

## Key points

### Nairobi City County

Government should make business permits more accessible and affordable for city-based refugees, with less frequent renewals and more flexible licences for individuals with multiple enterprises.

### Nairobi City County

Inspectorate should ensure that their inspecting officers adhere to current laws and regulations when interacting with street hawkers of all nationalities. Demanding bribes under threat of arbitrary arrests and confiscation of goods should not be tolerated.

**The Department for Refugee Services (DRS) and Nairobi City County Government** should educate the police, County Inspectorate officers and relevant government departments about the rights of refugees living and working in Nairobi.

# Economic penalties for refugees running businesses in Nairobi

In Nairobi, businesses owned by refugees are more affected by financial hardship than those owned by Kenyans. In particular, the culture of harassment, arbitrary arrest and extortion of people operating businesses in the city by inspecting officers and police affects refugees disproportionately. Refugee businesses expect to pay bigger bribes and higher (informal) fees for release than Kenyans and purposefully reduce their own incomes to try to minimise harassment. There is a common perception that formalising refugee businesses through licencing can tackle the livelihood challenges faced by displaced people. However, evidence suggests that even licenced refugee businesses are penalised. This briefing provides insight into the challenges faced by refugees running businesses in Nairobi. It recommends not only that the business permit system be made more accessible and affordable, but also that more protective measures be introduced – such as educating the authorities on refugees' rights in the city and having a much more nuanced discussion on informality.

Nairobi is home to more than 100,000 registered refugees and asylum seekers. Around a third of them are from the Democratic Republic of Congo (DRC) and a quarter are from Somalia; there are also significant numbers of refugees from Ethiopia, South Sudan and Burundi.<sup>1</sup> Around 80% of Kenya's working population is estimated to be engaged in informal work, under precarious working conditions.<sup>2</sup> Refugees can access formal employment through a specific work permit (Class M), which is chargeless but requires a valid passport and supporting employer.<sup>3</sup> Those who are self-employed can register their businesses with Nairobi City County Government. However, previous research shows that larger refugee enterprises are more likely to be registered, while most refugees engage in informal small-scale trade and casual work.<sup>4</sup>

The City County Inspectorate in Nairobi has a legal mandate to reprimand businesses operating informally in the city. Under the Inspectorate Act (2017)<sup>5</sup> the inspectorate officers, known as *kanjos* or *kanjo askaris*, can stop anyone conducting unregistered business in contravention of county law, arrest them without a warrant and seize any items they suspect are being traded illegally. The law also states that the *kanjos* should hand over the accused person (and any confiscated items) to the police within one hour and must not subject any person to cruel or degrading treatment. But despite these legal protections – and efforts to reform the Inspectorate,<sup>6</sup> there continue to be numerous reports of harassment, extortion and arbitrary arrest by Nairobi's *kanjos*; for people operating businesses, this is a known part of life in the city.

In the words of one local reporter, *kanjo askaris* “are often mean looking, violent men who unleash brutal force...”<sup>7</sup>

**“They will harass you and there’s nothing that you can do because you are not a citizen.”**

IIED’s research with (mostly unregistered) businesses run by both refugees and Kenyans in Nairobi has explored bribes and arbitrary arrests. We surveyed 751 business owners in the

city – 569 refugees and migrants<sup>8</sup> and 182 Kenyans – about the nature and income of each business, and the frequency with which they faced arrest and demands for informal fees. Additionally, we ran two focus groups, one with Kenyan women and one with men of mixed refugee nationalities. Focus group participants discussed bribe demands and arrests, including when, where and to whom they are most likely to happen; the extent to which they anticipate bribe demands and arrests; how they deal with them; and the impact it has on their lives.

**Formalising is not a solution**

Kenyan and refugee focus group participants described being regularly threatened with arbitrary arrest by the *kanjo* if they do not pay bribes. Hawkers who sell goods informally on the streets in different areas of Nairobi (often outside established shops) are particularly affected.

Most survey respondents stated they do not have all the permits required to legally run their businesses: 76% of refugee-run businesses and 59% of Kenyan-run businesses. Business owners without all required permits are slightly more likely to be arrested. However, having the right permits does not lower what business owners spend on bribes. Additionally, focus

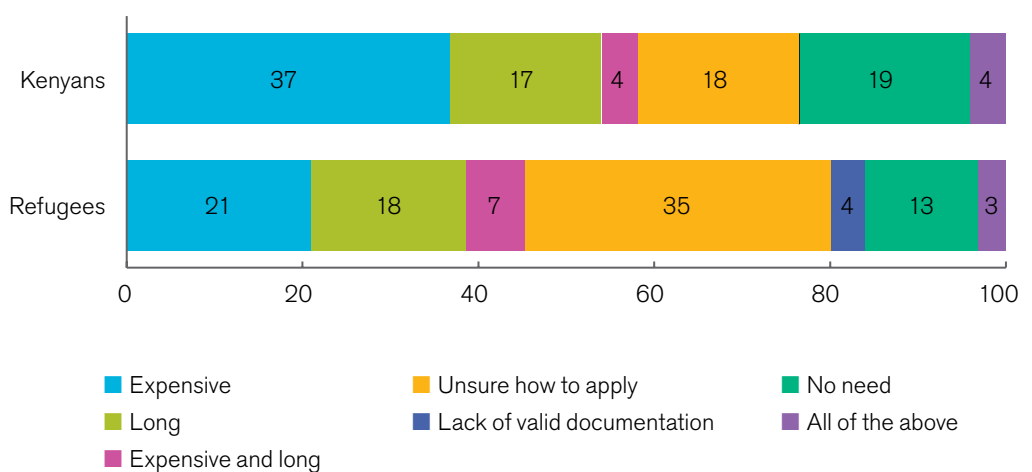
group participants stated that legalising one’s business is not a solution. The process was described as expensive and time-consuming. The general perception in the Kenyan focus group was that the government has no interest in making licencing of their businesses accessible, as the *kanjo* inspectorate officers treat unlicensed businesses as a means to obtain cash for themselves. Respondents said efforts to go the legal route are punished rather than rewarded.

“For example, if I applied for my business licence in January, they would take a long time to process it. I might even get the licence in November, keeping in mind that when it comes to January, I will have to apply for a new licence [renewal] because it is only valid for a year. Who would want to go through this tiresome process? I’d rather pay for ‘tea’ [a bribe], as they call it.”

–Focus group participant, Kenyan woman

According to our survey, the most common reasons for not obtaining permits are the lengthy process and the expense. Figure 1 also reveals a lack of knowledge among refugees about how to obtain required licences. This picture is further nuanced by evidence from the focus groups, where participants pointed out that many small-scale business owners run multiple businesses, requiring multiple licences. Participants said it is common to change the nature of a business if it is not successful, which can happen several times within one licencing year. Investing in a business licence specific to a particular enterprise therefore makes little sense to low-income earners.

**Figure 1. Reasons for not seeking permits (%)**



## Licensed refugee businesses are still penalised

Despite a common perception that formalising businesses through licencing can be a solution to many livelihood challenges faced by displaced people,<sup>9</sup> participants from the refugee focus group confirmed that licences do not guarantee respite from the *kanjo* and that they face additional harassment from the police. These findings demonstrate the importance of a more nuanced discussion on informality, considering how to best support refugees and Kenyans running businesses in Nairobi.

"I run a barbershop in The Estate. I have the right documents to run the business, but they [the *kanjo*] still come and will look for a problem. They will ask you for the fire extinguisher and unnecessary things just so you can bribe them to avoid arrest. That's why, as a tactic, what we normally do when we hear that they are around is we close the shops in order to avoid arrest."

—Focus group participant, refugee man from DRC

Our survey findings show that owners of licenced businesses (that is, those with the required permits) are more likely than owners of unlicenced businesses to think that business owners in their geographical area must pay informal fees to run their businesses (65% vs 50%). Business owners with permits also reported paying higher fees than those without permits, likely due to the size of their business. However, as much as 78% of respondents who reported paying fees did not have all the required permits at the time of our study.

## No safe spaces for refugee businesses

In Nairobi, enterprises owned by refugees are more severely affected by these hardships than those owned by Kenyans. While Kenyan and refugee respondents were equally likely to say that businesses in their geographical areas must pay informal fees to operate, 73% of refugee respondents and 62% of Kenyan respondents stated that refugees must pay higher or more frequent fees. Refugees are also more affected by arbitrary arrests by the *kanjo* or the police: the informal fine payable for release is higher than regular informal fees. Other studies have made similar findings, concluding that refugees are systematically targeted for bribes and that this targeting "imposes a significant handicap on their economic endeavours".<sup>10</sup>

"What I know is, once a police officer or *kanjo* arrests you, immediately they find out that you are not a Kenyan citizen, they will take advantage of you. They will harass you and there's nothing that you can do because you are not a citizen."

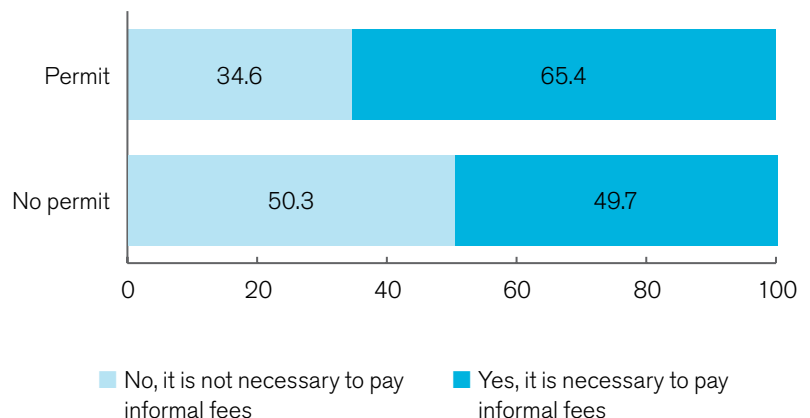
—Focus group participant, refugee man from Burundi

Both focus groups outlined how arrests by *kanjos* happen when they cannot pay the informal fee demanded, but the Kenyan women's group described this as a transaction where they prefer to pay the bribe rather than risk losing even more money following an arrest. According to the group's own analysis, there is a gendered element to this: the participating women deemed men more likely to argue with a first demand. The focus group with refugee men reported experiencing an added risk: lack of compliance could mean being accused of worse crimes than unlicenced business activities, potentially leading to higher bribes or imprisonment.

## Refugees choose lower-income jobs for protection

Refugees participating in our focus group described changing the good or service they provide as a mechanism for coping with this situation, with lower-income enterprises being viewed as safer than more lucrative ones. For example, one focus group participant previously worked in a phone repair shop alongside other Rwandese nationals but was frightened away from continuing when the police accused the shop of repairing stolen phones belonging to criminals. The police asked for 300,000 Kenyan shilling (KES) (around US\$2,300) in return for dropping the charges, which the business could not afford. Instead, the man who had worked on the allegedly stolen

Figure 2. Perception of paying informal fees, according to permit status



**Table 1. Income and hours according to migration status and gender**

	Kenyans		Refugees	
	Women	Men	Women	Men
Average monthly income (KES)	34,711	36,226	23,756	28,885
# daily working hours	10.66	11.35	10.63	10.82
# daily unpaid working hours	3.60	3.63	3.65	3.40
% reporting stable income	30.7	39.3	28.2	36.6

phone was imprisoned for nine months. As a result of this incident, the participant moved away from this skilled profession with a good income, in favour of an unskilled job. This felt safer: earning less would reduce the risk of this type of extortion.

"I was scared and I stopped working in that phone business. I settled on my tea business, even though I know when they arrest me, I will have to pay a bribe. But what they will ask is not too much compared to what they would have asked if I worked in a phone repair shop."

—Focus group participant, refugee man from Rwanda

This perception of safety in lower-income businesses is supported by the survey data, which shows that refugee-run businesses earn significantly less per month on average compared to Kenyan businesses in the same areas, while working a similar number of hours per day. Women in both groups are less likely than men to report a stable income, but Kenyan women earn more than refugee men.

Several refugee focus group participants also mentioned avoiding congregating with others from the same nationality, for safety, as groups of foreigners are often targeted. The Kenyan women's group described the importance of

being in a familiar area where street hawkers have developed signals to warn each other against the *kanjo*. This strategy of gaining support within the community can cause additional danger for refugees by drawing attention.

Our research demonstrates that refugees running businesses in Nairobi are more vulnerable to bribes and arrests than Kenyans, and that they protect themselves by reducing their access to livelihoods, purposefully staying in lower-income and low-skilled professions.

Based on these findings, we recommend that Nairobi City County Government makes the business permit system more affordable and accessible. This will encourage more informal business owners, including refugees, to register their businesses, helping them in interactions with the *kanjo* and benefiting the city. However, we recognise that registration will not be a universal solution within Nairobi's highly informal economy, and that additional protective measures are needed, including educating the police and the *kanjo* on the rights of refugees living and working in the city.

### Boel McAteer and Salam Alhaj Hasan

Boel McAteer is a researcher at IIED. Salam Alhaj Hasan is an independent researcher



## Knowledge Products

The International Institute for Environment and Development (IIED) promotes sustainable development, linking local priorities to global challenges. We support some of the world's most vulnerable people to strengthen their voice in decision making.

### Contact

Boel McAteer  
boel.mcateer@iied.org

44 Southampton Buildings  
London, WC2A 1AP  
United Kingdom

Tel: +44 (0)20 3463 7399  
www.iied.org

IIED welcomes feedback via: @IIED and  
www.facebook.com/theiied

ISBN: 978-1-83759-100-8

This work is done with the generous support of Irish Aid and the Swedish International Development Cooperation Agency (Sida). The views expressed do not necessarily reflect the views of these donors.

## Notes

- <sup>1</sup> United Nations High Commissioner for Refugees (UNHCR), Operational Data Portal: Refugees and asylum-seekers in Nairobi. Updated 31 July 2024. <https://data.unhcr.org/en/country/KEN/187> / <sup>2</sup> Gachanja, J, Karanja, J, Nato, J, Ngugi, R, Njogu, H, Nyaware, B, Mbaka, C, Mwatu, S and Sitati, M (17 February 2023) Urban economic growth in Africa: a case study of Nairobi City County, Kenya. Africa Growth Initiative. Brookings, Washington DC. [www.brookings.edu/articles/urban-economic-development-in-africa-a-case-study-of-nairobi-city/](http://www.brookings.edu/articles/urban-economic-development-in-africa-a-case-study-of-nairobi-city/) / <sup>3</sup> Ministry of Interior and National Administration, Class M: (Refugees). <https://immigration.go.ke/work-permits-passes/class-m-refugees/> / <sup>4</sup> O'Callaghan, S, Farah, M, Holloway, K and Lowe, C (2019) The Comprehensive Refugee Response Framework: progress in Kenya. ODI Humanitarian Policy Group, London. [www.odi.org/en/publications/the-comprehensive-refugee-response-framework-progress-in-four-east-african-countries/](http://www.odi.org/en/publications/the-comprehensive-refugee-response-framework-progress-in-four-east-african-countries/) / <sup>5</sup> The Nairobi City County Inspectorate Service Act (2017) Kenya Gazette Supplement (special issue). <https://nairobiassembly.go.ke/ncca/wp-content/uploads/acts/2017/The-Nairobi-City-County-Inspectorate-Service-Act-2017.pdf> / <sup>6</sup> Omulo, C (9 June 2021) 1,000 Nairobi 'askaris' back to school in NMS reputation repair plan. *Business Daily*. [www.businessdailyafrica.com/bd/news/countries/nairobi-askaris-back-to-school-in-nms-reputation-repair-plan-3430714](http://www.businessdailyafrica.com/bd/news/countries/nairobi-askaris-back-to-school-in-nms-reputation-repair-plan-3430714) / <sup>7</sup> Guguyu, O (29 January 2024) Be thankful I don't take it all, Cause I'm the Taxman, Yeah, I'm the Taxman. *The Elephant*. [www.theelephant.info/analysis/2024/01/29/kenya-be-thankful-i-dont-take-it-all-cause-im-the-taxman-yeah-im-the-taxman/](http://www.theelephant.info/analysis/2024/01/29/kenya-be-thankful-i-dont-take-it-all-cause-im-the-taxman-yeah-im-the-taxman/) / <sup>8</sup> Because 531 of the survey respondents were refugees and only 38 were other migrants, throughout this paper we refer to these survey respondents simply as refugees. / <sup>9</sup> Moyo, B (2022) Factors affecting the probability of formalizing informal sector activities in Sub Saharan Africa: evidence from World Bank enterprise surveys. *African Journal of Economic and Management Studies* 13(3) 480–507. doi:10.1108/AJEMS-06-2021-0304. / <sup>10</sup> Omata, N (2021) Refugee livelihoods: a comparative analysis of Nairobi and Kakuma Camp in Kenya. *Disasters* 45(4), 875. doi:10.1111/disa.12451.

## FIND OUT MORE

Our work on refugee penalties in Nairobi is being undertaken with partners SDI-Kenya and Nairobi City County Government as a part of IIED's portfolio on urban displacement. Find out more at [www.iied.org/collection/urban-crises-forced-displacement](http://www.iied.org/collection/urban-crises-forced-displacement)

