

FINANCING FOR SOLUTIONS TO DISPLACEMENT

KENYA COUNTRY STUDY

EXECUTIVE SUMMARY

APRIL 2021

CO-FUNDED BY:



MINISTRY OF FOREIGN AFFAIRS
OF DENMARK
Danida



EUROPEAN UNION



Refugee youth entrepreneur, Kakuma
refugee camp. Credit: DRC

EXECUTIVE SUMMARY

Kenya currently hosts just under half a million registered refugees and asylum seekers of whom 84% live in official camps and settlements. These are situated in remote, poor, and historically marginalised regions that have an arid climate and a history of frequent drought, food insecurity, and deteriorating environmental conditions. The approach of Kenya to refugee hosting has become increasingly restrictive over time, shifting towards a policy of encampment in the 1990s. During the last five years, Kenya has made a number of commitments – including the Comprehensive Refugee Response Framework (CRRF) and the Intergovernmental Authority for Development (IGAD) Nairobi and Djibouti Declarations – which have opened some opportunities for longer-term approaches and refugee inclusion.

The Government of Kenya must balance the spirit of these international facing commitments with the realities of more limited domestic political support in government and potentially among the general public to implement supporting legislation and policies. This creates a situation whereby progress takes place within pockets of political space. While national-level processes have been slow – notably the passing of a new refugee bill – progress is being made at sub-national and sectoral level such as the inclusion of refugees in the Huduma Bill.¹

Much of the donor engagement on policy and reform is at the technical rather than political level. There is also no national-level dialogue or settlement on burden sharing. Currently, there appears to be limited domestic political scope and limited appetite among international donors to use financing to negotiate a major shift in the highly restrictive legal and policy environment for refugees in Kenya. This is a key contributing factor to delays in government implementation of further policy reforms, with the government understandably reluctant to assume long-term financial liability for refugees integrated into national services in the absence of a clear commitment from donors to help meet the costs.

To date, progress in financing for programming for solutions to displacement in Kenya has been uneven. There is increased engagement from development partners and private sector actors, bringing new technical capabilities, networks, and resources to bear on the long-standing challenges of transforming the refugee response model in Kenya, and enabling inclusion and self-reliance.

There has been a hiatus, however, in national-level leadership on the CRRF process during this period of increased development investments. The legal and policy environment also limits the scope to invest in longer-term programming. Notably, continued restrictions on employment, access to financial services, and freedom of movement pose major challenges to efforts to pursue economic self-reliance. The CRRF roadmap was not approved until late 2020. In the absence of agreed priorities, sequencing, and theories of change, investments are piecemeal and ad hoc, and distributed unevenly across refugee-hosting regions.

At the same time, there are concerns that humanitarian funding is shrinking well before the impacts of development investments have been felt. In a challenging post COVID-19 funding environment, there are also concerns that the funding and programming gap will continue to widen. Moreover, without compelling evidence to demonstrate the impact of new approaches and investments, longer-term

During the last five years, Kenya has made a number of commitments – including the Comprehensive Refugee Response Framework (CRRF) and the Intergovernmental Authority for Development (IGAD) Nairobi and Djibouti Declarations – which have opened some opportunities for longer-term approaches and refugee inclusion.

Cover Photo: Shopping centre in Kamuka IV camp. Credit: DRC

investments in transforming the refugee response model, particularly economic self-reliance (which has yet to demonstrate significant impact), may become increasingly difficult to justify.

There are, however, opportunities to make progress within the existing pockets of permissive policy space. This includes the potential to use a package of financing to nudge the draft Education Policy for the Inclusion of Refugees and Asylum Seeking Learners in the National Education System and supporting a costed plan over the line. This would require leadership from international partners to negotiate an acceptable financing settlement and the agreement of financing modalities that would meet government desire for support to national systems and donor concerns around traceability and accountability.

Despite these challenges, there is broad appetite for change in programming approaches towards economic inclusion and self-reliance. This is underpinned by frank acknowledgement that established approaches to livelihoods programming have not worked. The elephant in the room in discussions on economic self-reliance is the highly restrictive legal environment. Partners target progress in small pockets of possibility, but expect little change in the fundamental restrictions. As such, international actors have adopted a pragmatic approach to work informally around restrictions and/or to focus on pockets of possibility, tacitly accepting the restricted impact of economic self-reliance investments in the current environment. Efforts to advance economic inclusion are highly politically sensitive and are expected to become increasingly contentious in the context of an economic downturn. Funding is also anticipated to become more restricted overall and refocused towards urgent needs. The appetite for new private sector investment is also likely to be dampened by challenging national and global economic conditions. International efforts to advance economic inclusion and self-reliance have so far proceeded on a relatively ad hoc basis, with little strategic direction from government, and without reference to comprehensive analysis of opportunities or agreed priorities for investment and reform. In a much more challenging and resource limited environment, however, far greater clarity and focus are required to target investments.

The foundations for greater clarity and focus include having robust shared data, analysis on economic conditions and value chains, and based on this, agreement on high-level priorities and desired outcomes. Underneath these high-level priorities, prioritisation, and sequencing of key enabling conditions such as infrastructure investments, capacity strengthening needs, and policy and legislative reforms is required. The identification of responsibilities, timelines, and investment requirements are also needed to achieve greater clarity and focus. Agreements on how to measure impact and track investments to avoid duplication, and a commitment to learning and transparency in sharing evidence and data, are also required to ensure resources are targeted efficiently in what is a relatively experimental field. The assurance of multi-year and flexible finance is critical to underwrite this period of learning and adaptation.

The elephant in the room in discussions on economic self-reliance is the highly restrictive legal environment. Partners target progress in small pockets of possibility but expect little change in the fundamental restrictions.

LESSONS & AREAS FOR CONSIDERATION

Creating an enabling environment for solutions to displacement

- The legal and policy environment for solutions to displacement in Kenya remains relatively restrictive, which is a major limiting factor on aspirations to increase economic self-reliance, in particular. Financing has not so far been used tactically to try to negotiate significant legislative and policy change.
- There are opportunities to engage in policy dialogue. This is especially the case now that the CRRF roadmap has been approved and the Government of Kenya is in discussion with the World Bank on accessing potentially significant additional (primarily) grant funding through the IDA19 window for hosts and refugees (WHR). In early 2021, the refugee bill was also still being negotiated in parliament.
- Leadership from international partners is required to negotiate any financing settlement on burden sharing and financing packages to support sectoral or area-based approaches at scale. The newly revamped donor coordination forum could provide a good opportunity to broker consolidated positions and apply the collective influence of donors on critical barriers and opportunities, and to play a convening role across humanitarian and development partners.

Coherent approaches

- Kenya has benefited from an increase in development funding in support of transforming the refugee-hosting model. In the absence of a coherent framework, clear prioritisation, and monitoring, however, these investments are ad hoc and uneven across refugee-hosting regions.
- In a resource constrained environment, effective targeting and prioritisation will be key to delivering on the dual requirements of meeting the basic needs of refugees and making progress on commitments to deliver solutions to displacement. This requires evidence on what works and openness to transparency in sharing learning. It also requires leadership on prioritisation and coordination. It further requires key datasets and analyses of structural barriers in infrastructure, skills, markets, and the legal and policy environment to inform sequencing and prioritisation of investments. This analytical work will require far greater engagement from development and private sector partners.
- Efforts to promote economic self-reliance have attracted significant investment, including enthusiasm for stimulating private sector investment and growth. These investments are in urgent need of far stronger evidence, logic, coherence, and realism if they are to deliver meaningful impact. Despite some progress, there is still a critical technical and coordination gap to address to provide greater coherence, targeting, and sequencing, and to allow beneficial exchange of learning, technical expertise, and influence across the wide range of actors working in this area. It is also important to ensure that developmental approaches to economic self-reliance take into account the particular vulnerabilities and protection needs of refugees.

Multi-level progress

- There is currently an important opportunity to demonstrate good faith in government commitments towards refugee inclusion in the national education system and to find mutually acceptable solutions to channelling financing in alignment with government systems. This could provide a model for other sectors and help to move forward the impasse on the use of government systems. Brokering a package of financing support to the costed plan for the Education Policy on the Inclusion of Refugees and Asylum Seeking Learners in the National Education System should be a priority for 2021. The Kenya donor working group and IGAD could play a key convening role to help negotiate such a package.
- The KISED approach offers many lessons for locally led area-based approaches to inclusive development, including the need for early engagement of development partners in the foundational analyses and theories of change that will underpin longer-term solutions.

Sequencing investments

- Hopes that economic self-reliance would enable a tailing off of reliance on humanitarian aid have proved both unrealistic and premature. It is clear that in Kenya, where opportunities for self-reliance are currently relatively slim and precarious, and where newly displaced people arrive on a regular basis and shocks are common, a strong and sustained commitment to meet the basic needs of refugees still reliant on external assistance will be required for the foreseeable future. Expectations around the timeframe for development programming to deliver impact may also need to be adjusted among humanitarian actors to enable realistic sequencing.

Tactical investments in efficiency, learning, and accountability

- During this period of experimentation with new approaches and the engagement of new actors, investments in generating evidence and transparency in sharing lessons could help to accelerate scaling of innovation, efficiency in targeting and programme emphasis, and accountability, both in the Kenya refugee setting, and in other displacement settings.



Refugee youth participating in a livelihoods training in Kakuma refugee camp. Credit: DRC

INTRODUCTION

This report summarises the findings of research about funding and financing for solutions to displacement in Kenya as part of the ReDSS study entitled, “Re-thinking the displacement financing architecture in the Horn of Africa: What types of financing are required to fund solutions to displacement?”

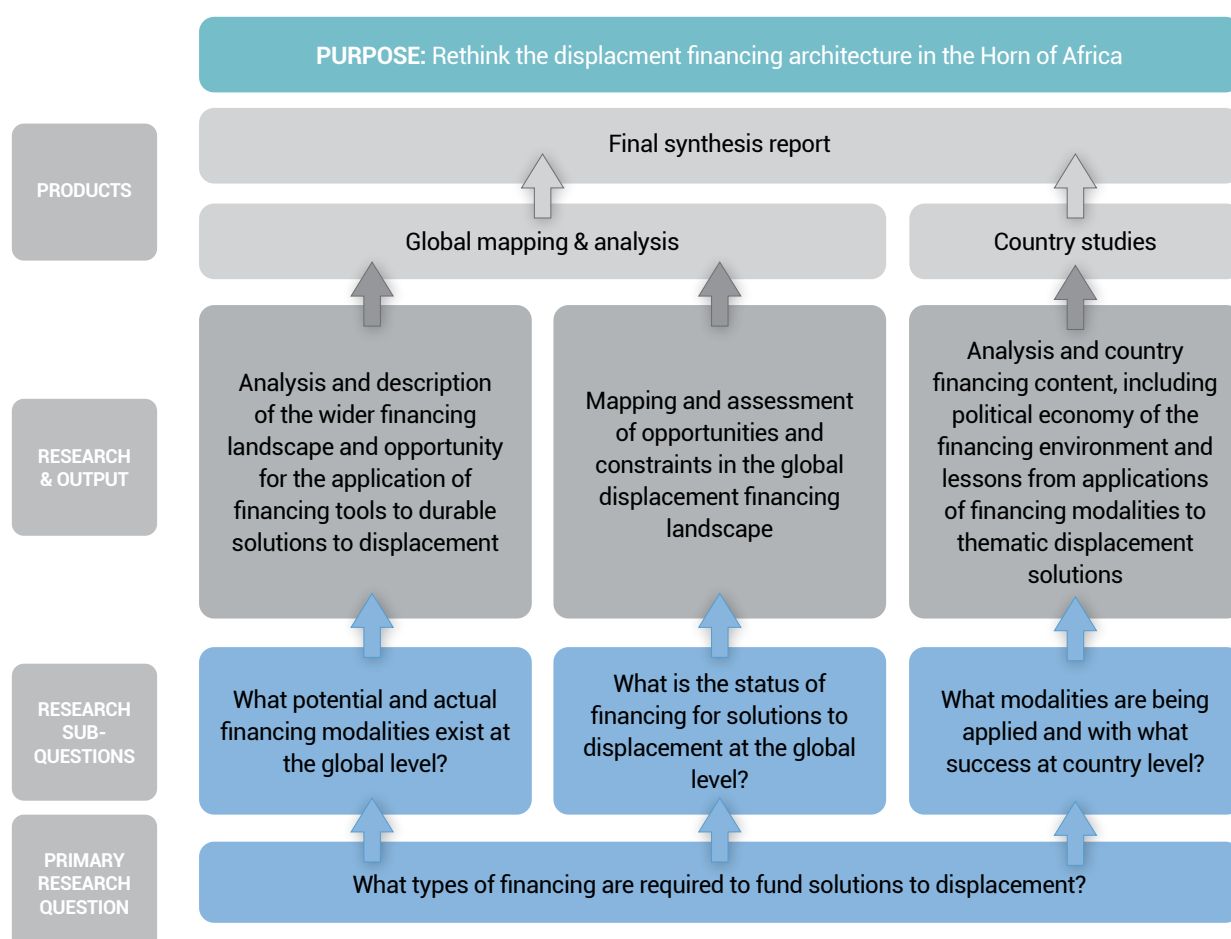
The research uses the terms “solutions to displacement” to describe longer-term approaches to supporting displaced populations, which may include durable solutions but may also include goals such as greater socio-economic inclusion and/or self-reliance of refugees, and/or transforming the refugee response model towards more longer-term sustainable approaches. Where durable solutions are an explicitly stated policy objective, the term “durable solutions” is used.

AIM OF THE STUDY

This is one of three country studies that contributes to the overall study objectives to rethink the displacement financing architecture in the Horn of Africa and make recommendations on the types of financing modalities required to fund solutions to displacement. The logic and contribution of the country case studies is outlined in Figure 1.

Each of the three country studies assesses the enabling conditions for solutions to displacement, including the political, policy, institutional, and financing environment. In each country, a subset of thematic programmatic areas is also investigated. The Kenya study focuses on efforts to include refugees in the national education system and efforts to promote greater economic self-reliance among refugees. In particular, it examines refugees in camps and formal settlements. The Kenya study does not address urban refugees or the issue of refugee return.

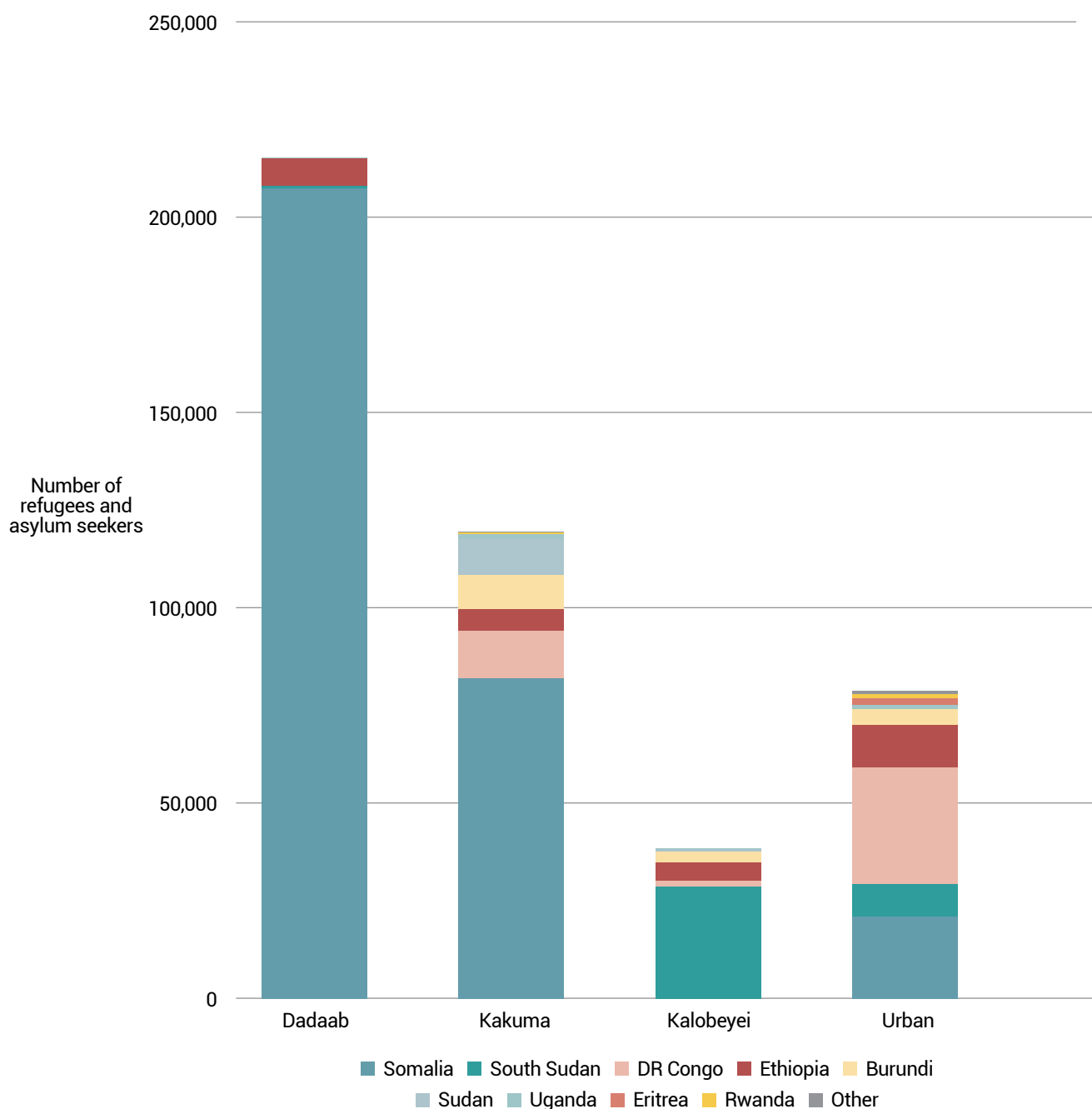
FIGURE 1. STUDY RESEARCH LOGIC



DISPLACEMENT CONTEXT

Kenya currently hosts just under half a million registered refugees and asylum seekers (see Figure 2). They are concentrated in the Dadaab refugee camp (44%) in Garissa County and the Kakuma Kalobeyi camp complex (40%) in Turkana County, with the remainder in urban settings (16%).² The majority of refugees are from Somalia (54%) and South Sudan (25%), with Somali refugees strongly concentrated in Dadaab Camp and South Sudanese refugees strongly concentrated in the Kakuma Kalobeyi complex.³

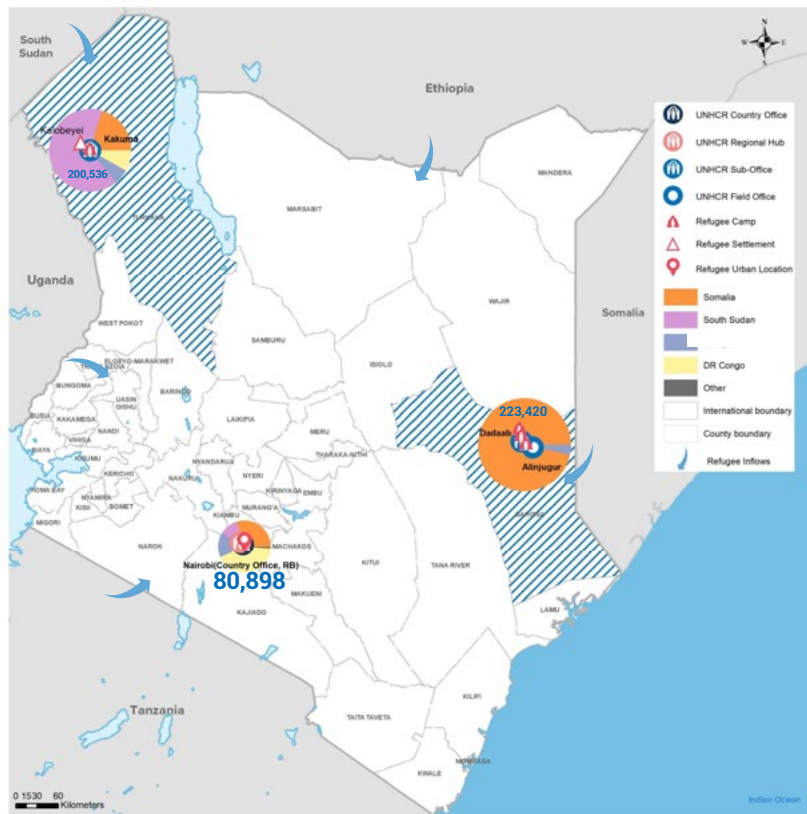
FIGURE 2. NUMBER OF REGISTERED REFUGEES AND ASYLUM SEEKERS IN KENYA BY LOCATION AND COUNTRY OF ORIGIN (30 SEPTEMBER 2020)



Source: UNHCR (2020c), Kenya Statistics Package. Data downloaded 30 September 2020.

Both Dadaab and the Kakuma Kalobeyei complex are located in poor, historically marginalised regions with an arid climate, frequent drought, food insecurity, and deteriorating environmental conditions (see map).⁴

LOCATIONS OF MAJOR CONCENTRATIONS OF REFUGEES IN KENYA (2020)



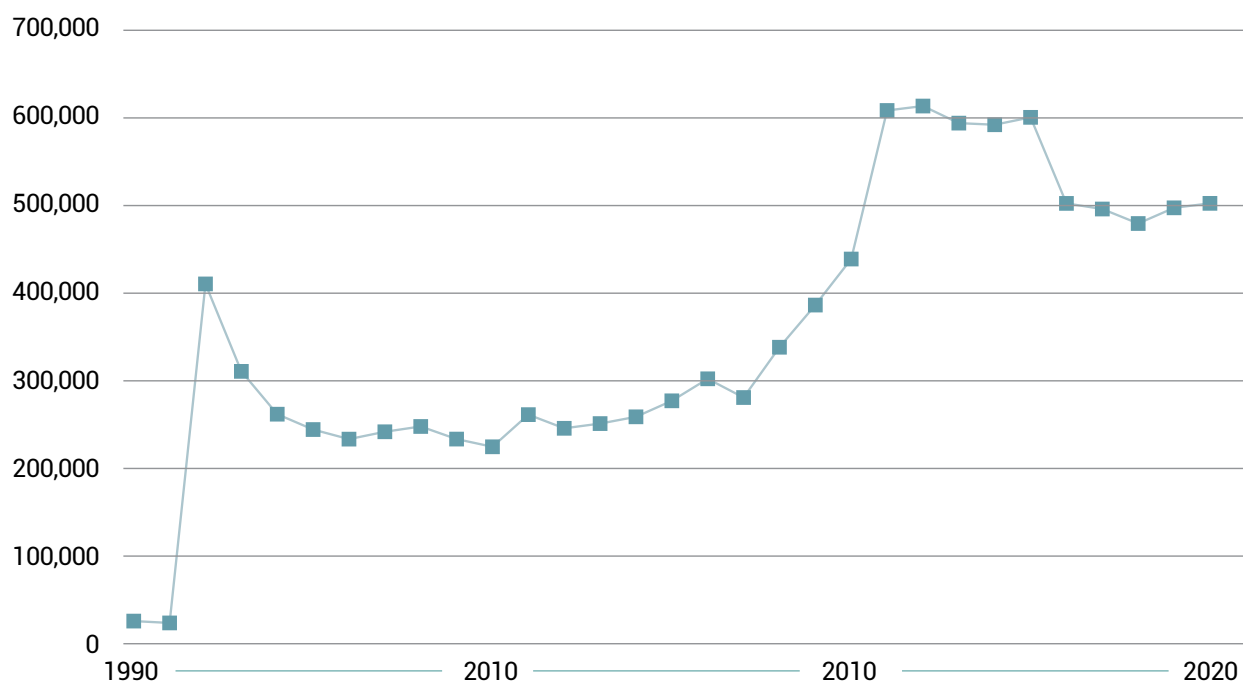
Source: UNHCR (2020).

Kakuma camp was established in 1992 and is located near the border with South Sudan in an area historically populated by the Turkana ethnic group.⁵ Kakuma received refugees predominantly from South Sudan, Ethiopia, and Somalia. In 2014, due to an escalation in conflict, a new influx of refugees arrived from South Sudan and Kakuma reached capacity. The Kalobeyei settlement was established in 2015 and 2016, and is situated about 20km north-west of Kakuma. The site was initially established to decongest Kakuma, but was subsequently designed and developed with the intention of creating a settlement where refugees could be integrated with the host population.

Dadaab was established in 1991 to receive refugees from conflict in Somalia. Many refugees in the older parts of Dadaab have lived there since the early 1990s.⁶ In 2011, a second large influx of approximately 130,000 refugees arrived as a result of famine in Somalia. Two new extensions to the camp were built to accommodate these new arrivals. Since 2011, many refugees have returned to Somalia, resulting the closure of the extensions.



Dadaab refugee camp. Credit: NBC News

FIGURE 3. NUMBERS OF REFUGEES AND ASYLUM SEEKERS IN KENYA (1990–2020)

Source: UNHCR statistics. Data downloaded 18 December 2020. Data for 2020 reported at the mid-year point.

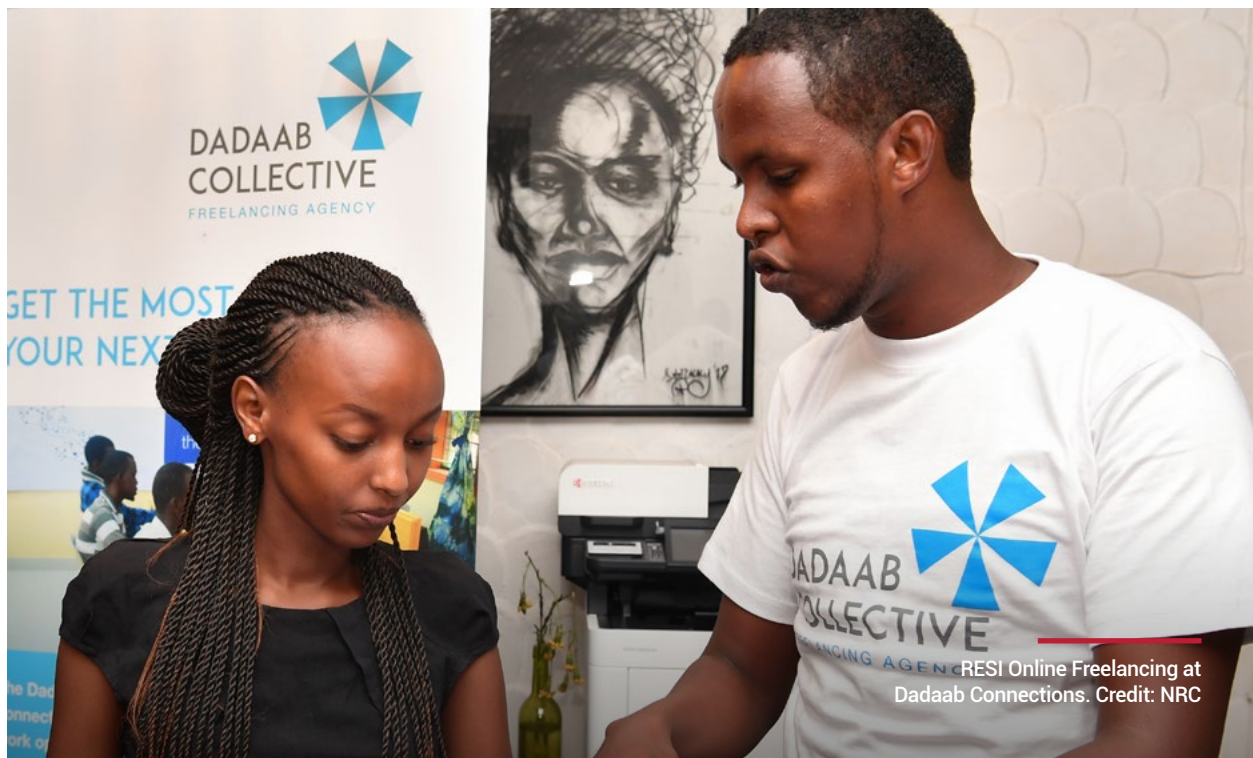


CONCLUSION

To date, progress in financing for solutions to displacement in Kenya is uneven. On the upside, there is increased engagement from development partners and private sector actors, bringing new technical capabilities, networks, and resources to bear on the long-standing challenges of transforming the refugee response model in Kenya, and enabling inclusion and self-reliance. The outlook for future financing looks uncertain, however. New programmes have been slow to gear up and investments are piecemeal and ad hoc. They are also made without reference to agreed priorities, sequencing, and theories of change. Alongside this, humanitarian funding is falling increasingly short of meeting the basic needs of refugees, and donors and implementing partners face hard choices in terms of prioritisation. Without compelling evidence to demonstrate the impact of new approaches and investments, longer-term investments in transforming the refugee response model, especially in the direction of economic self-reliance (which has yet to demonstrate significant impact), may become increasingly difficult to justify.

The legal and policy environment for refugees in Kenya remains restrictive. At present, it is unclear whether donors will attempt to negotiate for significant additional concessions. It is also uncertain whether the new refugee bill will, in fact, deliver these. There are opportunities to deliver substantial gains within the existing pockets of permissive policy space. This includes the potential to use a package of financing to nudge the finalised but not yet enacted policy and plan on the inclusion of refugees and asylum seekers into the national education system. This would require both leadership from international partners to negotiate an acceptable financing settlement and an agreement on financing modalities that would meet government desire for support to national systems, and donor concerns around traceability and accountability.

There are opportunities to deliver substantial gains within the existing pockets of permissive policy space.



RESI Online Freelancing at Dadaab Connections. Credit: NRC



The Regional Durable Solutions Secretariat (ReDSS) is a coordination and information hub that acts to catalyse forward thinking and policy development on durable solutions for displacement. ReDSS seeks to improve joint learning and programming, inform policy processes, enhance capacity development, and facilitate coordination in the collective search for durable solutions. It is comprised of 14 organisations working together to maintain focused momentum and stakeholder engagement towards durable solutions for displacement-affected communities in East Africa and the Horn of Africa.



CONTACT INFORMATION

Hosted at the Danish Refugee Council
Lower Kabete Road (Ngecha Road Junction)
P. O. Box 14762-00800, Westlands, Nairobi
Office: + 254 20 418 0403/4/5
Email: info@regionaldss.org
Website: www.regionaldss.org
Twitter: @ReDSS_HoA