LANDSCAPE ASSESSMENT REPORT

An overview of business preparedness and resilience to operate in manmade disasters and complex emergencies environment in Kenya

East Africa Humanitarian Private Sector Partnership Platform (HPPP)

July 2019
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List of Acronyms

ASAL – Arid and Semi-Arid Areas
CBi- Connecting Business Initiative
CVA- Cash and Voucher Assistance
DoSP- Directorate Special programs
FDI- Foreign Direct Investment
FEWS NET - Famine and Early Warning Systems Network
GDP- Gross Domestic Product
HPPP- Humanitarian Private Sector Partnership Platform
IAWG- Inter-Agency Working Group on Disaster Preparedness for East and Central Africa
KNBS- Kenya National Bureau of Statistics
KSh- Kenya Shilling
KIRA- Kenya Integrated Agency Rapid Assessment
KHPT- Kenya Humanitarian Partnership Team
MSME- Micro, Small and Medium Enterprises
ODI- Overseas Development Institute
UNDP – United Nations Development Programme
UNOCHA – United Nations Office for the Coordination of Humanitarian Affairs
UNHCR- United Nations High Commissioner for Refugees
UNICEF- United Nations Children's Fund
UNISDR- United Nations Office for Disaster Risk Reduction
NDMA- National Disaster Management Authority
NDOC- National Disaster Operations Centre
SOPs- Standard Operating Procedures
WARMA- Water Resource Management Authority
EXECUTIVE SUMMARY

In Kenya, a majority of businesses have been affected directly or indirectly by the effects of man-made disasters and complex emergencies; which include post-election violence, intercommunal conflicts, terrorism, fires, floods, displacements, drought etc. Such disasters have led to loss of business assets, destruction of business premises, business closure, and reduction in sales leading to economic, environmental and sometimes loss of human lives; which negatively impacts economic growth. The business community is critical to the Kenyan economy as they have operations in almost all sectors and sustain the majority of households and in the event of disasters, the community is affected at large. Therefore, this calls for the private sector to collaboratively engage with humanitarian actors and other stakeholders in order to create a resilient business environment before, during and after man-made disasters. This can be achieved through strengthening existing platforms or establishing a common platform to promote and strengthen the enabling environment for private sector engagement in disaster risk management, particularly disaster preparedness. This report details the findings on business preparedness and resilience to operate in manmade disaster and complex emergencies environment in Kenya. It specifically focuses on business preparedness before disasters, response during disasters and recovery measures. Preparedness was assessed in terms of contingency and risk management measures businesses take before disasters. Secondly, the landscape assessment sought to find out whether businesses participate in disaster response and whether in their response measures they have engaged humanitarian actors. Thirdly, the landscape assessment examines the existing support structures that facilitate recovery after disasters and emergencies. The findings are drawn from literature review and in-depth interviews with business owners and focal points of MSMEs and large enterprises in Kenya.

a) Disaster Preparedness

Businesses in locations more prone to disasters are usually well aware especially of natural hazards that sometimes follow a pattern or season for example; drought. However, the analysis found out that even if most of them being aware of main hazards threatening their businesses, they had no contingency measures in place. On the other hand, the businesses in those locations less prone to disaster hazards are much less aware of potential impact of disasters, and the need to prepare or the role they can play in the event of a disaster, contributing to a mindset that disaster is less likely to affect them. A majority of private sector businesses in Kenya have adopted a passive approach in disaster preparedness whereby they only take action when a disaster or an emergency occurs. MSMEs are disproportionately affected by disasters, compared to bigger firms with access to a broader set of coping strategies. The MSME sector is critical to the Kenyan economy as they have operations in almost all sectors and sustain the majority of households. A recent National Economic Survey report by the Central Bank of Kenya (CBK) indicates that MSMEs constitute 98 percent of all business in Kenya, create 30 percent of the jobs annually as well as contribute 3 percent of the GDP.

1 UNDP (2013); Impact of Disasters and Building Resilience- Small Businesses
b) Disaster Response

The government of Kenya has well established disaster response mechanisms which are open to other stakeholder’s participation and contribution including the private sector. There exists a well-developed set of business associations, which currently engage mostly on humanitarian issues such as political violence and terrorism that impact them directly. But they could become a valuable channel for widening the private sector engagement in other humanitarian crises. There is a general feeling by a majority of respondents interviewed that the response by the government and politicians is often a means to possibly gain political mileage- (the accuracy of this this response can however not be ascertained). In most cases, it has been observed that support from County and National Government bodies is usually uncoordinated, thus taking long to reach the affected population thus exacerbating the impact of the disasters.

c) Recovery

A majority of Kenyan businesses especially MSMEs have no business continuity plans in the event of an emergency or disaster. Whenever they are adversely affected by a crisis or disaster they revert to their own coping strategies which include; personal savings, family, business allies, suppliers and friends for support in the recovery process; while a few rely on Micro-Finance-Institutions (MFI) for recovery loans. This has also been reflected in previous findings: ‘Most small businesses, whether formal or informal, operating in developed or developing countries, tend to rely on personal savings and networks to cope with disasters.’

d) Private Sector Engagement and Opportunities

The recommendations from the landscape assessment aims to inform the Humanitarian Private Sector Partnership Platform (HPPP) on the existing gaps and opportunities for private sector and humanitarian actors to collaboratively engage in collective action, in order to create a resilient business environment before, during and after man-made disasters and complex emergencies in Kenya. The international humanitarian community will be able to bring best practice from other countries and especially the Kenya Red Cross Society which has the local standing with the private sector and the Kenyan public to help the government and the business associations in this task. Most private and Kenyan-owned businesses avoid doing business in refugee areas of Northern Kenya i.e. Kakuma, Kalobeyei and Daadab areas due to restrictive regulations, remoteness and poor infrastructure. The evolving refugee crisis calls for innovative approaches on the opportunities in this substantial, but mostly untapped market. The market is new and risky, so assessing the market potential and identifying areas where development institutions can help reduce apparent risks, are important.

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3 UNOCHA (2014, January); Humanitarian crises, emergency preparedness and response: the role of business and the private sector Kenya case study
4 UNDP (2013); Impact of Disasters and Building Resilience- Small Businesses
5 UNOCHA (2014, January); Humanitarian crises, emergency preparedness and response: the role of business and the private sector Kenya case study
6 IFC (2016) Kakuma as a market place: A consumer market study of a refugee camp and town in North West Kenya
INTRODUCTION

1.1 Purpose, Scope and Limitations of the Landscape Assessment
The aim of the landscape assessment is to provide information to the East Africa Humanitarian Private Sector Partnership Platform (HPPP) to enable the platform position itself in the engagement of the private sector in disaster management. The assessment sought to establish the existing disaster preparedness measures by businesses in Kenya, their engagement with humanitarian actors during emergencies and disasters, existing support structures that businesses rely on after disasters for their recovery and opportunities for private sector engagement in the humanitarian space.

The steps involved were as follows: literature review on existing data and information, selection of the sample size for the in depth interviews, drafting of the report, including recommendations, which was circulated to the HPPP Steering committee members and other invitees before holding a validation workshop in June 2019, which involved development of a work plan of activities for engagement. The businesses interviewed were from the Nairobi and Kiambu County only. This was due to time and budget constraints, thus it was only feasible to conduct face to face interviews with the respondents in the two counties due to their proximity. However, some of the businesses interviewed have branches operating in Eastern, Western, Central and Rift valley regions of Kenya providing a wide scope in terms of geographical location.

1.2 Design and Methodology
Purposive random sampling method was used to select the sample size of 47 businesses that would participate in the in depth interviews. Micro businesses were a majority represented by 55% of the total sample i.e. 26 in number; followed by 30% of small businesses i.e. 14 in number, medium enterprises were 2% and large enterprises were 13%. Most of the Micro, Small and Medium businesses are registered as limited companies and only a few were sole proprietorships.

The sample size is reflective of HPPP’s future target audience because the large businesses provide an avenue of reaching the target group as they have most of the MSMEs as their customers. MSMEs constitute the majority i.e. 98 percent of all business in Kenya, creating 30 percent of the jobs annually as well as contributing 3 percent of the GDP. Data was collection was conducted in April and May 2019 through in-depth interviews with the business owners while key informant interviews were held with the representatives of the large enterprises and some of the HPPPs members. The selected participants had the following characteristics;

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8 UNDP (2015): MSME’s as suppliers to the extractive industry
a) Private sector businesses within Nairobi and Kiambu County from different sectors of the Kenyan economy i.e. agriculture, education, hospitality, service industry, financial, manufacturing, building and construction sectors etc.

b) Businesses from the informal urban settlements of Korogocho and Mathare within Nairobi County because they experience the impact of disasters at a larger scale due to limited access to basic social amenities (poor infrastructure, water and sanitation) among other challenges. People living in informal settlements, particularly in slums, suffer more spatial, social and economic exclusion from the benefits and opportunities of the broader urban environment. They experience constant discrimination and an extreme disadvantage characterized by geographical marginalization, basic service deficits, poor governance frameworks, limited access to land and property, precarious livelihoods and, due to informal settlements’ location, high vulnerability to the adverse impacts of poor and exposed environments, climate change and natural disasters”.

c) Businesses owned by refugees from countries currently facing conflicts or previously. Urban refugees were included in the study as they form a substantial number of micro businesses and are faced with more challenges than their Kenyan business counterparts.

Figure 1: Map of Kenya Showing the 47 Counties

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9 UN Habitat (May 2015); Issue Paper 22: Informal Settlements
1.3 Definition of Terms

Hazard
A process, phenomenon or human activity that may cause loss of life, injury or other health impacts, property damage, social and economic disruption or environmental degradation. Severe hazardous events can lead to a disaster as a result of the combination of hazard occurrence and other risk factors.\(^{10}\)

Manmade Hazards
Man-made (i.e., anthropogenic, or human-induced) hazards are defined as those “induced entirely or predominantly by human activities and choices”. Manmade hazards include; complex emergencies/conflicts, famine, displaced populations, industrial accidents and transport accidents.\(^{11}\)

Natural Hazards
Natural hazards are naturally occurring physical phenomena caused either by rapid or slow onset events which can be geophysical i.e. landslides, earthquakes, volcanic activity and tsunamis; hydrological e.g. floods; climatological i.e. drought, wildfires; meteorological i.e. cyclones, storms, or biological i.e. disease epidemics and insect or animal plagues.\(^{12}\)

Disaster
A serious disruption of the functioning of a community or a society at any scale due to hazardous events interacting with conditions of exposure, vulnerability and capacity, leading to one or more of the following: human, material, economic and environmental losses and impacts. Disasters thus occur when the natural hazards interact with vulnerable people, property, and livelihoods causing varying damage depending on the level of vulnerability of the individual, group, property or livelihoods.\(^{13}\) Disasters destruct livelihoods and drain years of economic gains and development. Natural disasters for instance cause loss of lives and property, displacement of people from homes, destruction of infrastructure like roads, rails and telecommunication lines, contamination of water sources causing diseases or depletion of the same altogether.\(^{14}\)

Emergency
The potential loss of life, injury, or destroyed or damaged assets which could occur to a system, society or a community in a specific period of time, determined probabilistically as a function of hazard, exposure, vulnerability and capacity.\(^{15}\)

Disaster Risk Reduction
Disaster risk reduction is aimed at preventing new and reducing existing disaster risk and managing residual risk, all of which contribute to strengthening resilience and therefore to the achievement of sustainable development.\(^{16}\)

\(^{10}\) UNISDR (2017)  
\(^{11}\) UNISDR (2017)  
\(^{12}\) UNISDR (2017)  
\(^{13}\) UNISDR (2017)  
\(^{14}\) UNISDR (2017) https://www.unisdr.org/we/inform/terminology  
\(^{15}\) UNISDR (2017)  
\(^{16}\) UNISDR (2017)
Preparedness
The knowledge and capacities developed by governments, response and recovery organizations, communities and individuals to effectively anticipate, respond to and recover from the impacts of likely, imminent or current disasters.17

Response
Actions taken directly before, during or immediately after a disaster in order to save lives, reduce health impacts, ensure public safety and meet the basic subsistence needs of the people affected. Disaster response is predominantly focused on immediate and short-term needs and is sometimes called disaster relief.18

Recovery
The restoring or improving of livelihoods and health, as well as economic, physical, social, cultural and environmental assets, systems and activities, of a disaster-affected community or society, aligning with the principles of sustainable development and “build back better”, to avoid or reduce future disaster risk.19

Resilience
The ability of a system, community or society exposed to hazards to resist, absorb, accommodate, adapt to, transform and recover from the effects of a hazard in a timely and efficient manner, including through the preservation and restoration of its essential basic structures and functions through risk management.20

Early warning system
An integrated system of hazard monitoring, forecasting and prediction, disaster risk assessment, communication and preparedness activities systems and processes that enables individuals, communities, governments, businesses and others to take timely action to reduce disaster risks in advance of hazardous events.21

Internally Displaced Persons (IDP’s)
‘IDPs’ means persons or groups of persons who have been forced or obliged to flee or to leave their homes or places of habitual residence, in particular as a result of or in order to avoid the effects of armed conflict, situations of generalized violence, violations of human rights or natural or human-made disasters, and who have not crossed an internationally recognized State border.22

Private Sector
The private sector is defined by the United Nations as follows; a) Individual, for –profit, commercial enterprises or businesses, in both the informal and formal sectors, ranging from small and micro- enterprises, to cooperatives and large national and multi-national companies. b) Business associations and coalitions, both representative membership bodies, such as chambers of commerce, employers’ organizations, trade and industry associations, and business led groups c) Corporate philanthropic foundations, directly funded and or governed by business.23

17 UNISDR (2017)
18 UNISDR (2017)
19 UNISDR (2017)
20 UNISDR (2017)
21 UNISDR (2017)
22 AU Convention for the Protection and Assistance of Internally Displaced Persons in Africa (Kampala Convention)
23 United Nations General Assembly (2001); https://undocs.org/A/56/323 : Cooperation between the United Nations and all relevant partners, in particular the private sector.
1.4 The relationship between Connecting Business initiative (CBI) and the East African Humanitarian Private Sector Partnership Platform (HPPP)

Connecting Business initiative (CBI) aims to transform the way the private sector engages before, during and after emergencies; increasing the scale and effectiveness of the response in a coordinated manner. CBI takes forward some key World Humanitarian Summit outcomes, as well as the 2030 Development Agenda and the Sendai Framework for Disaster Risk Reduction. Recently, CBI launched a new work stream on complex emergencies in collaboration with various partners; and developed a Guidance Toolkit to support its member networks—including HPPP in engaging the private sector in the manmade disasters and complex emergencies context in Kenya and East Africa.

The East Africa Humanitarian Private Sector Partnership Platform (HPPP) supports systematic long-term private sector, UN, NGO, Government and community partnerships to address the impacts of natural disasters, emergencies due to conflict and complex urban and out-of-camp displacement situations. On 8th March 2016, the Humanitarian Private Sector Partnership Platform for East Africa (HPPP) in Kenya and during the event there were over 160 delegates from UNHCR, UNOCHA, UNISDR, UNFPA, WFP, UNICEF, IOM, MasterCard, DHL, Equity Bank Limited, Ushahidi, Dlight, GSMA, World Vision, DRC, Save the Children, Oxfam, Government of Kenya, donor and diplomatic representatives from Government donors. Currently, the HPPP has a membership of over 20 steering committee members, from the private sector, UN, INGO’s and NGO’s.

HPPP participated at the World Humanitarian Summit in Istanbul and the chair and co-secretariat organizations committed to supporting the then launched global Connecting Business initiative (CBI), to which HPPP became an official member network in August 2016. Since its launch, HPPP has conducted partnering trainings to enhance cross-sector partnerships with key business, UN and civil society and Government stakeholders, facilitated disaster preparedness simulation exercises with private sector, and business engagement in protracted refugee/ displacement crises in Kenya and Uganda.

The aim of HPPP is to facilitate cross-sector partnerships to share capabilities and readiness to engage and work with humanitarian actors to have local partnerships promoting ownership, self-reliance, integration and social cohesion. HPPP seeks and commits to work with CBI to strengthen and build pre and post crisis resilience in East Africa. HPPP supports systematic long-term private sector, UN, community partnerships and INGOs and NGO’s to address the impact of disasters, emergencies due to conflicts and complex urban and out of camp displacement situations.
1.5 The Role of Technology in Disaster Risk Reduction

The UNISDR Science and Technology Conference on the implementation of the Sendai Framework for Disaster Risk Reduction 2015-2030 was held in January 2016 in Geneva, Switzerland and emphasised on the role of science, technology and research in providing evidence and knowledge on disaster risks and ‘how to’ reduce risks.24

The shift of focus from managing disasters to reducing risks requires a better understanding of risk in all its dimensions of hazards, exposure and vulnerability; a disaster risk governance that ensures disaster risk is factored into planning and development at all levels across all sectors as well as in disaster preparedness, rehabilitation, recovery and reconstruction; and cost-benefit analysis to support prioritization of investments in disaster risk reduction (DRR) for long-term resilience. This calls for prioritization of the development and dissemination of science-based risk knowledge, methodologies and tools, science and technology work on DRR through existing networks and research institutions. There is need for a strengthened interface between science and policy to support all four priority areas namely: a) understanding disaster risk; b) disaster risk governance; c) investing in DRR for resilience; and d) enhancing disaster preparedness for response and to build back better.25

Understanding risk and assessing vulnerably requires a lot of data which will be more valuable when it is timely and up to date, so as to allow researchers and decision makers track indicators and evaluate change. Few technologies can meet this requirement. One technology that is both reliable and mature is earth observation technology, both from space and in-situ.26 Disruptive technologies can spread critical information more quickly, improve understanding of the causes of disasters, enhance early warning systems, assess damage in new ways and add to the knowledge base of the social behaviours and economic impacts after a crisis strikes. Situational awareness is improving with new tools providing the crisis community with a clearer understanding of the extent of damage and where to prioritize resources. Large-scale impacts will require more time and investments in skills and research. Satellite imagery and seismometers remain important methods for detecting, monitoring and accessing disasters, and text messaging has a wide reach when communicating with the public. 27

24 https://www.unisdr.org/partners/academia-research/conference/2016/
27 https://www.preventionweb.net/publications/view/64431
2.0 ANALYSIS OF THE KENYAN CONTEXT

Kenya’s disaster profile is dominated by droughts, fires, floods, technological accidents, diseases and epidemics, violent extremism and inter-communal conflicts that disrupt people’s livelihoods, destroy the infrastructure, divert planned use of resources, interrupt economic activities and retard development.\textsuperscript{28} A number of natural hazards are experienced; the most common being weather related, including floods, droughts, landslides, lightning/thunderstorms, wild fires, and strong winds. In the recent past these hazards have increased in number, frequency and complexity. The level of destruction has also become more severe with more deaths of people and animals, loss of livelihoods, destruction of infrastructure among other effects resulting in losses of varying magnitudes.\textsuperscript{29}

Recurring natural disasters, particularly droughts and floods, significantly impact livelihoods and economic development in Kenya. Floods and drought are becoming more frequent, with drought cycles occurring every 2-3 years instead of every 5-7 years. A severe and prolonged drought from 2008 to 2011 affected 3.7 million people, caused $12.1 billion in damages and losses, and totalled over $1.7 billion in recovery and reconstruction needs. Agriculture and livestock, the sectors most heavily impacted by drought, are also the main sources of livelihood for nearly 80 per cent of Kenyans. Population growth, urbanization, and increasing demand for energy and water compound Kenya’s drought and flood risk. The impact of drought conditions is likely to deteriorate further, exacerbated by climate change effects.\textsuperscript{30} The diversity, frequency of occurrence and magnitude of the disasters has been on the rise in the last two decades resulting in increase in number of people affected.\textsuperscript{31} These disasters cause a serious disruption of the functioning of a community or society causing death, injuries, destruction of property and livelihoods, displacement of persons, economic and environmental losses.\textsuperscript{32}

2.1 Factors Affecting Kenya’s Disaster Profile

\textbf{a) Environmental Factors}

The country’s geographical set up has contributed much to regular, if not permanent hazards in some areas. When these disasters interact with vulnerable communities they cause suffering of varying magnitudes. This has affected the economic development effectively lowering the human development of these areas.\textsuperscript{33} Kenya is a highly drought prone country, because only about 20% of the territory receives high and regular rainfall. The rest, i.e. 80%, is arid and semi-arid lands where annual rainfall varies from 200 to 500 mm, and periodical droughts are part of the climate system.\textsuperscript{34}

\textsuperscript{29} UNDP (2011); Kenya Natural Hazard profile
\textsuperscript{31} https://www.researchgate.net/publication/293414597_PROFILING_DISASTERS_IN_KENYA_AND_THEIR_CAUSES
\textsuperscript{32} E. Mbogo, F. Inganga and J.M Maina (2017); Drought conditions and management strategies in Kenya
\textsuperscript{33} UNDP (2011); Kenya Natural Hazard profile
\textsuperscript{34} E. Mbogo, F. Inganga and J.M Maina (2017); Drought conditions and management strategies in Kenya
b) Political Factors

The slow enactment of disaster preparedness and management laws at both the National and County
governments levels can be attributed to various factors for example; lack of political will to prioritise,
weak coordination and engagement of stakeholders, competing priorities at the National Assembly and
lack of a champion in the Executive.\(^{35}\) Challenges affecting disaster response are poor coordination
and lack of information. Poor infrastructure also makes rescue and relief efforts difficult, costly risky
for aid workers; it also makes some disaster-affected populations be cut off from aid. Response is mostly
uncoordinated and often inadequate characterized by a failure to act on early warnings and
information.\(^{36}\)

c) Socio-economic and Cultural Factors

High population growth in Kenya has lowered living standards and left sizeable numbers of the
population poor and vulnerable to both natural and man-made disasters.\(^{37}\) Cultural barriers and high
poverty levels can affect community preparedness. Communities in disaster prone areas are much more
aware of disasters and therefore more prepared. Communities in locations that are not disaster prone
are much less aware of disasters, the need to prepare or the role they can play. They are well aware of
other locations that are disaster prone and this creates an attitude that disaster is less likely to affect
them.\(^{38}\)

d) Religious and Ethnic Factors

Religion and traditional practices also play a major part in the communities’ perceptions of non-events.
On the positive side, there is the general belief that everything happens only with God’s permission. As
such, better preparedness is achieved with incorporation of local knowledge and practices. On the
negative side, religion can play a role in 'non preparedness'; since people believe their fate is in the
hands of a higher power, they believe that whatever they do might not have an effect on the outcome of
God's will. Households that have buried their loved ones in the homestead are less willing to relocate
when disaster occurs. The uncertainty of recovery and reconstruction from the disaster encourages
communities to relocate as a last resort – which is often too late.\(^{39}\)


\(^{37}\) UNDP (2011); Kenya Natural Hazard profile

2.2 Overview of Natural and Man-made Hazards in Kenya

a) Drought

Almost 70% of Kenya’s land mass is affected by seasonal drought. This covers most parts of Rift Valley, North Eastern, Eastern provinces and coast province therefore classified as arid and semi-arid land. The country covers a total area of 582,644 square kilometres of which less than 3% of the total is forest. The arid and semi-arid lands (ASALs) cover 89% of the country’s land mass. The arid counties alone cover 70%- and are home to 38% of the population. These areas are regularly affected by droughts resulting in food insecurity, high levels of malnutrition-related illnesses and deaths, and disruption of livelihoods. 40 Due to the vast areas prone to drought, Kenya’s vulnerability to food insecurity is highest among the pastoralists and small-scale agriculturalists in the arid and semi-arid lands (ASALs) of the country.41 The most prevalent natural hazard in Kenya is drought; affecting mainly the Eastern, North Eastern provinces, parts of Rift Valley and Coast Provinces.

The root cause of the Kenya’s vulnerability to drought is in its dependence on rainfall for its economic and social development. Agriculture, the mainstream of the economy, is almost entirely rain-fed. Water for human consumption and other uses is derived from rivers whose recharge depends on rainfall. Kenya is a water-scarce country, whose per capita water availability is one of the lowest in Africa, making access to clean water a problem in many areas of the country, including the capital, Nairobi.42

Figure 2: Arid and Semi-arid Counties in Kenya

41 UNDP (2011); Kenya Natural Hazard profile
42 E. Mbogo, F. Inganga and J.M Maina ; Drought conditions and management strategies in Kenya
History of Drought in Kenya

The drought cycle in Kenya dates back to more than three decades ago. In 1975, widespread drought affected 16,000 people; in 1977 it was 20,000 people affected; in 1980, 40,000 people suffered the effects of drought; and in 1983/84 it hit over 200,000 people. In 1991/92 in Arid and Semi-Arid Districts of North Eastern Kenya, the Rift Valley, Eastern and Coastal Provinces, 1.5 million people were affected by drought. It was reported that widespread drought affected 1.4 million people in 1995/96 and in 1999/2000, famine affected close to 4.4 million people. In 2004, 3 million people were in dire need of relief aid for eight months from August 2004 to March 2005 due to widespread drought. The drought in 2008 affected 1.4 million people. In the late 2009 and early 2010, 10 million people were at risk of hunger after harvests failed due to drought. The most recent severe drought took place in 2016/17 and triggered widespread livestock deaths and negatively impacted agricultural production. Currently in Kenya, 1.1 million people are severely food insecure and 2.5 million people are expected to be food insecure by July 2019.

Table 1: Major Droughts in Kenya

<table>
<thead>
<tr>
<th>Major Drought Events in Kenya</th>
<th>Number of People Affected</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>2.7 Million</td>
</tr>
<tr>
<td>2011</td>
<td>3.75 Million</td>
</tr>
<tr>
<td>2009</td>
<td>3.79 Million</td>
</tr>
<tr>
<td>2006</td>
<td>2.97 Million</td>
</tr>
<tr>
<td>2003/2004</td>
<td>2.23 Million</td>
</tr>
<tr>
<td>1998/2001</td>
<td>3.2 Million</td>
</tr>
</tbody>
</table>

b) Floods and Landslides

In Kenya, areas prone to floods are the Western low lands around Lake Victoria, the coastal low lands around the Indian Ocean and other areas with poor surface water drainage and areas along Tana River are prone to flooding resulting in loss of life and property, as well as outbreak of waterborne human and animal diseases like cholera and Rift Valley fever. The subsequent effects are loss of lives, infrastructure, food reserves and erosion. In recent times, episodes of urban flooding have been observed in Nairobi City and Narok town. Occasional floods are also experienced in drylands where heavy storms fill up the dry river valleys causing flash floods downstream. Such episodes are common in Turkana, Samburu and eastern Kenya. Landslides and mudslides occur mostly during the rainy season and are accelerated by flooding. Usually they affect parts of the country like western, Nyanza and north Rift Valley provinces, however, the most vulnerable areas have been the following:

44 https://www.acaps.org/country/kenya/special-reports
46 https://www.researchgate.net/publication/293414597_PROFILING_DISASTERS_IN_KENYA_AND_THEIR_CAUSES
Murang’a district in central province, Kirinyaga, Nyeri, parts of Meru, which are areas around the mount Kenya region, Kisii and Mombasa Island. In addition to the influence of topography, landslides are aggravated by human activities, such as deforestation, cultivation and construction, which destabilize the already fragile slopes. Other vulnerability factors include: population pressure, building on steep slopes and base of exposed slopes.\textsuperscript{47}

c) Fires

In Kenya, fires have immensely contributed to the high numbers of man-made disasters with varying loss of property and lives. Fire disasters in Kenya have very diverse causes ranging from arson to electrical faults to forest fires. According to the Kenya National Disaster Operational Centre (NDOC), 110 fire incidents occurred in 2011, up from 70 between October and December 2010. Most fires in Kenya are frequent in slums and informal settlements. In 2010, More than 100 people were killed, dozens injured and thousands displaced during the Sinai- Mukuru incident following a fire caused by a fuel leak from a Kenya Pipeline Company petrol pipeline.\textsuperscript{48}

As one of Kenya’s five main water towers, the forests of the Aberdare’s play a critical role in supporting the country’s economy. They are the main source of water for Nairobi and 55 percent of Kenya’s electricity is generated by water flowing from the Aberdare’s and Mt. Kenya. The Aberdare’s are the main catchments for Sasumua and Ndakaini dams, which provide most of the water for Nairobi - a city of more than three million people. Nairobi accounts for 60% of Kenya GDP.\textsuperscript{49} A fire season has been taking place in Kenya since early January 2019 due to a long dry spell. Severe forest fires have been declared in the vicinity of Mount Kenya and affecting three counties (Meru, Nyeri and Kirinyaga) in the central region of the country. According to Kenya Red Cross Society (KCRS) and many agencies involved in the response such as Kenya Wildlife Service, Kenya Forest Service and Mount Kenya Conservation, up to 80 000 hectares have been consumed by flames so far.\textsuperscript{50}

The immediate effects of the forest fires include: combustion of vegetation which reduces air quality by releasing harmful particles which contributes to greenhouse gas emissions including carbon dioxide, methane, carbon monoxide, and nitrous oxide. There are also long-term implications. While fire doesn’t necessarily lead to permanent forest loss, reduction in forest cover on Mount Kenya – one of Kenya’s water towers – has affected dry season water flows. This in turn impacts farming irrigation and hydroelectric power generation. The water towers are critical for Kenya’s water supply since the lower elevations are mostly arid or semiarid.\textsuperscript{51}

\textsuperscript{47} UNDP (2011); Kenya Natural Hazard profile
\textsuperscript{48} Relief Web ( September, 2011) Disasters Continue to happen
\textsuperscript{50} https://reliefweb.int/report/kenya/kenya-forest-fires-dg-echo-krcs-kws-echo-daily-flash-4-march-2018
\textsuperscript{51} Mary C. H, Jessica. M and J. Maingi (2019); Why Mount Kenya is Burning and what can be done to stop the fires.
2.2.1 Impact of drought and other natural hazards

In Kenya, the 1998-2000 drought was estimated to have had economic costs of US$2.8 billion. More drastically, the Post Disaster Needs Assessment (PDNA) for the extended 2008-2011 drought estimated the total damage and losses to the Kenyan economy at a staggering US$12.1 billion which includes Kenya shillings 64.4 billion (US$805.6 million) for the destruction of physical and durable assets, and Kenya shillings 904.1 billion (US$11.3 billion) for losses in the flows of the economy across all sectors.\(^{52}\)

While drought is known to affect the agricultural sector, which contributes about 23 percent to the Kenyan economy, as a result of crop failure and in turn reduced food security, poor rainfall has the potential effects of (i) hampering hydro-electric power generation which results in power rationing and (ii) reduced water supply and in the process water rationing ends up affecting industries heavily dependent on the resource, impacting production levels and hence putting a strain on the economy. In such tough times, companies find it hard to sustain production and in turn lead to employee lay-offs as was witnessed in various parts of the Kenya during the 2011 drought.\(^{53}\)

MSMEs are considered to be more vulnerable to man-made and natural hazards than larger firms, given the more limited range of risk-management mechanisms they can access. Furthermore, MSMEs in developing countries have additional characteristics that can exacerbate their vulnerability such as informal character of their makeup, which keeps them out of the reach of government disaster risk management (DRM) programmes and other DRM strategies (e.g. insurance); it also constraints the ability of MSMEs to diversify their supply and customer base; and implies a lack of compliance with norms and regulations that can increase disaster risk for them and for their employees (e.g. operations in informal settlements and lack of social protection for their employees).\(^{54}\)

Research shows that a majority of MSMEs are worse off after disasters. Loss of assets, supplies, customers and staff can compromise livelihood strategies of MSMEs owners. Having fewer coping strategies make it difficult for MSMEs to handle the consequences of disasters, compared to larger firms. The impacts of disasters on the financial viability of MSMEs point at increasing vulnerability after the event, and a decreasing ability to cope with shocks.\(^{55}\)

\(^{54}\) UNDP (2013); Small Businesses: Impact of Disasters and building Resilience
\(^{55}\) UNDP (2013); Small Businesses: Impact of Disasters and building Resilience
All the businesses who took part in the interviews alluded that they had been directly affected by two or more disasters and emergencies during their period of operation over the last 10 years as shown in figure 3 below.

![Disasters That have affected Business over the Last 10 Years](Data collected in April and May 2019)

Some of the impacts of disasters to businesses are as follows;

- a) Destruction of business infrastructure, loss of assets and in some cases loss of employees.
- b) Long business closure periods leading to lack of business continuity due to displaced populations, loss of assets among other factors; recovery periods differ depending on the size and financial capability of the business.
- c) Displacement of the business location, population, thus affecting the supply chain.
- d) Food insecurity causes inflation i.e. prices of commodities go up, commodity shortages and crop failure due to delay or insufficient short/long rains.
- e) Financial constraints due to cash flow problems leading to non-payment of loans and business overheads, loss of employment.

### 2.2.2 Impact of Terrorism to the Kenyan Economy

In recent years, Kenya has witnessed a surge in terrorist attacks and violent extremism. The impact of these have been most felt on infrastructure, physical and human capital, productivity and economic growth. In particular, terrorist attacks and violent extremism have increased uncertainty in the investment climate, disrupted household spending and livelihood, dissuaded foreign direct investment (FDI) and led to a reallocation of resources from growth-enhancing investment to spending designed to increase national security.\(^56\) Terrorism continues to be a big obstacle to business in Kenya due to the uncertainty of the business environment, with 15% of the respondents alluded having been directly or

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\(^56\) UNDP (September 2017); Policy Brief: Articulating the pathways of the impact of terrorism and violent extremism on the Kenyan economy, Issue1/2017
indirectly affected by terrorist activities in their areas of operations. This led to loss of property, infrastructure and even staff in some instances. The increase in the number of terrorism incidents has led to businesses facing higher operating costs including high insurance premiums, enhanced security measures and high labour costs to attract workers. In urban areas, massive investments have gone into expensive installations such as security cameras, metal detectors and advanced security systems to avert terror attacks. Although such efforts have yielded positive results, the economic cost is massive considering that these resources could have gone into more productive investments.57

Table 2: Some of the Recent Terror Attacks in Kenya

<table>
<thead>
<tr>
<th>Date</th>
<th>Nature of Attack</th>
<th>Casualties</th>
</tr>
</thead>
<tbody>
<tr>
<td>7th August 1998</td>
<td>A- Qaeda attack - USA Embassy in Nairobi</td>
<td>213 People Killed</td>
</tr>
<tr>
<td>1st July, 2012</td>
<td>Al-Shabaab attack- Garissa Churches</td>
<td>14 people Killed</td>
</tr>
<tr>
<td>21st September, 2013</td>
<td>Al-Shabaab attack -Westgate Shopping Mall, Nairobi</td>
<td>67 people Killed</td>
</tr>
<tr>
<td>15th June, 2014</td>
<td>Al-Shabaab attack- Mpeketoni, Lamu County</td>
<td>60 people Killed</td>
</tr>
<tr>
<td>22nd November 2014</td>
<td>Al-Shabaab attack on Mandera bus</td>
<td>28 people killed</td>
</tr>
<tr>
<td>2nd April, 2015</td>
<td>Al-Shabaab attack-Garissa University</td>
<td>148 people killed</td>
</tr>
<tr>
<td>15th January, 2019</td>
<td>Al-Shabaab attack- Dusit D2 Complex, Nairobi</td>
<td>21 people Killed</td>
</tr>
</tbody>
</table>

Terrorism has had a huge impact on the economies of Kenyan counties affected by terrorism (especially along the coast and north eastern regions) which have suffered heavily economically due to decreased tourist numbers resulting from travel restrictions by foreign governments. Hand-grenade attacks in Nairobi, (the capital business hub, which contributes about 60% of the country’s GDP) that were experienced in 2013/14 initiated by militant groups, greatly affected business operations in the capital city and Mombasa port city. This has led to a near collapse of the sectors that support tourism like local businesses, farming and other forms of livelihood like crafts, embroidery and curio businesses. The decline of tourist numbers especially in the coastal region, which is the major market for tourists in the country, led to large hotel chains laying off workers. Tourist numbers declined from 1,710.8 thousand in 2012 to 1,519.6 thousand in 2013 and further to 1,350.4 and 1,180.5 thousand in 2014 and 2015 respectively. This translated to a decline of tourist earnings of 11.9% from Ksh96 billion in 2012 to Ksh84.6 billion in 2015.58

57 UNDP (September 2017); Policy Brief: Articulating the pathways of the impact of terrorism and violent extremism on the Kenyan economy, Issue1/2017
58 UNDP (October 2017); Policy Brief: Articulating the pathways of the impact of terrorism and violent extremism on the Kenyan economy
Tourism is one of the leading foreign income earners in Kenya; indeed, the sector contributes about 27% of foreign exchange which represents 12% of the country’s national Gross Domestic Product (GDP).\textsuperscript{59} Inflows from the Tourism sector decreased to KES 84.6 billion in 2015 from KES 87.1 billion in 2014. International visitor arrivals declined by 12.6% to 1.1 million in 2015. The slow performance was attributed to security issues, particularly in the coastal region, and negative publicity occasioned by restrictive travel advisories due to terrorism in Kenyan key source markets.\textsuperscript{60}

Kenya lost a quarter of its visitors in the first five months of 2015 – 284,313 down from 381,278 in 2014. This was followed by a fall of 4.3% the year before. This resulted in a decline in tourist receipts of 16.7% in 2013, with about 10% decrease specifically in hotels and restaurants in Kenya, which continued in 2014.\textsuperscript{61} The decrease in tourism shows the effect that a spate of Islamist militant attacks has had on Kenya’s tourism sector. Following dramatic kidnappings in 2014 that occurred at beachside resorts, operators were especially concerned with the security of the Kenyan coast, responsible for about 65% of the industry’s tourist visits.\textsuperscript{62}

\textbf{2.2.3 \quad Impact of High Influx of Refugees to the Kenyan Economy}

Kenya hosts refugees fleeing from violence in Somalia, South Sudan, Ethiopia and other neighbouring countries like DR Congo, Rwanda and Burundi. According to the United Nations High Commission for Refugees (UNHCR), the total population of refugees in Kenya was 473,314 as at the end of March 2019. A majority of refugees and asylum seekers in Kenya originate from Somalia (54.5%). Other major nationalities are South Sudanese (24.4%), Congolese (8.8%); Ethiopians (5.9%). Persons of concern from other nationalities including Sudan, Rwanda, Eritrea, Burundi, Uganda and others make up 6.4 % of the refugees.\textsuperscript{63}

Almost half of the refugees in Kenya (44%) reside in Dadaab, 40% in Kakuma and 16% (approximately 75,000) in urban areas (mainly in Nairobi and Mombasa), alongside 18,500 stateless persons. Since the beginning of 2019, approximately 5,116 refugee children (3,170 boys and 1,946 girls) have arrived in Kakuma and Kalobeyei refugee camps.\textsuperscript{64}

In March 2018, there was a sudden influx of asylum seekers from Ethiopia to Moyale in Marsabit county due to intercommunal conflict; with a total of 10,557 people (over 80 per cent women and children) registered at the peak of the crisis. The Dambala Fachana camp in Moyale that was hosting the asylum seekers was closed on 29 September, with 302 individuals transferred to Kakuma in Turkana County, while 700 individuals opted to return to Ethiopia. In December, 2018 conflict was reported in the border

\textsuperscript{59} KNBS (2016); Economic Survey
\textsuperscript{60} Deloitte (2016); Kenya Economic Outlook: Story behind the Numbers
\textsuperscript{61} UNDP (October 2017); Policy Brief: Articulating the pathways of the impact of terrorism and violent extremism on the Kenyan economy
\textsuperscript{63} UNHCR (November, 2018) https://www.unhcr.org/ke/figures-at-a-glance
\textsuperscript{64} UNHCR (November, 2018) https://www.unhcr.org/ke/figures-at-a-glance
area, and Kenya Red Cross estimates that a total of 8,620 households crossed the border to Mandera County and are integrated in the host community of Banisa and Takaba.65 The impact of refugees in Kenya on local economy has been researched and indicates that refugees’ micro-economic activities may have a positive contribution to economic, small trading opportunities with host communities.66

Out of the total respondents interviewed; 21% were refugees currently doing business in Kenya and originally from DR Congo, Rwanda and Burundi. They face various challenges among them: inability to get work permits, alien Identification and Kenya Revenue Authority (KRA) personal identification numbers to enable them to formally register their businesses and procure licences. Not having these documents also means that they cannot be able to open bank accounts or access financial services to enable them to expand their businesses. This means that most of them operate informally, while others have partnered with other refugees with documents to be able to operate. Some respondents interviewed shared the following sentiments:

“I have been in Kenya for the last 20 years, I have studied in Kenya for my Secondary and University education, but I still have not been able to get a job, and all the businesses I have tried; have been faced with many challenges due to lack of an alien Identity card and a work permit, which makes it’s difficult to secure the requisite business licences. I have had to close two businesses due to harassment by local authorities and the police.” Rwandan Refugee from Kayole.

“I have been in Kenya for the last 6 years, as an asylum seeker, I have not yet been officially recognised as a refugee. I am always running away from the local authority due to lack of licences for my youth skills training business. However, it has not all been gloom as I have received support from the Danish Refugee Council and UNHCR program where I was trained in business skills and given a grant of Kes. 50,000 to purchase music equipment for my business.” Congolese Refugee from Kasarani, Nairobi

However, despite the challenges, the urban refugee integration has been made easy by humanitarian organisations livelihood programmes; like UNHCR and DRC who have supported these refugees with capital inform of grants and interest free loans to start their businesses. Some of the respondents had received training on business skills, grants and loans to help them boost their businesses from the Danish Refugee Council (DRC) Kenya.

a) Economic Impact

An economic study conducted in Kenya in 2017 concluded that an increase in the number of refugees resulted to a decrease in GDP. The results indicated that both in the long run and short run, labour had a positive and significant relationship with the long-run GDP.67

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From the moment of arrival, refugees compete with the local citizens for scarce resources such as land, water, housing, food and medical services. Over time, their presence leads to more substantial demands on natural resources, education and health facilities, energy, transportation, social services and employment. They may cause inflationary pressures on prices and depress wages. In some instances, they can significantly alter the flow of goods and services within the society as a whole and their presence may have implications for the host country’s balance of payment and undermine structural adjustment initiatives. The presence of a large refugee population in rural areas inevitably also means a strain on the local administration. Host country national and regional authorities divert considerable resources and manpower from the pressing demands of their own development to the urgent task of keeping refugees alive, alleviating their sufferings and ensuring the security of the whole community. 68

b) Increase in demand for scarce resources
The addition of a sizable group of refugees to an existing population creates a sudden and massive demand for scarce natural resources such as land, fuel, water, food and shelter materials, with long-term implications on their sustainable re-generation. 69

c) Insecurity
Security problems on the social life of host community is as a result of mass arrivals of refugees which at the end leads to increase crime rates, theft and on the extremely it can cause deaths. The persistent refugee situations have led to security related problems that have affected the host community and refugees a like in Kakuma area. The most notable security problems include; increased resident violence and repeated banditry along Lodwar - Lokichiggio road which is instigated mainly by the trafficked guns from neighbouring countries such as South Sudan and Uganda. For example, here have been frequent fights between the refugees and the host community around the refugee camp in Kenya. 70

d) Environmental and infrastructure degradation
Supplementary food gathering through hunting, foraging and collecting local food stocks adds to the pressure on the environment. Additionally, human waste disposal can contaminate local ground water and cause the spread of disease. Roads in host areas undergo heavy deterioration from increased use to deliver food supplies and other commodities, while public services, such as health, education and water facilities, are also heavily impacted. 71

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68 https://www.unhcr.org/excom/standcom/3ae68d0e10/social-economic-impact-large-refugee-populations-host-developing-countries.html
69 https://www.unhcr.org/excom/standcom/3ae68d0e10/social-economic-impact-large-refugee-populations-host-developing-countries.html
71 https://www.unhcr.org/excom/standcom/3ae68d0e10/social-economic-impact-large-refugee-populations-host-developing-countries.html
e) **Conflicts with the host communities**

A common source of discontent for a local population, especially one that is poor, is to see refugees receiving services or entitlements which are not available to them. Refugees may have access to services such as education and health while local people do not.\(^{72}\)

**Impact of High Influx of Refugees to Businesses**

i) **Competition**

Throughout the 1990s urban refugees of Somali origin have transformed the Eastleigh area in Nairobi from a primarily a residential area into a vibrant commercial and business centre, housing import and export businesses, retail outlets (from small-scale hawking and street stalls to shopping malls), real-estate agencies, hotels, lodges, ‘khat’ stalls, cafes and restaurants and international money transfer and exchange services.\(^{73}\) The economic transformation of Eastleigh has brought tremendous competition to the marketplace, pushing out many Kenyan-Asian retailers, who had hitherto controlled the business in the area.\(^{74}\) The retail malls in Eastleigh are not just used by individual consumers, but also larger commercial businesses and medium-sized traders also rely on retailers in Eastleigh for a wide variety of goods, ranging from hardware to electronics and fruit and vegetables. Meanwhile, hundreds of smaller shops, again run predominantly by Somalis, sell electronic goods, kitchenware, furniture, clothes and other items.\(^{75}\)

ii) **High demand for goods and services**

In Kakuma refugee camp and surrounding areas in Kenya, World Bank, International Finance Corporation (IFC), and United Nations High Commissioner for Refugees (UNHCR) research shows that refugee presence is a net plus to the local economy, and there remains a significant unmet demand for goods and services in refugee camps. Despite the challenging living situation in Kakuma, the demand of its residents for everyday goods and services is significant. The remoteness of many refugee camps makes them potentially difficult and expensive places to do business. Poor infrastructure, restrictive regulations, and complex political economies also prove to be legitimate challenges. But despite these obstacles, the research in Kakuma suggests that refugee camps actually create more “boom” than “gloom” for their host countries, and are worth investing in. In Kakuma camp, The World Bank Group found that the presence of the refugee camp has increased the host region’s economic output by 3.4% and local employment by 2.9%.\(^{76}\)

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\(^{72}\) [https://www.unhcr.org/excom/standcom/3ae68d0e10/social-economic-impact-large-refugee-populations-host-developing-countries.html](https://www.unhcr.org/excom/standcom/3ae68d0e10/social-economic-impact-large-refugee-populations-host-developing-countries.html)


iii) Creation of diverse markets
Hosting of refugees has led to the formation of vibrant and diverse market where both host and refugee community members provide and purchase a diversity of goods and services. The Dadaab Refugee camp in Kenya, had 5 camps initially, two of which have since been shut down and resourceful host community members continue to make use of boreholes and infrastructure in the now ghost camps. Market exchanges between refugees and host communities are common, and some refugees are informally employed by host community members to look after their livestock, as restrictions on mobility severely limit refugees’ ability to effectively run their own businesses in cost effective ways. In spite of these limitations, Dadaab community members have managed to build fledgling and established livelihood opportunities in a diversity of sub-sectors.

iv) Value chain transformation
The Agriculture sub-sector, with a focus on a diverse fruit and vegetable value chain; presents a strong potential in job creation across all demographic segments, a strong demand for multiple products, local stakeholder buy-in and the fact that land, water and soil are available locally. If implemented at scale, it has the potential to fulfill a real market demand and minimize reliance on imported greens as well as to create jobs for local farmers along with promoting a diverse and cooperative farming model.79 The Waste and Recycling sub-sector, honing in on waste processing and transformation, with a positive impact on health and the environment is a real transformational value chain.80 There are on-going initiatives in waste management in Dadaab and Kakuma refugee camps in Kenya; for example in November 2016, the ICRC, together with the Kenya Red Cross Society, initiated a pilot project – a community based plastic waste recycling. The campaign engages refugees and host community members in plastic waste collection and awareness-raising among the camp population. Plastic is gathered from camp residents, sorted, pre-processed and then sold to recycling companies in Nairobi.81

The Smart Communities Coalition (SCC) is a public private effort seeking to transform the operating model in refugee camps and settlements co-chaired by MasterCard and Power Africa.. Efforts will focus on three foundational pillars connectivity, digital tools, and energy access (provision of off grid energy services e.g. biogas and solar) with the intent to launch pilots in Uganda and Kenya in 2019. The Smart Communities Coalition (SCC) will focus on Kakuma and Kalobeyei Refugee camps in Kenya; Bidi Bidi, Kiryandongo, and Rwamwanja in Uganda. The project seeks to improve the delivery of essential services to refugees and host community members through enhanced coordination between public and private entities and strategic implementation of technology.82

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v) Real estate business prospects

Kenyan landlords in Komarock estate said that their business had benefited from the arrival of the refugees, as they can now charge three times what they were charging before. Refugees in Komarock complained that rents were excessive, and that better-off refugees, especially Somalis, offered landlords a higher prices many refugees interviewed complained that they were struggling to pay their rent; young Somalis in Eastleigh mentioned that they often skipped meals to pay rent. Refugees in Ruiru and Eastleigh said that landlords would lock them out of their homes until rent was paid. On the other hand, there has been debate as to what is fuelling property prices continues, there is a school of thought that the increasing sentiment against Somalis is stemming from general concerns that rentals in their neighbourhoods have been rising in tandem with property prices. Somalis, South Sudanese and Ethiopians generally tend pay large amounts or in lump sum whenever buying or renting houses. As a result, the neighborhoods bordering Somali communities in the city tend to be pricier compared to what the locals pay. Rents in such neighborhoods tend to double almost every two years as Somalis in the diaspora send support money to their families living in Kenya.

2.2.4 Impact of Political Violence to the Kenyan Economy

The 2007/2008 post-election violence (PEV) crisis affected 62% of the respondents’ businesses. Out of the 47 businesses interviewed; 29 were affected by the 2007/2008 post-election violence in Kenya, and civil unrest during the 2013 general elections. This led to destruction of their business infrastructure, loss of assets, property, equipment and some lost their employees and family members. A number were displaced and are yet to recover from the losses as they have relied mostly on their own economic means to revive their livelihoods. Kenya has proven to be particularly vulnerable to ethnic political violence. Since the start of multi-party politics, it has experienced political violence in 1992, 1997 and in the 2007/2008 post-election violence. These periods are significant as they are the periods around the general elections. The ethnicized political violence has not only had a negative impact on national cohesion, but has also been detrimental to the political and economic development of the country.

Post-election violence (PEV) in 2007/8 killed about 1,200 people and displaced 664,000 people; another 192 are reported to have died during the 2013 elections. Political intolerance continues to be a major source and driver of political polarization and division in Kenya that often manifest itself ethnically or as a representation of collation of ethnic groups. The 2007/08 PEV as well as the previous episodes of electoral induced violence were confirmations that political intolerance can be a recipe for large scale

85 S.G Mwiandi (2014); Political Violence and Ethnicity in Kenya
86 https://www.unocha.org/sites/unocha/files/KENYA%20case%20study%20FINAL.pdf
In 2017, there was a prolonged electioneering period in Kenya which led to tension and uncertainty. The Kenya Private Sector Alliance (KEPSA) indicated that most investors had postponed their investment plans decisions awaiting a political settlement. The National Treasury lowered its 2017 economic growth forecast to 5.5% from 5.9% due to drought and political uncertainty. The political climate in Kenya every election period creates uncertainty which significantly affects the economy in a number of ways. This uncertainty channel has manifested itself in subdued consumption, investment, business activity, bank lending, share prices and trading on the Nairobi Stock Exchange (NSE) and increase in financial institutions’ non-performing loans. At the macroeconomic level, the political impasse effects have manifested themselves in the negative impact on the fiscal budget, revenue collection, and economic growth.

2.2.5 Impact of Inter-communal conflicts

The main areas of inter-communal conflict have been the northern counties of Turkana, Baringo, Samburu, Marsabit and Isiolo, particularly between the Pokot and Turkana communities as well as the Samburu and Turkana; In 2015, the number of people killed were 310, while 195 were injured and 216,294 were displaced as a result of unresolved border conflicts, cattle rustling and revenge attacks, competition over land and water resources, and political conflict. During the first half of 2018, drought-related inter-ethnic conflicts and insecurity in Garissa, Mandera, Turkana, Samburu, Baringo, West Pokot, Wajir, and Tana River intermittently affected access to learning and constrained emergency education assessments and interventions. In Baringo County, 133 schools were affected, and 20 schools were closed in February, affecting access for approximately 30,000 learners. In September and October 2018; inter-ethnic conflicts in Narok South, Baringo and Marsabit counties led to the temporary closure of over 30 schools, interrupting learning for more than 8,000 children (40 per cent being girls).

Competition over land ownership and land use drive local conflicts, which is sometimes triggered by the migration of herders in search of water and pasture. Across Kenya, thousands of people have been killed, hundreds of thousands of people have been displaced, and the provision of education and health services has been disrupted in number of counties including Baringo, Turkana, Wajir, Mandera, and Isiolo. Livelihoods in Turkana, Mandera, Marsabit, Wajir Baringo, Mombasa and Lamu have been adversely affected due to insecurity. Conflicts and violence have tended to take the form of cattle rustling, ethnic violence, displacements, massacres and revenge attacks.

87 SRIC, Government of Kenya and UNDP (2018); The Status of Peace and Economic Impact of Conflicts in Kenya: A Case of Nairobi, Mombasa and Kisumu Counties
88 UNDP (October 2017); Unravelling the Impact of Political Impasse on the Kenyan economy. Policy Brief Issue 2/2017
2.2.6 Internally Displaced Persons (IDP’s)

Internal displacement in Kenya has occurred periodically throughout the country’s history, resulting from different causes. These include politically instigated violence, cattle rustling, land and boundary disputes, natural disasters such as drought and other impacts of climate change i.e. floods and landslides, development projects such as the construction of dams, roads and hydro-electric power plants, cattle rustling, conflicts over access to water and pasture in arid and semi-arid areas of the country; environmental conservation projects- for example the Mau forest; activities of local-level armed groups/gangs and cross-border incursions. Displacement as a result of conflict or natural disasters is not a one-off event; rather, the effects are usually prolonged and have a negative impact on the social, economic and even cultural lives of the affected populations. In Kenya political violence has generated a huge proportion of IDPs to date. Patterns of displacement appear to follow the cycle of elections since the return of multiparty politics in 1992. The politically orchestrated violence witnessed in the lead up to the 1992 elections was repeated in subsequent electoral cycles in 1997, 2002 and 2007.

During the 2007/2008 political crisis over 660,000 people became internally displaced. Out of these; the government considers that over 300,000 or around 47 percent have been ‘integrated’ in communities across the country. The use of the term ‘integrated internally displaced persons (IDPs)’ is widespread in Kenya, referring to those who are living dispersed among communities ; whether with relatives and friends or in rented accommodation usually in urban and peri-urban areas. In other words, the term ‘integrated’ IDPs in the Kenyan context refers to IDPs living outside of camps.

IDPs and Business

Due to the civil unrest experienced during post-election violence periods, some of the business owners were forced to move to new locations and start their businesses all over again. There was loss of lives (some lost employees), loss of assets, business stock and destruction of their business premises. There were an estimated 138,000 internally displaced persons (IDPs) in Kenya at the end of 2016, the majority of them being the result of evictions, communal violence, terrorism and development-induced displacement. These figures do not include the estimated 300,000 people who fled post-election violence in 2007–2008 and ‘integrated’ into host communities.

From the interviewed respondents, 16% of the business have experienced displacement due to post election violence, terrorism and development related displacement. Large enterprises have experienced displacement when their businesses are attacked by terror groups. Displacement of the business

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92 P. Kamungi (2013); Municipalities and IDPs Outside of Camps: The case of Kenya’s ‘integrated’ displaced persons.
93 UNDP (2011); Durable Solution to Internal Displacement, Reconciliation and Restoration of Human Dignity of IDPs in Kenya: A Situation Report By UNDP and (OCHHR)
94 P. Kamungi (2013); Municipalities and IDPs Outside of Camps: The case of Kenya’s ‘integrated’ displaced persons.
premises was due to post-election violence which led to the businesses moving away from their area of operations to new areas; where they faced various challenges to rebuild and grow.

Some of the challenges include loss of assets, loss of employees in instances of terrorism and post-election violence, integration with the new business community, uncertainty in business environment and building new customer relationships. One of the small business owner had this to say “In 2007, I had been in the building and construction sector for 15 years and I operated my business in Eldoret. During the post-election violence, I was shot and my business was vandalised and burnt; I lost all assets including vehicles and machinery. My house was also torched. I moved to Nairobi and it has taken me over 10 years to recover and grow again. My business is still on the recovery phase and I thank God my business is now in a stable condition.”

Most of the returnees have had their livelihoods destroyed where they were displaced from. As a result they had to start life afresh. This becomes difficult, given that they do not have access to credit facilities. Some of the returnees lost businesses worth millions of shillings. Lack of capital has hampered their ability to restart their businesses. The majority of returnees and those resettled have received no assistance since return which has slowed or hampered their economic reintegration. Some IDPs have benefited from assistance from NGOs, religious groups and international organizations (including UNDP). Some livelihood programmes such as that initiated by UNDP and the Ministry of Trade does not appear to have benefited IDPs who have complained of their inability to access funds as they were expected to provide title deeds to get the credit facilities. Since the IDPs did not have title deeds, they were unable to benefit from this programme. The bulk of the livelihood programmes implemented by the government are focused on agriculture while a substantial number of the IDPs are not agriculturists. A disaggregation of the skills of the IDPs and their livelihood needs would have enabled more effective targeting in terms of livelihood programmes for them. 96

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96 UNDP (2011); Durable Solution to Internal Displacement, Reconciliation and Restoration of Human Dignity of IDPs in Kenya: A Situation Report By UNDP and (OCHHR)
3.0 OVERVIEW OF THE PRIVATE SECTOR IN KENYA

The private sector is a combination of the formal sector and the mostly informal MSME sector. In Kenya, MSMEs are businesses that engage between 1 to 99 employees. MSMEs play a crucial role in job and wealth creation. Although majority of the micro and small enterprises are informal; they account for the majority of new jobs created. The main barriers to growth and formalisation of the sector includes: low skills and access to technology; high effective tax rates; an unfriendly regulatory environment for small business (e.g. trading restrictions and minimum wage regime); inadequate access to financial services; and a poor collective voice of small business, particularly in policy decisions.97

There are approximately 7.4 million MSMEs in Kenya and out of these 1.56 million are formal i.e. licensed by the county governments, while unlicensed businesses (informal) are 5.85 million. Micro establishments constitute the bulk of MSMEs in the country accounting for 92.1 per cent of the licensed establishments in the MSME sector, Medium establishments only account for 0.7 per cent of the total number of licensed MSMEs and Small establishments, on the other hand, account for 7.2 per cent of the total licensed MSMEs. 98 Majority of these MSMEs are in the service sector, with most operating in wholesale and retail trade, repair of motor vehicles and motor cycles followed by accommodation and food service activities and other service activities. Wholesale and retail trade; repair of motor vehicles and motorcycles account for more than half of licensed (57.1 per cent) and unlicensed (62.9 per cent) businesses.99

The Kenya Private Sector Alliance (KEPSA) is the private sector apex and umbrella body set up in 2003, to bring together business community in a single voice to engage and influence public policy for an enabling business environment. KEPSA’s Membership comprises private sector associations and corporate bodies in all sectors of the economy including trade associations. KEPSA speaks for multinationals, SME’s and Start-Ups organized under different sector boards and working groups reflective of the 16 sectors of the Kenyan economy.100

3.1 Contribution of Private Sector to the Kenyan Economy

Micro, Small and Medium Enterprises (MSMEs) constitute 98 percent of all business in Kenya, creating 30 percent of the jobs annually as well as contributing 3 percent of the GDP.101 Specifically, MSME’s share of contribution to GDP has increased over time, rising from 13 percent in 1993 to as much as 20-25 percent between 2011 -2014. In 1999, about 2.3 million people were employed by SME’s, in 2003, approximately 4.6 million and by 2013, 6.4 million persons, accounting for 84 percent of the total work

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97 AFDB (2013); The State of Kenya’s Private Sector : Recommendations for Government, Development Partners and the Private Sector
100 https://kepsa.or.ke/
101 UNDP (2015): MSME’s as suppliers to the extractive industry
force in the country will be employed by this sector.\textsuperscript{102} The informal sector is estimated to have created 713,600 new jobs in 2015 accounting for 84.8 per cent of all new jobs (Economic survey 2016 report; KNBS). The recent annual publications of the 2016 Economic Survey (Kenya) indicate that the informal sector continues to provide the majority of additional jobs thus making the informal sector critical to the economy. MSME have operations in almost all sectors of the economy and sustain the majority of households in Kenya. Furthermore MSMEs play a crucial role in furthering growth and innovation. The MSME sector has given rise to increased output of goods and services; development of a pool of skilled and semi-skilled labour force, which is expected to be a base for future industrial growth.\textsuperscript{103} The value of the MSME’s output is estimated at KSh 3,371.7 billion against a national output of KSh 9,971.4 billion representing a Gross Domestic Product (GDP) contribution of 33.8 per cent in 2015. In terms of gross value added, the MSMEs are estimated to have contributed Kenya shillings 1,780.0 billion compared to Kenya shillings 5,668.2 billion for the whole economy. Manufacturing ranked the highest by contributing 24.3 per cent of the MSMEs gross value added. Wholesale and retail trade, Transport and storage, and Education services also ranked high by contributing 22.8, 15.4 and 7.3 per cent, respectively to the gross value added. Unlicensed establishments contributed 10.4 per cent of the MSME’s gross value added.\textsuperscript{104}

3.2 Disaster Vulnerability of MSMEs

MSMEs are considered to be more vulnerable to natural hazards than larger firms, given the more limited range of risk-management mechanisms they can access. Furthermore, MSMEs in developing countries have additional characteristics that can exacerbate their vulnerability such as informal character of their business, which: keeps them out of the reach of government Disaster Risk Management (DRM) programmes and other DRM strategies (e.g. Insurance); constrains the ability of MSMEs to diversify their supply and customer base; and implies a lack of compliance with norms and regulations that can increase disaster risk for them and for their employees (e.g. operations in informal settlements, lack of social protection for their employees).\textsuperscript{105}

3.3 Stakeholder Engagement

Government authorities are at the frontline for planning, delivering and managing humanitarian assistance, prior to, during and following a crisis. National Disaster Management Authorities (NDMAs) or their equivalent structures are government entities responsible for coordinating response to natural or man-made disasters and for capacity building in disaster resilience.\textsuperscript{106} Currently, in Kenya there

\textsuperscript{102} http://www.africanreview.com/finance/business/smes-are-growing-kenyas-economy-3
\textsuperscript{103} Kenya National Bureau of Statistics Basic MSME Survey Report, September 2016
\textsuperscript{105} UNDP (2013); Impact of Disasters and Building Resilience- Small Businesses
\textsuperscript{106} D. Mountfield and D. Stone: The Sphere Project (2016) : Sphere standards in national humanitarian response Engaging with National Disaster Management Authorities
are no existing legal frameworks in place guiding the country’s disaster preparedness. There appears to be lack of political will to prioritise this. With the lack of guiding principles, coordination of preparedness across the different disasters is not strong.107

3.3.1 The National Government

The Principal Disaster Risk Management Institutions in Kenya include: the National Drought Management Authority (NDMA) and the National Disaster Operation Center (NDOC). Disaster Risk Management is coordinated by the Directorate of Special Programmes under the Ministry of Devolution and Planning while some disaster response functions are within the Ministry of Interior and Coordination of National Government.

Despite the exposure to recurrent natural and human-induced hazards in Kenya, her disaster management strategy has largely remained reactive. The Government is often compelled to re-direct development resources to address emergency response and reconstruction needs at the expense of development programmes. With support from the UN, a national DRR platform was established to support the Government in coordinating disaster issues at the national level primarily targeting Directorate of Special Programmes (DoSP), NDMA, NDOC and Ministry of Planning and Devolution as well as counties.108

   a) The Government of Kenya has initiated a reform programme to improve the country’s capacity to reduce disaster risks and mitigate the socioeconomic and fiscal impact of disasters. The government has taken systematic steps towards a comprehensive approach to holistic risk management and climate change through programmes and strategies that strengthen national response. In September 2018, UNISDR and the CIMA Research Foundation developed a multi-hazard probabilistic risk profile for Kenya, with a special focus on floods and drought in a programme “Building Disaster Resilience to Natural Hazards in Sub-Saharan African Regions, Countries and Communities” financed by the European Union in support of the Africa, Caribbean, and Pacific Group of States, which enables African countries to operationalize the African Strategy for Disaster Risk Reduction and its Plan of Action.109

   b) In line with recommendations made in the Sendai Framework: the global roadmap for disaster risk reduction; a National Disaster Risk Management Policy was adopted by the cabinet in last August and a Disaster Risk Management Bill (2018) is currently under discussion by Parliament while the cabinet approved the Public Finance Management (National Drought Emergency Fund) Regulations, 2018. The Regulations are meant to guide the operations of the National Drought Emergency Fund which is to be established for the purpose of improving the

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effectiveness and efficiency of drought risk management systems in the country as well as to provide a common basket of emergency funds for drought risk management.\textsuperscript{110}

3.3.2 County Governments

Disaster preparedness and response in Kenya has become a shared role between the national and subnational i.e. county governments and this is perceived to have resulted in the limited coordination. There are no policies in place on disaster preparedness at either the national level or in the majority of the 47 counties. Various factors have led to the slow enactment of such laws; for example lack of political will to prioritise. With the lack of such guiding policies, coordination of preparedness across the different disasters is not strong.\textsuperscript{111} In order to support the counties in the formulation of DRM Policies and Bills and legislative drafting, UNDP through the National Disaster Management Agency (NDMA) has engaged the National Disaster Operations Centre (NDOC) and the Kenya Law Reform Commission (KLRC) to support several counties to develop, review and validate their DRM policies. UNDP’s Disaster Risk Reduction (DRR) team has also successfully integrated DRR and DRM in seven key policy documents. In addition, to allow more public access and utilization of county risk information, county hazard maps have been developed and made available on a public website.\textsuperscript{112}

3.4 Disaster Management Structures in Kenya

The government of Kenya has well established disaster response mechanisms which are open to other stakeholder’s participation and contribution including the private sector. There are various government agencies responsible for disaster preparedness, coordination and response.

\textbf{a) National Disaster Management Unit (NDMU)}

The National Disaster Management Unit was established by a Presidential Directive in 2013 and is under the Ministry of Interior and Coordination. It has an established command structure, budget and Standard Operating Procedures (SOPs) based on best practices. The unit together with stakeholders formulated the National Emergency / Disaster Plan and SOPs which were signed on 27th June 2014. The plan and SOPs recognizes the existence of other National and contingency plans. The National Plan and SOPs is anchored in the medium term plan phase two of vision 2030 where it promotes safety, security and protecting Kenyan assets from adverse impacts of hazards and disasters. It also provides a clear leadership, command, control and coordinated approach to disaster mitigation, prevention, preparedness, response and recovery.\textsuperscript{113}

\begin{itemize}
\item \textsuperscript{110}https://www.preventionweb.net/news/view/58538
\item \textsuperscript{111}https://reliefweb.int/report/kenya/assessment-kenyas-preparedness-disasters-caused-natural-hazards-floods-drought-and
\item \textsuperscript{112}http://www.ke.undp.org/content/kenya/en/home/presscenter/articles/2017/strengthening-kenyas-resilience-to-disaster-through-devolution.html
\item \textsuperscript{113}http://www.disastermanagement.go.ke/
\end{itemize}
The NDMU also manages the Hunger Safety Net Programme (HSNP) which started in July 2016 with the overall objective to reduce extreme hunger and vulnerability by delivering regular and unconditional cash transfers to targeted households among poorest and vulnerable groups in the four Arid Counties of Turkana, Mandera, Wajir and Marsabit. A sum of KES 5,400 every two months is delivered through Equity Bank to the households. Currently, HSNP is on its third phase serving four more additional counties of Turkana, Isiolo, Samburu and Garissa.114

b) National Disaster Operation Centre (NDOC)

The National Disasters Operations Centre (NDOC) was established in 1998 to manage the adverse effects of El Nino rains. The aim was to coordinate the national effort in reducing the impact of the rains and widespread infrastructural and environmental destructions. NDOC has officers drawn from various Ministries of the Government on a 24 hour basis. These include Ministry of Defence, Kenya Police, Ministry of Health, Ministry of Roads and Public Works, Ministry of Agriculture, livestock and fisheries.115

c) National Drought Management authority (NDMA)

The National Drought Management Authority (NDMA) has offices in 23 ASAL counties considered vulnerable to drought. It has a mandate to exercises overall coordination over all matters relating to drought risk management and to establish mechanisms, either on its own or with stakeholders, that will end drought emergencies in Kenya. It provides a platform for long-term planning and action, as well as a mechanism for solid coordination across government and with all other stakeholders. 116

d) Kenya Meteorological Department

The Kenya Meteorological Department plays a key role in disaster preparedness by providing early warning information. It is the government department that all government agencies rely on for weather information.117

e) Water Resource Management Authority (WARMA)

The Water Resource Management Authority (WARMA) and the Ministry of water and irrigation coordinates water resource management at the national and subnational level. For flood preparedness, it maps out flood prone areas; supports communities to develop flood management infrastructure and disseminate early warning information. The Ministry of Water is responsible for policy issues on water resources. Responsibilities for flood response are more diverse and link up with other agencies.

114 https://www.socialprotection.or.ke/
115 http://www.interior.go.ke/
116 https://www.ndma.go.ke/
117 http://www.meteo.go.ke/index.php?q=home
f) Kenya Red Cross Society

The Kenya Red Cross works closely with government and other humanitarian actors and most respondents from the survey recognize Red Cross as a first responder to disasters and emergencies in Kenya.

3.5 Private Sector Platforms that support Disaster Management

a) Kenya Inter Agency Rapid Assessment (KIRA)

UNICEF Kenya together with UNOCHA East Africa, Assessment Capacities Project, RedR UK, Kenya Red Cross and the Kenyan Government put in place the Kenya Inter Agency Rapid Assessment (KIRA) and established a mechanism capable of conducting a multi-agency, multi-sectoral assessment of humanitarian needs. As part of the Government-led rapid response mechanism in Kenya, over 700 humanitarian partners have been trained. KIRA was set up in 2011 during the Horn of Africa Drought Crisis in 2011, over 3.75 million Kenyans and 598,218 refugees were severely affected and in need of humanitarian assistance. This light-weight needs assessment mechanism, including easy-to-use technology for real-time data collection, has been used in 17 emergencies, including the South Sudan refugee crisis.118

The local authorities also used KIRA during inter-communal conflicts in areas bordering Somalia, which are still regarded as “no travel zones” for the United Nations in Kenya. Funded by DG-ECHO, KIRA has been a widely acclaimed successful model for coordination, disaster preparedness, and enhanced assessment capacity for identifying the immediate humanitarian needs of right-holders. KIRA is currently in the process of scaling up in the region as part of South–South Cooperation. It is expected that the findings and recommendations of three years of KIRA practices in Kenya will have global significance on process-based and humanitarian technology-driven humanitarian action. KIRA is a joint assessment mechanism that aims to provide timely information on humanitarian needs and support strategic decision-making in the early stages of a sudden onset emergency – both for anticipated events such as the elections of 2013, but also for unanticipated rapid onset events like conflicts and floods. 119

b) The Kenya Humanitarian Partnership Team (KHPT)

This is a platform that brings together the UN agencies, donor agencies, INGOs, private sector, local organisations, national and subnational government. The main role of the KHPT is to ensure strategic coordination and coherence of humanitarian action by the Government of Kenya, national and international humanitarian actors towards better humanitarian preparedness and response. To promote government ownership, the Ministry of Interior chairs the KHPT and the UN resident coordinator is the co-chair. KHPT meets every quarter at a senior level and monthly at an operational level. NDMA, NDOC and UNOCHA form part of the secretariat (NDMU does not seem to be part of KHPT). While

KHPT is not a formal arrangement, acting more out of the goodwill of the participants, respondents feel that it plays a useful role in influencing government and advocating for better preparedness and response. It is also well recognised by development partners and UN agencies as it provides direct access to government. There seems to be a similarity of roles between the KHPT and the Humanitarian Services Committee, which is mentioned in NDMU’s SOPs. With this fragmentation and lack of confidence in the current systems, humanitarian actors have established other working groups to better coordinate disaster preparedness.

c) **Inter-Agency Working Group on Disaster Preparedness for East and Central Africa (IAWG)**

The IAWG brings together INGOs in the humanitarian sector in the country. It does not include government as a member and is seen as a system for INGOs and UN to coordinate operations and share knowledge.  

3.6 **Data and early warning information**

In Kenya, access to data on disasters, risks and weather information is not a key challenge as various systems are in place, such as the Famine and Early Warning Systems Network (FEWS NET), INFORM and meteorological information and services from Kenya Meteorological Department, which help address the existing data gaps. However, most of the data is outdated and joining-up timely data from the national surveys with what NGOs and other non-state actors collect would make data more interoperable and up-to-date for use.  

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120 Development Initiatives (2017); Assessment of Kenya’s preparedness to disasters caused by natural hazards
121 Development Initiatives (2017); Assessment of Kenya’s preparedness to disasters caused by natural hazards
4.0 PRIVATE SECTOR INVOLVEMENT IN DISASTER MANAGEMENT

4.1 Disaster Preparedness

A majority of businesses interviewed are risk averse and do not have any contingency measures to prepare for disasters and emergencies; despite some of them having been directly affected at least once during their period of operation. A majority of business avoid risk by adopting a “wait and see” approach whereby they completely avoid operating whenever they feel it is not safe to do so. Most of them whom a majority are Micro and Small enterprises will close their enterprises during volatile periods that may lead to emergency crises e.g. during general election periods when there is anticipated civil unrest.

The survey findings indicate that 3.7% of Micro businesses and 12.8 % of Small businesses take some action before disasters; these were mainly those in the agricultural sector and they took action to reduce the effects of drought and floods by stocking up animal feeds and preparing their own animal feeds to overcome scarcity during droughts. Some of the Micro and Small business respondents, said that they have no financial ability to engage insurance companies to manage their risk needs; while others said that most companies had formed a bias on their business and classified them as “high risk”. One trader from Gikomba market in Nairobi’s central business district; said: “Insurance companies have refused to insure our businesses due to the frequent market fires while the banks no longer want to offer us with credit facilities to boost our businesses as they say they are high risk in nature and we may default on loans. Thus we rely on our own group lending facilities to expand our businesses and recover whenever affected.”

All the large enterprises that constituted 16% of the total sample interviewed indicated that they would apply the four risk management strategies namely; risk avoidance, mitigation, transfer and acceptance. Most of the large enterprise respondents alluded to having robust risk management measures which include: business continuity plans, business continuity management systems and data centres to secure their information. Other contingency measures applied are: securing their buildings especially against any external attacks of terrorism and having security personnel and conducting of various drills. Most of them conduct quarterly and half yearly drills, to create awareness and alertness for their employees and also encourage their employees to report any suspicious activities within their areas of operation. They also have fire marshals in their various departments, and conduct trainings to equip their employees on requisite skills in case of disasters like fire or attacks of terrorism.
When it comes to preparedness by the Kenyan government agencies; despite recent improvements to early warning and contingency planning systems, generally, disaster management has continued to take a reactive, crisis management approach rather than an anticipatory and preventive risk management approach.

**Employee engagement in disaster management**

Businesses are considered only to be as strong as their human resources are; thus the ability of a business to survive and thrive after a disaster is dependent on the employee engagement in all aspects of planning, response and recovery. However, the impact on the employees is often not adequately considered, thus downplaying the importance of their contribution to the business recovery.

The findings indicate that a majority of the Micro and Small businesses rarely engage their employees in decisions concerning disaster planning and disaster management. Most respondents alluded that it is because such decisions are reserved for the top management only; as such, only 12% of the Micro businesses and 9% of the Small businesses were found to engage their employees and had emergency contacts of their employees in the event of an emergency or a disaster. A leading explanation provided for private sector engagement in the crisis response was the sense of organisational responsibility which, in turn, provided an opportunity for employees to engage around an issue with which they had a strong connection, especially amongst the national staff working in multinational corporations. Further, this supported a wider ownership and diffusion of the initiative within the organisations that went well beyond the involvement of the leadership and the focal point departments or units, thus helping to diffuse the benefits of the initiative, including the collaborative element.122

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4.2 Disaster Response

Large enterprises and corporates have taken part in disaster response; some of them had engaged humanitarian actors in their responses while others have partnerships and are members of humanitarian platforms that take action during disasters and emergencies. Some large organizations have had their staff contribute towards disasters especially through the Kenya Red Cross initiatives for example during droughts, terrorist activities, floods, etc. The contributions made by their staff was on a personal basis by providing food and non-food items, cash donations and blood donations.

However, a majority of the MSME businesses had neither responded nor engaged with humanitarian actors during an emergency or disaster; unless it directly affected. The few that had participated gave support in terms of food, commodity donations, blood donations and volunteer services to the affected populations in cases of displaced persons during post-election violence (PEV), during a terrorist attack, fires, floods and drought/food insecurity. Most MSMEs believe disaster response should be entirely handled by the government agencies and humanitarian actors as they do not know the criteria to be involved while others said they did not have the capacity and do not set budgets for such occurrences.

There is a growing awareness of humanitarian issues amongst the Kenyan population and Kenyan firms, which increasingly match humanitarian assistance donations made by their staff. While there are many opportunities for linking up aid agencies and the business community in Kenya, the time and resources needed to build partnerships in the field should not be underestimated.123

Kenya has a formal and well-regulated commercial sector with an active presence of national businesses as well as national offices of multinational entities. A strong culture of Corporate Social Responsibility (CSR) exists within the commercial sector, and many large firms have set up charitable foundations and CSR departments with sizable budgets as part of their operations at the national level. Over the years, the almost cyclical occurrence of disasters in the country has resulted in varying levels of engagement by commercial actors in disaster response and rehabilitation. While this assistance has traditionally taken the form of philanthropy, their engagement in the Horn of Africa crisis response is consistent with an emerging trend of the commercial sector engaging as a partner with humanitarian agencies. This type of response by the private sector demonstrates how the national and local commercial sector can work as a cooperative set of actors engaging with the humanitarian sector, rather than as a set of actors working either in isolation or in competition with each other.124

For the most part, formal private sector engagement with the machinery of humanitarian preparedness and response at the national level has been minimal. A number of business associations in Nairobi as

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well as a review of the various government led and UN-supported coordination structures revealed that the private sector is not generally represented. For their part, business associations noted that they were not invited to play a role in government-led emergency response and planning. Instead, in instances when the business community does become directly involved with the government – for example following the post-election violence in 2007–2008 and after the Westgate attack – they interpret their role not as a partner, but rather as a reluctant substitute for ineffectual government action. However, participation by the business community and the private sector in general during disasters has been exhibited during some major disaster events in Kenya as outlined in the two examples below.

a) Response during the 2011 drought in Kenya

The Safaricom Foundation utilised its M-Pesa mobile money transfer service as a tool for raising funds for the earlier drought relief call issued by the Kenya Red Cross Society (KRCS). The fundraising initiative, dubbed ‘Kenyans for Kenya’ (K4K), was launched in July 2011, a month after the government officially declared a drought disaster in the country. The initial aim of the K4K fundraising campaign was to raise KSh 500 million for Kenya Red Cross’ relief effort in four weeks, though this target was far exceeded. Guided by a steering committee comprised of representatives from Safaricom Limited, Kenya Red Cross Society, Kenya Commercial Bank Limited, Gina Din Corporate Communication and media houses, the initiative raised over KSh 7.5 billion (approximately USD 8.5 million) in cash and received donations in-kind totalling KSh 278 million. The initiative received tremendous support from the Kenyan public, both individuals and families, as well as corporations and Small and Medium Enterprises (SMEs) in Kenya.

b) Westgate Mall attack in October 2013

Kenya Red Cross Society (KRCS) responded to this attack within minutes and was the first responder. KRCS also launched a one-week countrywide blood donation drive, psychosocial support services across various hospitals within the city, and set up a 24-hour command centre in the vicinity of the Westgate Shopping Mall. These initiatives saw Kenyans from the business community and individuals participate through contributions via various mobile money platforms (i.e. Safaricom’s MPESA and Airtel mobile money transfers service), foodstuff, blood donations and other voluntary services.

4.3 Disaster Recovery

The interviewed respondents were aware of the effects of disasters and emergencies as they had been directly affected by more than two disasters and/or emergencies during their period of operation. As seen on the chart below; majority which is 62% and constituted micro, small and medium sized businesses, depended entirely on personal savings and support from friends, family and business allies to rebuild/recover from disasters and emergencies.

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Only, 11% relied on financial institutions, insurance and some had an emergency fund, these constituted large businesses that had robust structures and contingency and risk measures in place. 4% of both micro and small businesses relied on financial institutions and insurance for their recovery to complement their personal savings.

![Sources of Support after Disasters &Emergencies](image)

**Figure 5: Sources of Support after Disasters for Businesses**

Majority of MSMEs are worse off after disasters: the loss of assets, supplies, customers and staff can compromise livelihood strategies of MSMEs owners. Having fewer coping strategies makes it difficult for MSMEs to handle the consequences of disasters, compared to larger firms. This has been clearly indicated by the findings, whereby a majority of businesses (62%) rely on personal savings for recovery, and in the event of depletion or lack of savings and support from family and friends, this then means the business may never or take a longer time to recover from the impact of disasters.

Evidence on MSMEs' failure after disasters is limited and varies widely from context to context, though the impacts of disasters on the financial viability of MSMEs point at increasing vulnerability after the event, and decreasing ability to cope with shocks. Despite the panorama of high vulnerability and low coping capacity, evidence shows that the trend can be reversed by helping MSMEs access rapid post-disaster assistance and network support. Most small businesses, whether formal or informal, operating in developed or developing countries, tend to rely on personal savings and networks to cope with disasters. In the case of developed countries where special recovery funds and insurance are widely available and accessed, MSMEs tend to prioritize or complement formal coping mechanisms with individual informal ones. In developing countries, informal coping strategies are often not chosen but imposed by the absence and/or insufficiency of formal mechanisms that guarantee business owners' own survival, as well as that of their business.  

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128 UNDP (2013); Impact of Disasters and Building Resilience- Small Businesses

129 UNDP (2013); Impact of Disasters and Building Resilience- Small Businesses
In Kenya, there are many public and private institutions which offer training on business continuity planning, and risk management; however, through the HPPP platform MSMEs can be supported through training on contingency planning mechanisms in order to reduce the impact of disasters and create resilience. An untapped area of support needed and indicated by some respondents is the linkage to systematic disaster preparedness and business resilience resourcing and funding for MSME’s as opportunities for business loans are often difficult to access and business insurance for MSME’s are not yet an affordable standard service offering in the market.

4.4 Private Sector Engagement with Humanitarian Actors

Kenya has a well-developed set of business associations, which currently engage mostly on humanitarian issues such as political violence and terrorism that impacts them directly. But they could become a valuable channel for widening the private sector engagement in other humanitarian crises. Although humanitarian interventions in Kenya have been dominated by ‘classic’ relief operations (e.g. food aid), there is a move towards more market-sensitive options that will broaden the base of private sector engagement. The most exciting developments, from a humanitarian perspective, are within the rapidly growing sectors of finance and telecommunications. Partnerships have been developed with Kenyan mobile phone companies and banks to facilitate cash transfers: their rapid growth is directly touching crisis-affected populations in Kenya. Many Kenyan mobile operators and banks have business models committed to reaching the poorest, crisis-prone areas of the country. \(^{130}\) The financial sector also included weather-based index insurance products for small-holder farmers. \(^{131}\) The Kenya Red Cross Society (KRCS) is widely accepted as the first responder for small and medium-scale humanitarian crises, and has partnered with mobile phone companies and other national and international firms to raise money for humanitarian responses during crisis. Most private sector actors (as well as many UN, NGO and government officials) equated partnership on humanitarian action with fundraising, suggesting a quite straightforward interpretation of private sector engagement with humanitarian action as opposed to the more nuanced discussions on private-public partnerships in the international humanitarian world. \(^{132}\)

4.4.1 Reasons for Engagement with Humanitarian Actors

A leading explanation provided for private sector/ commercial engagement in the crisis response is the sense of organisational responsibility which, in turn, provided an opportunity for employees to engage around an issue with which they had a strong connection. Collective and coordinated humanitarian response provides an opportunity for positive publicity and was also a driving force behind participation. Also, engagement in humanitarian response provides an opportunity to increase market

\(^{130}\) ODI (2014) Humanitarian crises, emergency preparedness and response: the role of business and the private sector Kenya case study


share also propelled some organisations into action. For example, although mobile phone operator-
Safaricom provided free use of M-Pesa, during the Kenyan for Kenyans (K4K) campaign in the 2011
drought response; as a result of the campaign its mobile money transfer service multiplied the number
of users registered on its network. Similarly, Nakumatt- a chain of supermarkets, allowed customers to
make donations at its payment tills for the K4K campaign and their sales are reported to have increased
during that period.  

4.4.2 Engagement with Refugees

Private sector actors, humanitarian organizations, and other stakeholders widely acknowledge that the
challenges refugees face are systemic, requiring multi-sectoral and multi-stakeholder efforts to address
them. The private sector has important roles to play in engaging with refugees, but they require effective
partnerships with the government, humanitarian, NGO, and development finance sectors. Working with
refugees is always complex, yet the many positive examples of collaboration indicate clear principles
for successful cross-sectoral, multi-stakeholder partnerships. The most significant barriers to
generation, were national policy and regulatory constraints, lack of data/information, cultural and
social context, and physical and geographic barriers; these challenges highlight areas of opportunity for
other stakeholders to facilitate private sector activity.

a) Financial Services

In 2012, Equity Bank Kenya decided to offer financial services to refugees as part of its expansion in
Northern Kenya, where it opened branches in Dadaab and Kakuma, two of the country’s largest refugee
settlements, home to a total of 380,000 refugees. Equity Bank’s leadership not only supported but also
dedicated significant resources to this move, including a team within its Special Projects unit that works
on financial inclusion for vulnerable populations such as refugees. Equity Bank started by partnering
with UNHCR and World Food Programme (WFP) to facilitate cash-based assistance for refugees by
providing them with debit cards that are linked to bank accounts in which aid organizations deposit
benefits. Equity Bank then adapted its standard products to the refugee context by creating sub-accounts
within refugee accounts to accommodate cash transfers from different humanitarian aid organizations.
Now on the ground in refugee communities, Equity Bank has become even more aware of the local needs,
regulations, and ways to help. Today, in addition to bank accounts and debit cards, Equity Bank offers
refugees access to a range of products, such as personal banking and microcredit, and group savings and
lending products (including loans to both households and small businesses). 

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134 IFC and Bridge span Group (2017); Private sector Engagement with refugees and Host communities

135 IFC and Bridge span Group (2017); Private sector Engagement with refugees and Host communities
b) **Humanitarian and Social Safety Net Cash Transfers through Safaricom’s Mobile money transfer service --(M-Pesa)**

In early 2016, WFP, Safaricom and UNHCR launched “*Bamba Chakula*”, a large scale digital cash voucher system for refugees in Kakuma and Dadaab camps in Kenya. The “*Bamba Chakula*” programme allows refugees to buy food that is not given at distribution centers such as meat, milk, fruits and vegetables. With Bamba Chakula, refugees have more choice and control over what they eat and can diversify their diets. This is critical for nutrition and health, especially for young children.  

The system uses Safaricom’s M-Pesa digital money system to provide monthly cash grants to refugees via special pin-protected SIM cards, digital credit redeemable only at designated food retailers in the camp. The remaining payment is in cash for refugees to spend or invest as they choose. Payments through *Bamba Chakula* now reach over 107,000 households in Kakuma and Dadaab camps. Initial feedback suggests that refugees appreciate the flexibility the system provides especially over traditional food distribution: refugees can choose the food most appropriate to them and their needs.

**Integration with Host Communities**

The presence of a large refugee population in rural areas inevitably also means a strain on the local administration. Host country national and regional authorities divert considerable resources and manpower from the pressing demands of their own development to the urgent task of keeping refugees alive, alleviating their sufferings and ensuring the security of the whole community. Refugees running business in Kenya, face various challenges among them restricted movement and integration with host communities. Conflicts between the host community and the refugees are mainly over resources, particularly firewood. Turkana County, where Kakuma Refugee Camp is situated, the main source of livelihood for people living near the camp and Kakuma town is selling charcoal and firewood to refugees and those living in town. For many refugees, lack of a steady income makes it difficult to buy firewood or charcoal to fill the gap, and so they often gather firewood themselves from the bushes around the camp. This puts them in conflict with the Turkana, who consider themselves the “owners of the soil.” Kalobeyei integrated settlement had a population of 186,692 registered refugees and asylum-seekers at the end of November 2018. In Kalobeyei, UNHCR is setting up permanent homes, instead of hosting refugees in camps; providing livelihood training and business support services aimed at benefiting refugees and the host community alike. This is aimed at improving the refugee-host community integration thus providing dignified housing while reducing dependency on humanitarian assistance and addressing protection concerns. Refugees receive the cash transfers through regular bank accounts, furthering their financial inclusion with access to banking services. The project also empowers refugees to deal directly with private sector providers such as masons and suppliers of building materials, and pay for the goods and services, contributing to the local economy.

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137 https://www.gsma.com/refugee-connectivity/projects-to-watch/  
138 https://www.unhcr.org/escom/standcom/3ae68dd0e10/social-economic-impact-large-refugee-populations-host-developing-countries.html  
140 UNHCR (2018)  
141 https://www.unhcr.org/5c487dde4.pdf
4.5 Humanitarian Private Sector Partnership Platform (HPPP’s) Engagement

a) Participation in High Level Solidarity Summit on Refugees

In 2018, an event themed ‘Enabling the Private Sector to Support Refugees and Refugee-Hosting Communities’ was organized by the Uganda Investment Authority (UIA), gathered at least eighty six participants, drawn from a wide array of the private sector to discuss challenges and business opportunities in the light of Uganda hosting over 1 Million refugees, mainly from South Sudan. The panelists for the side event, included Equity Bank representatives, while other HPPP members engaged actively in a pre-side event luncheon and post-panel discussions with the Head of UNDP Uganda, UNCDF, UNHCR, PSFU and HPPP members (Equity Bank, MasterCard, Afripads and World Vision). These discussions focused on opportunities to expand/build a cross-sectoral network addressing the gaps in current refugee response programming and exploring opportunities to work with host and refugee entrepreneurs. Potential areas of investment by the private sector were identified and could occur through: Corporate Social Responsibility (CSR) investment and philanthropy; advocacy and public policy engagement; partnerships; and collective action to implement and sustain durable solutions for refugees. Successful models that support refugees and host communities include, among others: road and infrastructure development; telecommunications; financial services; and agriculture and livestock activities.

b) Advocacy for Peace during elections in Kenya

One of the HPPPs members; Slum Child Foundation, in collaboration with Holy Trinity Church in Kenya, Peace Corps, Catholic Justice and Peace Commission (CJPC), Catholic University of Eastern Africa (CUEA, Tangaza University College and the Peace Initiative amongst others held a Peace Caravan (Peace Walk) to advocate for peace and non-violence before, during and after the Kenya General Elections, 2017. Following the elections, feedback from community leaders indicated that the continuous engagement of Slum Child Foundation and other actors from public, civil society and private sector helped advocate for peace. HPPP members also engaged in contingency planning for potentially violent clashes in the aftermath of elections, in coordination with Kenya based civil society and the Government of Kenya, including security forces.

4.6 Lessons learnt from other CBi Network members

a) Philippine Disaster Resilience Foundation (PDRF)

The PDRF has played a critical role in improving efficiency, coordination and collaborations in dealing with natural and man-made hazards. It plays a major role in organizing relief operations, delivering donations and other support to the general public during disasters. Since its establishment in 2009, the Philippine Disaster Resilience Foundation (PDRF) supports cross-sector coordination and collaboration in dealing with natural and human-induced hazards. PDRF aims to improve the effectiveness and efficiency of private sector involvement in prevention and mitigation, preparedness, response and recovery. It has grown to encompass more than 80 members, including major multinational enterprises. In April 2018, PDRF launched one of the world’s first private sector-built Emergency Operations Center (EOC) in Clark, Pampanga. The PDRF EOC
is a fully functional site that can cater to the needs of member companies, and government and humanitarian organizations in terms of capacity-building, EOC-to-EOC interoperability and disaster recovery.\textsuperscript{142}

\textbf{b) Myanmar Private Disaster Preparedness Network (MPD-Network)}

The MPD-Network has focused on building business resilience and primarily on the recovery phase of disaster management activities mostly following the occurrence of disaster events, including through donations or emergency supplies of medicine and food distributed to the population impacted by disaster events in cooperation with both government and NGOs. The MPD Network is composed of more than 15 private enterprises, foundations, chambers of commerce and international NGOs. The creation of this network in August 2016 resulted from the Republic of the Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI)’s request to UNOCHA and UNDP to collaborate for disaster preparedness, response and recovery. As of 2018 the network has around 100 members.\textsuperscript{143}

\textbf{c) Asia-Pacific Alliance for Disaster Management - Sri Lanka}

Private sector stakeholders in Sri Lanka, including the Ceylon Chamber of Commerce (CCC), together with the Consortium of Humanitarian Agencies (CHA) established the National Platform for Disaster Management in Sri Lanka under the guidance and leadership of the Asia-Pacific Alliance for Disaster Management (A-PAD), a regional grouping for disaster management in the Asia Pacific Region. The Sri Lanka National Platform has been proactively working towards managing disasters and mitigating the devastating impacts of such disasters by pooling its joint resources and the building capacity of relevant private sector and NGO sector organizations. The Sri Lanka Alliance for Disaster Risk Management has been instrumental in disaster resilience activities and development of partnerships with multinationals and national private sector networks and actors e.g. the Ceylon Chamber of Commerce (CCC). In October 2018 the network undertook an SME initiative through a consortium that endeavors to develop a disaster risk management and business continuity product that will allow businesses active in the garment sector to reduce recurring losses while formulating measures to continue business operation during disruptive events.\textsuperscript{144}

\textbf{d) Turkish Enterprise and Business Confederation (TURKONFED)}

TURKONFED was formed in 2004 and is the umbrella non-governmental business organization and the largest SME business association in Turkey. It has 29 regional and sectoral federations, including 244 associations, 25,000 business people and 40,000 enterprises mostly consisting of SMEs. It is an independent, voluntary based, business association aiming to guide development-focused policy-making, improve national competitiveness, promote growth of SMEs, and balance development differences across Turkey. TURKONFED is creating added value for its members and the society at large through: (i) publication of 40 analytical reports with a strong influence rate on public policies, (ii) realization of 36 projects and 65 summit and council meetings, and (iii) publication of “Biz,” a monthly newsletter with 5,000 printed copies and 14,000 online subscribers.\textsuperscript{145}

\textsuperscript{142} Asia Preparedness Partnership and ADPC (2018) ; Engaging the private sector in preparedness for response : Experiences from the Asian Preparedness Partnership

\textsuperscript{143} Asia Preparedness Partnership and ADPC (2018) ; Engaging the private sector in preparedness for response : Experiences from the Asian Preparedness Partnership

\textsuperscript{144} http://www.humanitariansrilanka.org/apads/who-we-are/

\textsuperscript{145} https://www.connectingbusiness.org/index.php/turkey-landscape-assessment
The East Africa Humanitarian Private Sector Partnership Platform (HPPP) can draw various lessons from the above CBi networks;

a) Through advocacy the network will be able to have committed membership from an array of private sector businesses in Kenya.

b) Most of these networks constitute a large number of SMEs; being the biggest percentage of businesses in the representative countries and this therefore means, the SME sector being the key driver of economic growth in Kenya has the potential to form solid platforms that engage in disaster management and whose initiatives can be recognized by the government.

c) Through collaboration of all actors both in the private sector, government and humanitarian actors; there can be major improvements in disaster coordination and management in Kenya with the major focus being on preparedness.

4.7 Opportunities for the Private Sector in Kenya

For Kenya, national and regional intermediary mechanisms that facilitate private sector engagement in humanitarian action: Intermediary mechanisms or “platforms” are increasingly being looked to by both humanitarian and private sector actors to help facilitate collaboration and reduce barriers to engagement. They can support problem-solving on humanitarian challenges, for example, ICT and logistics, matching supply to demand arising from needs in times of crisis that go beyond the capacity of any one organisation to address on its own.

A more in-depth review of these mechanisms within the region could go a long way towards improving knowledge and understanding of how the resources and expertise of these entities and mechanisms are currently being utilised in the Horn of Africa, as well as how they could be tapped in the future to promote more timely, strategic and systematic engagement of the two sectors in times of crisis. With a pronounced demand for goods and services in and around the camp and the positive benefit refugees can have on their host country, the time seems right for businesses and social enterprises to get more involved in Kakuma camp and other areas hosting refugees. With some humanitarian agencies reducing overall levels of support and shifting from in-kind donations to cash transfers, the market opportunity is only going to increase. Contrary to claims that refugee camps are an economic burden, Dadaab and Kakuma have increased trading and business opportunities, widened access to employment, services and education and improved markets and infrastructure. It is an indication of refugees’ resilience, proactivity and capacity that, even in the most constrained circumstances, only a tiny percentage of refugees are thought to rely fully on humanitarian assistance in camps, and those in urban settings are thought to be almost entirely self-sufficient.

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148 ODI (December 2018) Against all Odds: Refugee Integration in Kenya: Humanitarian Policy Group
Cash transfers to disaster-affected population have shown to indirectly support local businesses, markets and people often prefer receiving this type of assistance because it gives them greater choice and control over how best to meet their own needs, and a greater sense of dignity. Much as the onus is on humanitarians to articulate their business requirements for humanitarian cash transfers, the private sector must articulate to donors and the humanitarian system the tools, procedures, and processes it requires to make good on its comparative advantage in making payments, navigating regulatory regimes and making the best use of fast-moving technological innovations and data. To this end, the Panel believes that a move to competitively-awarded calls for proposals to deliver humanitarian cash transfers will drive innovation and enable new, innovative and dynamic partnerships. It is essential that the private sector stands ready to engage with this opportunity.\footnote{ODI (September 2015); Doing Cash Differently- How cash transfers can transform humanitarian aid-High level Panel on Humanitarian cash transfers} Humanitarian organisations are changing how they deliver aid in crises. The traditional in-kind aid, such as foodstuffs and other essentials like blankets are increasingly being replaced with cash and voucher assistance (CVA). In 2016, approximately $2.8 billion in aid was delivered through CVA, and humanitarian experts expect this strong growth to continue.\footnote{CaLP and Accenture (2018). The State of the World’s Cash Report} Delivering CVA has two main tangible benefits for mobile money providers. First, there is a strategic opportunity to become one of the first movers in a quickly growing multibillion dollar sector. Second, when CVA delivery requires an expanded mobile money system, providers can provide a gateway to digital financial services for an entirely new customer segment.\footnote{https://www.gsma.com/mobilefordevelopment/wp-content/uploads/2019/04/Mobile_Money_CVA_Operational-Handbook.pdf}

Many private sector companies are either already seizing the opportunities or are well-positioned to do so. For instance; Equity Bank Kenya now provides financial intermediation to thousands of refugees in Kenya’s Dadaab and Kakuma refugee camps; Uganda’s Olunchinga, Impevi and Nakivale refugee camps, and Rwanda’s Gihembe, Kigeme, Kiziba, Mahama, Mugombwa and Nyabiheke refugee camps. In partnership with UNHCR and World Food Programme, the Bank facilitates cash-based assistance by providing refugees with Debit Cards that are linked to bank accounts, in which aid organizations deposit benefits. Once they open accounts with Equity Bank, members of the refugee communities enjoy a wide range of financial services, including personal and group services as well as microcredit facilities. The bank deepens financial inclusion through programs such as financial education and entrepreneurship skills training. The bank is currently working with IFC to design new savings and microcredit programs.\footnote{https://www.capitalfm.co.ke/business/2019/05/equitycommended-for-financial-inclusion-of-refugees-ifc-report/} Sanivation, a Kenyan social enterprise established in 2011, is piloting a project in Kakuma for in-home toilets that convert waste into fuel. The company addresses two of the most pronounced needs in the camp – sanitation and cooking fuel – and as a result faces an opportunity to expand. M-Kopa and D.light are solar energy companies that specialize in providing electricity to low-income customers in remote areas off the grid.\footnote{https://www.worldbank.org/en/news/feature/2018/09/27/in-kenya-refugees-are-opening-up-frontiers-the-pull-of-investing-in-underserved-areas}
5.0 CONCLUSIONS AND RECOMMENDATIONS

Disaster preparedness in Kenya is perceived to be fragmented, with the country often better at reactive rather than pro-active action. It has been difficult to get definitive answers on where agencies' mandates begin and end but it is clear that there are many different organisations and government agencies handling different elements of disaster preparedness and response. When it comes to MSMEs, most of them do not have elaborate structures for disaster risk management due to the informal nature of their business. Most Micro enterprises are risk averse and have a tendency to react to the aftermath of a disaster when it happens.\textsuperscript{154}

The landscape assessment in Kenya focused on preparedness, response and recovery measures that businesses apply to enable them continue to operate and build resilience in disaster and emergency environments. In conclusion, there exists the need for the private sector and in particular the business community and humanitarian actors to collaboratively deepen their collective action, in order to create a resilient business environment before, during and after man-made disasters. HPPP therefore, could play a more strategic and practical role of strengthening cross-sector and actor information sharing – especially to and from the business sector (and esp. MSMEs), and collaboration with the existing disaster management response structures to ensure there is coordination in preparedness, response and recovery. More emphasis needs to be on contingency planning and other measures and taken before disasters to avoid emergency situations where they can be avoided, and reduce the impact of disasters, especially on slow onset recurring disasters like drought which is a recurrent phenomenon in the Kenyan disaster landscape.

a) Most of the manmade disasters and emergencies in Kenya are cross-cutting issues that require the engagement of the government in order to align policy, institutional and legal frameworks to allow the participation of the business community in disaster preparedness at the national level.

b) Despite there being notable improvements in recurring disasters in Kenya (specifically drought) drought management, it is observed that it continues to take a reactive, crisis management approach rather than an anticipatory and preventive risk management approach, thus the need for drought management training.

c) Through the right partnerships, both the private sector and humanitarian actors will be able to create impact in the livelihoods of refugees and host communities at a greater scale in Kenya. Some notable case studies of private sector engagement with refugees include; Equity Banks’ provision of banking products and services to thousands of refugees in Northern Kenya and mobile money operator Safaricom Limited among others.

\textsuperscript{154} Development Initiatives (2017); Assessment of Kenya’s preparedness to disasters caused by natural hazards
Recommendations for HPPP

The lessons drawn from other CBi networks in Myanmar and the Asian Preparedness Partnerships (APP) in Philippines and Sri Lanka have outlined ways in which the Private sector organizations have actively engaged with the partnerships in each country through working groups and as participants in forums and training events on topics such as preparedness for emergency response, knowledge sharing events and contributing to coordination meetings. Significantly, the APP approach of engaging actors from government, local humanitarian organizations and private sector took steps towards establishing or enhancing a common platform to promote and strengthen the enabling environment for private sector engagement in disaster risk management, particularly in terms of disaster preparedness in the focus countries. The approach included engaging key government partners from National Disaster Management Organizations (NDMOs) and other agencies responsible for promotion, development and regulation of trade, industry, commerce and supporting small enterprises and facilitating dialogue among them. 155

The impetus for the overall CBi initiative was an increasing recognition that, while governments have the primary responsibility for disaster management, the changing humanitarian landscape can best be addressed by a portfolio approach which recognizes the specific expertise and resources of stakeholders, including the private sector. Collective action by business participation in private sector networks may mitigate the higher risks associated with addressing manmade disasters. Collective action can also enhance the contribution that companies make individually and collectively through their business operations and humanitarian engagement.156 HPPP East Africa has the opportunity to grow its network partners and create a robust platform with multi-sectoral actors for collaborative engagement and action in disaster risk management. Therefore;

a) HPPP can work towards strengthening MSMEs disaster coping strategies need to be through certain measures for example; a) promoting a preparedness culture whereby business owners will see the need to have contingency plans to recover from disasters.

b) Facilitate advocacy through the relevant stakeholders for timely support of MSMEs through building of basic services and infrastructure in case of complex emergencies in order to minimize the financial burden on MSMEs and provide linkages to service providers and Government for preparedness and recovery financial assistance.

c) Engage the NDMA and NDOC for the active participation and inclusion of the private sector in disaster management preparedness initiatives by the Government.

d) In order to ensure the HPPP platform strengthens its founding mandate, commitment by member businesses and organizations to the Charter and vision from 2016 and adheres to

155 Asia Preparedness Partnership and ADPC (2018) ; Engaging the private sector in preparedness for response : Experiences from the Asian Preparedness Partnership
156 CBi, HPG and ODI 2018); Engaging companies in manmade disasters – a guidance toolkit for private sector networks (With Support of European Union- Civil protection and Humanitarian Aid)
humanitarian standards in disaster preparedness, response and recovery should be reinvigorated. HPPP aims to provide a more structured opportunity for humanitarian, business and Government together with community representatives to effectively share information on opportunities and needs. The platform will continue to facilitate networking, collaboration and opportunities to address humanitarian needs through innovation and shared-value creation. The platform will also ensure all parties are integral participants in government-led disaster management from preparedness planning, to humanitarian response and early recovery. HPPP aims at improved information sharing, coordination and joint leverage for impact (for disaster affected vulnerable communities and businesses) to improve disaster resilience.  

e) From the findings; it is important that HPPP considers linking up disaster affected MSMEs with opportunities for rebuilding their businesses back through financial and insurance institutions in order to hasten the recovery process.

In conclusion, the following approaches and activities recommended by Sphere Project might be considered: i) Awareness raising events of humanitarian principles and standards for a broader understanding of the Humanitarian Charter and human rights and protection principles. ii) Focused training and roll-out support that is itself contextualized to the audience and situation in which it is being delivered with focus to business continuity for MSMEs in disaster prone areas. ii) Identify champion(s) who will advocate for the active uptake and application of humanitarian principles and standards – both on the ground during a response but also at political levels to influence and shape policies and laws.  

157 HPPP Charter (2016)  
158 Mountfield and D. Stone: The Sphere Project (2016) : Sphere standards in national humanitarian response Engaging with National Disaster Management Authorities