15

Entrepreneurship in Extreme Environments: Businesses in the Dadaab Refugee Camp in Kenya

Marlen de la Chaux

15.1 Introduction

People do business in the most unlikely places. The Dadaab refugee camp, in a remote desert region of Kenya, is one such place. Although refugees in Kenya are required to live in temporary dwellings in designated camps and are in practice unable to obtain permits to own or run businesses, the Dadaab refugee camp boasts a lively informal economy with an estimated annual turnover of over $25 million (Okoth 2012). This chapter takes a closer look at the businesses of the Dadaab refugee camp through a case study of an electronics repair shop run by Ahmed[1], a young refugee from Somalia. On the basis of Ahmed's experience in Dadaab, this chapter reflects more broadly on how refugees do business given the constraints of the refugee camp. Emphasizing that refugees are, above all, individuals with distinctive abilities and backgrounds

M. de la Chaux (✉)
University of Cambridge, Cambridge, UK
e-mail: marlen.delachaux@cantab.net

S. Heilbrunn et al. (eds.), *Refugee Entrepreneurship*,
https://doi.org/10.1007/978-3-319-92534-9_15

who find themselves in exceptional circumstances, this chapter offers an inside perspective into the resilience and creativity required to start and maintain a business in a refugee camp.

15.2 Refugees in Kenya

Kenya hosts nearly 500,000 forcibly displaced, making it one of the countries in sub-Saharan Africa with the largest refugee populations. The majority of refugees come from Somalia (60%) and South Sudan (22%) (UNHCR 2017). The country is struggling with economic downturn and high unemployment, an increasingly volatile political situation and deteriorating public safety, as evidenced most prominently in the terrorist attacks in Nairobi and Garissa in 2013 and 2015. In this context, the Kenyan government has tightened restrictions regarding refugees' rights and freedoms.

Since the Refugee Act 2006, all refugees are hosted in camps, the majority of which are in the Dadaab refugee camp (hosting roughly 230,000 refugees, mostly Somali) and the Kakuma refugee camp (hosting roughly 180,000 refugees, mostly from South Sudan and Somalia). Many urban refugees—many of whom had spent several years and even decades in Nairobi and Mombasa—have also been relocated to a camp. Refugees in Kenya are barred from leaving the camps at their leisure. Fences, road blocks and permanent police checks on the roads near the camps ensure that the restrictions on refugees' freedom of movement are enforced. The Dadaab and Kakuma refugee camps have existed for decades, hosting many second- or third-generation refugees. Children who were born in a refugee camp now have camp-born children of their own. Despite this protracted situation, refugees are not eligible for Kenyan citizenship or permanent residency. Instead, the Refugee Affairs Secretariat grants refugee status, meaning that refugees are entitled to temporary protection and assistance until return to their country of origin is again safe. Although refugees may de jure obtain a work or business permit, de facto they are required to remain in the camp and are thus unable to apply for such permits, which would require their presence in the permit office in Nairobi (Library of Congress 2016).

The Kenyan government emphasizes the timely return of all refugees to their countries of origin, owing to the limited absorption capacities of the Kenyan economy and labor market, as well as a growing anti-refugee sentiment in the Kenyan population. Such developments regularly culminate in threats to close the refugee camps, most recently the Dadaab refugee camp, which prompted the return of roughly 40,000 refugees to their native Somalia (Maina 2017).

The Dadaab refugee camp, in which Ahmed lives, is located in a remote, sparsely populated region of Kenya near the border with Somalia. Deprived of resources and infrastructure, the host communities are often as desperate for humanitarian assistance as the refugees. Although the roads outside of Dadaab village are blocked by police to prevent refugees' free movement, refugees and members of the host community are allowed to move freely between Dadaab camp and Dadaab village. The camp has existed for 25 years and, given the ease of movement between camp and village, it boasts a lively exchange and integration between refugees and members of the host community.

Refugees in the Dadaab refugee camp usually leave their home country, Somalia, for two reasons: the ongoing civil war and subsequent lack of personal safety, and/or famine as a result of drought. Ahmed arrived in the Dadaab refugee camp at the age of three with his mother and his two older siblings. Although he has spent the majority of his life in Dadaab and barely remembers his home country of Somalia, he refers to the latter as home: "Somalia, is very hard to go back for me. Because you know I grew up here. I don't know another place. I have never seen it so it is difficult for me to go back to Somalia".

At the time of the interview, Ahmed was in his early twenties and had completed primary and secondary education in one of the camp's schools. He lives in a compound with his mother and is the primary provider for the household. For Ahmed and his family, the Dadaab refugee camp was intended to be a temporary refuge until the situation in Somalia had stabilized and return would again be safe. The intention was not to settle in Kenya and start a new life there. However, the family has been in "temporary" exile in Dadaab for over two decades.

15.3 Ahmed's Electronics Repair Shop

Ahmed runs a small business in the camp that repairs electronics. He is the sole proprietor of this business, which he opened in 2013. However, it is difficult to speak of "ownership", since the business is not officially registered anywhere. Getting a business permit would require travel to Nairobi—outside the camp—which he explains he cannot do since he cannot afford the bribes that would be required to pass the numerous police checkpoints on the road to Nairobi. Like most businesses in Dadaab camp, Ahmed's business is thus not protected by ownership or property rights.

The repair shop is located on one of the main market streets in Dagahaley, one of the five sub-camps that form the Dadaab refugee camp. Ahmed constructed a small shop from abandoned wood planks and the waterproof plastic tarp bags used by the World Food Programme to distribute food to the refugees. The shop is small, just large enough for Ahmed to stand behind a counter, from which he serves his clients. The shelves that line the back wall hold wires, chargers, small bolts and other hardware components that he uses to repair the broken phones, radios, and sometimes even lap tops that his customers bring him. In addition, Ahmed temporarily rents out two used laptops which were donated to him by an NGO who no longer needed them. His clients for the laptops are mostly young refugees who buy laptop "time" to play computer games and pass the time. Since his shop has no electricity, he purchases "battery time" for the laptops at a shop across the street that offers battery recharging in exchange for a fee.

Ahmed estimates that he receives three to four customers a day. If he is unable to complete a request on his own, he visits a friend and colleague further down the street, who runs a similar business. Together, they try to conduct the repair and then split the profits. There are no fixed prices for Ahmed's services, rather, he knows most of his customers personally and determines the price by the nature of personal relationship, for example, based on family or clan ties. Payment is largely done in-kind, meaning that clients offer him free-of-charge services from their businesses (e.g., a meal, vegetables from a food stand, clothing) in return for his services,

and sometimes also pay through the mobile money transfer service MPESA. New customers might also pay in coveted cash.

The business is Ahmed's primary source of income and sustains him and his mother. He explains, "the food distribution is not enough. For example, I have a family of two—me and my mother. It is just 6kg of millet and 6kg of maize. And one liter of oil, for one month. Imagine. So that is not enough, I have to look for another way to support myself and my family". Yet Ahmed also sees limitations in the potential of his business, as detailed in the next section, and thus his plans for the future involve pursuing a degree in computer science at the University of Nairobi before eventually either settling in Kenya or returning to Somalia.

Ahmed's primary motivation to run his repair shop is that he deems the in-kind aid offered by the humanitarian agencies in the camp insufficient and thus requires a way to supplement additional income. Moreover, Ahmed also explains that there is little else to do in the camp. As a young adult, high school structured his day. Since graduation, he finds, "there is nothing for me to do" and his business "gives [him] a reason to get out of bed every morning". In addition to income generation, his economic endeavors thus also serve to create meaning and a sense of purpose in his life.

However, rather than endeavor to grow and improve his business, Ahmed dreams of pursuing a computer science degree in Nairobi. Ultimately, he hopes to work as a software engineer in Kenya or his native Somalia. However, given that Ahmed's refugee status prevents him from leaving the camp, living in Nairobi and taking up employment in Kenya, his dreams seem out of reach, even to him: "I have lived all of my life in Kenya and I have not even been to Garissa [town closest to Dadaab]. What can I do? I can hope for the future". Whereas Ahmed's motivation to support his family and curb boredom thus leads him to run a sustainable repair shop, his vision for his future prevents him from investing in growing and improving his business.

In addition to his personal motivations, Ahmed's business is further driven by his information technology (IT) skills. After completing high school in the Dadaab camp, he pursued a certificate in IT from the University of Nairobi through correspondence and also taught himself extensive technological skills, thereby enabling him to run his business.

In addition, he worked as a teacher in one of the camp's schools, through which he built an extensive personal network of young refugees—all potential customers—and accumulated an initial capital stock from his monthly salary that enabled him to open the business.

15.4 Doing Business in Dadaab

Ahmed's business is the rule rather than the exception. The Dadaab refugee camp boasts hundreds of small informal businesses along market roads, making it one of the most economically productive regions of Kenya. As such, Ahmed can rely on an existing market structure that helps him navigate the numerous barriers to economic activity that characterize the Dadaab refugee camp.

Overall, Ahmed refers to the situation in Dadaab as "harsh" for businesses, but he also remembers that the situation was even more difficult growing up in the camp. Over time, extensive networks and markets have grown, meaning that new businesses—although they face stiff competition—are automatically integrated into a more established business community and network. The key components of this informal market structure are three-fold: informal agreements for property and business protection in the absence of formal regulations; contacts with supplier networks outside the camp; and baseline support through aid.

First, as outlined above, refugees are de facto unable to legally engage in business activity, as the required permit can only be obtained by appearing at the relevant agency in Nairobi in person, which is nearly impossible given the strictly enforced refugee encampment policy. As a result, Ahmed runs his repair shop informally, paying no taxes or registration fees. However, his business is therefore also not formally protected through regulations, such as, for example, property rights. In the context of this institutional vacuum, an informal business property market has emerged in the camp, where refugees rent out tents and plots in central locations to fellow refugees who wish to run a business. Ahmed pays monthly "rent" for his stall to another refugee, who "owns" several plots on the coveted market street and makes a living by renting them out. Additionally, local police officers regularly visit the camp to

collect "informal taxes" (i.e. bribes) in exchange for turning a blind eye to refugees' unregistered, informal businesses. The charges are irregular and the amounts vary, as Ahmed explains: "They will just come to the market and they will say, for the land, you pay Ksh 1000. for the goods, you pay Ksh 3000. Then they estimate how much taxes you have to pay. It can be a lot, you can never be sure. Because the refugees have no rights, there is nobody who is protecting them". Although the illegal property and tax systems that have emerged in the absence of formal regulations leave Ahmed and his business vulnerable to exploitation, they also provide a minimum structure through which Ahmed is able to establish a repair shop and run his business with a minimal level of security.

Second, longstanding networks among members of the host community facilitate Ahmed's access to spare parts and electronics. Since he is unable to travel to nearby cities himself, he regularly solicits a member of the host community—his "supplier"—to purchase goods on his behalf. As Ahmed explains, this service is costly: "If you want to do business, or buy something in Garissa which is 90 km away I cannot go. I can only call people there and ask them to get me something. I can even ask the price but they can trick me. If it is Ksh 1000 they can say it is Ksh 1500. They are also doing business on top of me". Nonetheless, the longstanding economic exchange between Dadaab's refugees and the host community has established a network of trust that allows Ahmed to rely on his contacts to procure the exact resources he needs, albeit at a premium. Moreover, given the market size within the camp, Ahmed is also able to purchase components from other refugee-run repair shops in Dadaab, especially when he requires a particular spare part on short notice. Ahmed and his fellow refugee entrepreneurs have thus created arrangements that circumvent the restrictions on their freedom of movement. Yet the costs of their business activity are artificially created by the premium on resource procurement, thus making it difficult to compete with similar businesses outside the refugee camp and impeding the growth of refugee-run businesses.

Third, Ahmed is able to manage the precarious situation of his repair shop as a result of the continued humanitarian assistance he and his mother receive. Ahmed and his family have a ration card that entitles

them to food packages once a month. Furthermore, the family benefits from the health care provided by the camp's hospitals and the free-of-charge schools in Dadaab, through which Ahmed and his siblings have obtained secondary education. Taken together, the humanitarian assistance provided in the camp thus facilitates Ahmed's daily life, have enabled him to acquire the skills necessary to run the repair shop and creates a safety net to fall back on in case of downturns in business activity.

15.5 Outlook

Ahmed's technology repair shop is exemplary for businesses in the Dadaab refugee camp. Caught in the permanent transience of an indefinitely protracted refugee situation, Ahmed and his fellow entrepreneurs build businesses to achieve relative self-sufficiency and a sense of purpose in their life. However, constrained by the limitations of the camp context, many refugee entrepreneurs dream not of growing their business, but of one day leaving camp life behind to return home or permanently resettle elsewhere.

The situation in the Dadaab refugee camp has recently grown increasingly volatile, increasing Ahmed's concerns for his future. The government of Kenya announced in mid-2016 that the camp was to be closed and all 400,000 refugees returned to Somalia by the end of the year (BBC 2017). Although the Kenyan high court blocked the plan, many refugees feel that it is only a matter of time before they may be forced to return to Somalia. Ahmed shares such concerns and reports increasing harassment by local police authorities in the camp, as well as a general sense of fear about his more immediate future. Such worries have meant that Ahmed is hesitant to plan too far into the future or make further investments into his business. Instead, his current strategy is to run operations as they are, but begin to explore alternatives, such as return to Somalia. A major barrier for return is that he sees himself unable to transfer his business activity to Somalia, meaning that a return home would jeopardize his livelihood. He has also repeatedly applied for permanent resettlement to Europe and North America, on which his primary hope for his future

rests. However, the coveted resettlement offers are made to only a handful of refugees in Dadaab.

A sense of permanent transience thus permeates the Dadaab refugee camp. Refugees have, on the one hand, spent decades in the camp, and many were born in Dadaab. On the other, the camp is treated as a protracted emergency with continual humanitarian aid and restrictions on refugees' freedoms, limiting their independence and creating a temporary exile for refugees. Recent developments in Kenyan refugee policy further create a sense of insecurity regarding the future, leading refugees to adopt a "wait-and-see" attitude that stifles entrepreneurship and innovation—and thus business activity—in the Dadaab refugee camp.

Notes

1. Name altered to protect anonymity.

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