



A group of women tend to tomatoes in a Daadab Refugee Camp

UNHCR KENYA

Livelihoods and Economic Inclusion

Strategic Directions 2020-2024

November 2020

EXECUTIVE SUMMARY

Kenya is a signatory to the 1951 UN Refugee Convention¹, the 1967 Protocol² and the 1969 OAU Refugee Convention³, and has generously been providing a safe haven for refugees for decades. In October 2017, Kenya during the Executive Committee meeting expressed its commitment to apply principles of the Comprehensive Refugee Response Framework (CRRF)⁴ which aims to build the self-reliance of refugees and promote their socio-economic inclusion.

The UNHCR Kenya Livelihoods and Economic Inclusion Strategic Directions (2020-2024) document, which is a strategy developed jointly with partners and also reflects the feedback from Government counterparts based on previous consultations, provides the framework and guidelines for UNHCR's work and engagement, which will primarily focus on three areas: advocacy, coordination and mobilisation of various actors (civil society and NGO partners, UN agencies, international financial

institutions, private sector and Government of Kenya) to include refugees into the national socio-economic fabric. The Strategic Directions are in line with the 2030 Agenda for Sustainable Development (Goals 1 and 8) and the UNHCR global strategic approach for livelihoods and economic inclusion, Kenya's Big Four Agenda, the Kampala Declaration on Jobs, Livelihoods and Self-reliance for Refugees, Returnees and Host Communities in the IGAD Region⁵, KCRP (2019-2020)⁶, KISED⁷, MYMP (2018-2020)⁸, the UNDAF (2019-2022)⁹ to provide a positive enabling environment.

The Strategic Directions are informed by recent and important evidence, such as the International Finance Corporation (IFC) study (Kakuma as a Market Place)¹⁰, the ILO market assessment conducted in Dadaab¹¹, the World Bank's 2019 Desk Review on Livelihoods and Self-Reliance for Refugees and Host communities in Kenya and other related studies.

¹ UN General Assembly, *Convention Relating to the Status of Refugees*, 28 July 1951, United Nations, Treaty Series, vol. 189, p. 137, available at:

<https://www.refworld.org/docid/3be01b964.html>.

² UN General Assembly, *Protocol Relating to the Status of Refugees*, 31 January 1967, United Nations, Treaty Series, vol. 606, p. 267, available at:

<https://www.refworld.org/docid/3ae6b3ae4.html>.

³ Organization of African Unity (OAU), *Convention Governing the Specific Aspects of Refugee Problems in Africa ("OAU Convention")*, 10 September 1969, 1001 U.N.T.S. 45, available at: <https://www.refworld.org/docid/3ae6b36018.html>.

⁴ See Annex I of the New York Declaration. UN General Assembly, *New York Declaration for Refugees and Migrants: resolution / adopted by the General Assembly*, 3 October 2016, A/RES/71/1, available at: <https://www.refworld.org/docid/57ceb74a4.html>.

⁵ IGAD, *Kampala declaration on jobs, livelihoods and self-reliance for refugees, returnees and host communities in the IGAD region*, 28 March 2019, Kampala, Uganda, available at: <https://www.unhcr.org/afr/publications/legal/5c9dd6384/kampala-declaration-on-jobs-livelihoods-self-reliance-for-refugees-returnees.html>.

⁶ UNHCR, *Kenya Comprehensive Refugee program, 2019* available at: <https://www.unhcr.org/ke/wp-content/uploads/sites/2/2016/08/KCRP-2015.pdf>

⁷ UNHCR, *Kalobeyei Integrated Socio-Economic Development Plan, 2018*, available at: <https://www.unhcr.org/ke/kisedp-2>

⁸ UNHCR, *the solutions Capital Initiative, Realizing The Potential of Multi-Year Multi Partner Planning, 2018*, p.48, available at: https://www.unhcr.org/ua/wp-content/uploads/sites/38/2018/06/Ukraine-MYMP-Protection-and-Solutions-strategy-2018_2022_FINAL.pdf.

⁹ United Nations Development Assistance Framework 2018-2022, available at: [https://www.undp.org/content/dam/kenya/docs/unct/UNITED%20NATIONS%20DEVELOPMENT%20ASSISTANCE%20FRAMEWORK%20\(UNDAF\)%20B5%20web.pdf](https://www.undp.org/content/dam/kenya/docs/unct/UNITED%20NATIONS%20DEVELOPMENT%20ASSISTANCE%20FRAMEWORK%20(UNDAF)%20B5%20web.pdf)

¹⁰ IFC. (2018). *Kakuma as a Market Place. A Consumer and Market Study of a Refugee Camp and Town in Northwest Kenya*. Available at: https://www.ifc.org/wps/wcm/connect/0f3e93fb-35dc-4a80-a955-6a7028d0f77f/20180427_Kakuma-as-a-Marketplace_v1.pdf?MOD=AJPERES&CVID=mc8eL2K

¹¹ ILO, *Doing Business in Dadaab, Market Systems Analysis for local economic development in Dadaab, 2019* available at: https://reliefweb.int/sites/reliefweb.int/files/resources/Doing-Business-in-Dadaab-April-2019_Final-Report.pdf

INTRODUCTION

Why economic inclusion for refugees

The New York Declaration for Refugees and Migrants, the Comprehensive Refugee Response Framework (CRRF) and the Global Compact on Refugees (GCR) call for the enhancement of refugee resilience and self-reliance, with arguments that are both rights-based (increased dignity and protection) and based on economic evidence.

In light of the limited third country solutions (e.g. resettlement or complimentary pathways), the challenges to return to countries of origin due to unstable or deteriorating humanitarian situations and donors’ fatigue, humanitarian actors have begun to look for solutions in the country of asylum, mainly through socio-economic inclusion.

These commitments are also set out in the background documents of the Global Refugees Forum¹² which were prepared for the December 2019 event and highlighted the significance of livelihoods and economic inclusion: “The economic inclusion of refugees has significant benefits to refugees and host communities alike”.

Access to livelihoods and jobs enables refugees to meet their needs for protection, food security, health, housing, and other essential services in a safe, sustainable and dignified manner. It also enables them to prepare for their future, whether they return home, integrate in their country of asylum, or resettle in a third country. Access to jobs and livelihoods further contributes to easing social and economic pressures on host communities through reducing poverty and decreasing expenses for national social security.

Development efforts and investments aimed at stimulating local economic growth, coupled with an enabling legal and policy framework, can facilitate diversified job and entrepreneurial opportunities and income sources for both refugees and their hosts. They can also be targeted to increase livelihood opportunities for specific groups such as women, who may be particularly vulnerable to protection risks associated with economic vulnerability. This is best achieved through a multi-stakeholder approach built on pledges, as well as contributions and good practices from States, International Organizations and UN agencies, Developments Actors, international financing institutions, the private sector and other stakeholders.

The study undertaken by the International Finance Corporation (IFC) “Kakuma as a Market Place” confirmed the positive impact of the refugees’ presence through their contributions to the local economy and creation of an ecosystem in the refugee camp/integrated settlement.

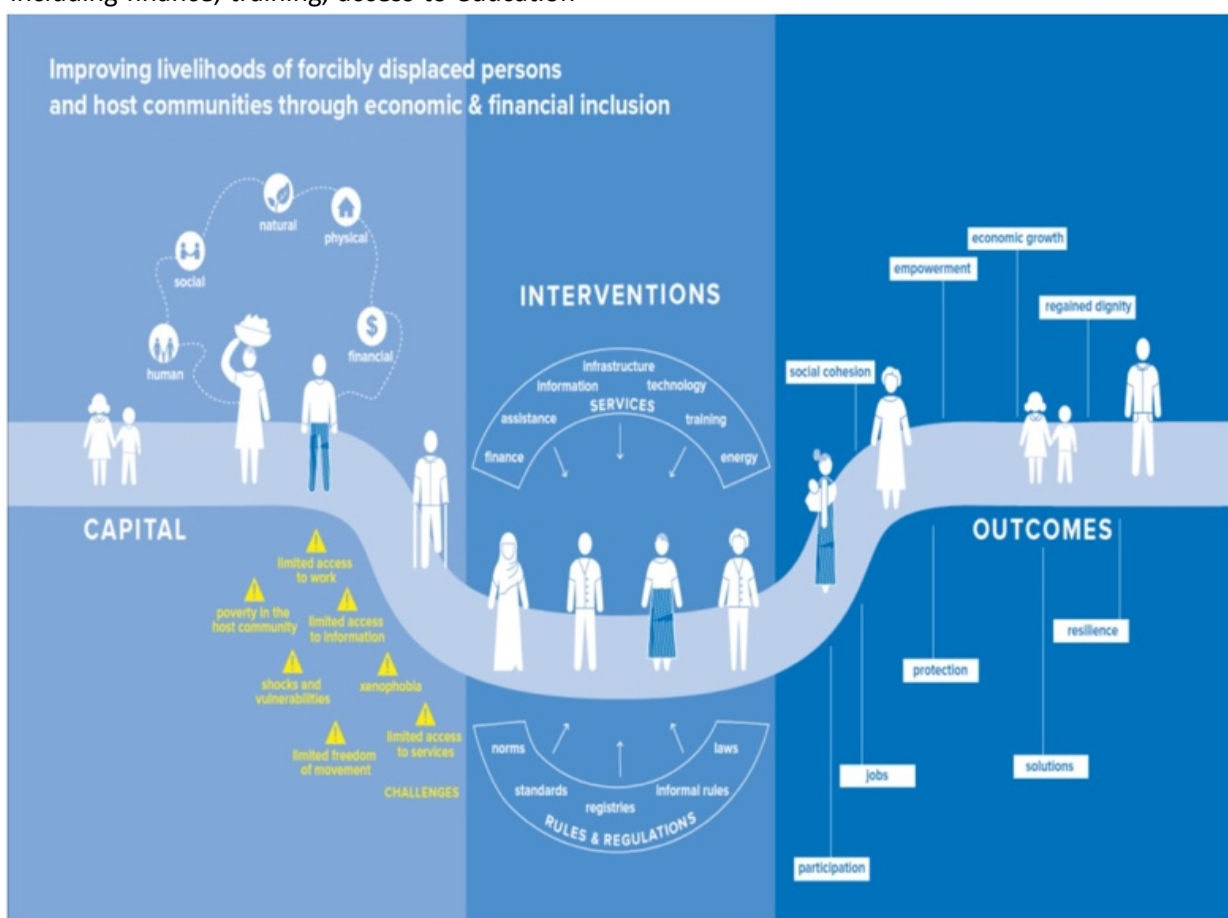


¹² Background paper – First preparatory meeting for the Global Refugee Forum, available at: <https://www.unhcr.org/5c98a70d7>.

A market-based approach to livelihoods and economic inclusion

As shown the diagram below and highlighted in the UNHCR global Livelihoods and Economic Inclusion Concept Note 2019-2023, refugees' livelihoods outcomes and economic inclusion are supported or restricted by several factors. Inclusion into a market system (such as through wage or self-employment) depends not only on access to a wide range of support services including finance, training, access to education

at all levels, coaching and job placement services, but also on a conducive enabling environment shaped by rules and regulations governing rights and security. Understanding the market system and the challenges refugees may face in inclusion is key for strategizing how best to design and engage in interventions enhancing their economic inclusion.



UNHCR Livelihoods and Economic Inclusion Concept Note 2019-2023

Context

Kenya currently hosts **501,049**¹³ refugees and asylum-seekers (less than 0.1% of the total population) with up to 43.7%¹⁴ within the working age of 18-59. The majority are in a protracted situation. According to the 2018 Kenya National Bureau of Statistics (KNBS) economic survey¹⁵, provisional estimates of the Gross Domestic Product (GDP) showed that Kenya's economy expanded by 4.9 % in 2017 compared to a revised growth of 5.9 % in 2016. Performance across economic sectors varied widely, with accommodation and food services, information and communication technology, education, wholesale and retail trade, and public administration registering accelerated growths in 2017 compared to 2016. Additionally, inflation increased by 1.7% and the unemployment rate rose by 5.6%.

The **informal** ¹⁶sector is estimated to make up to 98 % of the business in Kenya and to constitute 30 % of jobs and 3% of **Kenya's** GDP.

Most micro, small and medium enterprises (MSMEs) fall within the **informal** sector and represent 95 % of the businesses in Kenya, 60 % in the service sector.

The informal sector is characterized by: a) small scale activities; b) easy entry and exit due to fewer regulations; c) skills gained from vocational institutions; d) small capital investment; and e) limited job security and self-employment. Over the years, the informal sector has expanded to include activities relating to manufacturing and information, and communications and technology. Given the limited job opportunities in Kenya for the host community and refugees, self-employment (mainly micro and small businesses in trade) remains the main income generation activity for both communities.



© UNHCR/Samuel Otiemo Kenya. UNHCR's Cash Assistance is empowering more women to make decision on how they spend- 28/01/2021

¹³ Kenya Statistic package, 31 October 2020, available at: <https://www.unhcr.org/ke/wp-content/uploads/sites/2/2020/11/Kenya-Statistics-Package-30-September-2020.pdf>

¹⁴ *Ibid* p3

¹⁵ KNBS, Economic Survey 2018, available at: <https://ecampus.kra.go.ke/info/National-International-Research-and-Policy/Kenya-Economic-Survey-2018.pdf>

¹⁶ KNBS, Economic Survey 2018 and FSD

Guiding principles

- **Systems approach:** Establish a system and livelihoods services in line with UNHCR's Global Economic Inclusion Strategy 2019-2023 and Guidelines on International Protection.
- **Partnership:** Work in partnership with the national and county governments, communities, the private sector,¹⁷ development actors and partners to develop a comprehensive inter-agency response that maximizes resources and complement all actors' contributions.
- **Participation:** Promote the participation of the community (host and refugees) in the economic inclusion process from design to evaluation. Adopt a community-based approach.
- **Equity, Inclusivity and Integrity:** Promote a non-discriminatory approach through establishing a fair targeting system that takes into consideration Age, Gender and Diversity mainstreaming (AGDM), holistic approach to provision of services, capacities, needs, opportunities and exit strategies, as well as impartiality and neutrality in targeting and service provision.
- **Sustainability:** Promote long-term livelihoods programming, establish an M&E system (including a baseline) and build on existing programmes to ensure coherence and inclusivity. Adapt market and evidence-based approaches.
- **Innovation:** Adapt innovative approaches to facilitate the access to information/market and livelihoods opportunities.
- **Do No Harm:** Undertake actions and implement procedures and programmes in a way that does not place persons of concern at further risk of harm, directly or indirectly, including through unintended consequences.
- **Proactiveness and Flexibility:** Adopt flexible strategies to the programme that are tailored to the local context (economy, law, culture, market) while continuously advocating for reform changes.

¹⁷ Includes companies, banks, chamber of commerce, employment agencies, business associations and business incubators.

STRATEGIC OBJECTIVES

Objective 1: Promote an enabling environment

An enabling environment is key to the economic inclusion of refugees. In Kenya, the legal framework and the ambiguity around the rules and regulations, as well as the lack of formal opportunities, current policies such as the encampment policy, the limited access to work permits and financial services, translates in refugees working in the informal economy, which exposes them to risks, including exploitation, arrest, discrimination, etc. These risks impact on refugees' safety and hinder their self-reliance. They also discourage partners, for example from the private sector and development agencies, from engaging with refugees.

Therefore, UNHCR will facilitate and/or undertake the following activities:

- Undertake a contextual analysis to understand in detail the existing legal framework, rules and regulations and the barriers which prohibit refugees from accessing their rights including access to work, freedom of movement, and access to land, education, financial services, employment, and business registration.
- Collaborate with the Refugee Affairs Secretariat (RAS) on a communication strategy to disseminate information on the legal framework governing refugee issues to different government entities to ensure that refugee identification documents are recognized and accepted by all government actors to enable optimum service delivery and access to national services, therefore enhancing access to livelihood and economic opportunities.
- Joint advocacy with ILO and other partners to expand the right to work¹⁸, decent working conditions and facilitate access to work permits and business licenses.
- Continue bilateral advocacy initiatives with different stakeholders from Government and private sector (e.g. Banks, Telecom Operators, Central Bank of Kenya).
- Provide relevant support to RAS to accelerate the RSD process and the clearance of the backlog which is delaying the possession of refugee identification cards. This identification is required before steps can be taken by a refugee to access a work permit, business license and financial services.
- Conduct an institutional mapping of different stakeholders willing to include refugees in their programmes and provide relevant support for their inclusion.
- Coordinate and support other stakeholders' (including donors, investors) investments that aim to support the self-reliance of refugees.
- Advocate with development actors and government to include refugee-hosting areas in development aid strategies and national development plans.
- Advocate for refugee inclusion in existing services provided by the Government (i.e. Huduma and Biashara centers).

¹⁸ The 1951 Refugee Convention does not grant the right to work *per se*, but preserves it.

Objective 2: Know the labour market

Understanding the labour market and the economic structure of the Kenyan economy in terms of workforce needs, capacities, and niches (Kenya Labour Market Information System- KLMIS), investment, financial services, banking systems, supply and demand is key for designing livelihoods programmes. Knowing the needs and niches of the local market will help in designing market-driven vocational trainings.

Therefore, UNHCR will coordinate and support the following activities:

- Analyze and develop value chains, market assessments and analysis which includes refugees and their host communities.
- Advocate with the private sector to attract investments that will contribute to the economic growth of Kenya and create jobs for both Kenyans and refugees.
- Support the private sector with information on the market systems in refugee-hosting areas (supply, demand, financial service providers, etc). Advocate with different actors, e.g. World Bank, to attract private sector investments that will contribute to the economic growth of Kenya and create jobs for both Kenyans and refugees.
- Provide technical support to sub-county governments to conduct market needs assessments and to develop strategic plans for economic inclusion.
- Establish linkages with relevant ministries through the partnership with UN and development agencies (e.g. ILO, IFC and the Ministry of Labour).



© UNHCR/Anthony Karumba, Refugee apprentices attend the launch of the automotive apprenticeship scheme at the Toyota Kenya Foundation in Nairobi. 28/02/2020

Objective 3: Know the refugee population and their hosts

In order to ensure sustainable livelihoods and promote economic inclusion, livelihoods programming should be data driven. Data collection will not be limited to skills and experience but also to documentation, socio-economic status including vulnerability and deprivation, qualifications, health, social networks and geographic location. Having comprehensive data about refugees and their host communities will encourage the private sector to open new markets given the availability of a specific labour workforce.

Therefore, UNHCR will undertake the following activities:

- Establish a livelihoods database linked to proGres version 4.
- Carry out or follow up on socio-economic profiling resulting from the verification exercises conducted in Kakuma and Nairobi of the refugee population.
- Conduct an asset mapping, including physical, social, human and financial capital.
- Continue to advocate with the Government of Kenya to include refugees in national statistical surveys.
- Support and make use of internationally and locally produced empirically-based research of relevance to livelihood issues.
- Engage development agencies in including refugees in their programmes and in joint assessments given their expertise and access to financial resources.
- Establish a fair targeting system for livelihoods interventions based on capacities and opportunities aiming at providing solutions for refugees.
- Lobby with the relevant national and county government agencies to facilitate UNHCR's access to host community data in order to measure reach and impact concerning integration.

STRATEGIC APPROACHES

When designing and implementing livelihood interventions, the following approaches shall be pursued:

- a) **Apply a holistic assessment:** Target the household and take into consideration other aspects affecting the livelihoods of the family, e.g. health, protection risks.
- b) **Support evidence based programming:** Ensure planning and advocacy approaches are supported by scientific evidence.
- c) **Ensure an area-based focus:** Focus on the economic development of the areas hosting refugees.
- d) **Support a market-based approach:** A market-based approach leverages the power of the private sector to develop robust, dynamic market systems to accelerate and sustain positive socio-economic impact in communities.
- e) **Allow for a Government-led approach:** Sustainable livelihood and socio-economic interventions and solutions need to be integrated and aligned to national and county economic development plans and supported by the government in tandem with the UNDAF.
- f) **Support facilitation and coordination:** Establish a coordination mechanism with all actors including different UNHCR units such as protection, risk management, etc.
- g) **Ensure multi stakeholder engagement:** Engage different actors from within the government, private sector, academia, UN and development agencies.
- h) **Conduct advocacy:** Advocate continuously for an enabling environment and access to decent working conditions free of sexual abuse, exploitation or any kind of harassment
- i) **Ensure impact measurement:** Undertake continuous monitoring and evaluation of livelihoods programmes.
- j) **Meet the needs through targeting:** Establish a fair targeting system which ensures that refugees are supported by appropriate interventions, based on their capacities, needs, rights and available opportunities.
- k) **Have solutions at the centre of interventions:** Design appropriate interventions for different durable solutions: voluntary repatriation, resettlement, complementary pathways and socio-economic inclusion (and for some groups such as refugees married to Kenyans, legal integration).
- l) **Strengthen existing and forge new strategic partnerships:** Establish partnerships based on the outcome of the institutional mapping exercise, including with the private sector, government entities, academia, research institutions, civil society, UN and development agencies.
- m) **Create a positive picture of refugees through targeted communication:** Develop a communication strategy targeting the private sector, refugees and host communities, partners and private sector to change the narrative around refugees.
- n) **Ensure compliance:** Develop a policy on livelihoods and management of risk of fraud and corruption.
- o) **Apply the AGD approach:** Include refugees, asylum-seekers, stateless persons and host community members in programming, while duly recognizing the needs of the different groups among these categories (e.g. youth).
- p) **Ensure complementarity:** Avoid stand-alone projects and link livelihoods activities to other existing programmes.

SPECIFIC STRATEGIC DIRECTIONS PER LOCATION

A comprehensive detailed strategic plan will be developed for the three different locations - Dadaab, Kakuma/Kalobeyi and the urban areas - based on the country-wide strategic plan, in coordination with different stakeholders and the Government of Kenya.

Dadaab:

The livelihoods strategy will be part of the strategic plan developed for the refugee-hosting areas in Garissa County, whereby UNHCR will support the Garissa County to find solutions that address the needs, capacities and rights of the refugees and members of the host community residing in the three sub-counties.

In addition to advocacy for the removal of barriers (i.e. the encampment policy), the livelihoods programming will be designed based on the socio-economic assessments and studies that will be conducted in Dadaab (i.e. the joint UNHCR-ILO market systems analysis for Local Economic Development in Dadaab "*Doing Business in Dadaab*¹⁹").

The programming will target youth with market-driven vocational trainings as well as support for entrepreneurs (financial and non-financial). Cross-border coordination with Somalia will be re-initiated to support voluntary repatriation and economic re-integration in country of origin, as well as the inclusion of Somali refugees in bilateral projects implemented in Kenya with the Government of Somalia.

Kakuma:

The livelihoods strategies implemented by a multitude of partners will be in line with the KISEDIP, focusing on the partnership with the private sector and entrepreneurship. The programme will be designed based on the IFC report, the socio-economic profiling conducted by the World Bank and the verification exercise undertaken by UNHCR SO Kakuma. Demand-driven vocational trainings for youth will be designed in coordination with partners. Advanced business development services and financial support will target entrepreneurs/start-ups through business incubators and micro-finance institutions.

Specific UNHCR role:

Both counties have their own ecosystem and existing supply/demand market. The county residents, including refugees and humanitarian workers constitute the better part of the market demand. Refugees and host communities with their capacities and skills represent the labour workforce and with technical and financial support, they will be able to become the main suppliers for the market.

- a. In both Kakuma and Dadaab, UNHCR Kenya will provide technical support to the county government and facilitate linkages with the private sector and other stakeholders to conduct different assessments.

¹⁹ ILO, *Doing Business in Dadaab, Market Systems Analysis for local economic development in Dadaab*, 2019 available at:

https://reliefweb.int/sites/reliefweb.int/files/resources/Doing-Business-in-Dadaab-April-2019_Final-Report.pdf

- b. UNHCR will fund the implementation of a limited number of activities through partners with expertise, to leverage the involvement of other partners, pilot innovative approaches and target refugees who might fall through the cracks due to their vulnerability and need composite livelihoods and social protection interventions.
- c. UNHCR will continue to co-lead the Livelihoods Working Group.
- d. UNHCR will continue to negotiate with and facilitate access to movement passes with RAS, while continue advocating for increased freedom of movement.
- e. UNHCR will support government departments to generate relevant compliance guidelines that facilitate refugee self-help group registration aimed at trade and investment promotion.
- f. UNHCR will continue to engage with WB/IFC to establish the Huduma/Biashara centre in Kakuma for the provision of legal documentation and business development services to refugees and host communities engaging in businesses. The centre will strive to provide well-coordinated; demand driven and needs-based response for the MSMEs in the Kakuma operation.
- g. UNHCR will support specialized trainings that prepare refugees and host communities to actively engage and market their skills and capabilities.
- h. UNHCR will continue to facilitate entry and operations of microfinance institutions to ease financial access for refugee and host entrepreneurs interested to start up, expand and diversify their activities in all refugee hosting areas.

Urban Areas:

The programming will be guided by socio-economic surveys, national market assessments, verification of the current refugee population in urban areas and data collected in the livelihoods database. The activities will build on existing infrastructures and will target the beneficiaries who have not yet graduated from partners' assistance. Financial and non-financial support to MSMEs will be provided by microfinance institutions and advanced vocational training services will be provided by the private sector.

In order to ensure the sustainability of livelihoods programmes, economic inclusion and the refugees' self-reliance, the operation will coordinate with other functional units around the different types of support and assistance provided. This assistance includes financial assistance, education, third-country solutions and labour mobility, healthcare, energy, shelter, environment, and WASH, in addition to protection and documentation. Social networking and community-based support will also reinforce the economic inclusion.

LIVELIHOODS RESPONSE STRATEGY TO COVID-19

The year 2020 started with a critical health pandemic in the first quarter of the year, which has had huge ramifications beyond health to crippling the economic growth globally. UNHCR's primary objective in this crisis is to protect refugees who are exposed to COVID-19 and to protect the livelihoods of refugees during this crisis. In the wake of the pandemic, the economic impact already felt has led to the closure of refugee businesses while others have considerably scaled down. With looming predictions of a negative economic growth in the year 2020 as well as slow growth afterwards during the recovery phase, it has necessitated a review of the livelihood strategy to consider the current situation and re-prioritize responses and activities.

Therefore, some of the measures in response to livelihoods include:

- Advocating for the inclusion of refugees in national responses to COVID-19 and support to national efforts, including access to: a) mobile connectivity and mobile money to enhance cashless transactions; b) health responses to COVID-19; c) special social protection programmes (i.e. cash transfers and distribution programmes); and d) specific programmes for entrepreneurs and disseminating information through existing outreach channels so that refugees are made aware of such opportunities.
- Realigning livelihood budgets to support persons of concern with business grants to cushion the reduced income and support during the economic recovery phase.
- Identifying new opportunities that could create or enhance employment for refugees in response to COVID-19 situation. Case in point is the skills

mapping and advocacy for inclusion for employment purposes for refugees with skillsets in the medical field due to a labour market need for medical personnel in the country. Initiatives like the production of Personal Protective Equipment (PPEs), i.e. masks, soap, sanitizers, gowns, etc. that are now primary commodities will be supported in collaboration with the relevant government agencies.

- Supporting national efforts and contribute to the dissemination of prevention information among refugees who are still working in essential or non-essential businesses.
- Enhanced monitoring of the impact of COVID-19 to refugee enterprises and employment to readjust and adapt responses to COVID-19 and post-COVID-19 situation.
- Advocating with Financial Service Providers, e.g. microfinance institutions, where refugees are active borrowers for the adoption of relief measures - i.e. restructuring loans, refinancing loans, putting on hold repayment, suspension of operations, promoting digital services, etc.
- Coordinating, facilitating and supporting the graduation approach through the Poverty Alleviation Coalition partners which will target the most socio-economically vulnerable refugees and host community members in Kenya. This is an intervention which will be critical in the post-COVID situation and during the recovery phase of the economy.
- Enhancing private sector collaborations and engagements to support COVID-19 responses and initiatives, thereby mitigating the socio-economic impact of the pandemic .

LIVELIHOODS AND ECONOMIC INCLUSION

STRATEGIC DIRECTIONS 2020-2024

KENYA

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