



Mapping the refugee journey towards employment and entrepreneurship: obstacles and opportunities for private sector engagement in refugee hosting areas

Introduction and objectives

This research brief presents a summary of a research study exploring the current pathways to employment and entrepreneurship for refugees in Kenya, and the actual and potential role of the private sector in creating economic opportunities in Kenya's refugee hosting areas.

There is increasing interest in promoting private sector investment in Kenya's refugee hosting areas. Market assessments point to the potential of private sector engagement in not only boosting the local economy, but also in propelling refugee self-reliance. As donors, policy makers, and humanitarian actors turn their attention to whole-of-society approaches that view refugees as actively embedded within host communities and markets, this study **examines the steps refugees must take to gain employment or become entrepreneurs in Kenya, as well as the challenges and opportunities for private sector firms to employ refugees or act as catalysts for entrepreneurship.**

The study identifies issues to be addressed and concrete steps to be taken by private sector actors, donors, implementing partners and policymakers to foster refugee economic inclusion. The recommendations are based on an investigation of the process for refugees to find employment or entrepreneurship opportunities, in addition to the steps a private sector firm must take to employ refugees or support refugee entrepreneurship in Kenya.

The study was conducted by Botho Emerging Markets Group and the Research and Evidence Facility (REF) in 2020-2021 and is based on an extensive desk review and interviews with private sector actors, refugees, national and county government officials, and staff from UNHCR and implementing organizations working in Nairobi and in Dadaab and Kakuma refugee camps in Kenya.



Key findings: obstacles and opportunities for private sector engagement in refugee hosting areas

- 1. There are real opportunities for promoting private sector engagement in Kenya's refugee-hosting areas, but these are limited by the fact that refugees lack access to the right to work legally and to travel outside the camps.**

Restrictions on movement from camps and complicated, ambiguous and long work authorisation processes thwart refugee economic inclusion. Class M work permits are difficult, if not impossible, for refugees to obtain.
- 2. Equitable and reliable pay and job security are key concerns for refugees with respect to employment.** Many refugees in camp settings are limited to incentive work given the limited prospects for obtaining formal work permits. Incentive work is intended to be a practical work-around but it caps the salaries refugees can earn and creates precarious working conditions putting them at a disadvantage.
- 3. Movement outside of the camps is essential for promoting refugees' economic inclusion because it enables them to take advantage of opportunities beyond their immediate locations and for entrepreneurs in the camp to access goods without having to go through intermediaries.** Freedom of movement is vital to enable refugees to interact with potential employers and business partners, apply for a work permit, source goods for businesses, and connect with markets beyond the camps. Kenya's encampment policy criminalises refugee movement without a pass and the process of obtaining a movement pass is ambiguous.
- 4. Documentation and registration are imperative for refugees to secure employment or pursue entrepreneurship, but the process for obtaining both is ambiguous and changes frequently, which dissuades many refugees from pursuing these routes.** The processes are marred with uncertainty, inconsistencies, and undefined timelines. There are administrative hurdles related to acquiring IDs and passes, a lack of awareness about documentation and significant information gaps regarding access to work or business permits for refugees.
- 5. There is a lack of adequate information for private sector actors on how to engage or employ refugees.** Despite their willingness to engage, private sector actors are constrained by a lack of knowledge about how to recruit, employ and do business legally with refugees. They also lack information on available skill sets among refugees that could add value to their businesses.
- 6. A coordinated engagement and partnership strategy and promotion of best practices and positive precedence of private sector engagement in refugee-hosting areas are vital.** Key stakeholders such as local and national government officials, camp implementation partners, donors and private sector actors have differing ideas and vision of private sector engagement in refugee employment and entrepreneurship. In addition, showcasing best practices and business models that have proven successful in refugee-hosting areas – in providing employment to refugee and host community members – would further incentivise private sector actors.
- 7. An enabling environment and incentives, facilitated by the government, would promote greater private sector engagement in refugee hosting areas.** Barriers include: market distortions, particularly around movement restrictions, and the physical distance between Kakuma, Dadaab and larger cities in Kenya, a lack of adequate incentives, and the need for an enabling environment to overcome information gaps.
- 8. Relationship dynamics between refugee and host communities must inform programme development and private sector engagement in order to build social cohesion and mitigate existing tensions.** Refugees, government officials, donors, and camp implementation partners all recognise the importance of including host communities in interventions and noted how doing so has reduced tensions. The private sector can play a key role in such integrated solutions for refugees and host communities by ensuring interventions involve both communities and that power imbalances and existing tensions are not exacerbated.

Recommendations

1. Advocate for refugee self-reliance through greater freedom of movement and easier documentation processes

Freedom of movement is a requirement for refugees not only to seek work but also to acquire the requisite documentation for work authorisation. However, the process of obtaining documentation and authorisation can appear ambiguous and convoluted for refugees. Restrictions on movement, unpredictable movement authorisation processes, and unreliable and often inscrutable work permit and documentation application requirements are significant barriers to refugees' economic inclusion and self-reliance.

- *Addressing these issues is the responsibility of government, but should be at the forefront of advocacy priorities for civil society organisations, donors and private sector actors.*

2. Address gaps in information and understanding among refugees regarding their right to work and documentation processes through demystifying procedures and providing free facilitation services

Considering the complexity of documentation required for the right to work and the gaps in understanding of these processes among refugees, an urgent recommendation is to encourage initiatives that address these information gaps.

- *Camp implementation partners and civil society organisations should work with UNHCR and the Government of Kenya to demystify the documentation process by ensuring refugee applicants have the requisite information on movement passes and work permits.*
- *Implementation partners and private sector actors should also provide a free facilitation service to help refugees acquire the requisite documentation for work and travel and to guide them through the application process.*

3. Promote an enabling environment for private sector investment by addressing information gaps on working in refugee-hosting areas and employing refugees

In addition to refugees' gaps in understanding the complex documentation processes, private sector actors also lack information on how to work in refugee-hosting areas and how to legally employ refugees.

- *Platforms such as the Kenya Private Sector Alliance, Kenya Association of Manufacturers, Federation of Kenya Employers, and the Amahoro Coalition could support this process through awareness-raising activities.*
- *Private sector actors already working with refugees or in refugee-hosting areas should share best practices and success stories of their work in refugee-hosting areas.*

4. Facilitate local economic development through donor-funded programming, with close government and private sector coordination

The main refugee-hosting counties, Turkana and Garissa, are in the early stages of private sector investment, despite being vibrant markets in their own right. Local economic development must, therefore, accompany initiatives for promoting private sector investment in refugee areas. In doing



so, protection from exploitation, increased job security and reliable wages must be central concerns for all actors.

- *Donors (government and institutional) should expand their support to facilities that provide technical and financial support to small and medium enterprises.*
- *Governments, donors and private sector investors should ensure their interventions focus on extending protections beyond those who work in the formal sector (through advocacy to policymakers), and include both refugees and hosts.*
- *Donors (government and institutional) should focus on facilitating decent work, not just numbers of jobs/businesses created, and where possible align interventions with Kenyan actors already working on these issues.*

5. Expand targeted assistance to ongoing initiatives in refugee-hosting areas through mentorship, technical and financial support

- *Private sector actors could target support at existing initiatives through 1) mentorship, career counselling and business training support to refugee entrepreneurs; and 2) offering expertise in certain business areas, such as legal, finance, operations, logistics.*
- *Private sector actors could also support or create a job-matching or employment agency that links refugees with available opportunities.*

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