Area-Based Livelihoods Initiative Garissa

RCK
REFUGEE CONSORTIUM OF KENYA

Celebrating 25 Years OF IMPACT

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POLICY BRIEF

Unlocking Refugee Entrepreneurship for Shared Prosperity

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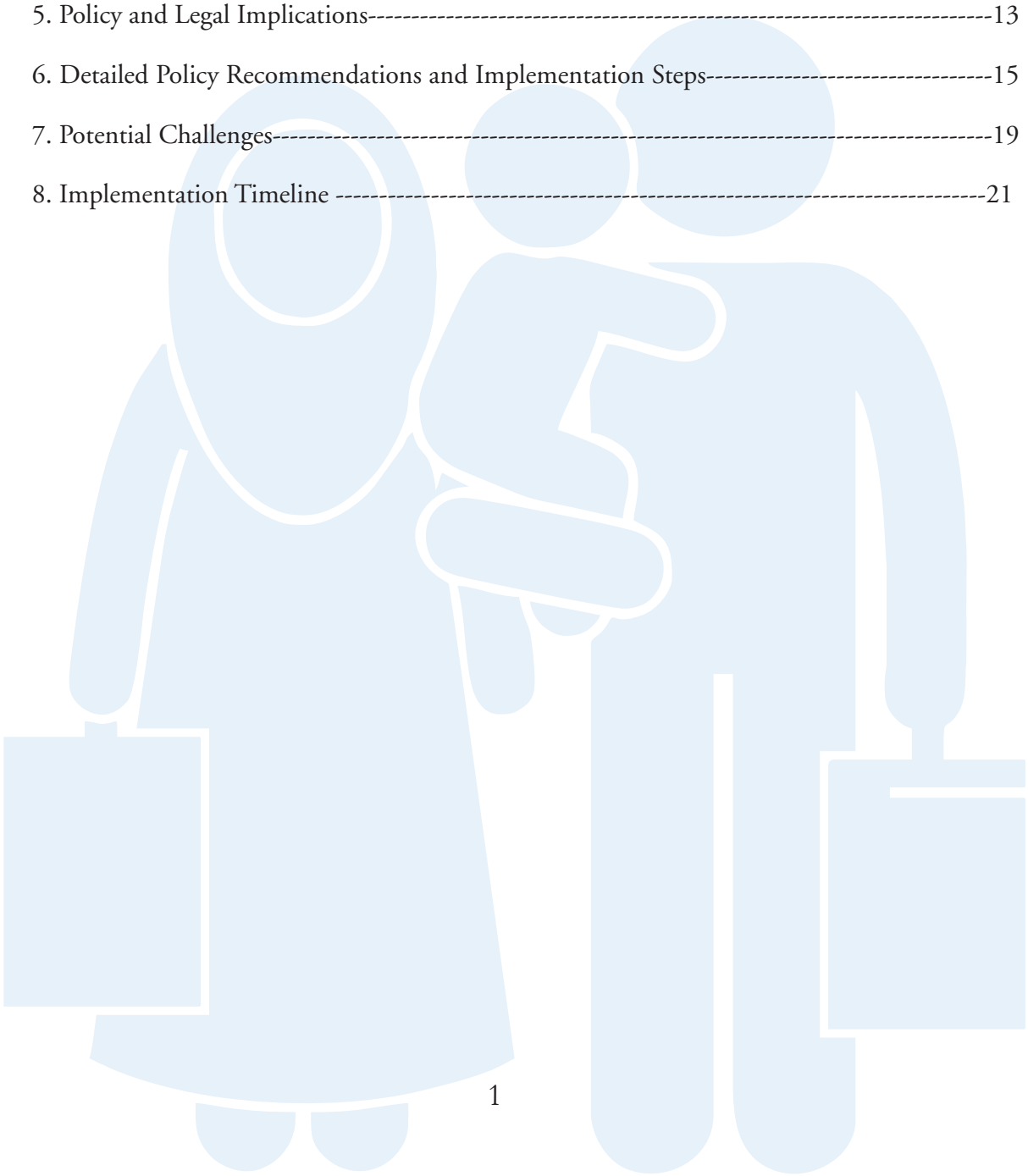


About Us

The Refugee Consortium of Kenya (RCK) is a non-govenmental organization established in 1998 to promote a safe environment where displaced and host populations access justice and protection, and are empowered to live a dignified life and achieve their full potential.

Our *Vision* is to realize a just and inclusive society for all the displaced and host population.

Our *Mission* is to protect and promote the well-being, voice, and dignity of the displaced and host population.

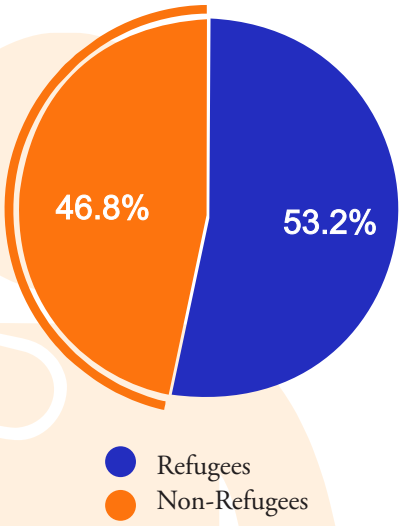
We operate under five *strategic pillars* including the Legal Aid and Governance; Peace and Social Justice; Women and Girls' Empowerment; Mental Health and Psycho-social Support and Organizational Development.

These pillars incorporate five *strategic approaches* comprising of Advocacy and Thought Leadership; Innovation and Learning; Capacity building and Support; Partnerships and Localization; and Strategic Communication to achieve the overall organizational goal.

Executive Summary

Garissa County, a semi-arid frontier economy with a population of roughly 800,000 residents and more than 426,000 refugees concentrated in the Dadaab complex, relies on livestock, irrigated farming, and cross-border trade for its growth. The policy brief examines how the county's revenue instruments – annual Finance Bills that set permit fees and the 2018 Garissa County Revolving Fund, designed for youth, women, and persons with disabilities – combine to raise the cost of doing business while excluding refugee entrepreneurs, thereby undermining Kenya's self-reliance agenda for displaced populations.

The analysis finds that a refugee-run kiosk must pay KSh 3,800 in Garissa town or KSh 3,300 in rural centres for a Single Business Permit, with even the smallest stalls owing KSh 1,500–1,000, figures that absorb what would otherwise be a profit for many micro-enterprises. Unable to shoulder these charges, traders often resort to informal "facilitation" payments and face additional property rents, market levies, and rising health certificate fees that further erode their slim margins. Meanwhile, Revolving Fund regulations that require a Kenyan national ID, collateral, and a bank account effectively bar most refugees from the only county-run micro-credit facility, locking them in informality and stunting Garissa's tax base, while breaching the spirit of the Comprehensive Refugee Response Framework and the Refugee Act 2021.



To unlock the county's full entrepreneurial potential, the brief proposes a suite of pragmatic reforms: gazetting Refugee ID and UNHCR documentation for business licensing and PIN registration, rolling out a low-fee "starter permit" with one-year waivers for first-time refugee and youth applicants, deploying multilingual mobile licensing clinics in the camps, amending the Revolving Fund regulations to name refugees explicitly and reserve an inclusive loan window, and pairing credit with Somali- and Swahili-language business-development services. Collectively, these measures would reduce transaction costs, widen access to finance, energise local markets and align county practice with national and international commitments to refugee self-reliance.

1. Introduction and Policy Background and Relevance

Garissa County is in northeastern Kenya. It is a semi-arid region with a population of approximately 800,000 and home to over 426,000 refugees, primarily Somalis, in the Dadaab refugee complex. [1] The county's economy relies on livestock rearing, agriculture along the Tana River, and trade, with Garissa town serving as a commercial hub. [2] Security concerns, [3] limited infrastructure, [4] and recurrent climatic [5] shocks hinder development despite its economic potential. Together, insecurity drives up the cost of doing business, weak infrastructure throttles market access, and climate extremes repeatedly destroy assets and public works – creating a cycle that depresses investment, employment and revenue generation in an otherwise strategically located trading hub.

Before delving deeply into the exact policy background, there are certain preliminary points that are important in their own right. It is crucial to appreciate that specific policy documents ultimately determine the cost of conducting business. Garissa's development-and-budget cycle is tightly choreographed: the five-year County Integrated Development Plan (CIDP 2023-27) sets the strategic vision; [6] the Annual Development Plan (ADP) selects the year's priority projects from that vision; [7] and the County Fiscal Strategy Paper (CFSP) assigns sector ceilings and financing to ensure those projects are funded. [8] Together, they deliver a rolling, multi-year financing strategy that links community priorities, identified through public participation, to actual expenditures.

This could be explained more practically: the CIDP 2023-27 sets long-run goals – including, for instance, a shift to a single, volume-based business-permit regime meant to cut red tape and bribes; the ADP would choose which of the reforms (market-stall upgrades, trader training, licence-automation pilots) get money this year; and the CFSP 2024 fixes sector ceilings and revenue targets that ultimately decide whether lower fees can be afforded. These documents inform the Finance Bills.

[1] UNHCR, Registered Refugees and Asylum Seekers, 2025.
[2] County Government of Garissa, County Annual Development Plan, Chapter One.
[3] These include, for instance, Cross-border militant raids – suspected al-Shabab fighters have struck police posts and road-building crews near the Somalia frontier; a March 2025 dawn assault, for instance, in Hulugho sub-county left six security personnel dead.
[4] Such as Patchy road network and energy access, in which case, the county's own ADP admits that upgrading water, roads, energy and public works is still a top priority because many corridors remain unpaved or seasonally impassable; there is also the issue of Chronic under-investment in feeder roads – financing bottlenecks and security disruptions stall road projects, leaving pastoralists far from tarmac and markets.
[5] Issues like severe droughts such as the 2020-23 dry spell killed an estimated two million head of livestock in Garissa alone, wiping out household capital in a pastoral economy.
[6] County Government of Garissa, County Integrated Development Plan
[7] County Government of Garissa, County Annual Development Plan,
[8] County Government of Garissa, County Fiscal Strategy Paper.

The county's Finance Bills, enacted annually, outline taxes, business permits, market fees, and other charges to fund local services. These bills are crucial for revenue generation, but they can also increase operational costs for small businesses. In recognition of the challenges marginalised communities face, the County Government developed a financial mechanism fund, the Garissa County Revolving Fund. [9] Formalised under its own Revolving Fund Act and regulated by the Public Finance Management (Garissa County Revolving Fund) Regulations, 2018, the fund aims to provide affordable loans to youth (aged 18-35), women, and persons with disabilities to spur entrepreneurial opportunities. The key tenet of the fund is its promise to provide credit facilities to vulnerable groups without any interest attached to the loan.

All in all, the policy background process for the Revolving Fund, looks something like this: the CIDP 2023-2027 establishes the Fund as a flagship programme; the ADP earmarks its annual targets; the CFSP would fix the spending ceiling that will capitalise it; the Budget Estimates & Appropriation Act votes the money; and the Finance Bill raises the fees, cess and licences that finance both the general budget and (indirectly) the Fund.

The County's five-year CIDP (2023–27), developed in alignment with national plans (Vision 2030, Nairobi Declaration, Kenya Refugees Act 2021), articulates a shift toward a single, volume-based business permit regime and integrated refugee solutions. In parallel, the UNHCR-supported Garissa Integrated Socio-Economic Development Plan (GISEDP 2023–2027) explicitly aims for "inclusive and sustainable development" that enhances self-reliance for both refugees and host communities. [10] Notably, GISEDP aligns Garissa's development goals with the National Refugee Act, 2021, which envisions camps becoming "integrated settlements" that grant refugees the right to work and access financial services.[11]

Refugees constitute a significant portion of Garissa's population and contribute to the local economy through small businesses, as noted in the literature on entrepreneurial activity in Dadaab. [12]

[9] County Government of Garissa, Garissa County Revolving Fund Act, 2018.

[10] UNHCR, Garissa integrated socio-economic development plan (GISEDP) – https://www.unhcr.org/ke/about-us/unhcr-partners-kenya/government-kenya/garissa-integrated-socio-economic-development-plan#:~:text=other%20regional%20and%20national.

Mukuki A, Halakhe A, Kitenge D, The New Refugee Act in Kenya and What it Means for Refugees,

[11]Refugees International, 3 June 2024, available at – https://www.refugeesinternational.org/perspectives-and-commentaries/the-new-refugee-act-in-kenya-and-what-it-means-for

[12] McAteer B, et al., 'Somali refugees in Kenya: increasing camp-urban mobility', Working Paper, International Institute for Environment and Development, 2023.

In the context of refugee policy in Kenya, policy directives and implementations, such as the SHIRIKA plan and the Garissa Integrated Socio-Economic Development Program (GISEDP), launched in September 2023, aim to promote self-reliance for both refugees and host communities. [13] Access to credit through initiatives such as the Revolving Fund is indispensable to achieving this self-reliance and integration. Thus, any barrier to accessing the fund harms Kenya's larger policy objectives. As a group already facing challenges in economic inclusion, such as legal uncertainties and documentation issues that limit refugees' participation in formal economic activities, including refugees in the fund, is critical. [14]

However, refugees in Garissa continue to face systemic challenges related to economic inclusion. Most have been confined to camps with limited formal work opportunities. To start a business, refugees must follow the same regulations as any other foreign national by obtaining KRA tax PINS, trade licenses, and other necessary registrations. [15] In practice, documentation hurdles remain high; for example, opening a bank account or mobile money wallet (vital for business transactions) requires identification that many refugees lack. [16] Thus, county-level policies on fees and funds are critical in enabling or deterring refugee entrepreneurs. The background conditions highlight why analysing Garissa's finance bills and the revolving fund through a refugee inclusion lens is timely. Ensuring refugees can participate in local commerce without undue cost or discrimination will improve their self-reliance and boost the overall county economy and social cohesion.

Further, County revenue instruments – especially the annual Finance Bills and the Revolving Fund Act – have not yet operationalised a vision of prosperity for refugees. Each Finance Bill sets fees and taxes (for business licenses, market stalls, property, etc.) based on location and scale. These bills finance local services but effectively act as a "tax" on small enterprises. While the County's Revolving Fund promises interest-free credit for youth, women, and PWDs, in practice, it requires Kenyan ID cards, residency proof, collateral, and a bank account. These rules exclude most refugees, who often lack national IDs and titled assets. Thus, despite law and policy support for refugee inclusion, existing county practices significantly discourage the formalisation of refugees and access to credit, undermining Kenya's broader self-reliance goals. [17]

[13] Government of Kenya, The Shirika Plan for Refugees and Host Communities, 2025.
[14] Ali M, 'The challenges facing refugees and their influence on socio-economic economic development of local community in Daadab camps in Kenya', Unpublished Master's Thesis, University of Nairobi, Nairobi, Kenya
[15] Halakhe A and Kara A, Removing Red Tape to Get Kenya's Refugee Act Right, Refugees International.
[16] Ibid.
[17] Mukuki A, Halakhe A, Kitenge D, The New Refugee Act in Kenya and What it Means for Refugees, Refugees International, 3 June 2024, available at – https://www.refugeesinternational.org/perspectives-and-commentaries/the-new-refugee-act-in-kenya-and-what-it-means-for.

Refugee enterprises are primarily concentrated in small-scale trade and services within the Dadaab sub-counties (Dagahaley, Hagadera, Ifo), including informal kiosks, tailoring, food vending, and small livestock trade. [18] Studies note that each camp has its marketplace, and "together these form a 'vibrant and diverse' market" where refugees and hosts routinely buy and sell goods. Many refugees share language, culture and kinship with local Somalis, so socio-economic exchange is common. Nevertheless, lack of permits pushes much activity underground: few refugee entrepreneurs register formally, and many rely on cash or informal credit.

Worse still is the impact on women. A substantial amount of Garissa's refugee population is female (GISEDP 2023 figures). [19] Women-run microenterprises (tailoring, trading, home-based businesses) are especially prominent in the camps, though they face greater financial barriers. In Kenya overall, only ~7% of women-owned MSMEs have formal bank credit – a gap likely wider in Dadaab. [20] Sectorally, refugees, like the host population, engage mainly in retail, food services, small-scale agriculture, and other microenterprises. [21] Therefore, for this study, absent exact figures, it is likely, as a logical consequence, that any challenge facing refugees is compounded for female refugees, as they are a class of further marginalised persons. [22]

Therefore, the Revolving Fund presents a strategic opportunity to bridge some of the outlined gaps; however, its accessibility to refugees remains uncertain.

[18] County Government of Garissa and UNHCR, Garissa Integrated Socio-Economic Development Plan, 2023-2027.
[19] County Government of Garissa and UNHCR, Garissa Integrated Socio-Economic Development Plan, 2023-2027.
[20] Holmes T and Maylie D, 'Thanks to My Smartphone, Business is Booming', International Finance Corporation, available at – https://www.ifc.org/en/stories/2024/bridging-the-finance-gap-for-women-entrepreneurs-in-kenya.
[21] UNHCR and ILO, Doing Business in Dadaab Report: Market Systems Analysis for Local Economic Development in Dadaab, Kenya, 2019.
[22] Women generally tend to fare worse in refugee settings. For instance, they tend to have lower education than their male counterparts; see, for instance, Gomez S, 'Education as a catalyst for refugee and host community integration in Kenya', UNHCR Blog, 13 December 2024. For a general overview, see, Mwangovya H, 'Social problems faced by women refugees in Dadaab Refugee Camp, North-Eastern Kenya', Unpublished Master's Thesis, University of Nairobi, 2011.

2. Methodology and Data Sources

This brief draws on an in-depth review of Garissa County's finance bills for FY 2021/22 to 2024/25, trend analyses of common business categories, and secondary literature, including implementation reports of the GISEDP, Kenya's Refugee Act, and CRRF commitments. A huge challenge in undertaking this brief regards the existence, or lack thereof, of real-time data. As such, where primary data on refugee businesses is lacking, the brief uses proxies from UNHCR's GISEDP documents, the UNHCR-ILO market analysis in Dadaab, and general statistics (e.g. gender breakdown from UNHCR demographics). However, all of these sources themselves are very scant. Cost estimates are benchmarked to current local fee schedules and projected expenses for the proposed measures (gazettement, mobile units, loan guarantees, etc.).

3. Analysis: Cost of Doing Business

In this analysis, a keen exposition of Finance Bills between 2021 and 2025 was undertaken. As previously stated, these bills serve as the guiding course for how the county seeks to raise funds to administer its services. The fees and taxes outlined in the Finance Bills are a clear determinant of the cost of doing business in the County.

This analysis focuses on four key aspects of Garissa County's finance structure that directly impact refugee entrepreneurs: licenses and permit fees, property rates and rental charges, market fees and informal levies, and health and safety compliance fees. These analysis points were each handpicked for various reasons; however, they were chosen primarily because they represent the main financial barriers that refugees (and all persons, for that matter) face when attempting to formalise and expand their businesses. Although licensing fees are relatively modest, they are significant for micro-enterprises, particularly since refugees often operate with minimal start-up capital. Property rates and rental charges, which vary significantly between urban and rural areas, further increase the operational burden for small businesses, including those run by refugees in informal markets and settings. Additionally, the impact of informal levies, such as bribes paid to avoid fines or expedite processes, adds an unpredictable cost, often forcing refugee entrepreneurs to choose informality over formalisation. Health and safety compliance, including medical exams and certificates, imposes another layer of financial strain, particularly on refugees engaged in food-related or service businesses.

Thus, the analysis aimed to conduct a comprehensive investigation of the cost structure that refugees navigate, which discourages formal business registration and limits access to financial opportunities, such as the Garissa County Revolving Fund. A typical refugee's life in Garissa is almost always fraught with financial difficulty, and the challenges they face perpetuate a cycle of informality, poverty, and injury. This reinforces the need for targeted policy reforms that reduce costs and simplify processes, ultimately creating a more inclusive and dynamic economic environment for refugees and the host community, which will significantly contribute to achieving policy goals set by the National Government.

Regarding licenses and permit fees, Garissa's Finance Bills prescribe annual Single Business Permit fees based on business size and location. These fees have generally remained steady or grown modestly between 2021 and 2025, but represent a substantial expense for small enterprises. For example, a small retail shop or kiosk in Garissa is charged an annual trade license of Ksh 3,800 in the township (urban) and Ksh 3,300 in other sub-counties. Even the smallest informal kiosks are expected to pay approximately Ksh 1,500 per year in town or Ksh 1,000 in rural areas for a permit. While these fees may appear moderate to a reader residing in the capital, for a refugee-run micro-business operating on slim profit margins, a few thousand shillings can be quite burdensome, if not prohibitive. Notably, the fee schedules differentiate Garissa Township from outlying sub-counties (such as Dadaab and Fafi), with slightly lower rates outside the town centre to reflect the differing economic conditions. This relieves refugee entrepreneurs in camps (who fall under Dadaab sub-county rates), but the absolute amounts remain challenging for those with little startup capital.

Over the 2021–2025 period, incremental adjustments in the Finance Bills have gradually increased the cost burden. New categories have been introduced, and some rates have risen to boost revenue. For instance, the 2024/2025 Finance Bill introduces a "Unified Single Business Permit" framework (consolidating various licenses). However, its fee structure still largely mirrors the previous categories and does not significantly lower costs for small traders. Meanwhile, other local taxes, such as agricultural produce cess and stock sale fees, have been maintained or increased. A tax, such as a produce cess, is levied on goods like cereals and fruits transported within or outside the country, adding to supply costs. In 2024, the levy on cereals (maize, beans) is Ksh 20 per 50kg bag in Garissa Township and Ksh 10 in other areas. Such charges can indirectly affect refugee traders by making commodities pricier to source.

Then there are Property Rates and Rental Charges. Businesses that own or rent premises (as almost all businesses do) are subject to county property rates and stall rents.

Garissa's finance bills specify an annual rate on commercial properties, often a percentage of the property value. From 2021 to 2025, a notable point is that the general charges appear to have remained relatively constant, with only slight increases. For small businesses operating in markets, the county charges monthly stall rentals. A permanent market stall in Garissa town costs about Ksh 2,000 per month, while a semi-permanent stall (e.g. a container or iron-sheet kiosk) is Ksh 1,200 per month. In Dadaab or other sub-counties, these rents may be somewhat lower (e.g., Ksh 1,200 for permanent stalls outside town); nonetheless, they accumulate to significant yearly sums. Some refugee entrepreneurs may circumvent these fees by operating informally (e.g. roadside vending without a designated stall), but then they risk fines or eviction during enforcement drives. For instance, if a trader wishes to erect a simple market shelter, this, too, incurs costs.

Apart from rent, traders in designated markets pay County Market fees. For instance, in Garissa's 2024/25 budget, cereals and fruits are subject to a fee. If a trader wishes to advertise their business, they must pay a relatively high daily fee of Ksh 1,500 in townships, and a more modest Ksh 500 in sub-counties. Additionally, certain informal costs may arise. Traders, perhaps across the country, frequently report paying unofficial "facilitation" fees to expedite processing or avoid harassment by county enforcement officers. For example, a refugee with an unlicensed shop may pay a small bribe during inspections rather than the formal fine or license fee – a symptom of how cumbersome or unaffordable official compliance can be. [23] These under-the-table payments are hard to quantify but effectively increase business costs. They are more common when formal fees are perceived as too high or bureaucratic processes are confusing, leading businesses to seek shortcuts.

Health and Safety Compliance Fees also apply to businesses handling food or operating in public spaces. To comply with health regulations, companies are required to pay a cost. The Finance Bills set health certificates, inspections, and related services fees. In this regard, a food handler, for instance, in 2021 paid a medical examination fee of around KSh 300 semi-annually for a health certificate. By 2023, this had risen to KSh 500 for a food handler's medical exam, reflecting increasing public health costs. Restaurants and butcheries likewise incur food and hygiene charges of Ksh 2,000 and Ksh 1,500 for townships and sub-counties, respectively (a fee that has remained constant in the period analysed). These fees are an additional expense, in addition to the business permit, for refugee-run eateries or butcher stalls. Fire safety certificates and other compliance fees (as listed in the bills) generally apply to larger businesses. Still, even smaller ones in markets might need basic fire extinguishers or hygiene permits.

[23] Omata N, 'Refugee livelihoods: a comparative analysis of Nairobi and Kakuma Camp in Kenya' 45(4) Disasters, 2021. While this paper discusses bribes in the context of Kakuma, it is reasonable to assume similar instances occur in Dadaab.

In summary, the period from 2021 to 2025 witnessed a cumulative tightening of the cost screw on local businesses in Garissa. License fees, although not significantly increased in any single year, have remained at levels that are difficult for micro-entrepreneurs to afford. Market and compliance fees add layers of financial obligation. Refugee businesses, typically micro-scale and home-based, feel these impacts acutely. Many operate on very low turnover, so even a requirement to pay Ksh 5,000 in combined permits and fees can deter them from formalising. Instead, they may choose informality – running unlicensed and risking periodic crackdowns, which limits their growth and exposes them to legal penalties. The rising official costs without special provisions or discounts for vulnerable groups mean that refugees face the same cost structure as established local businesses, despite having far fewer resources. This lays the groundwork for why inclusion in supportive schemes, such as the revolving fund, is so critical for refugee entrepreneurs to thrive.

4. Refugee Exclusion from the Garissa County Revolving Fund

The Garissa County Revolving Fund is a county initiative designed to provide affordable loans to micro and small enterprises, thereby spurring entrepreneurship. Established under the Garissa County Revolving Fund Act of 2018, the fund aims to enhance access to credit for businesses owned by young people, women, and persons with disabilities (PWDs). In practice, this targeting means that a refugee entrepreneur is not automatically included unless they fall into one of those three groups. Even then, inclusion is not guaranteed, as the fund's regulations and implementation pose additional barriers for refugees.

The Revolving Fund Regulations under the Public Finance Management rules outline a committee-based approval process at the sub-county and county levels. Applicants must apply through their Sub-County Revolving Fund Committee, which checks that (a) the applicant meets the conditions in the Act/Regulations, (b) the application form is duly filled, and (c) the applicant resides in the respective ward. This ward residency requirement means the applicant should be a resident of Garissa – a criterion that refugees in camps technically fulfil (since they live in wards like Dagahaley or Hagadera in Dadaab sub-county). However, proving residency can be challenging for refugees, particularly when documentation is required (e.g., a national ID or a letter from a local chief), because refugees are often issued alien identification and frequently lack formal proof of address. What's more, refugees rarely live in permanent residences and are instead relegated to living in shanties. There is no explicit mention in the regulations of citizenship or origin, so legally, a refugee youth or woman is eligible to apply. In practice, though, almost all awareness and outreach for the Fund have focused on Kenyan citizens.

The interpretation of "youth and women" implicitly means Kenyan youth and women. After all, accessing the fund requires a national ID card.
Furthermore, the loan application process requires specific documents and conditions that many refugees struggle to meet. All loans necessitate some form of security or guarantee, even those that do not accrue interest. The regulations empower the Fund to request collateral or group guarantees; for example, if a loan is intended for purchasing an asset (such as equipment), that asset is registered to secure the county's interest. Refugee entrepreneurs, who typically do not possess titled assets (like land or vehicles) in Kenya, find it challenging to provide acceptable collateral. They may also lack local guarantors with steady incomes, particularly if their social network comprises mostly fellow refugees with limited resources. Another requirement is having a bank account into which the loan can be disbursed. While opening a basic bank account is theoretically permitted for refugees under the Refugee Act 2021, in practice, it entails multiple IDs and verification steps that a refugee ID alone does not meet. As reports indicate, refugees often encounter difficulties in obtaining bank accounts, as these services require a Kenyan national ID or a passport, forcing refugees to find workarounds or forgo formal financial channels. This creates a direct barrier to accessing the Revolving Fund, which dispenses loans through bank transfers.

It is challenging to conclude whether refugees have been effectively included or excluded from benefiting from the Garissa County Revolving Fund. The Fund's design did not actively consider refugees as a target group, focusing instead on empowering marginalised Kenyan demographics (women, youth, PWD) to start businesses. Consequently, the typical refugee entrepreneur in Garissa – for example, a middle-aged refugee man running a small shop in Hagadera market, or a refugee woman operating a home-based tailoring micro-enterprise – falls outside the defined categories. Even those who qualify by category face the documentation and awareness barriers noted above. The loan committees at ward and sub-county levels do not include refugee representatives, and outreach about the Fund's availability has rarely, if ever, been conducted inside the refugee camps. As such, there is little hope that refugees will benefit from the Revolving Fund.

Another barrier is the perception of credit risk. County officials might be hesitant to lend to refugees due to a perception that they are transient or might relocate, especially given past uncertainties about camp closures. The fund's sustainability relies on repaying loans so that they can be "revolved" to the next borrower. If refugees

are considered riskier (due to a lack of fixed assets or a risk of repatriation), committees may be more inclined to reject their applications. There may also be legal ambiguity, since the regulations do not explicitly include non-citizens. This lack of clarity leaves refugee entrepreneurs without access to the one public microfinance resource supporting small businesses in Garissa.

5. Policy and Legal Implications

As the foregoing may be, the policy implications are manifold. The first of these is potential discouragement about formalisation. With rising fees and strict licensing, small businesses may opt to remain informal to minimise costs. Refugee-run businesses, already informal by necessity for many years, have little incentive to register formally if it means paying thousands of shillings in permits and complying with complex rules. Of course, the need for documentation is a huge barrier, but challenges persist even if this were removed, ad arguendo. This undermines the county's revenue goals and regulatory oversight. When entrepreneurs operate outside the formal system, the county loses out on fees (ironically due to the fees being too high) and cannot effectively enforce standards. The high cost of doing business acts as a tax on formalisation, pushing refugee businesses into the shadows. Many will prefer to be street vendors without fixed stalls, even though that makes them susceptible to evictions. This suggests that the current fee structure, while generating revenue, may inadvertently hinder the growth of the small enterprises it targets.

Excluding refugees from the county's credit schemes means missed opportunities to integrate them economically. Access to credit is often the bridge from subsistence to sustainable business. If refugees cannot access affordable loans, they remain trapped in a low-investment cycle – their businesses remain small, their incomes are low, and their contribution to the local economy is limited. Conversely, if refugees were included, one could expect increased business expansion, job creation (as many refugees employ fellow refugees or even host community members in their shops), and higher purchasing power within the camps. By excluding refugees from the Revolving Fund, the county forgoes an opportunity to encourage a significant portion of its population toward self-reliance. This also contrasts with the spirit of the Refugee Act 2021, which envisions refugees working alongside citizens in local economies.

The policy gap at the county level, which lacks explicit inclusion in funding criteria, thus hampers national objectives and Garissa's development plans, particularly the CIDP, which calls for support to refugees' livelihoods. Economic policies that refugees perceive as unfair or exclusionary can strain relations between refugee and host communities. If host community traders can access cheap credit and expand, while equally industrious refugee traders are left behind, this disparity can breed resentment. Hosts might feel refugees are not contributing enough or are operating "illegally" if many remain unlicensed; refugees might feel discriminated against by the local government. On the other hand, inclusive policies are likely to create shared economic opportunities, reducing potential tensions. It's in the county's interest to promote policies that unite communities – inclusive financing and equitable fee structures are tools to achieve that.

Furthermore, over time, high business costs and exclusionary practices can dampen Garissa's overall economic dynamism. Fewer new businesses will open if the upfront costs, such as licenses and permits, are too onerous. Existing businesses might deliberately stay small to avoid jumping into higher fee brackets. For instance, some entrepreneurs might split their business into two smaller, unregistered entities rather than one registered entity that falls into a higher license category. Similarly, refugees with entrepreneurial talent might choose to relocate to urban areas outside Garissa (if they manage to do so at all), where they perceive better support; thus, Garissa loses that human capital. If the Revolving Fund were lent to refugees, it could comprehensively and holistically enhance the fund's impact. Excluding them means the fund's capital is effectively underutilised relative to the total demand for microloans in the county. A non-inclusive approach can slow Garissa's progress toward poverty reduction and broad-based development. Conversely, adopting refugee-inclusive economic policies could unlock new growth. Refugee businesses expand local markets (for example, by importing goods from Somalia or Nairobi, which host traders who then also access them), making the economic pie larger for all. Inclusive growth would, in the long run, increase the country's own-source revenues as more businesses formalise and pay fees.

Finally, Kenya is a member of the Comprehensive Refugee Response Framework (CRRF) and has commitments under the Global Compact on Refugees to promote refugee self-reliance. Counties like Garissa are expected to incorporate these into local policy; indeed, through the CIDP, this is the case, as it is listed as an emerging issue. The current situation, where refugees are effectively excluded from county economic empowerment programs, reveals a misalignment. Policy reform to include refugees would showcase Garissa's leadership in implementing the Refugee Act 2021. It would attract positive attention and potentially more support from development partners. Suppose Garissa adjusts its finance and loan policies to be refugee-friendly. In that case, it stands to gain additional resources and partnerships (such as funding to expand the Revolving Fund or train refugee entrepreneurs) as incentives from the international community. Considering these implications, it becomes clear that addressing the twin issues of high business costs and refugee exclusion is not just a matter of fairness but of smart economics and good governance for Garissa County.

6. Detailed Policy Recommendations and Implementation Steps

a. Simplify Business Registration for Refugees

Streamlining the licensing pathway will allow refugee-owned micro-enterprises to enter the formal economy within a single business quarter. The step targets the persistent documentation bottleneck – principally the absence of a Kenyan ID or KRA PIN – that keeps most refugee traders informal and the county from collecting due revenue. Under this measure, the County issues a legal notice affirming that a Refugee ID card or UNHCR attestation fulfils all county identification requirements. Sub-county Trade Officers in Dadaab, Fafi and Lagdera could then pilot a "Refugee Starter Licence" workflow and file uptake reports each quarter. The reform not only removes a barrier for entrepreneurs but also widens the county's tax base and demonstrates compliance with the Refugee Act 2021 commitments to self-reliance.

b. Introduce Tiered Permit Systems with Fee Waivers

High flat-rate permit fees currently penalise micro-businesses with annual turnovers well below KES 500,000, forcing many to remain underground. A tiered system will create a low-cost "Starter Permit" priced at KES 500 and linked to turnover rather than location. After public hearings in both camps and host towns, the County Assembly's Budget & Finance Committee inserts the schedule into the FY 2026/27 Finance Bill. Clear implementation circulars are then dispatched to Ward Administrators and enforcement officers. The result: formalisation becomes financially viable for the smallest refugee and host-community traders, and the county gains predictable, broad-based fee income.

A more radical step could include an offer of a full one-year fee waiver for first-time refugee-owned businesses (and youth-led ventures). These will incentivise refugees to start businesses in a formal way, which will then help create a sprawling refugee business culture that is entirely above board.

c. Decentralised Licensing through Mobile Help Desks "Huduma Mashinani"

Geographic distance and transport costs prevent many camp-based entrepreneurs from travelling to Garissa town for permits. Equipping a Huduma Kenya van and two motorbikes with biometric kits enables the Huduma Kenya Secretariat, in coordination with Sub-County Administrators, to deliver a rotating monthly circuit of registration services. Schedules are publicised on mosque noticeboards, barazas, and other applicable arenas, while interpreters drawn from refugee incentive workers handle Somali translation. By bringing the state to the settlement, the county reduces informal levies linked to travel intermediaries and signals equal access to public services.

d. Create a Women's Enterprise Facilitation Window

To ensure that the benefits of the county's pro-business reforms reach refugee and host-community women, who face distinct mobility, time and affordability constraints, Garissa should establish a Women's Enterprise Facilitation Window embedded within the Huduma Mashinani outreach desks and the Revolving Fund programme.

The window would offer an integrated package of support tailored to women's circumstances. First, every woman registering a business for the first time would receive an on-the-spot licence-fee voucher covering both the Starter Permit and the mandatory hygiene certificate, so that no up-front cash payment is required.

Second, mobile licensing sessions would be scheduled at child-friendly hours – late afternoon and early evening – and each Huduma van would be equipped with a shaded play-corner supervised by community volunteers, allowing mothers to complete formalities without childcare barriers. Finally, ten percent of the Revolving Fund's annual envelope would be ring-fenced for women-owned refugee enterprises, with collateral requirements relaxed to accept group guarantees issued by established women's savings circles.

e. Amend Revolving Fund Regulations to Include Refugees

Although the Garissa County Revolving Fund Act targets vulnerable groups, refugees are neither named nor actively reached, leaving a huge segment without credit. An amendment should be tabled explicitly adding "refugee-owned enterprises" to the eligibility clause. The new loan-appraisal guidelines will reserve seats for refugee and host representatives in every ward committee. This single clarification opens a zero-interest credit line to a community that already drives substantial market turnover in Dadaab and neighbouring wards.

f. Establish Group Lending and Guarantee Mechanisms

Collateral requirements remain a sticking point even after refugees become formally eligible for the Fund. A risk-sharing agreement between entities, such as NGOs, donors, and the national government, can establish a KES 50 million guarantee window. In parallel, CARE and Mercy Corps train at least 100 mixed refugee-host savings groups on the Village Savings and Loan Association model, enabling joint-liability borrowing. The combined effect is to substitute social collateral for titled assets, de-risk loans for the county and unlock working capital for camp-based enterprises.

g. Launch Business Development Services (BDS) in Somali and Swahili

Credit without capability often leads to default. Garissa County should introduce a localised micro-enterprise curriculum and, with the County TVET Directorate, embed short BDS courses at technical centres. Completion certificates can be rendered to provide value for the training. Training in bookkeeping, compliance and market research – delivered in Somali and Swahili – strengthens business acumen and business survival, supporting both refugees and hosts.

h. Create Multilingual Support Desks

Language remains a quiet but potent barrier to compliance. By recruiting tri-lingual clerks (Somali, Swahili, and Arabic) and embedding their desks inside Huduma Centres and county cashier halls, the administration offers real-time form-filling and problem-solving assistance. Usage data captured on a simple dashboard will inform future staffing and training needs and can be publicly shared to reinforce accountability.

I. Mobilise Development Partners to Co-Finance Inclusive Loan Windows

Garissa's fiscal space is limited; yet international partners are eager to back refugee livelihood initiatives that align with the Global Compact on Refugees. A quarterly "Jobs & Enterprise Round-Table", convened by the Directorate of Economic Planning, should table matched-fund proposals to the World Bank's Jobs for Refugees Project, the Swiss Development Cooperation and the Islamic Development Bank. Leveraging donor risk-sharing capital will double or triple the Revolving Fund's reach without straining the county budget.

j. Institutionalise Refugee and Host Participation

Sustainable reform requires continuous citizen oversight. Ward Administrators, guided by the Directorate of Public Participation, will establish Refugee-Host Business Councils with a minimum of 40 per cent refugee membership and gender balance. Councils will vet draft Finance Bills, Revolving Fund reports, and CIDP/ADP priorities before tabling them in the Assembly, while an SMS/Ushahidi platform in Dadaab crowdsources real-time service delivery feedback. Embedding participation at the ward level secures political buy-in and ensures that subsequent policy cycles reflect ground realities rather than top-down assumptions.

7. Potential Challenges

a) Political economy resistance, and perception risk

Extending preferential procedures or concessions to refugees can trigger backlash from segments of the host-community who perceive newcomers as economic competitors or fiscal liabilities. County legislators may fear that reduced fees, waivers, or dedicated loan windows will be perceived as "special treatment," thereby eroding their political capital in their constituencies.

At the same time, national security actors often view mobility-enhancing measures with suspicion, reinforcing a narrative that economic inclusion facilitates urban flight from camps or cross-border movements.To mitigate this, the county could frame every reform in terms of net public value rather than charity. Quantify the revenue that formalised refugee firms will contribute through licences, cess and VAT, and the jobs they create for Kenyan employees.

Pair any fee waiver with a clear sunset clause and a communication campaign underlining that identical, turnover-based incentives exist for Kenyan youth and women. Finally, embed local host community representatives in all oversight bodies (e.g., Ward Business Councils, Revolving Fund Committees) to ensure continuous, visible co-ownership of the programme.

b) Institutional capacity and regulatory coherence

Garissa's Trade, Finance and Huduma service departments are already operating with limited staff, irregular budget disbursements and outdated ICT systems. Rolling out a new "Refugee Starter Licence", maintaining tiered fee ledgers, and deploying mobile biometric vans will stretch human resource and back-office bandwidth. A further risk is normative fragmentation: county bylaws could clash with KRA, Immigration, or DRS (Department for Refugee Services) rules if harmonisation is not completed upfront.

This could be circumvented by sequencing reforms so that low-bandwidth, high-impact steps (e.g., a single legal notice recognising Refugee ID as valid proof) precede labour-intensive pilots. Secure Cabinet approval for an inter-agency protocol that maps each actor's role – KRA for PIN issuance, DRS for identity verification, County Trade for permitting – thereby reducing duplication. In parallel, ring-fence minimal operational budgets for the first 18 months, financed by a modest top slice of projected licence revenue and a targeted grant from a development partner.

Continuous capacity-building – especially short courses in refugee law and cash-flow-based credit appraisal – should be integrated into annual county training plans rather than treated as an ad-hoc donor workshop.

c) Creditworthiness, collateral and risk-management constraints

Local lenders (including the Revolving Fund) remain wary of borrowers who lack fixed assets, formal address histories or long-term residency guarantees. Scepticism is amplified by misperceptions that refugees are transient or likely to be repatriated, making enforcement of loan contracts uncertain. Without risk-sharing mechanisms, credit flows to refugee-owned enterprises will remain tokenistic.

However, establishing a blended-finance guarantee facility, capitalised by county seed funds and matched by a donor risk tranche, to absorb first-loss defaults. Deploy group-lending methodologies – Village Savings and Loan Association (VSLA) or "chama" guarantees – proven to substitute social collateral for physical assets. Parallel business development services should incorporate training on record-keeping and cash flow forecasting, directly addressing lender concerns about financial literacy. Publishing repayment-rate data disaggregated by borrower status will help normalise refugee creditworthiness and dispel assumptions of systematic default.

d) Data, monitoring and adaptive management

There is also the data issue. Baseline figures on the number, size and sectoral distribution of refugee enterprises are sparse; routine administrative data sets rarely differentiate between host and refugee traders. Without credible metrics, the county risks designing fee tiers or loan products that are either over-- or under-calibrated, and opponents may dismiss reforms as "policy by anecdote."

To begin collecting relevant data, one approach could be to embed a light-touch data module into every licensing or Revolving-Fund application (capturing nationality, gender, age, and turnover band) and task the County Statistics Unit with creating quarterly dashboards. Leverage UNHCR's existing socio-economic surveys to provide sampling frames and triangulate trends. Finally, institute an annual public review – co-chaired by host and refugee business associations – at which uptake numbers, tax receipts, and repayment rates are openly presented and course corrections agreed upon.

e) Fiscal sustainability and donor dependency

The issue of fiscal sustainability is quite significant, as the county must finance mobile help desks, multilingual clerks, and loan guarantees without jeopardising core service delivery. Yet, the county is generally underdeveloped and unable to finance its expenses without serious stretching. Over-reliance on time-bound grants risks creating "pilot islands" that collapse once donor cycles end.

However, it is perhaps here that the National Government may come in to ring-fence a share of funds specifically to finance innovative solutions for refugee businesses. The rationale for doing so would be to implement and align the Country with its international commitments to durable solutions. After all, refugees having gainful enterprise is key towards entrenching long-term, durable solutions.

8. Implementation Timeline

Short-Term (0-6months)

- Amend Revolving Fund regulations to explicitly include refugees.
- Simplify business registration using Refugee/UNHCR ID.
- Introduce tiered permit systems with fee waivers.
- Begin outreach in refugee camps and host communities.
- Launch initial training for Trade Officers and Licensing teams.

Medium-Term (6-12months)

- Deploy decentralized mobile licensing help desks.
- Launch BDS training programs in Somali and Swahili.
- Establish multilingual support desks at huduma and trade offices.
- Expand access to the revolving fund via groups ending models.

Long-Term (1-2years)

- Formalize M&E mechanisms for inclusive financial services.
- Establish credit guarantee partnership [e.g, with UNHCR , IF, IFC].
- Secure long-term co-financing via donor matching funds.
- Institutionalize inclusive policies within Garissa County finance law.

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