGOs is tolerated, and refugees are usually allowed to run small businesses. In Nairobi, both Somalis in Eastleigh and the Congolese in other neighbourhoods have a high degree of economic autonomy. The policy implication is clear: look beyond the national level policy or legislation in order to recognise sub-national variation in practice.

3. Leveraging better outcomes

Data offers opportunities to identify the mechanisms through which particular interventions may lead to particular outcomes. In this study, we have outlined both descriptive statistics and some correlations based on regression analysis. The purpose of this research is not just to be interesting but to also be useful. The descriptive statistics highlight and describe patterns, while the correlations begin to offer probabilistic insights into the relationship between behaviours and outcomes. From that perspective, the aim is to indicate specific policy interventions that one might expect to lead to better outcomes. To give an example, our regression analysis shows that for higher income levels among refugees are correlated with access to all three forms of capital discussed in the report, credit, education, and good health (see Appendix).

4. Understanding social protection

The most important source of social protection for refugees appears to come not from international organisations and NGOs but from refugees themselves. Although food rations are important for many refugees in Kakuma, in the event of an emergency, food shortages, or a security issue, refugees are more likely to turn to their own networks, including friends, family, and neighbours than to aid agencies. Refugees' own networks are among the most important sources of protection and assistance for refugees, and yet they are rarely acknowledged or supported by international policy-makers. They should be routinely recognised, mapped, and supported.

5. Disaggregating host communities

A good refugee policy must also be a good host community policy. If public support for refugees is going to endure then it relies upon host communities perceiving a tangible benefit, whether in terms of the creation of economic opportunities or improved access to public services. Yet, the ‘host community’ has increasingly been viewed in undifferentiated ways. Our study shows significant nuance to different aspects of the host-refugee community relationship. It illustrates that host communities are often diverse. For example, around Kakuma, there are huge differences in the position of Turkana and non-Turkana hosts. Furthermore, in Nairobi, there is evidence that the costs and benefits of refugee-hosting may be unequally distributed among different parts of the community, with consequences for attitudes. Policy-makers need to view host communities as diverse and differentiated, and take into account the distributive consequences of refugees’ economic participation.

6. Reconceiving the development gap

Refugees face distinctive economic opportunities and constraints compared to host communities. However, that gap is difficult to characterise in a linear or clearly hierarchical way. For example, refugees are generally better off than hosts in Kakuma but worse off than hosts in Nairobi. What we can say, though, is that refugees face different development outcomes as a result of differences in regulation, networks, capital, and identity. Understanding these differences is relevant to the achievement of the SDGs. A central aim of the SDGs is to ‘leave no one behind’. Our study reveals the specific development risks faced by refugees and host communities, and highlights opportunities through which to mitigate those risks.

7. Building a model

We have outlined the basis of a model to explain variation in economic outcomes for refugees and hosts. The preliminary model’s value is not just academic but, with refinement, may be relevant to policy. This is because it implicitly highlights the areas in which advocacy, programming, and policy should focus in order to enhance economic outcomes, and relationships between refugees and hosts: regulation, networks, identity, and capital. In each of these areas, refugees and hosts face distinctive opportunities and constraints, all with implications for particular economic outcomes. Strengthening opportunities and reducing constraints in each of these areas holds the key to enhancing well-being, and improving refugee-host interactions.

8. Reimagining refugee data

This study illustrates just the tip of the iceberg of what our panel data collection aims to achieve. We aim to collect multi-country panel data using the same research methods outlined in this report. We think there are a number of insights from our research that should be widely adopted within quantitative data collection on refugees. First, participatory methods should be used, including the training and hiring of refugees. Second, the same or comparable methods should be systematically used across countries and sites to enable

meaningful comparative analysis. Third, qualitative research offers an indispensable complement to quantitative work because it provides insights into causal relationships. Fourth, bespoke data collection relating to refugees and hosts of the kind in this report offers an important complement to the analysis of existing datasets that may have been collected primarily for other purposes (e.g. census data, national development surveys, or programmatic data). Fifth, as data collection on the economic lives of refugees increases, there should be greater collaboration and coordination across universities, international organisations, NGOs, and businesses to ensure opportunities for innovation and learning.

9. Improving economic governance

Refugees have distinctive economic lives compared to hosts. This report shows that a range of economic outcomes can be improved by enhancing opportunities relating to regulation, networks, capital, and identity. At both a macroeconomic and microeconomic levels, appropriate interventions can make a difference to the lives of refugees. But who is responsible for economic policy relating to refugees and hosts? Formally, of course, it is host governments. But most host governments have not created this function, and some may not have the capacity to do so. Where could such a competence reside and how could economic policies be designed, regularly updated, and implemented for major refugee-hosting contexts around the world? How could a global framework for such policies be created, and what would be needed to adapt this to particular national and local contexts? What role might UNHCR, the World Bank, governments, businesses, NGOs, refugees, and academia play in building this type of enhanced institutional capacity? What should be the relationship between levels of governance: global, national, local, municipal, and even camp-level? To what extent is the inclusion of refugees in national development plans, for example, an adequate basis for such policies? In any context, markets function or fail based on the institutional and policy context within which they are regulated. Every major refugee-hosting context should have an economic policy and strategy specifically for refugees and the immediate host community, based on robust analysis and consultation.



10. Appendix

We use regression analysis to assess the direction and the strength of relationships identified in the conceptual framework. We consider four economic outcomes: (1) a dummy variable equal to 1 if the respondent has a job, (2) the total income from primary and secondary economic activities provided the respondent has a job (in log), (3) the Individual Dietary Diversity Score (IDDS),¹⁸ and (4) the measure of subjective well-being.

Explanatory variables can be grouped in 3 categories. As part of the ‘capital’ variables, we consider a variable measuring access to credit (the maximum credit that respondents think they could obtain), the number of years of education, a dummy equal to 1 if the respondent pursued vocational training, and a variable measuring health problems (the sum of the health and mental health variables). Access to ‘networks’ is measured by the amount of remittances received by the respondent per year (in log). The category ‘identity’ includes gender, age and its square, and the arrival year for refugees only. Because the ‘regulatory environment’ does not vary within sites, we cannot analyse the effect of this dimension using regression analysis.

The survey design – sampling weights and clustering – is accounted for. Outliers – defined as observations whose residuals are larger than two standard deviations – are excluded. Results are presented in Tables A.1 to A.4 below. We emphasize that regression results should not be interpreted as causal. They however provide useful insights on the correlates of economic success among refugee and host populations.

As shown in Table A.1, access to credit is positively correlated with having an economic activity across all regressions. The size of the effect stronger for refugees across sites. Except for the Turkana, education has a positive effect on the likelihood of having a livelihood. One more year of education increases chance of having an economic activity by 1 to 2 percentage points. Vocational training is also positively correlated with having a job. This relationship is statistically significant and sizeable for Somali refugees in Kakuma, and for Congolese refugees and hosts living in Nairobi East. For example, Somali refugees in Kakuma are 18 percentage points more likely to have a livelihood if they have done some vocational training.

The relationship between access to remittances and having an economic activity is unclear (mostly negative). This relationship is likely to be affected by reverse causality: respondents are more likely to receive remittances if they do not have an economic activity.

Somali women in Kakuma, and all women in Nairobi are less likely to have a livelihood than their male counterparts. The effect is particularly strong in Eastleigh: the likelihood of having an economic activity is about 26 percentage points lower for Somali women, and 35 percentage points lower for

Somali Kenyans. There is a non-linear relationship between age and having a job. Refugees and hosts are the most likely to have a job when they are about 40 years old. We also find that South Sudanese refugees living in Kakuma are less likely to have an economic activity if they recently settled in the camp. One more year spent in Kakuma increases their likelihood to have a livelihood by about 2 percentage points.

We study the predictors of income in Table A.2, considering only the respondents who have a job, and hence an income. We observe that access to credit is positively correlated with income across all regressions. The relationship is particularly strong for Kenyans across all sites. Education has a positive effect on income. This relationship is stronger for Kenyans, and stronger in Nairobi. In contrast, respondents with poor health seems to be discriminated, especially in the Somali communities in Kakuma and Eastleigh.

Women tend to have lower incomes, everything else being equal. Gender discrimination seems particularly important for the Somali in both Kakuma and Nairobi, and also for the Turkana and the Kenyans in Nairobi East. There is a non-linear relationship between age and having a job for Congolese and Somali refugees, for Somali refugees in Nairobi, and for Kenyans in East Nairobi. For these categories of respondent, income tend to peak at around 40 years old. Congolese refugees living in Nairobi have a lower income if they recently arrived in the city: one more year spent in the city increase their income by 5%.

In Table A.3, we show that respondents tend to have a more diverse diet if the average income of their household is higher, and if they have a better access to credit (the exception is the Somali, although the negative correlation is insignificant). Education also seems to favour better diets, although the size of the effect varies substantially between groups. We observe a positive correlation between poor health and poor diets for most nationalities.

Access to networks seems to be beneficial for nutritional outcomes, as remittances are associated with more varied diet for all groups. Except for Somali refugees living in Kakuma, women tend to eat more categories of food. Another striking result is that refugees tend to have a poorer diet if they recently arrived in Kakuma or Nairobi.

In Table A.4, we show that most groups tend to be happier if they have diets that are more diverse. The relationship between subjective well-being and access to financial capital and education is ambiguous. The effect of poor health on subjective well-being appear to be negative and large. Access to remittances tend to favour well-being although this effect is only significant for the Somali and South Sudanese refugees in Kakuma, and for the Kenyans in East Nairobi.

¹⁸ Headey, D, & Ecker, O (2013). ‘Rethinking the measurement of food security: from first principles to best practice’, *Food Security*, 5(3): 327-343.

Table A.1 – Explaining employment

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Dependent variable: dummy = 1 if the respondent has a job							
	Kakuma			Eastleigh		Nairobi East		
	DRC	SOM	SSD	KEN	SOM	KEN	DRC	KEN
Access to credit (max)	0.02*** (0.01)	0.02*** (0.01)	0.03*** (0.01)	-0.00 (0.01)	0.02** (0.01)	-0.00 (0.00)	0.04*** (0.01)	0.01* (0.01)
Years of education	0.01 (0.01)	0.01 (0.01)	0.02** (0.01)	-0.01* (0.01)	0.01 (0.00)	0.01*** (0.00)	0.00 (0.00)	0.01 (0.01)
Vocational training	0.09 (0.06)	0.18*** (0.05)	0.02 (0.06)	0.10 (0.06)	0.09 (0.06)	0.04 (0.08)	0.20*** (0.04)	0.12** (0.04)
Health problems score (log)	-0.00 (0.02)	-0.14*** (0.03)	0.00 (0.02)	-0.05** (0.02)	-0.02 (0.02)	0.05** (0.02)	-0.03 (0.03)	0.01 (0.03)
Remittances (log)	-0.02** (0.01)	0.00 (0.00)	-0.01 (0.00)	-0.00 (0.01)	-0.02* (0.01)	-0.02*** (0.00)	-0.01 (0.00)	-0.01** (0.01)
Gender	-0.10 (0.08)	-0.17*** (0.05)	0.06 (0.07)	0.02 (0.05)	-0.26*** (0.05)	-0.35*** (0.04)	-0.19*** (0.04)	-0.18*** (0.04)
Age	0.09*** (0.02)	0.10*** (0.01)	0.02** (0.01)	0.06*** (0.02)	0.10*** (0.01)	0.07*** (0.02)	0.08*** (0.01)	0.07*** (0.01)
Age squared	-0.00*** (0.00)	-0.00*** (0.00)	-0.00* (0.00)	-0.00*** (0.00)	-0.00*** (0.00)	-0.00*** (0.00)	-0.00*** (0.00)	-0.00*** (0.00)
Arrival date	0.02 (0.01)	-0.01 (0.01)	-0.02*** (0.01)		-0.00 (0.00)		0.00 (0.01)	
Constant	-35.57 (28.70)	9.19 (21.49)	35.06*** (11.60)	-0.44* (0.23)	7.02 (6.12)	-0.62* (0.32)	-10.29 (15.07)	-0.70** (0.27)
Observations	304	446	454	518	507	542	652	546
R-squared	0.302	0.346	0.320	0.086	0.342	0.366	0.293	0.257

Standard errors in parentheses clustered at the cluster level
* p<0.10 ** p<0.05 *** p<0.01

Table A.2 – Explaining income, considering only those with an economic activity

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Dependent variable: total income if the respondent has a job (log income +1)							
	Kakuma			Eastleigh		Nairobi East		
	DRC	SOM	SSD	KEN	SOM	KEN	DRC	KEN
Access to credit (max)	0.03* (0.01)	0.01 (0.02)	0.06** (0.03)	0.07** (0.03)	0.03 (0.02)	0.06*** (0.01)	0.02** (0.01)	0.16*** (0.05)
Years of education	0.04** (0.01)	0.03** (0.01)	0.02 (0.04)	0.05** (0.02)	0.06** (0.02)	0.06** (0.02)	0.03*** (0.01)	0.11*** (0.02)
Vocational training	-0.14 (0.13)	0.03 (0.11)	0.11 (0.30)	0.80* (0.41)	-0.11 (0.19)	-0.21 (0.23)	0.06 (0.08)	0.05 (0.13)
Health problems score (log)	-0.10 (0.08)	-0.18*** (0.05)	-0.14 (0.08)	-0.01 (0.08)	-0.17* (0.09)	-0.35*** (0.09)	-0.09 (0.06)	-0.11 (0.08)
Remittances (log)	0.07*** (0.02)	0.00 (0.01)	0.01 (0.02)	0.02 (0.02)	0.01 (0.01)	-0.03 (0.02)	0.00 (0.01)	-0.01 (0.02)
Gender	-0.14 (0.10)	-0.45*** (0.11)	-0.06 (0.21)	-0.71*** (0.15)	-0.33** (0.14)	0.04 (0.33)	-0.06 (0.07)	-0.45*** (0.14)
Age	0.14*** (0.04)	0.12** (0.05)	-0.01 (0.05)	0.02 (0.04)	0.13** (0.05)	0.07 (0.04)	-0.03 (0.03)	0.20** (0.07)
Age squared	-0.00*** (0.00)	-0.00** (0.00)	0.00 (0.00)	-0.00 (0.00)	-0.00* (0.00)	-0.00 (0.00)	0.00 (0.00)	-0.00** (0.00)
Arrival date	-0.04 (0.03)	0.02 (0.02)	-0.02 (0.02)		0.00 (0.01)		-0.05** (0.02)	
Constant	89.50 (66.32)	-23.31 (48.38)	51.34 (31.07)	7.10*** (0.93)	-3.02 (18.17)	7.92*** (0.91)	104.14** (43.81)	3.77*** (1.36)
Observations	199	165	85	228	231	285	355	358
R-squared	0.190	0.208	0.224	0.313	0.274	0.277	0.119	0.348

Standard errors in parentheses clustered at the cluster level
* p<0.10 ** p<0.05 *** p<0.01

Table A.3 – Explaining dietary diversity

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Dependent variable: dietary variety							
	Kakuma			Eastleigh		Nairobi East		
	DRC	SOM	SSD	KEN	SOM	KEN	DRC	KEN
Average income of adults (log)	0.20 (0.11)	-0.02 (0.04)	0.18** (0.08)	0.09* (0.05)	0.02 (0.04)	0.05 (0.06)	0.08* (0.04)	0.05* (0.03)
Access to credit (max)	0.23*** (0.03)	-0.05 (0.03)	0.02 (0.06)	0.06** (0.02)	0.02 (0.05)	0.20*** (0.03)	0.01 (0.03)	0.17*** (0.04)
Years of education	0.11*** (0.03)	0.03 (0.02)	0.06* (0.03)	0.14*** (0.03)	0.00 (0.02)	0.02 (0.02)	0.05** (0.02)	0.05 (0.04)
Vocational training	0.20 (0.31)	-0.18 (0.20)	-0.38 (0.23)	0.41 (0.55)	1.18** (0.41)	0.01 (0.17)	0.49** (0.20)	-0.10 (0.16)
Health problems score (log)	-0.36* (0.18)	-0.61*** (0.12)	0.25 (0.31)	-0.25** (0.08)	-0.54 (0.31)	-0.63*** (0.12)	-0.99*** (0.16)	0.11 (0.14)
Remittances (log)	0.09** (0.04)	0.11*** (0.03)	0.10** (0.04)	0.05 (0.03)	0.03 (0.02)	0.04* (0.02)	0.10*** (0.02)	0.04* (0.02)
Gender	0.87*** (0.18)	-0.10 (0.26)	0.17 (0.24)	0.51* (0.26)	0.31 (0.29)	0.18 (0.18)	0.22 (0.17)	0.14 (0.14)
Age	0.10 (0.06)	-0.04 (0.06)	0.01 (0.07)	-0.06 (0.04)	0.08 (0.05)	0.04 (0.04)	-0.01 (0.05)	-0.01 (0.06)
Age squared	-0.00 (0.00)	0.00 (0.00)	-0.00 (0.00)	0.00 (0.00)	-0.00** (0.00)	-0.00 (0.00)	-0.00 (0.00)	0.00 (0.00)
Arrival date	-0.07 (0.08)	-0.05* (0.03)	-0.11*** (0.04)		-0.08** (0.03)		-0.12** (0.06)	
Constant	140.06 (155.67)	113.05* (57.17)	223.50*** (71.78)	7.05*** (0.99)	169.33** (68.16)	7.70*** (0.60)	259.75** (112.95)	7.66*** (1.38)
Observations	300	439	433	497	509	537	618	541
R-squared	0.388	0.244	0.273	0.260	0.159	0.297	0.231	0.119

Standard errors in parentheses clustered at the cluster level
* p<0.10 ** p<0.05 *** p<0.01

Table A.4 – Explaining subjective well-being

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Dependent variable: subjective well-being							
	Kakuma			Eastleigh		Nairobi East		
	DRC	SOM	SSD	KEN	SOM	KEN	DRC	KEN
Average income of adults (log)	-0.06** (0.02)	0.12*** (0.02)	0.02 (0.02)	0.07* (0.03)	-0.02 (0.02)	0.04** (0.02)	0.01 (0.01)	0.04 (0.02)
Dietary variety	0.06** (0.02)	0.13*** (0.03)	0.11*** (0.03)	-0.00 (0.03)	0.12** (0.05)	0.26*** (0.08)	0.11*** (0.02)	0.14*** (0.03)
Access to credit (max)	0.06*** (0.01)	0.00 (0.03)	-0.01 (0.02)	0.03 (0.02)	-0.02 (0.02)	0.02 (0.02)	0.03*** (0.01)	0.13*** (0.01)
Years of education	0.02* (0.01)	0.01 (0.02)	0.01 (0.02)	-0.02 (0.02)	-0.00 (0.01)	-0.03 (0.02)	0.01* (0.01)	0.07*** (0.02)
Vocational training	-0.04 (0.10)	0.09 (0.14)	0.09 (0.12)	0.82*** (0.21)	-0.13 (0.11)	-0.22 (0.17)	-0.11 (0.10)	0.03 (0.09)
Health problems score (log)	-0.12 (0.07)	-0.49*** (0.12)	-0.42*** (0.09)	-0.36*** (0.07)	-0.29*** (0.08)	-0.60*** (0.06)	0.15* (0.08)	-0.21** (0.08)
Remittances (log)	0.01 (0.01)	0.05*** (0.01)	0.04* (0.02)	0.02 (0.02)	0.01 (0.01)	0.00 (0.01)	0.00 (0.01)	0.02* (0.01)
Gender	0.13 (0.09)	0.10 (0.09)	-0.22* (0.12)	0.38** (0.12)	0.07 (0.09)	-0.11 (0.10)	-0.00 (0.06)	0.11 (0.09)
Age	-0.05* (0.02)	0.01 (0.04)	0.03 (0.02)	-0.02 (0.04)	-0.09 (0.06)	-0.08*** (0.02)	-0.01 (0.02)	-0.10*** (0.02)
Age squared	0.00* (0.00)	-0.00 (0.00)	-0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00*** (0.00)	0.00 (0.00)	0.00*** (0.00)
Arrival date	0.07** (0.03)	-0.01 (0.03)	0.00 (0.01)		0.00 (0.01)		-0.01 (0.02)	
Constant	-144.89** (59.29)	18.95 (66.73)	0.20 (26.25)	2.93*** (0.67)	-1.42 (27.88)	2.73*** (0.93)	11.55 (43.47)	0.88 (0.69)
Observations	307	440	445	495	510	531	626	529
R-squared	0.253	0.498	0.280	0.143	0.224	0.407	0.125	0.329

Standard errors in parentheses clustered at the cluster level
* p<0.10 ** p<0.05 *** p<0.01

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