



# MARKET AND VALUE CHAIN ASSESSMENT FOR REFUGEE LIVELIHOODS IN NAIROBI METROPOLITAN AREA

COMMISSIONED BY



**UNHCR**  
The UN Refugee Agency

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This is a market and value chain assessment for refugee livelihoods in Nairobi Metropolitan Area: A report by United States International University – Africa, commissioned by UNHCR, the UN Refugee Agency.

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# Table of Contents

<b>Acknowledgement</b> .....	ii
<b>Executive Summary</b> .....	v
<b>Methodology</b> .....	v
<b>Findings</b> .....	v
<b>1. Context of the Study</b> .....	1
<b>2. Analytical View of Nairobi Metropolitan Region and Prospects for Refugees</b> .....	2
<b>3. Description of the Problem</b> .....	3
<b>4. Terms of Reference</b> .....	5
<b>5. Methodology</b> .....	6
<b>6. Findings</b> .....	8
6.1 Economic Sectors with Potential for Profitability, Growth and Decent Employment for Refugees and Asylum Seekers in the Urban Setting.....	8
6.2 Value Chains with Greatest Potential to Support Livelihoods with Relevance, Potential and Feasibility of Economic Sub-Sectors for Refugees and Asylum Seekers.....	13
6.2.1 Analysis of the Construction Value Chain.....	14
6.2.2 Analysis of the insects for feed value chain.....	15
6.2.3 Analysis of the ICT sector.....	15
6.3 Regulation.....	17
6.4 Mapping Value Chains and Economic Sectors with Refugees.....	20
<b>7. Implications of the Findings</b> .....	20
<b>8. Recommendations</b> .....	21
8.1 Value Chains that have potential to absorb refugees.....	21
8.1.1 Service and Trade Sub-sectors.....	21
8.1.2 Transport Sector.....	22
8.1.3 Construction Sector.....	22
8.1.4 Information Communication Technology.....	22
8.1.5 Insect for Feed.....	22
8.2 Documentation.....	23
8.3 Sensitization of the Refugees Act.....	23
8.4 Education and Training.....	23
8.5 Social and Business Support Systems.....	24
8.6 Matching refugees and asylum seekers with economic opportunities – paid employment.....	24
8.7 Address Harassment of Refugees and Asylum Seekers.....	25
<b>Appendix 1: Documents that were reviewed</b> .....	26
<b>Appendix 2: List of Organizations that Participated in the Study</b> .....	27



## List of Figures

Figure 1: Refugees and Asylum Seekers in Kenya (30 September 2021).....	1
Figure 2: Map of Nairobi Metropolitan Zone.....	2
Figure 3: Distribution of Refugees and Asylum Seekers in Kenya (November 2021).....	3
Figure 4: New jobs created in Kenya.....	4
Figure 5: Individuals Engaged in the Informal Sector in Kenya in 2020.....	5
Figure 6: Support offered by Key Informants to Refugees.....	6
Figure 7: Years of Experience Working with Refugees.....	7
Figure 8: Methodology used in the study – adapted from the Guide to market-based livelihood interventions for refugees.....	8
Figure 9: Experiences with harassment.....	10
Figure 10: Actors in the animal feeds value chain.....	15
Figure 11: Opportunities for refugees and asylum seekers in the insects for feed value chain.....	15
Figure 12: Skills required to serve in the ICT sector.....	16

## List of Tables

Table 1: Relevance, Potential and Feasibility of Economic Subsectors for Refugees and Asylum Seekers.....	13
Table 2: Opportunities for refugees and asylum seekers in the construction industry.....	14
Table 3: Opportunities for refugees and asylum seekers in the ICT industry.....	16
Table 4: Opportunities for refugees and asylum seekers in the trade and services sector.....	17
Table 5: Proposed Skill Improvement Continuum.....	24

## Executive Summary

The Nairobi Metropolitan Zone, focus areas of the study, consists of four counties — namely, Nairobi, Kiambu, Kajiado and Machakos. This area hosts approximately 40 per cent of Kenya's population and the 10 fastest growing urban areas in Kenya. Close to 84,000 refugees live in this area as it is perceived to have greater economic prospects and greater connectivity to domestic and regional hubs. This study explores the specific sub-sectors that have potential for profitability, growth and decent employment for refugees and asylum seekers in the Nairobi Metropolitan Zone. Attention is paid to relevance, potential for employment creation and feasibility for refugees and asylum seekers.

In 2021, ILO estimated the unemployment rate in Kenya to be 5.7 per cent, with the younger people being three times more likely to be unemployed. This aggravates the situation for refugees seeking economic opportunities in Kenya due to the limited opportunities available. Of the 926,100 new jobs created in Kenya in 2021, 83 per cent were in the informal sector, which has low entry barriers relating to capital, skill requirement and regulations. Inherent bottlenecks associated with refugees hinder their ability to exploit economic opportunities. In May 2022, there were 552,061 refugees in Kenya, a majority of who do not access the labour market as they live in camps and experience obstacles in securing work permits.

To address this, Kenya enacted the Refugee Bill to law in 2021, effectively granting refugees the right to gainful employment and business activity. Most refugees are yet to get acquainted with this law and reap its benefits. This study suggests interventions that can be applied to support refugees to pursue value chains that have potential for profitability, are relevant, and are feasible for refugees to pursue employment opportunities. These suggestions include support to obtain identification documents, skill building and affirmative action in connecting to the labour market. The suggestions are expounded in the recommendations section below.

## Methodology

The study used mixed research methods starting with document reviews and interviews with key informants. It concluded with a survey of refugees living in the Nairobi Metropolitan Zone. In total, 16 key informants and 415 refugees participated in the study.

## Findings

### The key findings are:

- Regulatory enforcement, awareness and implementation are key challenges in enhancing refugees' absorption into the identified value chains. The recently-enacted Refugee Act comes with additional benefits and recognizes the right of refugees to contribute to the social and economic development of Kenya. At the time of this study, the government was in the

process of developing regulations and guidelines to guide implementation of this law, hence they had not benefitted from it.

- There is significant involvement of refugees and asylum seekers in informal trading to sustain their livelihoods. A majority (36.4 per cent) are involved in trade, 9.2 per cent in tailoring, 7.0 per cent are barbers or hair dressers, and 3.4 per cent are in catering. Strikingly, 78 per cent do not have work permits that can enable them to work in Kenya. Of this group, 82 per cent had never applied for a work permit. Sixty-one per cent of those who had applied for the work permit reportedly experienced challenges and delays.
- The factors that impede the accessibility to formal work or self-employment are lack of work permits (78 per cent), limitation in skills (69 per cent), lack of access to capital (68 per cent), and refugee status (35 per cent).
- Sixty-nine per cent of refugees and asylum seekers are not skilled and would therefore only participate in unskilled and semi-skilled labour. The top skills required are management (90 per cent), English and Swahili languages (72 per cent), financial literacy (52 per cent), communication (46 per cent) and awareness about economic rights and obligations (30 per cent). Notably, 83 per cent of the respondents are relatively old (all of them were 18 years and above) and have responsibilities such as bills to pay. They can attend vocational training to get a skill that enables them to get an income after a short time as refugees.
- Social support systems are largely non-existent for 61 per cent of the refugees and asylum seekers. Those who have any kind of social support access it from informal savings clubs (40 per cent), friends (32.5 per cent) and family (20 per cent). Notably, formal support such as through cooperatives and business associations is not accessible to them.
- The capacity of refugees to take advantage of economic opportunities has been enhanced by different organizations over the years. However, access to formal financial services re-mains a major constraint for start-ups and businesses in their growth phase due to lack of capital, poor credit worthiness and a lack of work permits
- The first economic sector with employment potential for refugees in the Nairobi metropolitan area is the services sector. The service and trade sub-sectors contributed to over half of the value addition in 2019, over 50 per cent of the GDP, and generated over 60 per cent of new jobs in 2020. The sector is broad, has low capital requirement, and requires lesser skills; talented individuals can therefore easily create their market niches. This makes the sector with the greatest potential to absorb refugees and asylum seekers, who can work as formal workers across the value chains – including the fast-moving goods industry, hotels, restaurants, personal and social services. Key informants drawn from the Kenya Government and refugee-serving organizations identified the sub-sectors that can easily absorb refugees and asylum seekers as textiles (93 per cent), beauty services (88 per cent), hotel and catering (75 per cent) and laundry services (75 per cent).
- The second ranking is the transport sector, which contributed to 16.9 per cent of the GDP and 12 per cent of new jobs in 2020. Workers in this sector do not require advanced skills and is therefore relevant to 69 per cent of refugees and asylum seekers who do not have advanced skills. The sector has the potential to absorb them as taxi drivers, truck drivers, chauffeurs, mechanics, delivery clerks, porters, and handlers. The lack of identification documents limits refugees from getting KRA personal identification number, thus limiting their right to have driving licences or to own vehicles or motorcycles.
- The third economic sector with the potential for supporting livelihoods for refugees is the construction sector. The main challenges for refugees joining the construction industry will

be competition with the host community and lack of work permits. The Economic Survey 2021 reports a 33 per cent increment in new jobs, most of them arising in the unskilled and semi-skilled aspects. With over two-thirds of refugees and asylum seekers lacking expertise, the construction sector can absorb them at the low end of the value chain where the skillset re-quired is unskilled, semi-skilled or skilled. Wage opportunities are available, are informal, and have low regulatory issues. Hence, there is a high likelihood of refugees entering the work-force as plasterers, glaziers, and masons at all levels. Skilled workers can venture into plumbing, electrical works and design, among other sub-activities in the value chain. Moreover, opportunities exist for internship and future certification by the National Construction Au-thority (NCA) and the National Industrial Training Authority (NITA) or for existing qualifications to be recognized by the Kenya National Qualifications Authority (KNQA) as provided in the Refugee Act, 2021.

- Kenya is a regional leader in internet connectivity, ICT infrastructure and services that ride on ICT. The ICT sector thus contributed to 8 per cent of the GDP through IT-enabled services and generated more than 250,000 jobs in 2021. The “gig economy sub-sector” was valued at \$200 million in 2021 and employed 36,573 workers, with a projected growth of 33 per cent (projected value of \$345 million and close to 100,000 jobs) in 2023. The sector can absorb them as freelancers, graphic designers, game developers, web designers, digital marketers, online sales and creative digital media, among others. Related to the ICT sector is the entertainment sub-sector that includes production of music, short movies, films, comedy, videography, photography and creative arts through electronic media. The sector has low entry barriers for talented individuals.
- From our study, only 1 per cent of the refugees indicated willingness to be involved in agri-business. Those currently engaged in agriculture-related activities are doing retail selling in open markets or small outlets or hawking and not involved in production. There are opportunities to entice refugees and asylum seekers to join value chains that have potential for growth such as the insect-for-feed value chain, but these have not been explored or quanti-fied.
- Regulatory enforcement, awareness and implementation are key challenges in enhancing refugees’ absorption into the identified value chains. The recently-enacted Refugee Act comes with additional benefits and recognizes the right of refugees to contribute to the social and economic development of Kenya. This law is in its early stages of implementation; hence many refugees are not aware of its existence or do not know the incentives that the law provides for them.

## Recommendations

- The greatest obstacle to accessing economic opportunities as reported by 78 per cent of the respondents is lack of documentation<sup>1</sup>. Specifically, greater effort should be devoted to enhancing acquisition of work permits. This will unlock 67 per cent of refugees who are talented and possess craft skills to practice. With the two (work permits and recognition by KNQA), they will be empowered to pursue economic opportunities.

<sup>1</sup> Definition of documentation: Refugee ID is recognized for most activities. Lack of documentation starts with refugee ID that is not recognized for most activities hence one cannot open a bank account, cannot get a tax identification number, misses out on driving licenses, work permits and property ownership.

- While the Refugees Act allows them to have the documentation, the Act is not understood by the refugees and different government bodies have not established frameworks for its implementation. To this end, UNHCR and other refugee-serving organizations should lobby and sensitize refugees on their rights and obligations under the Act and mediate with government to provide them with work permits that will enable them to participate in economic activities.
- The majority would be more likely to enrol in vocational training centres. Skilling through short courses delivered through experiential approaches can be useful to boost the employability of the unskilled refugees and asylum seekers. Practical business skills, functional language (English and Swahili), finance literacy, communication and rights awareness will enhance them to effectively participate in economic activities. These trainings have been configured and are already being offered by refugee-serving organizations but at relatively small scale and therefore need to be increased to accommodate more refugees.
- Given the importance of social and business support systems for entry and survival in business and wage employment, UNHCR and<sup>2</sup> other refugee-serving organizations can help refugees to coalesce and form functional groups that would enable them to participate in economic activities. Such groups can be grounded on economic interests and have the potential to serve in different economic sub-sectors. This will ease, hasten and sustain absorption into the identified sub-sectors. This would mirror the model applied by the Kangemi Refugee Self Help Group that has shown that grouping refugees can generate significant bargaining power and fall-back mechanisms for members.
- To venture into the service and trade sub-sectors, refugees and asylum seekers can be trained, mentored and supported with seed capital. Key informants indicated that this approach not only creates self-esteem but also generates economic returns and more jobs for fellow refugees. Additional support can be availed through connection to the market, business incubation and acceleration. These measures have been piloted at the Daadab camp with a significant success rate and income generation multiplier effect through employment creation.
- Entry into the transport sector can be secured through acquisition of work permits, driving licences and membership in transport cooperatives. Those with prior skills would need to be supported to have their qualifications recognized in Kenya.
- An entry to the construction industry can be conceptualized through a structured apprenticeship programme where UNHCR and other refugee-serving organizations can approach construction companies that employ many workers to reserve a quota. The refugees can be provided with basic training and matched with skilled workers for learning. In the end, the skills can be certified by the Kenya National Examinations Council or the National Industrial Training Authority.
- Refugees and asylum seekers can be sponsored to take courses in ICT that result to paid or self-employment. This approach has been piloted at the Kakuma Refugee camp with immense success.

<sup>2</sup> Lack of documentation starts with refugee ID that is not recognized for most activities hence one cannot open a bank account, cannot get a tax identification number, misses out on driving licenses, work permits and property ownership.



- The insect-for-feed value chain is in its early stages of development. Long-term market growth of this sector will depend on cultural aspects regarding acceptance of insects as human food. On a positive note, the use of insects to fortify animal feed is gaining acceptance. This value chain can be explored to connect refugees and refugee groups to serve as suppliers of raw materials, provide labour or be facilitated with capital and technology to start operations at a desirable scale.

Barriers related to relevance and feasibility of value chains for refugees should be addressed through business incubation, business registrations, enhancing access to finance, and getting refugees and asylum seekers ready for market-based opportunities.

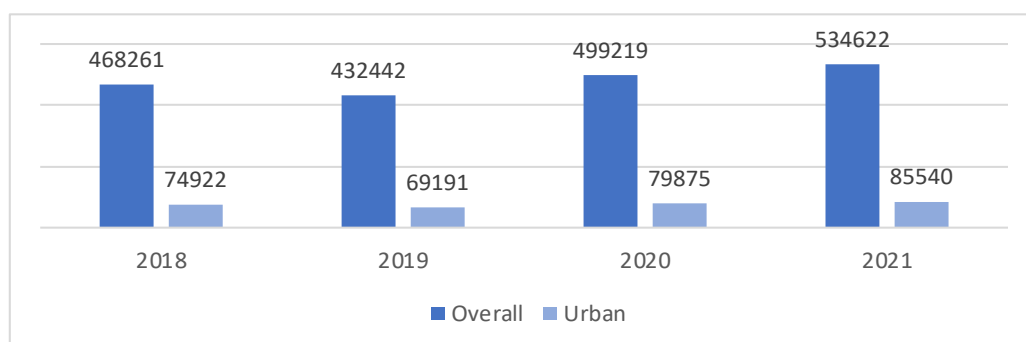
## 1. Context of the Study

UNHCR, the UN Refugee Agency, Kenya fact sheet<sup>3</sup> reports that there were 534,622 refugees and asylum seekers in Kenya on 30 September 2021 (a growth of 14.2 per cent from 2018): 44 per cent of these were living in Dadaab, 40 per cent in Kakuma and 16 per cent in urban areas — mostly Nairobi. A majority of refugees and asylum-seekers in Kenya are from Somalia (54 per cent), followed by South Sudan (24.5 per cent), the Democratic Republic of Congo (8.9 per cent) and Ethiopia (5.8 per cent). Other nationalities — including Burundi, Sudan, Uganda, Eritrea, and Rwanda — make up 6.7 per cent of the total population.

*“534622  
Refugees and  
asylum seekers  
in Kenya by  
September 30,  
2021”*

Refugees have continued to move to Kenya’s urban areas from camps and homes<sup>4</sup> despite the 1990 national refugee policy that required all refugees to be hosted in camps. This has seen a growth of urban refugees and asylum seekers as depicted in Figure 1.

Figure 1: Refugees and Asylum Seekers in Kenya (30 September 2021)



Granted that the numbers are soaring, innovative ways of involving them with economic and self-sustainable empowerment interventions are necessary. A plan to implement a voluntary refugee repatriation programme in 2020 was largely unsuccessful due to the challenges brought by the COVID-19 pandemic.

<sup>3</sup> <https://www.unhcr.org/ke/wp-content/uploads/sites/2/2021/11/Kenya-092021.jpg>

<sup>4</sup> Goitom, H (2016) *Refugee law and policy: Kenya*. (<http://bit.ly/2WQTMcb>)

The UNHCR Refugee Livelihoods and Economic Inclusion (2019-2023) Global Strategy emphasizes “self-reliance and resilience of refugees, empowering them to meet their needs in a safe, sustainable

*“refugees have rights and can sustain themselves if supported through appropriate legislation, access to opportunities, social and legal support systems”*

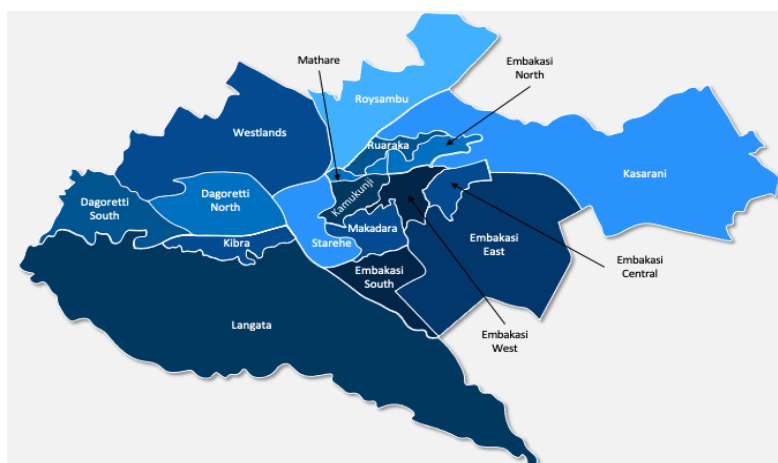
and dignified manner and avoid aid-dependency and negative coping mechanisms... that eventually enables them to contribute to their host economies and secures their future whether or not they return home.” This is important because refugees have rights and can sustain themselves if supported through appropriate legislation, access to opportunities, social and legal support systems. Sectoral analysis of economic sectors and mapping them with the aptitudes, skills and qualifications of refugees can lead to achievement of this strategy.

Long-term success lies in building on the supply side to ensure that refugees overcome obstacles to employability such as discrimination and are enabled to access financial services and market opportunities. UNHCR has identified Market-Based Livelihood Interventions for Refugees as a framework that has the potential to analytically evaluate the problem and provide pathways to sustainable solutions. There is strong case for transition of refugees and asylum seekers from a humanitarian support system to market-based support that in the long run guarantees economic inclusion.

## 2. Analytical View of Nairobi Metropolitan Region and Prospects for Refugees

Nairobi is Kenya’s capital, with an estimated population of 4.4 million (Kenya National Bureau of Statistics, 2019) and a land area of 695 square kilometres. The Nairobi Metropolitan Region (see figure 2) is formed with an area of 32,000 square kilometres and an estimated population of 6.65 million people.

Figure 2: Map of Nairobi Metropolitan Zone

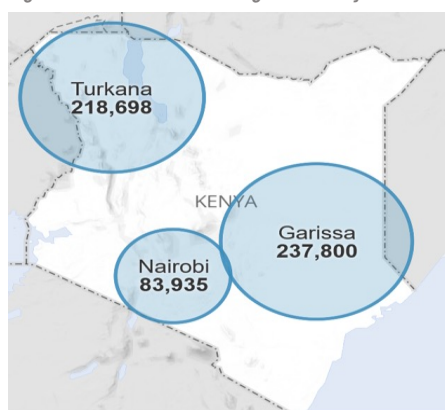


Estimates from the World Bank Group predict that Nairobi's population will exceed 6 million by 2030. The population burst is expected to spread to neighbouring counties due to good connectivity between Nairobi and its satellite towns and positive economic prospects in the overall metropolitan area.

*Of the 25 largest urban areas in Kenya, 10 are within Nairobi Metropolitan Area. The areas host 5.77 million people, nearly 40% percent of Kenya's urban population*

Of the 25 largest urban areas in Kenya, 10 (including Nairobi itself) are within this metropolitan area. These 10 areas host approximately 5.77 million people and nearly 40 per cent of Kenya's urban population. Of these 10 cities, three – Thika, Juja, and Kitengela – are among the 10 fastest-urbanizing areas in Kenya. Four others – Mavoko, Ngong, Ongata Rongai, and Ruiru – are in the top 25 fastest-urbanizing areas (World Bank Group, 2016). As of November 2021, the refugee and asylum-seeker population in Nairobi amounted to 83,935<sup>5</sup> (see Figure 3).

Figure 3: Distribution of Refugees and Asylum Seekers in Kenya (November 2021)



Those from the Democratic Republic of Congo (DRC) and Somalia constitute the two largest refugee communities in Nairobi at 38 per cent and 27 per cent, respectively. Those from other countries include Ethiopia at 14 per cent, South Sudan at 10 per cent, Burundi at 5 per cent, and Eritrea at 2 per cent. Rwanda, Uganda, Sudan and others make up 4 per cent.

Refugees in Nairobi are concentrated in Eastleigh with 13,683 of them, Githurai 2,321, Kasarani 6,072, Kawangware 1,186, Kayole 5,356, Kitengela 1,670, Makadara 1,826, and Umoja 3,182 (UNHCR, 2022).

Congolese and Somali refugees are more likely to be engaged in economic activities. Congolese refugees, for example, can access informal employment which earns them a median income of Ksh7,000 per month; they are also involved in large and sometimes formal businesses such as tailoring shops, barbers, cyber cafe and grocery shops – sometimes earning up to Ksh50,000 per month. Up to 44 per cent of the Somali refugee population work in shops in Eastleigh and earn a median income of Ksh15,000 per month<sup>6</sup>.

### 3. Description of the Problem

United Nations data for 2021 places Kenya's population at 55,603,809<sup>7</sup>, equivalent to 0.69 per cent of the total world population. The urban population is 14,975,059 and the median age is 20 years. Kenya's economic growth has not been generating sufficient productive jobs. Every year, over 900,000 entrants join the labour market. A total of 824,000 and 846,000 new jobs were created in Kenya in 2018 and 2019, respectively (see Figure 4). The unemployment situation can be described as an age group issue.

<sup>5</sup> <https://data2.unhcr.org/en/country/ken>

<sup>6</sup> <https://www.rsc.ox.ac.uk/publications/refugee-economies-in-kenya>

<sup>7</sup> <https://www.worldometers.info/world-population/kenya-population/>

Although the aggregate unemployment decreased from 15 per cent to 12.5 per cent between 1985 and 2005, youth unemployment increased from 60 per cent to 72 per cent. By 2021, the rate of unemployment among the youth stood at 40 per cent (about 5.2 million youth) compared to 21 per cent of the adult average. The unemployment situation is caused by slower growth of the economy, inability to create new jobs, misalignment of the education curriculum with the labour needs, population growth, and imperfections in the labour market<sup>8</sup>.

*“By 2021 the rate of unemployment amongst the youth stood at 40% (about 5.2 million youth) compared to 21% of the adult average”*

The situation was made worse by the COVID-19 pandemic. Figure 4 indicates that the number of new jobs created in the informal sector is significantly higher than those created in the formal sector. Wage employment in the formal and/or informal sector is the most common activity among urban refugees. Most employed refugees work as paid employees in the formal or informal sector, with men being more likely to do so. Women are more likely than men to be self-employed in non-agricultural businesses. This may be partly explained by the flexibility that self-employment allows as it enables women to combine paid work with domestic and care responsibilities<sup>9</sup>.

Figure 4: New jobs created in Kenya<sup>10</sup>

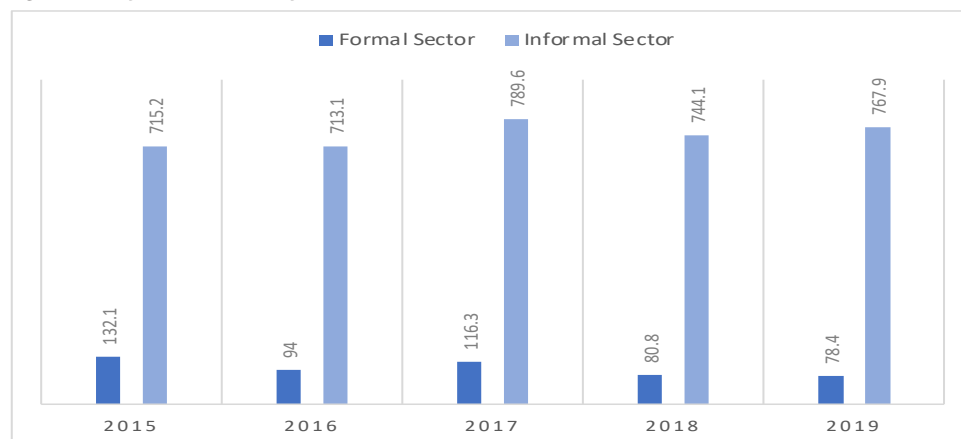


Figure 5 shows that the informal sector employed 14.5 million individuals (over 80% of the total number of people employed) in 2020, with the service industry being the leading employer. Close to a half of these individuals are in the Kenyan urban areas. The gap between new opportunities in the formal and informal sectors continues to expand, with increasingly more opportunities becoming available in the informal sector.

*“The informal sector employed 14.5m people in 2020 with service industry being the leading employer”*

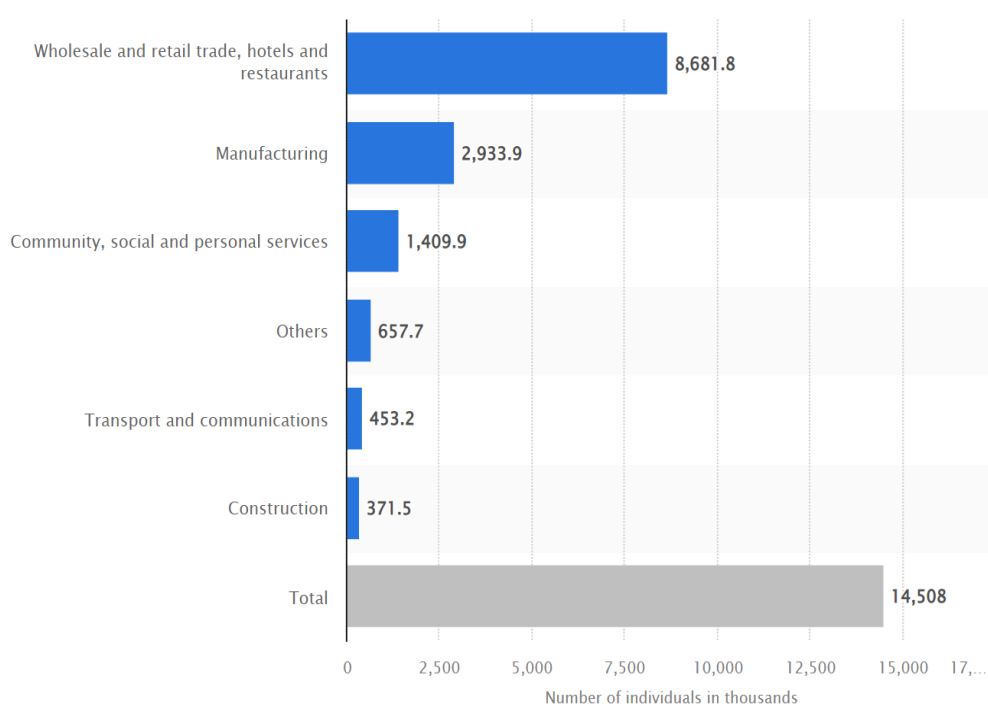
The enablers for job creation in the informal sector are less entry barriers in such areas as education, experience, and capital. Despite its contribution to new jobs, informal employment poses many disadvantages — including less income, less security, and creation of less decent jobs.

<sup>8</sup> Walter Elkan. *Urban unemployment in East Africa. International Affairs (Royal Institute of International Affairs)*. 46 (3) 517-528.

<sup>9</sup> <https://data.unhcr.org/en/documents/download/89635>

<sup>10</sup> Kenya: informal sector employment by activity 2020 | Statista

Figure 5: Individuals Engaged in the Informal Sector in Kenya in 2020



In the perspective of the current study, the inability of the Kenyan labour market to absorb its own entrants deals a blow to refugees and asylum seekers who seek economic opportunities in the same country.

Previous work by USIU-Africa on urban refugees operating small businesses in Nairobi in 2019 disclosed that refugees have the potential to improve their livelihoods through engagement in the informal and formal sectors. However, severe problems relating to inadequate documentation and social linkages prevent them from accessing enabling government services, markets and finances. An advancement of this view calls for a deep dive into the economic sectors that have the potential to absorb most of the refugees and map out the requirements for joining those sectors, which this study seeks to achieve.

## 4. Terms of Reference

Guided by the description of the problem, we conduct market-based livelihood assessment using the UNHCR-ILO *"Guide to market-based livelihoods interventions for refugees"*, to achieve the following specific objectives:

- Identify sub-sectors or value chains which have a potential for profitability, growth and decent employment for refugees and asylum seekers in the urban setting (Nairobi County and its environs). In so doing, consider (i) relevance to refugees and asylum seekers in the urban area (Nairobi and its environs) and (ii) potential for employment creation and feasibility



for in-tervention.

- Using the outcome of the market assessment and the current economic context considering the COVID-19 environment, select the most viable value chains for detailed analysis to promote employment creation (wage or self-employment) for refugees and asylum seekers with different skills and educational background.
- Conduct Value Chain Analyses for selected value chains based on the methodology outlined in the ILO publication “Value chain development for decent work”. In doing this, explore the existing business linkages and employment opportunities for refugees and asylum seekers. This includes an overview of existing financial and business support services as well as regulatory constraints and opportunities for the economic development of the sector.

## 5. Methodology

This report is based on a participatory, mixed methods approach focusing on the Nairobi Metropolitan Zone that comprises four counties, namely: Nairobi, Kajiado, Machakos and Kiambu.

We sequenced archival, qualitative, and quantitative approaches to research. Starting with elaborate document reviews (Appendix 1) and a review of economic sectors, we progressed to unstructured and semi-structured interviews with 16 organizations that support refugees (Appendix 2) and government officials in county governments in the Nairobi Metropolitan Zone and Department of Refugee Services (DRS) under the Ministry of Interior and Coordination of National Government. The key informants have broad experience working with refugees and offering diverse services to them as indicated in Figures 6 and 7.

Figure 6: Support offered by Key Informants to Refugees

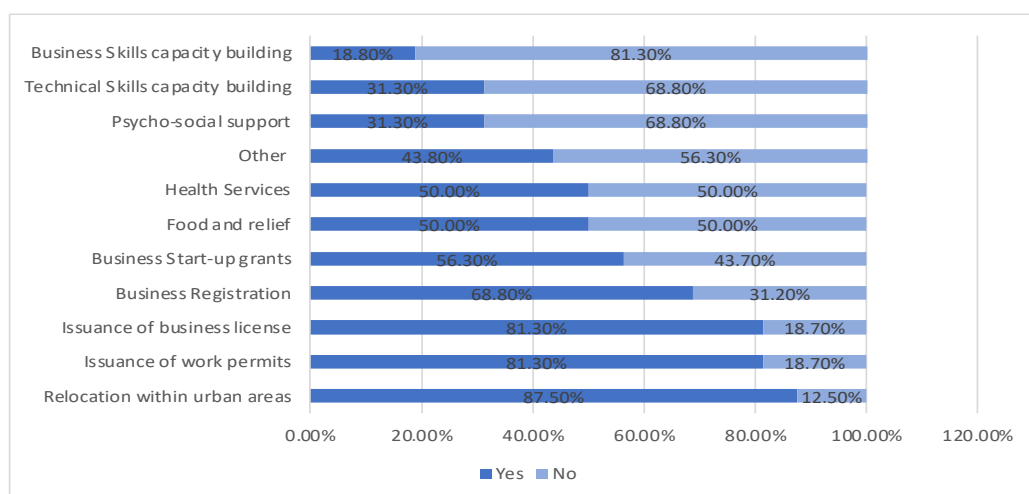
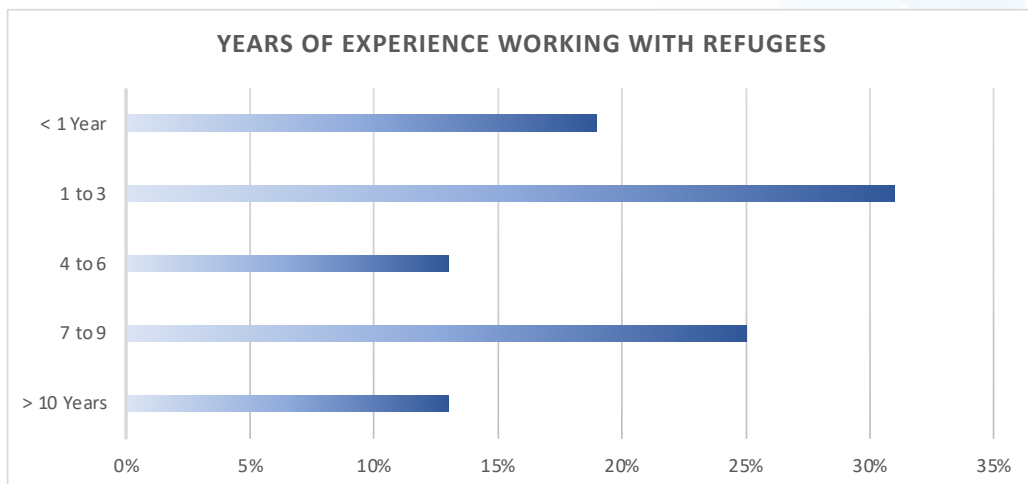


Figure 7: Years of Experience Working with Refugees



Finally, a telephone survey was undertaken with 415 refugees living in the Nairobi Metropolitan Zone. Appropriate ethical and regulatory approvals for the study were sought and granted by the USIU-Africa Institutional Review Board (IRB) and the National Commission for Science, Technology and Innovation (NACOSTI). Additionally, clearance was obtained from the Department of Refugee Services (DRS) and UNHCR, the UN Refugee Agency. The principal investigator and the co-investigators ensured compliance with all the applicable research protocols.

Demographic characteristics of the respondents indicate that 94.5 per cent have a refugee status, and that 53 per cent are male. The analysis showed that 32.5 per cent had only attained a primary education, while 32.8 per cent had a high school education as their highest level of education. Only 3.6 per cent held a post-secondary certificate, while 10.4 per cent had a diploma. A meagre 8.9 per cent had a bachelor’s degree, with 0.5 per cent holding a master’s degree. Up to 11.3 per cent of the respondents had no formal education and have been in Kenya for 4-7 years; 74 per cent of the respondents are from DRC and 78 per cent of the respondents do not have documentation that would allow them to work.

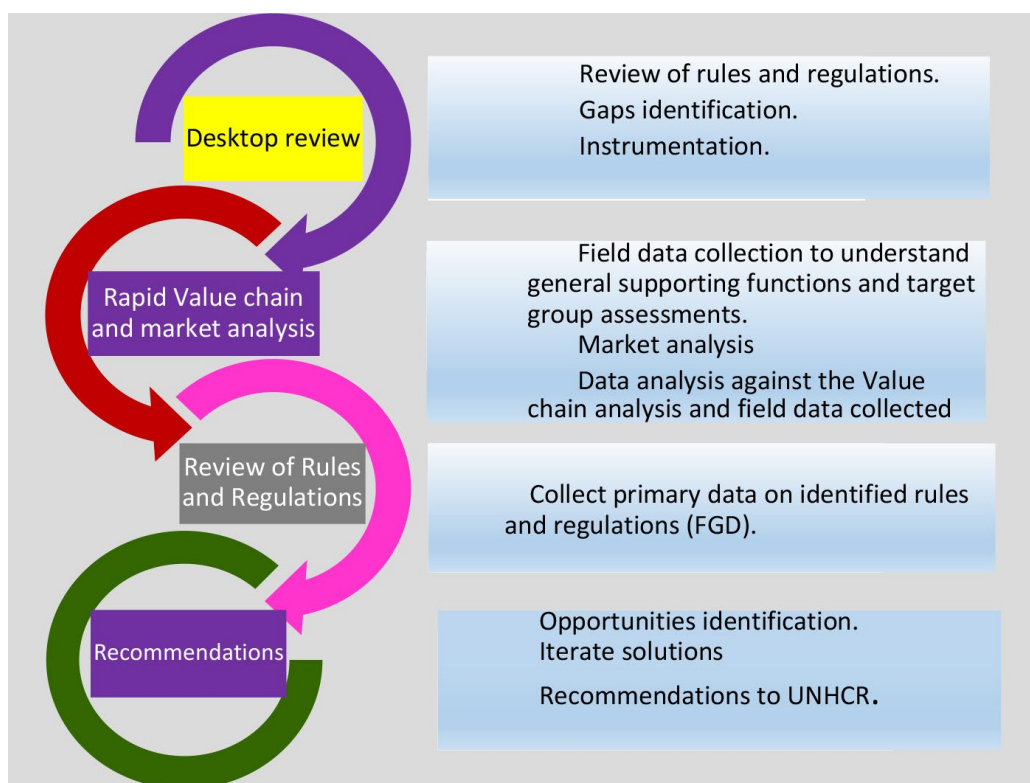
A further probe was conducted to understand the skillsets that the respondents possess given that knowledge and ability are critical enablers to wage and self-employment. Sixty nine per cent of the respondents do not have specialized skills and would be more suited to unskilled and semi-skilled labour. The top skills required are business (90 per cent), language (72 per cent), financial literacy (52 per cent), communication (46 per cent) and rights awareness (30 per cent). Social support systems are fundamental in generating income and earnings from gainful employment. Broadly, support systems are non-existent for 61 per cent of the respondents. The 39 per cent who have some social support systems obtain it from informal savings clubs (40 per cent), friends (32.5 per cent) and family (20 per cent). Notably, formal support systems such as through cooperatives and business associations are largely non-existent. The main obstacles associated with the refugees’ access to work were documented as a lack of access to capital (68 per cent), a lack of proper documentation (72 per cent) and refugee status (35 per cent).

*“69% of respondents do not have specialized skills”*

Guided by the UNHCR-ILO [“Guide to market-based livelihoods interventions for refugees”](#) our broad research questions were crafted under the specified thematic assessments, namely: Rules and

regulations, access to general supporting functions, target groups and market analysis. We further split the overall questions to manageable sub-questions that were addressed through four complementary pieces that are depicted in Figure 8. These pieces involved elaborate desk reviews, rapid value chain and market analysis, a detailed review of rules and regulations, and generation of pragmatic recommendations for implementation.

Figure 8: Methodology used in the study – adapted from the Guide to market-based livelihood interventions for refugees



## 6. Findings

Economic sectors that have a potential for profitability, growth and decent employment for refugees and asylum seekers in the urban setting were reviewed. This involved an in-depth review of Kenyan economic blueprints and the most recent studies by the World Bank and the Kenya National Bureau of Statistics. Special attention was paid to studies that were undertaken in 2020 and 2021 as they addressed economic prospects in view of COVID-19.

### 6.1 Economic Sectors with Potential for Profitability, Growth and Decent Employment for Refugees and Asylum Seekers in the Urban Setting

The COVID-19 pandemic caused a 0.3 per cent contraction in the Kenyan economy, a sharp reduction from the 5.9 per cent growth recorded in 2019. Employment levels contracted by 4.1 per cent, with workers in the hotel, transport and education sectors being the worst affected. Employment levels in

the formal sector reduced by 6.4 per cent, while the informal sector contributed to 83.4 per cent of the total employment.

The [Kenya Economic Update Edition 23: Rising Above the Waves](#)<sup>12</sup>, projects bullish post-COVID annual economic growth for Kenya, starting with gradual resumption to the pre-COVID rate of over 5 per cent in 2022-2023. Most of the growth is attributed to reopening of the economy, increased public spending on infrastructure projects — especially in the Nairobi Metropolitan Zone — and full resumption of international trade. The World Bank has projected that formal and informal sector jobs will increase as a result.

Notably, the World Bank projects services as a major growth sector — a trend that had kicked in before the COVID-19 pandemic. Overall, greater growth is expected after 2021, but disproportionately across the economic sectors. Sectors that are expected to contribute to growth include: Manufacturing, accommodation and services, education, transportation, storage, information and communication, agriculture, and other services.

## Service Sector

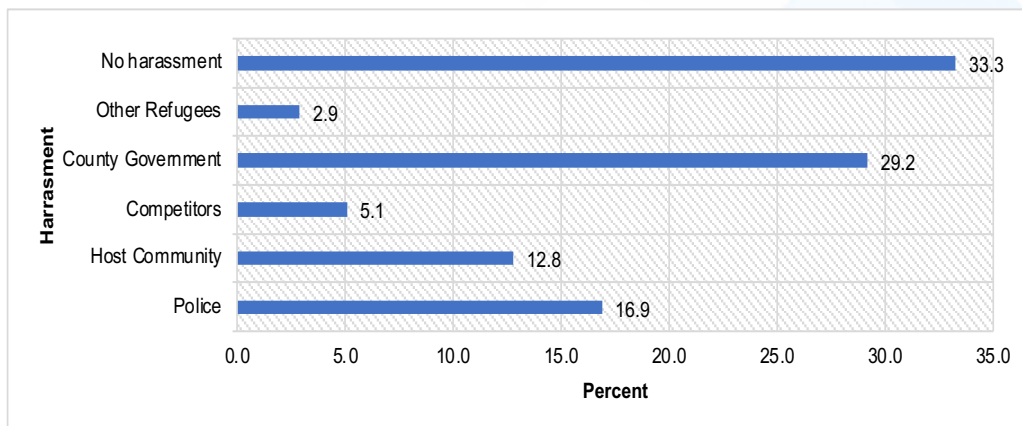
The services sector contributed to over a half of the value added in 2019, thus contributing to over 50 per cent of the gross domestic product. Services sub-sectors may contribute to growth directly or indirectly through trade, manufacturing, or other sectors. The services sub sectors contribute in different ways to overall growth and job creation. With the reopening of the economy and increased vaccination rates, the sector is expected to report better performance in 2021/22.

The services industry can absorb talented refugees and asylum seekers. The broad range of services that do not require high-level skills or much capital are easy to learn and easily accessible — including hair cutting, hair dressing, culinary work, event planning, caregiving, property maintenance, cleaning services, security, and shop operations. Notably, refugees and asylum seekers can be facilitated to create formal groups that would offer these services at a greater scale.

Our study observed that refugees supply labour-providing services at a much lower cost (up to one-third) in comparison to the host community. On the one hand, this helps them get an income, but on the other hand they receive a backlash from the host community for underquoting their service fees, sometimes leading to harassment. Thirteen per cent of the respondents reported this as the major cause of harassment from the host community. The harassment takes the form of discrimination, verbal abuse and violence by the police, the host community, fellow refugees and county governments, as indicated in Figure 9.

<sup>12</sup> <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/782411624966067020/kenya-economic-update-rising-above-the-waves>

Figure 9: Experiences with harassment



Trading has considerable potential to absorb most of the refugees and asylum seekers and generate sustainable livelihoods. This includes trading in metals, machinery, clothes, shoes, home decor, fresh fruits and vegetables, old and new furniture, among other things. The sector is highly liberalized, has low entry barriers, can accommodate all regardless of the level of education, does not require excessively high capital, and is easy to exit in the event of crowding.

*“the service subsectors with the greatest potential to absorb refugees are tailoring 93%, beauty services 88%, hotel and catering 75% and home laundry services 75%.”*

Key Informants indicated that the services sub-sectors with the greatest potential to absorb refugees are tailoring at 93 per cent, beauty services at 88 per cent, hotel and catering services at 75 per cent, and home laundry services at 75 per cent. Other services mentioned and worth exploring were digital marketing services such as online sales; videography and photography; part time tuition to school going children; and artwork. With the expected growth in the services sector, the demand for these services, or subsets of the services, will keep growing.

### Transport and storage sector

The transport and storage sector are critical as it contributes directly or indirectly to job creation. In 2020 the sector supported 16.9 per cent of the overall economic growth in Kenya and had a 12 per cent share of employment. The potential for this sector lies in the fact that the workers do not require advanced skills, for instance taxi and truck drivers. Overall, the sector has accounted for 8-9 per cent of the gross domestic product over the years.

Opportunities in this sector range from public to private transport services. The sector has the capacity to absorb taxi drivers, truck drivers, chauffeurs, mechanics, delivery clerks, porters, and handlers. The sector’s relevance and feasibility lie in the fact that it can accommodate individuals across a broad spectrum regardless of the level of skills they possess. Moreover, the skills required in this sector can be easily acquired. Refugees disclosed huge interest to plug into this industry, but barriers exist. The sector is prone to harassment by the police and street gangs. Moreover, a lack of documentation by refugees hinders them from accessing Kenya Revenue Authority (KRA) Personal Identification Numbers (PINs), passports and identification cards – documents that are crucial to acquire driving



licences, membership in a transport SACCO, and a certificate of good conduct. These requirements are mandatory for workers in the public transport industry in Kenya.

As a result, some refugees and asylum seekers engage in paid labour by local garage owners in the motor vehicle repairs and maintenance sub-sector where they are less visible or exposed.

### **Information Communication Technology (ICT)**

Kenya's success in the ICT industry is to a large extent associated with mobile telecommunications and business process outsourcing. The ICT sector recorded a 2.5 per cent growth in 2020. Internet subscription increased by 7.81 per cent in 2020. The COVID-19 pandemic has revolutionized business platforms, created new opportunities, and rendered some businesses obsolete. The digital economy forms a good starting point for engagement of refugees and asylum seekers, depending on their skillset.

As an enabler to other sectors, the ICT sector has the potential to generate economic opportunities. Opportunities in this sector include freelancers, graphic designers, game developers, web designers, creative digital media and many others that require low to middle-level skills. These are skills that can easily be built, and the market opportunities expand beyond Kenya.

Key informants indicated that they engage refugees who have digital skills in their organizations. Moreover, some refugees are already undertaking digital marketing and earning income. The demand for capacity building in this sector from the refugees indicate there are opportunities, but inaccessible to them due to skills gap, work permits and capital.

Closely tied to ICT is the entertainment sub-sector that includes production of music, short movies, films, comedy, and creative arts through electronic media. The sector has low entry barriers for talented individuals. In the recent past, this sector has attracted great interest, especially among the young people who earn royalties on their online platforms such as YouTube and TikTok. A recent report indicated that YouTube content creators in Kenya can earn up to \$1,000 per month for short 15-second videos uploaded.

### **Agriculture, forestry, and fishing**

Despite the 2020 economic recession, the agriculture, forestry, and fishing sector grew by 4.6 per cent compared to 2.3 per cent in 2019. Specifically, the fisheries sub-sector recorded an impressive performance, with the total value of fish landed increasing by 11 per cent. The agriculture sub sector, however, contracted by 5.5 per cent in 2020 compared to 3 per cent growth in 2019. The closure of the economy, drought and limitation in exports explains this reduction. Overall production reduced by 4.3 per cent (maize), 20 per cent (coffee), 4.5 per cent (horticulture), 2.1 per cent (milk) and 24.1 per cent (tea). Notably, the total development expenditure on water supplies and related services is expected to increase by 25 per cent by 2022.

In the agriculture, fisheries and forestry sector, the livestock sub-sector was found to have great potential to absorb refugees and asylum seekers as it encompasses a broad range of income generating activities — broadly classified as meat, milk and leather. The classification applies to

products generated from cattle, camels, sheep, and goats. In this value chain, opportunities exist for those with a high school education or lower in the informal channels — such as domestic herding, product handling, logistics, services in abattoirs, and small businesses. Opportunities also exist for those with middle-level skills to undertake intermediate processing of livestock products and trading in inputs (feeds, loose tools, and livestock drugs). With a shortage of leather reported in Kenya (tanneries operating at less than full capacity), refugees and asylum seekers can find opportunities around this area by getting skins and hides from abattoirs and getting them to the tanneries. Those with higher education levels can be supported to produce clean energy (biogas) from the residue produced from the abattoirs, thus also contributing to environmental conservation.

In perspective, only 1 per cent of the refugees indicated a willingness to be involved in agribusiness. Those doing agriculture-related activities are doing retail selling in open markets or small outlets and not involved in production. In contrast, the limitations in the Nairobi Metropolitan Zone could be attributed to a lack of space for farming, shortage of water, skill deficiency, and inadequate start-up resources. The potential — just like in the ICT industry — is significant; this is because of the lower skill threshold, food security shortfall, and higher demand for food in urban areas.

*“only 1% of the refugees indicated willingness to be involved in agribusiness.”*

## Manufacturing

In 2020, the manufacturing sector's growth reduced by 0.1 per cent compared to an increment of 2.5 per cent that was recorded in 2019. The output value increased by 2.8 per cent in 2020 and the volume by 1 per cent. Increments were noted in sugar production and food products. Leather and accessory products, beverages and rubber production recorded declines in 2020 but are projected to report improved performance.

## Construction

The construction sector added nearly Ksh409.3 billion, approximately \$3.6 billion, to Kenya's Gross Domestic Product in the first half of 2021. In 2020, the annual value added by the sector was measured at Ksh751.4 billion (around \$6.6 billion). According to business wire report, the construction industry in Kenya is expected to record a Compounded Annual Growth Rate (CAGR) of 10.4 per cent to reach Ksh 1,023.4 billion by 2024.

The construction industry has expanded and generated a broad range of economic activities. The activities are available both at the formal and informal levels. Skilled positions regarding plumbing, electrical works, carpentry, welding and masonry — among other related jobs — are available. The key to getting into these positions is ensuring reliability, good workmanship and greater attention to detail. Unskilled workers, still get opportunities to support the skilled ones and frequently learn through apprenticeship.

In the Nairobi Metropolitan Zone, the craft sub-sectors that have substantially absorbed refugees are woodwork, metalwork, and electricals. These are largely informal, are done by talented artisans, and

the skill requirements are low and easily transferable through apprenticeship.

*“the work permit application process was reported to be “laborious and frustrating” to 69% of the respondents who had made past applications.”*

Key informants from organizations for refugees reported that refugees have expressed great interest to learn these skills. Notably, a high number of refugees turn up when they organize trainings in entrepreneurship, transformational life skills, and crafts. However, post-training opportunities are limited by a lack of access to credit and lack of work permits. Notably, the work permit application process was reported to be “laborious and frustrating” to 69 per cent of the respondents who had made applications in the past.

### Other Value Chains:

In-depth interviews disclosed that some refugees have useful skillsets acquired from their home countries. These skills are however not recognized or certified in Kenya and additional complexities such as language barrier or disability make it impossible for them to generate an income from those skills. These skills include soap and detergent making and art – which broadly includes beadwork, painting, music, theatre, and sculptures.

## 6.2 Value Chains with Greatest Potential to Support Livelihoods with Relevance, Potential and Feasibility of Economic Sub-Sectors for Refugees and Asylum Seekers

Various economic sectors were analysed to show the relevance, potential and feasibility for refugees and asylum seekers based on the unique challenges that they face. Relevance was determined on the basis of the importance or significance of the sector to the refugees and asylum seekers, and considered their interest to get to those sectors. Feasibility considered the realities in having refugees and asylum seekers absorbed in those sectors. Sector incentives and entry barriers that are prominent in the sectors were also considered. Table 1 summarizes these sub-sectors, while sections 6.2.1 to 6.2.7 deepen the analysis by shining the spotlight on the specific sectors with a potential to absorb refugees and asylum seekers.

Table 1: Relevance, Potential and Feasibility of Economic Subsectors for Refugees and Asylum Seekers

Subsector	Skill Requirement	Relevance for refugees and asylum seekers	Potential for employment creation	Feasibility for intervention
Trade	All skillsets	High	High	Highly Feasible
Services	All skillsets	High	High	Highly Feasible
Catering and food services	Medium	High	High	Highly Feasible
Transport	All skillsets	High	High	Feasible
Construction	Low and medium	High	High	Feasible
ICT	Medium	Medium	High	Feasible
Entertainment	Medium	High	High	Highly Feasible
Agriculture and Livestock	Low, Medium, High	Low	High	Low

In mapping the sub-sectors in Table 1, consideration for relevance, potential and feasibility is made not only on the demand and supply but also in the power dynamics between suppliers, buyers, regulators, and other actors in the sub-sector. The major factors that inform the choices are acceptance by the host community and regulations in place.

Results from the Focus Group Discussions show that:

- The absorption in the various sectors will depend on the interest of refugees and asylum seekers and other demographic factors such as age, mental ability, gender, country of origin and experiences amongst others.
- Refugees and asylum seekers have capacity gaps that primarily depend on their level of education.

### 6.2.1 Analysis of the Construction Value Chain

The construction sector can be broadly categorized into four: Residential construction, institutional and commercial buildings, specialized industrial construction, infrastructure, and heavy construction. This industry has and will continue to provide economic opportunities in the Nairobi Metropolitan Area.

At the low end of the value chain – where the skillset required is unskilled, semi-skilled or skilled – wage opportunities are available, are informal, and have low regulatory issues. Hence, there is a high likelihood of refugees entering the workforce as plasterers, glaziers, and masons at all levels. However, as skill level and autonomy in the workforce increases, participation decreases. For example, there are certification requirements for plumbers and carpenters, even though they are not highly regulated, and a relatively strong regulation for electricians, plant operators, construction superintendents and welders. While refugees can still work without such documents, they are restricted to working in private homes. The opportunities for entry for refugees and possible entry points are summarized in Table 2.

Table 2: Opportunities for refugees and asylum seekers in the construction industry

		Building Construction and Repairs			Institutional & Commercial level			Infrastructure & heavy construction		
Activity		Residential homes.	Garages semi-commercial buildings	Installation of utilities like water and electricity around structures.	Schools, sports arenas, shopping centers, hospitals, stadiums, retail stores	Putting up of new structures & repair and maintenance of existing structures.	Specialized industrial construction	Structures that require high level of specialization	Building and upgrading infrastructure	Construction of tunnels, bridges, highways, transit systems
Entry Point	Plasterer	Low to medium skill requirements, high relevance for refugee and has high Feasibility due to the informality of the labour demand market.								
	Suppliers									
	Producers									
	Distributors	Medium skill requirements, has high feasibility due to the informality of the demand market at this segment.						Medium skill requirements, low feasibility due to the formal nature of the market		
	Retailers									
	Aggregators	High skill requirements, has high feasibility due to the informality of the market segment.			High skill requirement, low feasibility due to the formal nature of the market					
	Farmers									
	Equipment operator	High skill, low feasibility due to the informality of the market.		High Skill Requirement, very low feasibility level due to market formality						
Superintendent										

## 6.2.2 Analysis of the insects for feed value chain

There is growing acceptance and demand for insects as a sustainable source of raw materials for fish, poultry, and pig feeds. The acceptance and demand are driven by substantial developments in the technical, financial, and regulatory environment. The development presents a potential market that, if well developed, may incorporate refugees into the insect feed value chain and provide an entry point for small-scale poultry production, which is currently experiencing feed shortages and price fluctuations. A typical animal feeds value chain has five key actors as summarized in Figure 10.

Figure 10: Actors in the animal feeds value chain

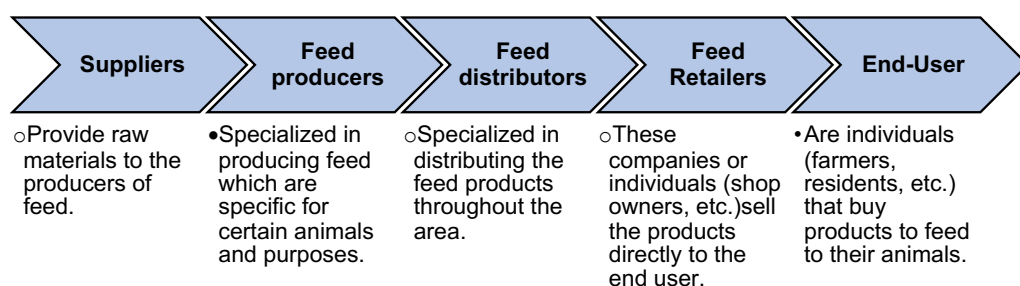
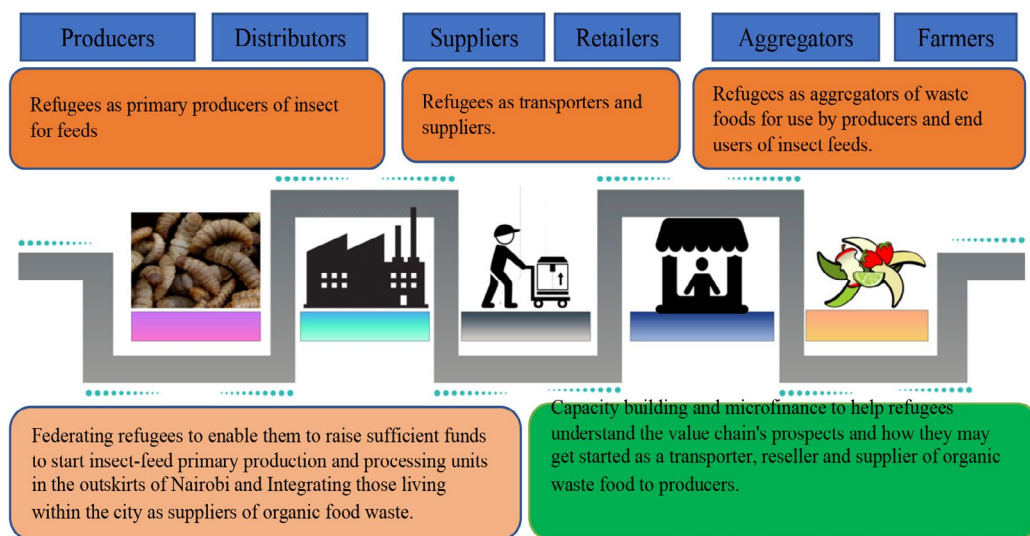


Figure 11: Opportunities for refugees and asylum seekers in the insects for feed value chain



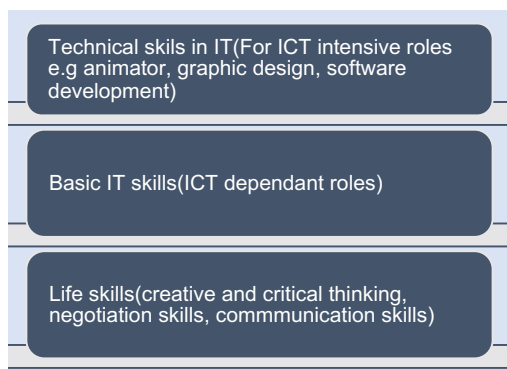
## 6.2.3 Analysis of the ICT sector

The Nairobi Metropolitan Area is a regional Information, Communication and Technology (ICT) hub that promotes innovations and the development of globally-competitive new products and tech-enabled services. Apart from direct employment, the sector has a very rich ICT innovation ecosystem that can tap into the international private capital systems, moreover, the sector has enabled the emergence of "gig economy" which was valued at approximately \$200 million in 2021 and has directly employed 36,573 gig workers, with a projected annual growth rate of 33 per cent. This translates to a valuation of \$345 million by 2023 and the creation of over 98,875 jobs.



The skillset requirement for this sector ranges from life skills to technical skills, as indicated in Figure 12.

Figure 12: Skills required to serve in the ICT sector



Opportunities that exist for refugees' and asylum seekers entry into ICT industry are summarized in the table 3.

Table 3: Opportunities for refugees and asylum seekers in the ICT industry

		Informal ICT sector		Formal ICT enabled jobs			Entrepreneurship
<b>Activity</b>		<i>Working at informal IT Enabled jobs.</i>	<i>ICT enabled jobs (Transcription, Data Entry, Translation ETC)</i>	<i>Software development, Gig economy, technology consulting etc.</i>	<i>ICT enabled jobs (Digital Marketing, Content creation, videography)</i>	<i>Formal ICT Technicians Networks and computer diagnostics.</i>	<i>Starting own business</i>
<b>Entry Point</b>	Suppliers	Low skills, high relevance & Feasibility due to market's informal nature		Low skill requirement, low feasibility due to government licensing and regulation.			
	Producers						
	Distributors						
	Retailers	Medium skill requirements, easy to acquire skills and has high feasibility.					
	Aggregators						
	Farmers						
	Data labelling and image tagging						
	Online customer service						
	Typing						
	Writing						
	Digital marketing						
	Virtual assistant						
	Content creation						
	Videography and editing						
	Graphic design						
	Software programming						
Data scientists							
Technical trainers							

The available skilling opportunities for creatives in the ICT sector are expensive and thus inaccessible for most refugees and asylum seekers. Self-taught professionals also practice as freelancers, hence leading to unsteady income<sup>13</sup>. The negative perception of some jobs in the ICT sector — such as vlogger and social media manager as a hobby and not a clear career path — is demoralizing for those who want to venture into these fields. Further, some of the software required to start business ventures in IT are expensive, thus creating barriers.

### 6.2.4 Analysis of the trade and services sector

Trade and services accounts for a majority of businesses; the opportunities for employment and self-employment remain very high due to the low barriers of entry, low education requirements, and opportunities for innovation. Fashion and tailoring, and beauty salons and barbershops, have the highest potential in Nairobi. While barriers exist in setting up enterprises, many refugees find themselves working informally in this sector. This shows that there is an untapped potential, especially when formalization barriers are addressed. Table 4 summarizes the different entry points for refugees.

### 6.3 Regulation

At the international realm, Kenya is a signatory to treaties that recognize refugees' right to work, including self-employment. Specifically, these include the International Covenant on Economic, Social and Cultural Rights, the 1951 Refugee Convention, the 1986 African Charter on Human and Peoples' Rights, and the Constitution of Kenya, 2010.

In 2021, Kenya made a significant stride by enacting the Refugee Bill into law. The law allows refugees to get education, jobs and integrate into the Kenyan ecosystem. The enactment implies that refugees can get into wage earning employment, get business permits, register businesses, and obtain the tax identification numbers.

Table 4: Opportunities for refugees and asylum seekers in the trade and services sector

		Informal Employment	Formal Employment	Entrepreneurship
		Working as helpers for established enterprises (Day Jobs)	Fulltime professional jobs	Starting own businesses.
Entry Point	Apparel & Shoes	Low to High skill requirements, high relevance for refugee and has high Feasibility due to the personalized nature of service.		Low skill requirements, high feasibility due to the informal nature of the market. Capital requirement depends on scale and location. Easy to contextualize for refugees and asylum seekers
	Fashion Design and Tailoring			
	Beauty Salons, Barber and Spa			
	Hotel/Restaurant/Catering	Low skill requirements, high feasibility due to the informal nature of the market. Great demand for cultural cuisines.		

<sup>13</sup> Global Development Incubator. (October 2020). *Shifting the Job Narrative: Unlocking the Creative Economy for Youth Employment, A skills need anticipation study of the creative sector in Mombasa, Kenya.* <https://goyn.org/wp-content/uploads/2020/12/201019-Mombasa-Creatives-Sector-Report-GAN-GDI-vF.pdf>

The Kenya National Qualifications Authority (KNQA) was set up in 2015 to help coordinate and harmonize education, training, assessment and quality assurance of all qualifications awarded in the country; with the view to improving quality and international comparability<sup>14</sup>. While the Kenya Institute of Curriculum Development (KICD) was established through the KICD Act No. 4 of 2013 of the laws of Kenya to evaluate and approve curricula and support curriculum support materials for basic and tertiary education and training<sup>15</sup>. The key informants noted that an objective framework has not been put in place to enhance this process.

Section 28 part 6 of the Refugees Act entitles refugees to registration documents which shall be sufficient to identify a refugee for the purposes of access to rights and services<sup>16</sup>. This mandate is carried out by the Refugee Affairs Secretariat. According to a Norwegian Refugee Council report, this registration process helps refugees obtain a mandate certificate and an Alien ID<sup>17</sup>. The report documents inconsistencies in how these documents were issued between 2015 and 2017. For example, to obtain a KRA PIN, they would be required to produce an introduction letter from a potential employer. Yet, most of the potential employers are in the informal sector and therefore less likely to issue employment contracts.

The mandate certificate issued to refugees under section 31 (5) of the Refugees Act law stipulates the area of residence and describes where the refugee will live<sup>18</sup>. Section 31 (5) of the same Act requires refugees to notify the commissioner whenever they wish to move. This stipulation restricts refugees from doing business and obtaining gainful employment as opportunities might be available outside their areas of operation, especially opportunities that need to be taken advantage of within a short notice.

In summary, the new law comes with additional benefits and recognizes the right of refugees to contribute to the social and economic development of Kenya. This law is in its early stages of implementation hence many refugees are not aware of its existence or do not know the incentives that the law provides for them. All businesses are subject to different laws and regulations. Small businesses have lesser regulatory requirement and are “low hanging fruits” for refugees. These businesses ordinarily require business permits that are issued by the county governments. Wage employment on the other hand requires work permits and proper identification documents. Laws limiting refugees from accessing and using mobile money transfer services may limit operations of such businesses. Moreover, those involved in catering and food services are required to have additional licences.

Up to 69 per cent of the respondents from the key informant interviews indicated that there is a conflict between different policies, their interpretation by different arms of government, and the implementation guidelines thereof. While the policies indicate that under certain conditions work permits can be obtained, 82 per cent of the refugees did not make applications despite the potential benefits that the permits confer on them. Some of the reasons cited for failure to apply for the permits were attributed to a lack of awareness of the refugees’ right to work and the limited work opportunities.

<sup>14</sup> <https://www.knqa.go.ke/>

<sup>15</sup> <https://kicd.ac.ke/about-us/background-history/>

<sup>16</sup> [http://kenyalaw.org:8181/exist/kenyalex/actview.xql?actid=No.%2010%20of%202021#part\\_VI](http://kenyalaw.org:8181/exist/kenyalex/actview.xql?actid=No.%2010%20of%202021#part_VI)

<sup>17</sup> <https://www.nrc.no/globalassets/pdf/reports/refugees-in-nairobi/recognising-nairobis-refugees.pdf>

<sup>18</sup> [http://kenyalaw.org:8181/exist/kenyalex/actview.xql?actid=No.%2010%20of%202021#part\\_VI](http://kenyalaw.org:8181/exist/kenyalex/actview.xql?actid=No.%2010%20of%202021#part_VI)

## Access to Finance

Refugees and asylum seekers lack access to formal financial services — a situation described by IRC (2021) as “punitive and restrictive”. Accessing borrowed finance is even harder. These constraints have severely hampered small business growth and development. They are not free to access funds through mobile money transfer, in addition to banks restricting the opening of bank accounts. For example, even though the refugee ID is sufficient to open a bank account, most banks nevertheless require work permits and the Kenya Revenue Authority PIN. A leaf can be borrowed from Equity Bank and KCB Bank, who have sought the authority of the Central Bank of Kenya to waive the PIN as a requirement to open bank accounts in Kakuma and Dadaab branches where refugees reside.

An important source of funds for refugees is international remittances. These remittances significantly reduced at the onset of the COVID-19 pandemic as most of the agencies that were supporting them closed or experienced significant reduction in funding. It is expected that with recovery from the COVID-19 pandemic, international remittances for refugees will improve. From the data we collected, humanitarian organizations contribute 43 per cent of the finances to the refugee community, followed by savings groups and other unsecured micro lenders within the host community at 35 per cent.

To send and receive remittances, one requires important documentation in compliance with anti-money laundering laws executed through the Customer Due Diligence (CDD) and Know Your Customer (KYC) regulations. The processes require proper identification, document verification and background checks — three pillars of implementation that critically disadvantage refugees. In this context, sending or receiving funds across borders through formal channels is complicated for refugees and asylum seekers. Granted that refugees must engage in economic activities to survive, they have resorted to informal financing mechanisms — such as borrowing (or hiring) rights to use mobile money transfers, social networks, and micro-franchising of small businesses.

## 6.4 Mapping Value Chains and Economic Sectors with Refugees

		Trade	Crafts	Services	Catering services	Transport	Construction	ICT	Entertainment	
Competitive potential	Demand	High								
	Margins	Moderate to High	High							
	Existing infrastructure	Developed Technologies are available							Not fully developed	
Impact potential	Refugee Interest	Moderate	High				Moderate can be enhanced			
	Host community involved, interested	Highly involved and interested							Moderate	
Differentiation	Number of similar businesses	High but the sectors still have potential to grow								Low
Inherent risk	Security, potential for loss	Moderate	Low			Moderate	Low			
Entry	Cost of entry	Ranges from Low to Moderate cost depending on the subsector								
	Skillset required	Does not require high level skills				Requires moderate to high level skills				
Contributing Factors		<p>Expansion of infrastructure in the urban areas and growth of other value chains including e-commerce</p> <p>ICT is broad and cuts across all the sectors of the economy</p> <p>Jobs are driven by the need for manufacturers, agricultural producers, and importers amongst others to push their products to the market.</p>								
Practical Considerations		<p>Documentation and identification documents in possession of the refugees and asylum seekers</p> <p>Availability of work permits especially for refugees and asylum seekers from non EAC countries</p> <p>Acceptance by the host communities</p> <p>The need to improve entrepreneurship training and practice</p> <p>Availability of business permits</p> <p>Economic and social integration to reduce victimization and harassment by the police</p> <p>Improvement of communication, cultural and integration skills amongst refugees and asylum seekers.</p>								

## 7. Implications of the Findings

The number of refugees and asylum seekers preferring urban areas in Kenya is increasing, thus requiring commensurate interventions to realize the UNHCR Refugee Livelihoods and Economic Inclusion (2019-2023) Global Strategy. The strategy calls for advocacy to enhance an enabling environment such that refugees have a de facto access to decent work, can own businesses, access financial services, enjoy property ownership and exercise freedom of mobility<sup>19</sup>. In Kenya, this initiative was bolstered by the enactment of the Refugee Act into law in 2021. However, awareness among the refugees and absence of frameworks for its implementation remains a challenge.

Focus group discussions with key informants disclosed a strong case for a market-based support for refugees. Arguably, this can lessen refugees' living burden and build resilience and empowerment that will enable them to have fulfilling lives.

<sup>19</sup> UNHCR - Refugee Livelihoods and Economic Inclusion - 2019-2023 Global Strategy Concept Note

The informal sector remains the most promising sector for employment creation nationally – and more so for refugees and asylum seekers. This is particularly so because they tend to join sectors with low barriers of entry in terms of documentation, skill requirement, education experience, and capital. Harassment by county governments, competitors and host communities worsens the situation.

The COVID-19 pandemic slowed down economic growth globally. The Kenya government and its development partners have implemented stimulus packages that will enhance recovery to the pre-COVID level of 5 per cent by the end of 2022. The growth is expected to stimulate economic recovery and creation of jobs and economic activities.

A few sectors have been singled out as promising in the economic recovery discourse. These sectors include trade and services, transport, construction, ICT, entertainment and the use of insects for feed. These sectors have the potential to grow with greater margins, and the proposed pathways for growth have been identified. More specifically, the sub-sectors that require lesser skills and have low entry barriers have been clearly mapped.

The identified sub-sectors have competitive and impact potential, opportunities for differentiation, low or moderate inherent risk, and lower entry barriers in terms of skillsets required and capital.

The identified sub-sectors have multiple pathways in which refugees and asylum seekers can plug in. These pathways are dependent on country of origin, age, interest, gender, experiences, permits, and education, among other factors.

To effectively plug into the sub-sectors, consideration must be made of the documentation possessed by refugees and asylum seekers, work permits, entrepreneurship skills, business permits, social integration, and multicultural communication.

## 8. Recommendations

### 8.1 Value Chains that have potential to absorb refugees

#### 8.1.1 Service and Trade Sub-sectors

The sub-sectors with the greatest potential to absorb refugees are services and trade, due to the low capital and skill requirement and the associated employment multiplier effect. These sub-sectors can absorb them as formal workers across the value chains – including the fast-moving goods industry, hotels, restaurants, personal and social services. Key informants identified the sub-sectors that can easily absorb refugees and asylum seekers as textiles (93 per cent), beauty services (88 per cent), hotel and catering (75 per cent) and laundry services (75 per cent).

To enhance absorption into the sub-sectors, refugees will need to be trained, mentored and supported with seed capital. More support can be availed through market connections, business incubation and acceleration. These measures have been piloted at the Daadab camp with a significant success rate,



improving income generation and creating a multiplier effect through employment creation for fellow refugees.

### **8.1.2 Transport Sector**

The second ranking sector for the absorption of refugees is the transport sector, where they can gain entry as taxi drivers, truck drivers, chauffeurs, mechanics, delivery clerks, porters, and handlers. To achieve this, they need to be supported to acquire work permits, driving licences and membership in transport cooperatives. In addition, those with prior skills can be supported to have their qualifications recognized in Kenya.

### **8.1.3 Construction Sector**

The construction sector represents the third most relevant sector for refugees and asylum seekers, where they can be absorbed as plasterers, glaziers, masons, plumbers, electricians and designers, among other sub-activities in the value chain. Given the skill limitation in two-thirds of the refugees, the easiest entry route would be through a structured apprenticeship programme where UNHCR and other refugee-serving organizations can agree with construction companies to employ refugees. The refugees can be oriented, trained and matched with skilled workers for learning. The skills can be recognized through certification via the Kenya National Qualifications Framework.

### **8.1.4 Information Communication Technology**

The ICT sector presents opportunities for absorption of refugees and asylum seekers with post-high school qualifications (about 11 per cent of the total sample). The beneficiaries would gain opportunities as freelancers, graphic designers, game developers, web designers, digital marketers, online sales and creative digital media, among others. The ICT sector can also generate jobs in the digital entertainment sub-sector that includes production of music, short movies, films, comedy, videography, photography and creative arts through electronic media. To exploit these opportunities, refugees and asylum seekers would need to be supported with scholarships to attend mid-level tertiary institutions — an approach that has been piloted at the Kakuma Refugee camp and proved successful.

### **8.1.5 Insect for Feed**

The insect-for-feed value chain can absorb refugees and asylum seekers in three ways: As primary producers of insects for feeds; as transporters and suppliers; and as aggregators of waste foods for use by producers and end-users of insect feeds. Even though the value chain is in its early stages of development at the Nairobi Metropolitan Zone, it can be piloted. This would call for UNHCR and other refugee-serving organizations to federate refugees and mobilize funds; start insect feed primary production and processing units; and in addition, build their capacity to exploit opportunities for transportation and supply of organic waste food to producers.

## 8.2 Documentation

The study shows that the Refugees Act is not understood by most refugees. Moreover, government bodies that deal with refugees have not yet developed frameworks to actualize it. The onus is on UNHCR and other refugee-serving organizations to sensitize refugees on their rights and obligations under the Act and to intercede with the Refugees Affairs Secretariat and other players to put in place operational frameworks that will enhance registration, work, study and effective integration in the society. Most importantly, understanding and including the voices of refugees and asylum seekers will help address critical barriers that they face as they approach formal institutions.

## 8.3 Sensitization of the Refugees Act

The study shows that the refugees act is not understood by most refugees. Moreover, government bodies that deal with refugees have not yet developed frameworks to actualize it. The onus is on UNHCR and other refugee serving organizations to sensitize refugees on their rights and obligations under the act and intercede with Refugees Affairs Secretariat and other players to put in place operational frameworks that will enhance registration, work, study and be effectively integrated in the society. Most importantly, understanding and including the voices of refugees and asylum seekers will help address critical barriers that they face as they approach formal institutions.

## 8.4 Education and Training

UNHCR's approach is guided by the fundamental principle of national system inclusion that reaffirms its commitment to inclusive and equitable quality education for all. Of significance to this study is tertiary, technical and vocational education and training (TVET) and non-formal education that leads to empowerment to join the labour market.

One of the major gains in the Refugees Act is the right to access education and training opportunities by refugees. Vocational training and skill improvement can unlock economic opportunities for refugees. In recognition that some refugees may have had prior skills they have either forgotten over time or which have become obsolete, skill improvement or enhancement would be useful. This could also mean contextualizing existing skills. They would however need to be supported with scholarships to be able to absorb more refugees. Some refugee-serving organizations are already offering experiential training<sup>20</sup> on a small-scale basis. Scaling up this effort will benefit most of the refugees. The Kenya National Qualifications Framework (KNQF)<sup>21</sup> comprises of levels, each being identified by a unique set of level descriptors. In order to place a qualification on any KNQF level, the learning outcomes (L.O.) of each unit comprising a qualification and the overall qualification learning outcomes are mapped against these level descriptors. At each level, the level descriptors are classified into three separate strands (categories) covering Knowledge, Skills and Competencies. The skill improvement continuum is shown in Table 5.

<sup>20</sup> *Experiential learning is an engaged learning process whereby students “learn by doing” and by reflecting on the experience. Experiential learning activities can include, but are not limited to, hands-on laboratory experiments, internships, practicums, field exercises, study abroad, undergraduate research and studio performances (<https://www.bu.edu/ctl/guides/experiential-learning/>)*

<sup>21</sup> *About the Qualification Framework - Kenya National Qualifications Authority ([knqa.go.ke](http://knqa.go.ke))*

Table 5: Proposed Skill Improvement Continuum

Required Skills	Not completed Primary School	Primary School	Completed High School	Completed College or University
Literacy and numeracy	Recommend public schools in Kenya depending on age)	Basic	Provide basic functional	Already have the skills
Soft	Transformational life skills			
	Interpersonal	Intrapersonal Workplace culture and norms Social Integration Negotiation		
Entrepreneurship	Basic literacy	Entrepreneurial mindset Business Registration Financial literacy Access to finance Market analysis		
Technical	Vocational Training Centers		Apprenticeships	Internships
	Internships and job placements			
Workplace skills	Mentorships by fellow refugees and asylum seekers		Apprenticeships Mentorships Coaching	

Recognition of Prior Learning is a method of assessment by which learners can gain recognition for knowledge, understanding, skills and competences that they already possess. They may use this formal recognition or validation for entry to any programme of study in place of the usual entry qualifications if they so wish. Recognition of Prior Learning (RPL) system focuses on the outcomes rather than how, when or where the learning occurred. It gives a person credit for skills and knowledge acquired at school, at work, at home, jua kali sector or through clubs, hobbies and work experience<sup>22</sup>. Advocating for this measure will take care of about one-third of refugees who reported having skills that they are not implementing due to the lack of recognition in Kenya.

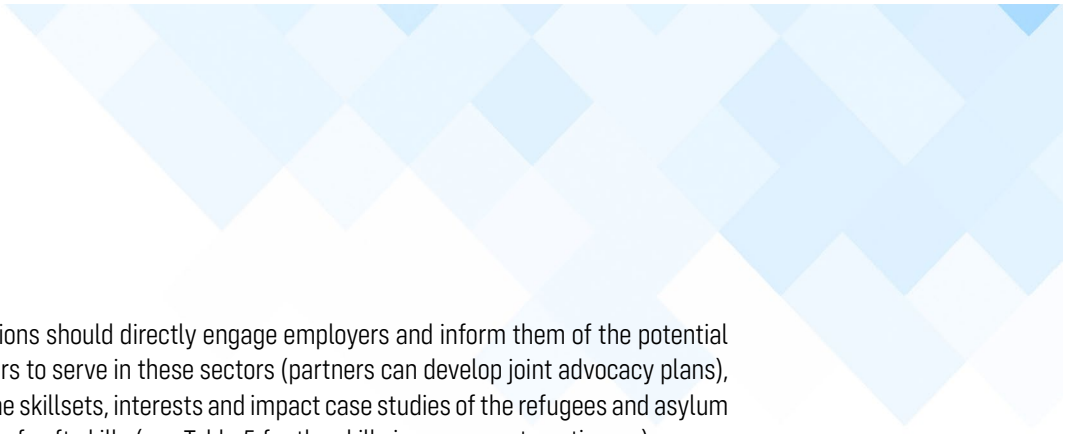
## 8.5 Social and Business Support Systems

Social and business support systems help refugees to integrate, gain paid employment, learn, seek finances, and network. UNHCR and other refugee-serving organizations can help refugees to form functional groups that empower them to do business or seek paid employment. A model applied by the Kangemi Refugee Self-Help Group enables refugees to be accountable to one another, maintain their social cohesion, and have bargaining power.

## 8.6 Matching refugees and asylum seekers with economic opportunities – paid employment

To connect refugees and asylum seekers to benefit from paid employment in the identified sub-sectors, three interrelated actions will be required, namely:

<sup>22</sup> [Guidelines-for-RPL-2020.pdf \(knqa.go.ke\)](https://www.knqa.go.ke/Guidelines-for-RPL-2020.pdf)



(1) Refugee-serving organizations should directly engage employers and inform them of the potential of refugees and asylum seekers to serve in these sectors (partners can develop joint advocacy plans), (2) detailed classification of the skillsets, interests and impact case studies of the refugees and asylum seekers, and (3) improvement of soft skills (see Table 5 for the skills improvement continuum).

## **8.7 Address Harassment of Refugees and Asylum Seekers**

To a large extent, support systems (see section 8.5) can help to deal with harassment that was reported by two-thirds of the refugees and asylum seekers. Another way of addressing this would be to ensure that they have appropriate documentation and that they know their rights to education, work and belong as contributors to economic and social development.

## Appendix 1: Documents that were reviewed

Betts, A. O. (n.d.). *Refugee Economies in Kenya*. Oxford, United Kingdom: Oxford Department of International Development.

Challenge Fund for Youth Employment. (2020). Kenya: *Scoping Highlights Report*. Nairobi, Kenya: Challenge Fund for Youth Employment.

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United Nations High Commissioner for Refugees & Danish Refugee Council. (2012). *A livelihood Status Report on Urban Refugees Living in Nairobi, Kenya*. Nairobi: United Nations High Commissioner for Refugees & Danish Refugee Council.

United Nations High Commissioner for Refugees. (2015). *Kenya Comprehensive Refugee Programme*. Nairobi: United Nations High Commissioner for Refugees.

United Nations High Commissioner for Refugees. (2019). *Market Systems Analysis for Local Economic Development in Dadaab, Kenya*. Geneva, Switzerland: United Nations High Commissioner for Refugees & International Labour Organization.

## Appendix 2: List of Organizations that Participated in the Study

- UNHCR
- HIAS
- JRS
- Good Deeds CBO
- Humanity and Inclusion
- International Rescue Committee (IRC Kenya)
- Micro Finance Institution - Longitude Finance
- Monyqadow
- Oak Solutions
- Refugee Consortium of Kenya
- Refugee-Led Organization Network of Kenya (RELON-KENYA)
- Refugees Led Organization
- Refugee point
- Umoja Refugee CBO/RLO
- Youth Voices Community (YVC)



