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BUSINESS TRAVAILS IN THE DIASPORA: THE CHALLENGES AND RESILIENCE OF SOMALI REFUGEE BUSINESS COMMUNITY IN NAIROBI, KENYA

By Kenneth Omeje and John Mwangi*

This research investigates the multiplicity of challenges encountered by the Somali refugee business community in Nairobi amidst their far-reaching business exploits. The challenges are examined from legal, political and social angles. The research further examines the nature of social relations between the Somali refugee business community on the one hand, and the Kenyan stakeholders on the other hand (i.e. the state/law enforcement agencies, host population and competing business groups/communities). This research also analyzes some of the maneuvering strategies that the refugee business community adopts to survive amidst their various structural tribulations.

Dominant research works and narratives on fragile/failed states and the associated incidents of refugeeism, especially within the African continent are almost entirely focused on the negative stereotypes that tend to perceive and construct refugees as poverty-stricken, unwanted parasites that bring undue pressure on meager state resources.¹ Consequently, African refugees on the continent have been mostly perceived as hopeless agents of criminal violence, prostitution, and terrorism [the latter often associated with refugees of Muslim background in the post-9/11 international order].² In Kenya in particular, most researches on refugees seem to focus on refugees in government designated camps and until recently, the phenomenon of urban refugees have been largely ignored.³ Even the few recent works that have focused on urban refugees in Nairobi have essentially approached the subject from the negative slant of seeing refugees as a fundamentally deprived, problem-infested lot that need state protection and international humanitarian support.⁴ The prolific economic contributions of urban refugees, such as the three generations of Somali refugees in Nairobi and their enterprising genius, which has led them to

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reconstitute their informal clan/kinship structures in exile as basis for building a transnational business community, do not seem to have been appreciated by the relevant subject specialists. Beyond the shadow of the failed state of Somalia, it is apparent that a substantive fabric of societal life persists among the scattered Somali refugee population which makes them a force for good in capital mobilization, investments and entrepreneurship in the city of Nairobi in spite of all applicable odds. It is this evident gap in knowledge that this research explored.

METHODOLOGICAL ASPECTS OF RESEARCH

Concerning data gathering methodology, this study adopted two methods, namely: semi-structured in-depth interview and document analysis methods. A total of 133 purposively selected respondents were interviewed and the sample included Somali refugees of various generations and business ventures/aspirations, Kenyan police officers with experience in refugee policing and deployment in Eastleigh (the Somali suburb in Nairobi), members of the rival Indian business community in Nairobi, and some of the local Kenyans that lived and worked with Somali refugee business community in Eastleigh and the adjoining suburbs. A breakdown of the interview sample is as follows: 60 Somalis (45 males, 15 females); 19 local or indigenous Kenyan (9 males and 10 females); 12 Indians (11 males and 1 female) and 42 police officers (29 males and 13 females). The analysis of our fieldwork data has followed an interpretivist approach, using thematic constructs and contextual narratives.

THE DIFFICULT POLITICAL AND SOCIAL CLIMATE IN WHICH THE REFUGEES OPERATE

From our fieldwork data, the Somali refugee business community in Nairobi operates in a difficult political and social environment. There exists a wide range of perceptions about this community such as their alleged involvement in the underground economy (i.e. illicit trade, arms trafficking, terrorism, illegal migration, tax evasion and so forth). These negative perceptions have resulted in the past to such outcomes as regular harassment by law enforcement agencies and so forth. This part examines in depth the prevailing difficult political and social climate in which the refugees operate.

Kenyan Business Community's Perceptions of their Somali Refugees Counterparts

Fieldwork interviews with Kenyan local business operators present mixed perceptions of the Somali businessmen. The perceptions we investigated relate to the Somali business practices and how the practices presumably have impact on the businesses of their Kenyan counterparts. Members of the interviewed Kenyan business community are of two categories. The first is the Asian (Indian) community whose historical settlement in Kenya goes back to colonial (and to a lesser extent, pre-colonial) era. During colonial era, the Indian settlers in Kenya enjoyed a middle rank privileged status, being ranked by the colonialists above the local blacks but a step lower than the European colonizers. The implication was that members of the Indian community in Kenya were not subjected to colonial racial denigration, forced labor and economic exploitation as the indigenous black majority. In fact, the Indians had a good working relationship with the British colonizers who consequently gave them a free hand to carry on with their commercial activities. The Indians were also favored in some of the minor colonial government contracts. This middle rank social status gave the Indians a head-start advantage in capitalist business over the local Africans. The second category is the indigenous Kenyan business community who are mostly of the highly entrepreneurial Kikuyu ethnic group.

Virtually all the members of the Asian business community interviewed in this study consider the Somali refugees in Nairobi to be their most significant business competitors and rivals. Given their colonial head-start advantage, The Asian business community in Kenya has always had an upper-hand in sectors such as urban manufacturing and wholesale trade. The indigenous Kenyan and Somali business communities have over the years tended to play the second fiddle in these relatively capital intensive areas. However, the perception of the Indian business community interviewed in this study is that the Somali refugee community has virtually closed the presumed business gap advantage held by the Asians and have consequently become their main rivals in some key strategic areas. Incidentally, we do not have the empirical data to verify or substantiate how far the presumed gap has been bridged.

Apart from the Indian and Somali communities, ethnic cleavages and maneuvering has been a major feature of the business climate in post-colonial Kenya. During Kenya's first post-independence government headed by Jomo Kenyatta, the government adopted a policy of greater indigenization of the economy which was aimed at breaking and diminishing the dominance of the partnership between Western expatriates and the Indian business community.

The implementation of the indigenization policy was dominated by political patronage which significantly privileged the dominant Kikuyu political elite – the ethnic group of President Kenyatta – in the ownership of the strategic sectors of the economy, mostly banks, large-scale capitalist agriculture and manufacturing.⁵

During the regime of President Daniel Arap Moi (1978 – 2002), an ethnic Kalenjin who succeeded Kenyatta in 1978, systematic efforts were made to “cut to size” the influence of the Kikuyu in the economy, and this was contrived by using political patronage to bolster the Kalenjin elite who sought and forged business collaboration with the seemingly more endowed members of the Indian business community.⁶ This apparent shift in the political economy calculus by President Moi to partner with the Indian community was informed by the fact that their sheer numbers as a small minority group posed no political threats coupled with the fact that their head-start advantage conferred on them the necessary entrepreneurial experience, technical skills, transnational networks and acumen required in large corporate business undertakings.⁷ Furthermore, the Indian business community has an age-old tradition of forming large business partnerships by pooling their investible capital together to achieve oligopolistic leverage. This co-optation of the Indians by the patron class of the Moi’s regime, it was assumed, would work well in curtailing the Kikuyu upsurge and foreboding dominance of the economy.⁸

Since the end of President Moi’s dictatorship and a return to multi-party democracy in 2002, it is debatable which ethnic cleavage today is most dominant in the overall economy or specific sectors of it. What seems apparent is that the elites and middle classes of certain ethnic communities tend to be associated with specific niches and sectors of the urban economy whilst the vast rural agricultural and pastoral economy remains mostly in the hands of the largely underprivileged and under-appreciated grassroots populations. One of the reasons that generally explain the apparent leverage of the Kenyan Indian community in such sectors as manufacturing is their ability to utilize ethnic networks to secure trade credits – an entrenched strategy that helps them to achieve an upper hand when compared to their African counterparts. The fact that they also have regular contact with their suppliers in their social and religious gatherings (mostly Sikh and Hindu-based) means that these partnerships are fostered.⁹ Common narratives from our fieldwork indicate that the Asian business community use their networks for several forms of business assistance, especially trade credit and business loans. As an Indian member of the Oshwal community coalesced the discourse:

We have an association known as the Oshwal education and

relief fund where community members can be assisted to start businesses and even access educational opportunities. Loans are given out with some forms of interest and conditions for repayment. The system again depends on trust and how well one is known in the community. A referral from other members of the community enables one to access the opportunity...¹⁰

The community spirit highlighted by the above Indian businessman is not fundamentally different from the type practiced by the Somali refugee community save that the Somali tend to probably be more kinship driven. The Indian business networks have of course a family/kinship element but a greater part of the network seems to be anchored on religion and ethnic (race) relations.

Whilst most members of the Indian business community interviewed in this study perceive the Somali refugee community as their arch rivals, it is interesting to note that some of the Indian respondents attribute the success and competitiveness of the Somalis to the seemingly unconventional (read: unscrupulous) nature of their business practices. These respondents alleged that many dealers within the Somali refugee community constantly undercut their businesses through tax evasion. The Indians claimed that most Somali businessmen do not play by the rules and have perfected the art of tax evasion with the outcome that their merchandise is relatively cheaper. From the standpoint of the Somali refugees, playing by the rules is made more difficult by the fact that existing rules (Kenyan government laws) clearly forbid them from residing in Nairobi, let alone working and having personal business ventures and properties in the country. The Indian respondents attribute the alleged non-compliance of Somalis with tax laws to their unscrupulous collaboration with corrupt members of the state's law enforcement agencies.

Similarly, most members of the Indian business community accused the Somali refugees of flooding the Kenyan market with sub-standard, contraband and counterfeit goods. While admitting that their own commodities are averagely higher in price, these Indian businessmen argued that their products are invariably of superior quality to what their Somali counterparts sell. Indeed, Kenya is reputed to be the biggest market for contraband and counterfeit goods in the Eastern African region. The market sources for these counterfeit goods are mainly India and China. In the year 2009, the counterfeit trade was estimated to be worth about US\$913.8 million, an amount only superseded by traditional foreign exchange earners like tea and coffee.¹¹ The Kenyan counterfeit trade is said to be facilitated by well connected

businessmen (mostly indigenous Kenyans, Chinese, Somalis and Pakistanis) and top politicians who exercise influence at the Mombasa seaport.¹² In the past, a network of unscrupulous Somali businessmen have been associated with importing assorted goods through unregulated seaports in war-torn Somalia and smuggling them through the porous Kenyan – Somali borders, while other more audacious operators allegedly flew in cargos originating from Dubai into the relatively relaxed Eldoret International Airport in the Kenyan Rift Valley and bribed their way to transport the goods to Nairobi.¹³ Either way, the importers were believed to have evaded paying any duty on their imported merchandise. An Indian business lady particularly argued that the Somali business success is enhanced by proceeds from international piracy off the coast of Somalia in the Indian Ocean. According to this respondent, “Some of the piracy proceeds are finding their way into Somali businesses and this has the effect of diminishing our business competitiveness in the long run.”¹⁴ There is apparently no evidence to substantiate this allegation. Abdulsamed discredits the piracy allegation by contending that the piracy proceeds are relatively minimal compared to the large investments that have been set up over the years by the Somalis (pre-dating the more recent piracy incidents).¹⁵ The worth of Somali investment in Kenya is estimated to be much higher than total ransom money paid to pirates. In 2004 alone (more recent estimates do not seem to be available), Somali investments in Eastleigh were estimated at well over US\$ 1.5 billion whereas the total ransom paid in 2009 to Somali pirates was about US\$ 100 million.¹⁶ However, there are investments, such as properties that may have been acquired through piracy proceeds in Mombasa and, to a lesser extent, Nairobi *but it must be emphasized that much of the connecting evidence appear rather speculative* (our emphasis).

As some of the respondents accounts below demonstrate, most members of the Indian business community would not hide their disdain for the way their Somali counterparts allegedly do business:

1. “The Somali refugees are particularly affecting our businesses to a large extent. They are flooding the markets with cheap and inferior quality goods. For our businesses, we have to stick to quality and value for money as the customer is the king. How they (the Somali refugees) are able to flood the market with cheap and inferior goods is a puzzle to me. There are also widespread allegations that they bypass the taxman but I have to point out that I have no proof of this ...”¹⁷

2. “Our greatest competition is from the Somali refugees in the sense that they are flooding the market with cheap, inferior goods. Incidentally, government officials and law enforcement agents are facilitating their trade as a result of corruption; the government officials are being corrupted to the extent of not charging taxes on the goods imported by these Somali refugees. We are losing the competition to them because it is not in our culture to pay bribes. The cheap goods they are selling are cutting into our profit margins ...”¹⁸

3. “Competition is good in business. What is not good is unfair competition. In Eastleigh, the immigrant Somalis *Wariah* (*this is an urban Swahili lingo referring to Somali refugees*) are engaging in unfair business practices. Their goods are cheap compared to ours because they do not pay their taxes. They bring their goods through ‘*Panya*’ routes (*a Swahili expression for an escape avenue*) and are able to evade taxes. Their goods are relatively of inferior quality. We pay taxes while they do not. They are essentially reducing our profit margins. There is definitely some form of corruption going on because they avoid taxation on their imports. The public thinks that we are at loggerheads with them (the Somali refugees) but our concern is only with their unfair business practices. If we both operated at the same business level playing field, then we would not express our displeasure against them.”¹⁹

There was only one Indian respondent that was seemingly non-recriminatory of the Somalis and non-indictful of the government or its presumably corrupt officials. In the views of this businessman: “The Somalis, despite having prolonged strife in their country, are good, astute business people. They are here to get a piece of the cake. It is healthy competition at the end of the day. The government has created a conducive space for businesses to operate. We have no reason to engage in turf wars with anyone; all of us are in business to make profit.”²⁰

There is a long history of recrimination between the Somali and Indian rival business communities. There are, for instance, claims by large sections of the Somali community in Nairobi that a mysterious fire incident that gutted part of the famous Garissa lodge (a large shopping center in Eastleigh)

in December 2000 was a machination by members of the rival Indian business community in protest against the allegedly unscrupulous business practices and competitiveness of the Somalis. The official government investigators of the Garissa lodge fire disaster, however, reported that the incident was an act of arson but the culprits were never identified.²¹ Most Somalis disbelieve the government report.

On their own part as well, the indigenous Kenyan business operators interviewed in the study have mixed perceptions of the Somali refugee community. The majority of the respondents applauded their Somali counterparts for various reasons. One of the most recurrent reasons is that the Kenyan businessmen are able to source relatively cheap merchandise from their Somali counterparts and this therefore eliminates their need to import directly from the international market. Most local Kenyan respondents attributed this phenomenon to the fact that the Somalis have access to huge financial capital which they mobilize using their local and transnational kinship networks. Their large investment and trade capital helps the Somalis to attract significant price discounts from producers and also accords them the benefit of economies of scale, further resulting in the relatively low price index of their commodities. Commenting on the Somali business strategy, an indigenous Kenyan businessman argued that:

The Somali refugee businessmen tend to have huge capital bases and could therefore afford to lower their prices to the least possible margin. This is because they benefit from huge discounts, courtesy of their immense capital base. We cannot beat or compete with them in this strategy. We cannot also match them on capital ... Whenever we go China to import goods, you could be buying, say, 1,000 pieces of a certain product, whereas a Somali is buying 30,000 pieces of the same product ... This distorts the market's selling price of the product at home and eats heavily into our profit margins.²²

A number of the indigenous Kenyan respondents also commended the Somali refugees for their strong contributions to the Kenyan economy, especially in sectors such as real estate and wholesale import trade. Without doubt, self-settled refugees such as those staying outside of camps and relatively "integrated" with the host community have been of immense benefit to the national economy. Refugees integrated in host communities such as Somalis in Nairobi have been known to provide economic benefits by the

introduction of new technologies and skills, and entrepreneurship.²³ The diverse investments and business engagements of the Somali refugees in Nairobi and elsewhere in the country have in turn created thousands of jobs and generated taxes to the government, albeit the debate on whether the refugee community pays adequate taxes relative to the size of their investments and trade persists amongst scholars and stakeholders.

A major flipside to the Somali refugee success story in Nairobi is that many Kenyans and members of law enforcement agencies have overly tended to associate the immigrant community with overt and covert criminal enterprise, notably small arms and light weapons proliferation, money laundering, trafficking in hard drugs, tax evasion, fabrication of fake and copy right patented products, and human trafficking (mostly sex slaves). In fact, the refugee community is largely associated by the mainstream society and economy with being responsible for the supposedly vast underground economy in Nairobi and other major cities like Mombasa. Most African economies have a large “informal economy” sector such as roadside vending and peasant horticulture. Essentially, African informal economies are hardly captured, regulated and taxed by the state. Consequently, there is a significant overlap between the informal and formal economies in most states because of the tendency of both economies to conduct illicit underground activities, especially in such contexts and environments where the state regulatory frameworks and capacity are weak. Consequently, the tendency for people to fall into an underground economy is usually heightened by their inability to compete within the legitimate formal and informal economies or if existing rules *ab initio* prohibit and exclude them from competing at all. The latter explanation is summative of the structuralist view of underground economies.²⁴ The neo-liberal school posits that underground workers voluntarily engage in the underground economy due to the associated costs of working legally. The post-structuralist school categorizes underground work as being inherently driven by social and redistributive rationales rather than pure cost - benefit calculations.²⁵

It is probably from these perspectives that one can best understand the widespread public perception that the Somali refugees are the harbingers and operators of the underground economy. The Somali refugees are significantly involved in the Kenyan informal economy, especially in roadside vending.

Legal Restrictions faced by the Somali Refugees

Drawing from our fieldwork data, Somali refugees in Nairobi operating in the informal economy do so for a number of factors. The first is

their lack of a legal status in Nairobi. A majority of the interviewed Somali refugees lack a legal status in Nairobi and are therefore considered undocumented immigrants from a legal perspective. Whereas many of the refugees were keen to apply for a legal status such as asylum, they considered the bureaucratic process to be quite slow, time consuming, unfriendly to the uneducated and extortionist. These undocumented Somali immigrants cannot therefore be integrated into the formal economy for non-possession of the requisite legal status for business registration. Without a legally registered business, this category of refugees by implication becomes non-tax compliant. The second factor why most Somali refugees tend to operate in the informal economy in Nairobi has to do with their survivalist instincts and devices for navigating the corrupt Kenyan legal system. Most refugees interviewed in this study have acquired vast experience and abilities to navigate the legal landscape and this they mostly do by easily bribing their way to wriggle out of unsettling contact with the state's law enforcement agencies. The third factor why too many of these refugees operate in the informal economy in Nairobi have to do with their marked "invisibility" advantage. Invisibility in the context of these refugees, as already pointed out, implies that the Somali refugees are not easily identifiable as they share similar physical and ethnographic features with the Kenyan Somali. Our fieldwork investigations reveal that some underground sections of the Somali refugees in Nairobi operate syndicates where they produce fake identity cards and passports to guarantee a "rightful status" in the country. This underground syndicate has occasionally been the target of the Kenyan police dragnet. Similarly, by virtue of the refugee Somalis sharing common physical and ethnographic features with the Kenyan Somali, some of the refugees, especially those fluent in the Swahili national language do apply for, and obtain the Kenyan national identity card under the guise that they are Kenyan nationals. It is also apparent that some of the comparatively wealthy refugees do acquire genuine Kenyan national identity cards by bribing relevant government officers. These contrivances are in effect a backdoor to acquiring Kenyan citizenship, and they are, from time to time, objects of investigation by law enforcement agents.

Whilst most Kenyan police officers and indigenous businessmen interviewed in this study alluded to the pernicious exploits of the Somali refugees in the underground urban economy, a large number of the local businessmen were large-hearted enough to commend the entrepreneurial genius of the Somali refugees in spite of the diverse odds they face as a considerably disliked immigrant community.

Police – Refugee Relations and the Role of the State

Our fieldwork data indicates that the Kenyan Police relations with Somali refugee business community are fraught with challenges and tensions. A large majority of the refugees recounted their negative experiences with the police officers that regularly patrol the Eastleigh suburb of Nairobi. Some of the respondents spoke of repeated harassment and arrest ordeals in the hands of the law enforcement agencies. The harassment and arrests are usually, but not exclusively associated with the [illegal] residence status of the refugees, and the cases are most often settled by the victim or their relatives bribing the police officers. Illegal refugees residing in Nairobi dread deportation to Somalia or the option of being relocated to the officially designated government refugee camps.²⁶ Human Rights Watch has further reported that Somali female asylum seekers are often sexually harassed and even threatened with rape by the police if they fail to dole out the required amount to bribe some of the officers patrolling the Eastleigh suburb.²⁷

Sometimes, even refugees with authentic residential status, such as work permit and asylum seeker's certificate are subjected to police harassment as the report of this businessman suggests: "I have on repeated occasions been harassed and locked up behind bars by the police despite my having refugee identification pass. They (the police) have in the past confiscated my pass and gone ahead to demand for a bribe before they can return it. Oftentimes, this happens in broad daylight ..."²⁸

Most of the interviewed police officers that are experienced in policing refugees tend to construct Somali refugees as constituting key security threats in the country, especially at a time that the Kenyan government has intensified an anti-terrorism campaign. Recounting the anti-terrorism dimension, an Eastleigh-based Somali businessman who has now been issued with Kenyan citizenship remarked as follows:

My relationship with the police is now okay. I have lived in Kenya for a long time and acquired full citizenship. Initially, it was very hard as refugees because we used to be harassed by the police who would threaten to have us jailed or deported. Things got worse after the 1998 and 2001 terrorist attacks in Nairobi and the US respectively. The police would constantly harass us (Somali Refugees) under the guise of fighting terrorism.²⁹

A cross section of interviewed police officers of various ranks in Nairobi alleged that terrorist organizations operating from Somali have established a range of secret training bases in Kenya and that this is a challenge to their provision of internal security. One of our Kenyan police respondents remarked that: “The hub of terrorism in East Africa is Somali and we have in the past heard or gathered intelligence that the recruitment of terrorists and training is done in parts of Eastleigh”³⁰

Apart from bribery, another strategy adopted by the Somali refugees in Nairobi to cope with police harassment is by seeking improved relations with the security forces through their self-help organizations, the most prominent being the Eastleigh Business Community (EBC). This group addresses the improvement of relationships between law enforcement agencies and the refugees. Police harassment is said to be more prevalent among the poor refugees. The wealthier refugees are invariably able to “buy” their liberty from the corrupt law enforcement agencies.³¹

Murunga faults the overarching linking of the Somali refugees to crimes in Nairobi without assessing the role played by the laxity of state security agencies and the collusion of Kenyans, especially government officials and security personnel.³² There tends to be a convergence of interests in criminal enterprise between the police and the refugees, which might be to the detriment of national security. The problem is obviously compounded by the human resource deficits in the state law enforcement agencies, which vitiates the capacity of the agencies to police the influx and spread of illegal refugees in the country, including their various underground activities (notably arms trafficking).

There are estimates that as many as 5,000 automatic rifles cross the Kenyan border with Somali each month, while an estimated 90-95 per cent of the households in northern Kenya are said to be armed.³³ Analysts like Mkutu, observe that the demand factors for small arms in north western Kenya among the pastoral communities are traceable to the failure of the state to provide security.³⁴

The threats of international terrorism have to a certain extent affected the perception of citizens and politicians alike regarding refugees with Muslim backgrounds, which includes the Somali. This is attributed to the suspected Al-Qaeda operatives bombing of the US Embassy in Nairobi in 1998 and the 2002 attacks of an Israeli-owned hotel in Mombasa. Consequently, the Kenyan government identification with the US government-led war on terror post-9/11 has made the Kenyan law enforcement agents to step up their scrutiny of Muslim groups, particularly the Somali refugees.³⁵ Our fieldwork interviews

with the Kenyan police yielded a number of unauthenticated allegations against the Somali refugees, a few excerpts of which we wish to highlight:

1. “From my experience, there exists large numbers of illegal immigrants from Somali in Eastleigh and many of them are heavily associated with crime, such as the proliferation of small arms and light weapons that pose serious security threats ...”³⁶
2. “There is evidence that suspects affiliated to internationally known militant groups, such as *Al-Shaabab* operate from Eastleigh in Nairobi. When such suspects are apprehended, they are usually handed over to the Anti-Terrorism police unit ...”³⁷
3. “Human trafficking is also a crime perpetrated by the Somali refugees. Persons are brought as refugees seeking asylum where they are facilitated to acquire passports while in Eastleigh and the cycle goes on ...; some of those trafficked end up as forced laborers in far off countries.”³⁸

The issue of human trafficking is said to be rife in Kenya. The International Organization for Migration (IOM) estimates that up to 20,000 migrants of Somali and Ethiopian origin are smuggled from the Horn of Africa to South Africa every year. This process is facilitated by corrupt Kenyan law enforcements agencies and networks linked to top ranking government and political figures, which makes trafficking low risk. Mombasa and the Eastleigh District in Nairobi are said to be East Africa’s hubs for smuggling of migrants, trafficking of women and children for prostitution, among other social ills.³⁹

The Kenyan state has always perceived the Somali “nation” to be a threat to its territorial integrity since the early post-independence days, a threat that is associated with the irredentist aspiration of the Somali state and people dating back to the 1960s. The government of Siad Barre gave the greatest impetus to the Somali irredentist ideology when he nursed the ambition to unite the Somali “nation” scattered across the Horn of Africa (Kenya, Ethiopia, Djibouti, and Eritrea) through military expansionism or by supporting Somali separatist groups in neighboring states. Post-independent Kenya waged the *Shifita* war (1963-1967) with the Somali secessionists that wanted the North Eastern Frontier to be part of the greater Somali nation.⁴⁰ In October 2011, Kenyan troops unilaterally moved into the southern Somali territory on a major

military campaign code-named Operation *Linda Nchi* (Swahili phrase for “Protect the Country”) aimed to exterminate Somali *Al-Shabaab* terrorists that on repeated occasions abducted some Western tourists and aid workers from Kenyan territories. The Kenyan intervention forces were subsequently integrated into the African Union Peacekeeping Mission in Somali (AMISOM).

Kenya has maintained a refugee encampment policy since the 1990s. This policy means that refugees should be restricted to the two refugee camps in Dadaab and Kakuma in the North East and North West of the country respectively. This encampment policy is not effectively enforced with the result that tens of thousands of Somali refugees end up in some of the urban centers, such as Nairobi. Ostensibly, the main reason for the ineffective nature of the government refugee encampment policy is the inhospitable conditions at the designated camps - the harsh arid terrain, the poor state of security, as well as the lack of basic infrastructures, especially health facilities, and educational and economic opportunities in the camps. The issue of economic and livelihood opportunities seem most paramount to the refugees who shun the daily hand outs and deplorable tents offered by international charities in the government camps to undertake the risk of unlawful settlement in a city like Nairobi. The fact that most of the refugees heading to the city already have relatives and kinsmen that could accommodate them and help them start a new life makes this option even more attractive. Being a Somali business enclave, the Eastleigh suburb in Nairobi, for instance, provides the necessary opportunities for business apprenticeship and informal employment with the added advantage of community support.

Another problem with Kenya’s refugee encampment policy is that the issuance of an official refugee status is currently handled by the UNHCR and the process is quite tedious and time consuming, requiring refugees to travel frequently to Nairobi to the UNHCR offices for the paper work. In 2006, the Kenyan government enacted the famous Refugee Act that, among other things, established the Department of Refugee Affairs (DRA) at the Ministry of State for Immigration. DRA was set up to look into the affairs of the refugees, including their registration and issuance of refugee status. Critics have argued that the DRA is yet to gain the necessary operational experience and as such requires serious capacity-building to bring it up to speed in dealing competently and effectively with refugee matters.⁴¹ The Refugee Act of 2006 outlines the process of a refugee acquiring legal status in the country. The process commences with an immigrant refugee applying to the Department of Refugees Affairs (DRA) for an asylum seeker’s certificate within 30 days of entering the country. Thereafter, the process of the refugees’ status

determination is initiated. Asylum seekers are then interviewed to determine if they qualify for a refugee status. If the process is successful, they are issued with a refugee identification pass and can thereafter apply for a conventional travel document that enables them to travel abroad without a national passport.⁴² This process hardly works for most refugees in practice because they are ignorant about it and rarely does anybody explain the process to them within the first 30 days of their arrival in the country. Also, the implementation is overly bureaucratic and allegedly marred by corruption.

THE BUSINESS EXPLOITS OF THE REFUGEES

Within the local refugee community in Nairobi, various clan-based self-help support networks and organizations are used to facilitate one another in business and social life, especially the weaker parties and new arrivals. This kinship based support network is tied to both monetary and non-monetary forms of capital. Non-monetary forms of capital include productive support schemes as provision of accommodation, apprenticeships, credit referencing, obtaining consignment of goods on credit, etc. Monetary forms of capital include interest free loans, revolving membership-based credits, etc. to help individual members of the community to kick-start, grow, expand and diversify their business. Other monetary forms of credit include formal sector credits sought from banks, preferably Islamic banks because of the diverse advantages they hold for this predominantly Muslim community.

BANKING AND MONEY TRANSFER FACILITIES AMONG THE SOMALI REFUGEE BUSINESS COMMUNITY

Our fieldwork data indicates that the Somali refugee community in Nairobi utilizes both formal and non-formal financial institutions for their various business transactions. The refugee community's banking needs mainly include transactions like savings, profit repatriation and remittances abroad. The main formal banking institutions adopted by respondents are conventional banks and Islamic banks. Islamic banks seem to be increasingly gaining popularity among this predominantly Muslim community since they were first introduced in the mid-2000s in Kenya. Many respondents argued that the practice of charging interest on loans (*Riba*) adopted by conventional banks is prohibited by their religion.

Similarly, non-formal financial institutions, such as the *hawala* money transfer system are widely used to settle a number of personal and business obligations. The following Table derived from our fieldwork data is illustrative

of the banking and money transfer services utilized by the Somali refugee business community

Table 1: Banking and Money Transfer Services Operated by the Somali Refugees in Nairobi

Type	Uses	Preferences
1. Hawala (a type of an informal money transfer service)	For business transactions and personal use.	Convenient in terms of location to business as well as personal and business networks
2. Mobile money services such as M-Pesa (operated by Safaricom - a leading mobile communications firm in Nairobi)	Settling assorted business transactions, and for minimal personal savings.	Convenient for both customers and the businessmen/women. Reduces security risks common with handling or carrying cash.
3. Banks	Business transactions such as wire transfer, payment of suppliers, business loans acquisition.	A majority of the respondents have a preference for Islamic banking because they do not charge interest loans

Source: Fieldwork data with Somali refugees in Nairobi, Summer 2011.

1. Hawala Money Transfer Service

Fieldwork respondents expressed marked preferences for the hawala informal money transfer service. Hawala is simply a money transmittance system that works by way of multiple networks and agents spread across different countries. A negligible commission – usually between 2 – 5 per cent of the money is charged on the service depending on the amount transferred.⁴³ The system is relatively efficient as any deposited money is transferred instantly by email or fax. Most of the famous hawala money remittance firms popular among the Somali community worldwide such as Olympic, Dalsan, and Dahabshil are Somali-owned. The ownership of the famous hawala brands cuts across

clan networks, a significant demonstration that Somali clans can work together to run essential cooperative projects and service.⁴⁴

The hawala is used by the Somali refugee business community for a variety of reasons. The first is that it is considered a highly convenient, cost-effective and dependable channel for the Somali Diaspora to remit business capital to their kin in Nairobi. Secondly, hawala is used by the business community to settle transactions, especially those connected with their imported merchandise. A considerable number of respondents also reported that given that some of their businesses are owned in partnership with kinsmen abroad, the hawala facility is used to remit profits and dividends to associates.

Most respondents that utilize the hawala further reported that the facility is preferred to all other competing alternatives such as Moneygram, Western Union and commercial banks because it does not require complex documentation to transact in Nairobi. The service providers and the customers of these funds are in many cases known to each other and therefore some levels of trust and predictability come into focus. There is a sense in which culture underpins the hawala transactions. This comes in particularly handy for the non-documented Somali refugees that would be locked out of essential transactions in conventional financial institutions such as banks. As one of the respondents recounted from his personal experience:

I do not have an account with any bank. The banks require that you have an official identification document which I do not possess. I can't use M-Pesa (mobile money transfer service) either because of identification requirements. I use hawala to receive money from my uncles in Dubai and Norway. The only requirement I need is an identification number from the sender.⁴⁵

In a critique of the extreme inscrutability of the hawala money transfer system, Ngugi argues that the facility is largely unregulated by the Kenyan government.⁴⁶ In fact, there is no legislation governing the specific operations of this money transfer system. Most Somali money transfer dealers operate community-based payment systems like the hawala alongside other forms of formally recognized businesses such as currency exchange bureaus that meet the necessary Kenyan financial regulations. The observed binary structure suggests the hawala money transfer system can be said to be operating in the fringes of the informal (arguably, shadow) economy in Kenya. The formal currency exchange businesses thus serve as fronts for hawala in such places as Eastleigh where more than 90% of the population are Somalis refugees. A 2011

Report published by the International Narcotics Control Strategy argues that the unregulated networks of the hawala money remittances mostly used by the Somali refugees in Kenya are largely untracked by the government.⁴⁷ The Report further claims that about US\$100 Million is laundered annually through the Kenyan financial systems and this amount includes undetermined proceeds from narcotics and high sea piracy.⁴⁸ Similarly, members of the Kenyan police interviewed in this study claim that the Somali refugees are complicit in acts of money laundering, among other transnational crimes. Our fieldwork team was however unable to authenticate the claims made by the police. Beyond all the criticisms, one must hasten to remark that the hawala system is however extremely efficient as the remittances can be delivered to the door of the recipients. The only requirement is an identification number that is passed on by the sender to the receiver, usually using mobile phone.⁴⁹

Lindley observes that the concept of hawala is fluid and varies across time and space.⁵⁰ A distinction had been made prior to 9/11 between 'white hawala' (legitimate transfer) and 'black hawala' (a transfer considered illegitimate due to its presumed link with narcotic trafficking or fraud). The hawala business has in the past been presumably situated in the geopolitics of terror. For example, the Al-Barakaat, the largest money transmitter in Somalia at a time was forced to shut down after the 9/11 by US Government under President Bush. Al-Barakaat was accused of sponsoring terrorism with claims that it had apparent links with Osama bin Laden.⁵¹ The apparent semi-criminalization of small-scale money transfers impacts negatively on immigrant communities, such as the Somali refugees who consider the hawala system to be the most affordable way to send money to relatives in their homeland and elsewhere.⁵² A similar critique of the criminalization of the hawala has been offered by Goede who attributes the negative portrayals to the media and policy discourses that describe hawala as underground terrorist financial systems.⁵³ Goede argues that there are three discursive axes along which the boundaries of terrorist money are framed in the war on terror finance.⁵⁴ Firstly, hawala or the informal money remittance systems are considered to be the major channel for terrorist financing. Secondly, because terrorists are deemed to use the banking system in unusual manner, many anti-terrorist agencies believe that they should be traced through data mining and risk profiling for suspicious transactions. Thirdly, Islamic finance and Middle Eastern financial hubs are constructed as suspects and vulnerable to terrorist financing. It is pertinent to note that the above three discursive axes are not mutually exclusive.

The growth of informal money transfer systems such as the hawala in Somalia can be traced to the collapse of the banking system pre- and post the

Siad Barre regime. Money transfer systems in Somalia have relatively thrived in the absence of state regulation because of their dependence on social ties, notably clans. The money transfer infrastructure articulates the economic relationships between Somalia and the rest of the world, mediating remittances, trade, investment, aid and political finance.⁵⁵

2. *M-Pesa*

M-Pesa is a mobile money transfer service operated and owned by Safaricom - a leading mobile telephone company in Kenya. Established in 2007, *M-Pesa* provides financial services to both the banked and the unbanked populace. It provides money transfer services at a relatively low cost and is deemed to be a significant competitor to formal sector banking. *M-Pesa* and its rival Airtel money transfer service are both self-regulated and relatively unregulated by Kenyan government law. The two services were both issued with a clean bill of health after their operations were assessed by the Central Bank of Kenya. *M-Pesa* involves multiple agents who facilitate the withdrawal and depositing of money. It is estimated that *M-Pesa* has over 14,000 agents spread across Kenya riding on a customer base of more than ten million Safaricom subscribers – that's about a quarter of Kenya's population.⁵⁶ Customers register for the service using their national identity cards and/or national passports, which are also required when making transactions. It is apparent that most Somali refugees with authentic and legally acceptable identification documents are subscribed to and regularly use the service to, among other things, transact payments with clients, customers and business associates. *M-Pesa* transactions attract a very minimal service charge. However, the majority of Somali respondents in this study are not subscribed to *M-Pesa* for the lack of necessary official identification documents. Reportedly, the respondents that do not operate *M-Pesa* accounts opt for alternative and less formal financial services such as hawala.

3. **Banks**

About a third of Somali refugee respondents reported that they utilize banking facilities for various business transactions. The respondents mainly use banking facilities to settle local and transnational business transactions, for savings, as well as for business loans. Being mostly conservative Muslims, a significant majority of the respondents preferred the interest-free Islamic banking services which prohibit interests (Riba) on loan facilities, a practice

that some of the respondents castigated as ‘haram’ (loosely translated as forbidden).

Even though they do not charge interest on loans, Islamic banks do still make profit through what is known as the Mark-up Principle in Koranic business literature. This principle works by a greater involvement of Islamic banks in business ventures, most often on behalf of their clients. Conventionally, when an entrepreneur is seeking a business loan from an Islamic bank for procurement of some merchandise, the bank would usually offer the client a range of indirect credit disbursement options consistent with what their religion permits. One of the bank’s popular credit models would be to purchase and supply the merchandise to their client and in the process factor in a “mark-up” for their profit. The Mark-up Principle draws its roots in commercial trade activities. The bank facilitates the purchase of assets in exchange for a negotiated profit margin.⁵⁷

Another conventional model is for the bank to enter into a business partnership with their client and agree on sharing any accruable profits and, as the case may be, liabilities (should for instance the venture collapse). This is what is known in Islamic banking parlance as the Profit and Loss Sharing Principle (PLS).⁵⁸

Islamic banking in Kenya is a relatively new phenomenon. It began in 2005 with the licensing of two fully fledged Islamic banks to offer products based on Sharia principles. As at 2011, two mainstream commercial banks had introduced Islamic banking products.⁵⁹ Koranic legal principles governing the conduct and content of commercial transactions in Islamic banking date back to the early days of Islam in the Arabia. Muslim scholars of the Middle Ages made efforts to establish the fundamental principles of finance and commerce. One of the most important principles they developed was the prohibition of ‘riba’ (interest), which is any predetermined or fixed return in financial transactions. There is persistent debate amongst Islamic scholars about the exact nature and delimitation of prohibitions intrinsic to riba.

Significantly, the inability to obtain suitable identification documents such as work-permits and alien identity cards amongst large sections of the Somali business community presents financial inclusion challenges. Some of the affected respondents reported that the challenges are mostly felt in the area of their not being able to open bank accounts – a major deprivation that largely excludes them from the formal financial service sector. Similarly, some of the comparatively poor respondents that have no access to formal banking services argued that the profits derived from their enterprises are in any case hardly enough to operate bank accounts. They therefore prefer to use their meager profits to meet their daily needs. “Frankly, I do not have a bank account

...,” observed one of the respondents, “I make a profit of about ten thousand shillings from my business in a month (i.e. about US\$115). The amount goes towards my living expenses. At the end of the month, I have nothing to save; hence, I do not see the need for a bank account.”⁶⁰

PROFIT UTILIZATION

Our fieldwork report indicates various ways in which Somali refugees utilize their business profits. Their profits are sometimes re-invested to expand and grow their businesses, diversified into new entrepreneurial opportunities and/or partly remitted to business partners in the Diaspora. Furthermore and as expected, the refugees’ relatives in Somalia also benefit from the profits which help them to meet expenses, such as education, health and daily subsistence.

About half of the respondents stated that a significant portion of their profits is re-invested into their business enterprises. This they considered important for purposes of growing and expanding their business enterprises to make them even more viable. Some proportion of the respondents (10%) reported that they use part of their profits to diversify into new lines of business. However, a number of respondents prioritize both business expansion and diversifying into new ventures. Hence the two are not mutually exclusive.

A considerable number of our respondents, mostly those whose businesses are significantly profitable (30%) indicated that they channel part of their profits towards assisting their relatives and kinsmen both in Kenya and in their homeland of Somalia. We have already analyzed in considerable detail the various ways by which members of the Somali business community in Eastleigh support one another to meet their various subsistence, social and business-vocational needs. Besides the community’s obligations to one another in their Nairobi suburb, most respondents are also strongly committed to supporting their extended family members in Somalia and for this reason, they make continuous remittances to these dependents using the hawala informal money transfer system. It is interesting to note that some of the money remitted by respondents to their close relatives in Somali is to help them invest in local enterprise at home or to facilitate their immigration to Kenya (ultimately to join them in Nairobi) where they can supposedly enjoy better opportunities. Either way, the driving motive is to help their relatives, especially those that are still within the energetic working age to become financially independent.

We have remarked in a preceding narrative that the business engagements of some of the Somali respondents are joint ventures partnerships with their relatives elsewhere in the more affluent countries (notably countries of Europe, North America, Middle East or South Asia). In most cases, it is

these relatively wealthier relatives in the more developed economies that have helped the refugees in Nairobi to set up their businesses through partial or full remittances. As the business ventures become profitable, the Nairobi-based beneficiaries are obligated to reward their Diaspora benefactors or business partners with part of the recorded surplus. In most cases, especially in the small and medium scale enterprises, the profit sharing arrangement is informal and flexible. The Diaspora benefactor relies entirely on the honesty, trust and reciprocal good faith of his/her Nairobi-based kinsman. Respondents repeatedly affirmed that the social trust underlying such a kinship reciprocal obligation and business partnership is literally sacrosanct and therefore can never be breached. None of the respondents could recall any case of a betrayal or breach within their local and transnational community. In the fairly large-scale business organizations that involve formal share subscriptions through the capital market, the rules of formal capital market usually applies in profit sharing. Interestingly, in most large-scale Somali businesses of this nature, all the share and stock holders are always Somalis.

GENDER AND BUSINESS AMONG SOMALI REFUGEES

Our fieldwork observations indicate that more men than women own businesses in the Eastleigh suburb of Nairobi. Whereas the fieldwork team came across several women-run/owned businesses, the Somali business landscape is largely dominated by men. The major types of business ventures run by Somali women include petty trading, street vending, jewellery trade, cloth retailing, tailoring, and restaurants. Some study respondents sought to explain the phenomenon of male domination in business by pointing to the unequal role of men and women in the traditional African cultural values and practices that are still strongly embedded in the Somali society. Most respondents observed that in the past, the role of the Somali women was mostly reproductive and domestic (home care) whilst the men and husbands had the outdoor responsibility to provide daily subsistence and the sundry needs of their families. But with modernization and changing social realities, more women are progressively taking part in business, including in some types of business ventures previously run entirely by men. From the perspective of the respondents, the prolonged civil war in Somalia and the consequent socio-demographic changes impelled by life in the Diaspora have significantly contributed to shifting gender roles.

The civil war has destroyed the traditional patterns of the family livelihood, especially the family businesses that many refugees previously held in their country. The war has also killed or maimed a large number of the male

breadwinners and left many women in widowhood conditions. This has made the Somali women, in particular, those fleeing the conflict in exile to increasingly adopt new gender roles for survival purposes. Many have assumed the headship of their families and businesses, consequently becoming livelihood providers. Whereas gender is no longer a strong limiting factor among Somali business women in Nairobi, there are still some business ventures that, owing to their physically tasking nature and correlated risks, are believed to be better left to the men (e.g. driving commercial taxi and related vehicles, motor mechanic, carpentry, building and construction, etc). It is pertinent to mention that it is equally rare to find both Kenyan and Indian women in any of the typically men occupations. Similarly, there are some Somali business ventures that are typically and exclusively meant for women due to cultural and religious reasons, such as working as henna decorators (Asian female body art and design) in the beauty industry.

With regard to international import trade, a major constraint faced by Somali women is that there are cultural inhibitions about married Somali businesswomen travelling a far distance or abroad on business trips alone; they must be accompanied by either their spouses or close relatives. As one of the male respondents articulated the cultural inhibitions:

In our community, culture forbids women from conducting huge businesses that will commit them to stay away from home for long periods because of their domestic responsibilities. Culturally, a woman's role is considered to be taking care of the home, her husband and children ...; even religion [Islam] restricts women from travelling a far distance without being accompanied by their husbands or close relatives like a brother.⁶¹

The relative relegation of Somali women by the men folk and their preponderant dependence on the latter is a long held tradition that dates back to [pre-] colonial era. Women's limited access to modern education in both colonial and post-independence era has had an aggravating influence on their collective marginalization.⁶²

The experience of the war-affected Somali women in the Diaspora has, however, progressively shattered the widely held cultural values that it is exclusively men's responsibility to provide for their family. Somali women migrants in different parts of the world (e.g. Europe and North America) have had to work in order to provide for their families, including remitting money back home in Somalia to support their parents and relatives. Similarly, the

exposure and economic pressure of life in the Diaspora has also disposed most families to start prioritizing the education of the female child. In fact, among the Somali refugee community in Nairobi it is apparent that most families accord greater higher education opportunities to their female child whilst the boys are encouraged to resort early to business with or without the privilege of higher education. The refugee community generally places a high premium on university education for their children and young adults. Based on a field study carried out among Somali women in the American state of Georgia, Crosby has observed that Somali women's growing access to higher education tends to create tension in their marriages because the working women, owing to their rising educational and income levels, are becoming more assertive in their households.⁶³ Educational attainment, as Crosby expounds, has the effect of altering the traditional roles of the women in the Diaspora by according them more bargaining grounds.⁶⁴ In an apparent shift of gender dynamics, such women, especially if they reside in the West may assert their rights more forcefully and could even obtain restraining orders against their husbands for domestic abuse. The potential for tension in marriage becomes compounded in a situation where a woman earns more than her husband.⁶⁵

SOMALI REFUGEES' BUSINESS CHALLENGES

The following Table derived from our fieldwork data summarizes the core business challenges faced by the bulk of the Somali refugees in Eastleigh.

It suffices to elaborate on one or two of the above listed barriers which have not been significantly covered in other sections of this paper.

Table 2: Somali Refugees' Business Challenges from the Respondents' Perspectives

Challenges	A Summary of the Refugees' Anecdotes
1. Language barrier	Inability to communicate with clients due to difficulties in speaking the local languages, notably Swahili.
2. Negative stereotyping and stigmatization by locals	Widespread suspicion among local Kenyans concerning the sources of the refugees' wealth and their constant fear of xenophobic attacks by Kenyans
3. Police harassment	Fear of harassment and detention by law enforcement agencies
4. Poor infrastructure	Key infrastructures such as roads and sewer systems in Eastleigh are in a state of disrepair and utter neglect
5. Insecurity	High incidents of insecurity in Eastleigh due to limited police presence and the preoccupation of the law enforcement agents deployed to Eastleigh with extortion and bribe
6. Financial inclusion	Difficulty in accessing formal sector financial services, especially for the non-documented immigrants

Source: Fieldwork with Somali Refugees in Nairobi, Summer 2011.

1) *Language Barrier*

About a quarter of the Somali refugee respondents reported that language is a significant barrier in their business activities. Many of these respondents have little or no understanding of English or Swahili, the two national languages spoken in Kenya. The two language skills, especially the more popularly spoken Swahili are vital for business in Nairobi. Members of the Somali refugee community, especially those with fairly thriving businesses who are unable to communicate in English or Swahili adopt a number of coping strategies, prominent among which is to employ Kenyan Somalis as their business assistants (or to take them on apprenticeship). Another approach they adopt is to conduct sale by using a handy calculator and intuitive sign/body language to haggle and settle prices of any product a customer is interested in buying. Many refugees in business do enroll in intensive short-term language classes to help them bridge the communication barrier. There is also a fairly high degree of inter-marriage between the Somali refugees and Kenyan Somalis, a convenient union that inadvertently helps the immigrant spouse to at least learn Swahili from his/her partner at home. Where the Kenyan Somali spouse is a young unemployed lady as is often the case, the migrant Somali could involve her in his business and thereby take advantage of her proficiency in Swahili to facilitate his transactions.

2) *Poor Infrastructure*

Even though Eastleigh is a leading hub for assorted business activities in the East African region, the suburb has one of the most deplorable infrastructures in urban Kenya. The road networks and sewer system are in utter shambles, making both transportation and sanitation awful, especially during rainy seasons. Refuse collection is completely non-existent with the result that mounds of refuse are randomly accumulated in different corners of the suburb, producing a horrifying stench along many streets and residential and business premises. The suburb has an exceedingly high population density, worsened by congestion of poorly planned buildings and vehicles, including long articulated haulage trucks and trailers. Poor infrastructure adds to the cost of doing business in Eastleigh as commercial vehicles charge more to go there and some of the potential customers could be discouraged from the area because of its relative inaccessibility.

Through their various self-help organizations, the refugee community does incessantly appeal to the Kenyan government and the Nairobi municipal authority to help improve the public infrastructure and services in the area but

no concrete renewal and development attention has been accorded to the place by the authorities. As Abdulsamed has argued, the Somali refugees are unable to assert their rights to demand for better infrastructure from the government as a result of their refugee status.⁶⁶ As one of the respondents noted, “One of the challenges in Eastleigh is infrastructure; the poor roads, for example, hinder the flow of traffic which is crucial to our business ...; driving around here is chaotic especially after periods of long rains”⁶⁷

CONCLUSION

This research raises a number of issues that are supposedly of interest to the relevant scholarly community on the subject of Diaspora, remittance and entrepreneurship development. The first is that it reinforces the perspective in the emerging literature on the role of social capital in aiding immigrant/ethnic minority enterprises globally. Whereas the study confirms that Somali refugees in Nairobi tend to draw on family/social networks (social capital) for their entrepreneurship success, this is a practice that has been documented among other ethnic minority entrepreneurs in various parts of the world. The emerging literature on how ethnic minority entrepreneurs, such as Turkish and Chinese immigrants in Finland utilize social networks (social capital) for business start-ups, among other facilitations, confirms that the business practices highlighted in this case study are in tandem with global experiences.⁶⁸

This study also resonates with the growing body of literature on transnationalism and the varied impact it has on the receiving country and more so at the individual levels. Transnational ethnic ties are said to provide useful economic, social and human capital for immigrant entrepreneurs globally. For the Somalis in Nairobi, their transnational Diaspora make remittances mainly channeled towards business start-ups and partnerships. This study also confirms the documented typical remittance practices of ethnic minority immigrants living in such cities as London in the UK. Immigrants have been known to send their remittances to meet a number of obligations ranging from meeting basic household needs to business capital and community development.⁶⁹ The study is also consistent with the literature documenting the support and contribution of Diasporic communities in human capital development both among their kin abroad and in their ancestral homelands. This type of Diasporic support is an approach that has been well documented among Chinese immigrants in the US. In this way, international migration, which is accentuated by globalization, tends to make a positive impact in the development of the developing world through remittances.

This research also confirms the perspective in existing literature concerning the challenges faced by immigrant communities (Somali refugees included) within a comparative global framework. Our Somali study highlights challenges such as language barriers, minimal literacy (educational experience), and bureaucratic red-tape in registration of businesses faced by immigrants. These are not unique experiences to the Somalis in Kenya but have something that has been experienced by other immigrant business communities such as the Chinese and the Turkish communities in US and elsewhere. In virtually all cases, immigrant business communities have always undertaken a number of steps to overcome the observed impediments and improve on their business experience. These steps include enrolling for relevant language classes and utilizing social capital/networks from their well-established kin to help redress business start-up bureaucracies. China towns' enclave economies in the US have been particularly useful in the facilitation of their kin in such areas as business start-ups and registration processes.⁷⁰ In Nairobi, Kenya, the Somali refugees have adopted, among other strategies, enrolling for English classes as way of fully integrating in the Kenyan economy.

This research also confirms the notions of trust and reciprocity that are extensively discussed among immigrant-owned enterprises in literature. Globally, many scholars have framed the notion of trust as a key enabler of business facilitations among ethnic minority entrepreneurs. Specifically, trust has been conceived as a necessary aspect of both bonding and bridging social capital. Bonding social capital is a phrase used to delineate the resources in social networks accessible within the confines of social groups. Bridging social capital, on the other hand, refers to networks between groups and linkages to external assets comprising people across different social connections or groups.⁷¹ Trust is thus relied upon by the Somali refugee community in Nairobi in the setting up of business partnerships, extending credit facilities, and gaining access to important business networks among minority and immigrant business communities in various parts of the world, such as Finland and the US.

This research also raises broader questions about the capacity of transitional states in terms of rules enforcement. In the case of Kenya, the study has pointed to the operation of a fairly robust shadow economy among Somali refugees, an economy that seems to defy the regulatory and law enforcement capacity of the state. The Kenyan scenario is not by any means an isolated incident but something known to be prevalent in most post-colonial states of Africa, which experts have often described as a manifestation of state fragility.

Finally, this case study has demonstrated the influence of globalization in altering gender roles among the relatively conservative Somali

immigrant community in Nairobi, a finding that is in sync with the dominant views in extant literature. The role of the Somali women traditionally, has been to take care of their families, but owing to the impact of globalization and the harsh realities of life in exile, Somali girls and women are increasingly embracing western education (even more than their male counterparts), becoming entrepreneurs and also taking up paid employment to help provide for their families. This seemingly progressive gender dynamic, as our research indicates, tends to however aggravate family tension as it undermines the cultural assumptions and traditional authority of the man as the principal provider of the family in the traditional African context.

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