

**INTERNATIONAL MIGRATION: THE IMPACT OF SOMALI MIGRANTS ON
KENYA'S ECONOMY, 1991 – 2010**

BY

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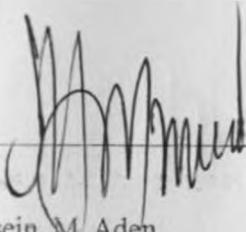
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**A DESERTATION SUBMITTED IN PARTIAL FULFILMENT OF THE
REQUIREMENTS OF THE DEGREE OF MASTERS OF ARTS IN
INTERNATIONAL CONFLICT MANAGEMENT TO THE INSTITUTE OF
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NAIROBI**

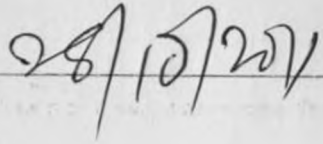
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DECLARATION

I declare that this project is my original work and has not been submitted for a degree in any other University.

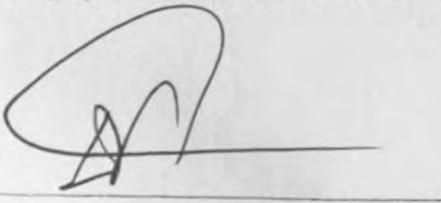


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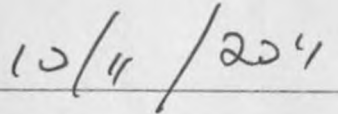


Date

This project has been submitted for examination with my approval as a University supervisor.



Dr. Ibrahim Farah



Date

DEDICATION

To my parents, mum Dhubey Abdi, dad Muhumed Adan, Aunt, Habiba Bare and uncle Ibrahim Adan who made sure I go through formal education with or without school fees. .

Also to my wife Arfi and daughter Nawal. Finally I dedicate this work to my beloved country Kenya and to the people of Kenya.

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ABSTRACT

Migrants are all over the world for various reasons such as to increase chances of securing employment, availability of capital for entrepreneurial activity and a secure environment to conduct business. The purpose of the study was to find out the impact and the contribution of Somali migrants to Kenya's economy. Theoretically, the study is guided by world systems theory while methodologically the analysis was executed by use of questionnaire and focus group discussion. The major findings of the study indicated that Somali migrants contribute significantly to Kenya's economy through creation of jobs, employment opportunities, capital investments, income generation, and provision of cheap items, more choice to consumers, supply of stock procurement and revenue to governments. The research recommended that the government should first and foremost recognise the positive contributions of migrants so as to appreciate and find out ways of promoting their activities. This calls for organized studies to facilitate decision making from a well informed point of view.

Abbreviations

EU:	European Union
GCC:	Gulf Cooperation Council
GDP:	Gross Domestic Product
ILO:	International Labour Organization
LDCs:	Least Developed Countries
NICs:	Newly Industrialized Countries
NHIF:	National Hospital Insurance Fund
NSSF:	National Social Security Fund
UN:	United Nations
UNDP:	United Nation Development Programme

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CHAPTER ONE

INTRODUCTION TO THE STUDY

1.1 Background

International migration is as old as man himself. Traditionally, international migrations have been informed by the search for better social economic opportunities. Migrants were mainly persons from developing countries moving into developed nations in search for jobs, business opportunities, and access to better health care, education and generally improved standards of living.

With time however both inter and intrastate conflicts exacerbated human movement between nation-states and continents. In particular the post cold war period witnessed increase in intrastate conflicts especially in Eastern Europe, Asia and Africa. The effect of this has been the influx of refugees and other forms of migrants into the territories of other nations to seek asylum and probably start live afresh in a foreign territory before normalcy returned in their respective countries. In other instances, some migrants transited through the immediate host state before moving into other countries where they thought will be more safe and comfortable.

In the last decade, Kenya has increasingly become a destination for migrants from conflict prone neighbouring countries of Somalia, Ethiopia, Sudan and Rwanda, to list a few. The estimated number of international migrants in Kenya by mid 2010 was 817,747.¹ The Somali migrants are the largest owing to the intensity of conflict in their

¹See United Nations Department of Economics and Social affairs, Population Division (2009), Report on Trends in International Migrant Stock: The 2008 Revision. pp5-23.

country and absence of an effective government in Somalia since the fall of Siyad Bare regime in 1991.² A large number of Somali migrants move into Kenya through irregular means. The idea is to avoid been registered as a refugee. This will limit their freedom of movement and opportunities to undertake activities that will improve their living standards. However, such non-restricted migrants are not covered by local jurisdictions. Thus in most countries they are at the mercy of the host population and or authorities in host countries since they are not covered by legislations.

In order to survive in foreign lands, the migrants hunt for jobs in the informal sector as well as shelter with residents of the host countries in addition to venturing into business. Consequently, conflict is bound to erupt between the migrant population and their hosts. This raises the fundamental question on the negative and positive impact of Somali migrants on Kenya's economy which this project aims to study.

1.2 Statement of the Research Problem

Migrants are all over the world for various reasons such as to increase chances of securing employment, availability of capital for entrepreneurial activity and a secure environment to conduct business. The challenge has been the response by authorities in host communities to either welcome or repulse the migrants. In most cases migrants are turned back or restricted from crossing into the borders as they are seen to be a potential threat to national sovereignty and identity.

Despite the checks by immigrant countries, migrants still find their way into identified destinations. Usually links are established before initial movements take place.

² Ibid.

The social networks including family members, agents, smugglers and other middle-people make the migratory process safe and easy for the migrants. Given their strong social fabric, Somalis have perfected a migration industry of their own to facilitate movement to various destinations. The agents, known to Somalis as *mukhalis*, have often confounded government efforts to control movement.

The Somalis in Kenya are unique migrants in the sense that they are forced to flee their war-torn country but some fail to register as refugees since the camps do not offer them the chance to use their skills, education and expertise to work, develop themselves and send remittances to their families. Even those who register as refugees leave the camps to undertake income generating activities in urban centres.

Consequently, their influx raises socio-economic and security concerns among the host population and the authorities in Kenya who view the foreigners as a burden on local resources. The response has been restriction of entry, confinement in refugee camps and xenophobic tendencies towards the migrants, coupled with arrests and deportations of those found staying in the country illegally. This has not helped ease the problem as the number of Somali migrants seem to grow while tensions build up on the host society.

The scantily available literature in this area is largely on advocacy in favour of the migrants and fails to consider the strain felt by the host communities. Therefore, there is need to conduct an extensive study to inform policies that will address problems of both the host and migrant population in order to safeguard the human security of both in terms of access to basic human needs such as employment, education, shelter, food, housing et cetera. This can be addressed through policies informed by proper research.

This study will attempt to provide an in-depth understanding of the impact of Somali migrants on Kenya's economy. In other words, the study will attempt to answer the question 'what are the positive and negative impacts of Somali migrants on Kenya's economy.

1.2.1 Objectives of the Study

The overall objective of the study is to provide an overview of international migration; impact of Somali migrants on Kenya's economy. More specifically, the study will:

- (i) Provide an overview of international migration and its impact;
- (ii) Examine the impact of Somali migrants on Kenya's economy;
- (iii) Analyze the relationship between Somali migrants and host communities in Kenya.

1.3 Literature Review

This section covers literature on initiation and continuation theories of international migration, literature on Somali migrants, trends in international migration and developments in the 21st century.

1.3.1 Literature on International Migration

Migration is a global phenomenon with economic, social and foreign policy implications. The attendant costs and benefits of international migration should however be complemented by analysis of other value systems such as human gains and disadvantage in the formulation of sound national policies. By and large, the "push" of unemployment and underemployment in the sending countries and the "pull" of economic opportunity in

the receiving countries have become the real major determinants of the volume and direction of the international populous movements.³ These forces have been helped by political stability, increased knowledge of other countries, easier access to them, and currency convertibility. However, migration cannot be limited to this single factor. Scholars have thus conceptualized a number of theoretical explanations for the causes of international migration.

Massey et al have distinguished the theoretical approaches into two fundamental categories: theoretical approaches explaining the initiation of migration and theoretical approaches explaining the continuation of migration.⁴ The former include Neo-classical economics, the new economics of migration, the dual labour market and world systems theories while the latter consists of the network theory, causation theory, migration systems and institutional theory. It should be noted first hand that there is no single, coherent theory of international migrations; rather we have a fragmented set of theories that have developed largely in isolation from one another segmented by disciplinary boundaries.⁵ However, current patterns and trends cannot be explained by relying on tools of one discipline alone. Their complex and multi-faceted nature requires a sophisticated theory that incorporates a variety of perspectives, levels and assumptions.

1.3.2 The Initiation Theories

Beginning with the initiation theories, neo-classical economics focuses on differentials in wages and employment conditions between host and sending countries, and on migration

³ S. Barkin, (1967) "The Economic Costs and Benefits and Human Gains and Disadvantages of International Migration," *The Journal of Human Resources*, Vol. 2, No. 4. pp.495-516, 495

⁴ D.S. Massey et al, (1993) "Theories of International Migration: A Review and Appraisal" in *Population and Development Review*, vol. 19, No.3. pp 431- 466, 433.

⁵ Ibid, p.451.

costs. It generally conceives migration as an individual decision for income maximization. Accordingly, individual rational actors decide to migrate after doing a cost-benefit calculation that portrays a positive net return, usually monetary from the movement.⁶ International migration is thus conceptualized as a form of investment in human capital. While its widespread acceptance and familiarity among the public, policy makers and scholars, this theory does not fully explain the reasons for international migration. It ignores cultural, linguistic and geographical boundaries as well as government policies on cross-border movements. Expected income is indeed positive and significant in predicting the likelihood of international movement. However, it requires other support factors such as migrant experience and network connections that play an important role in structuring the migration decision. Neo-classical theory does not also talk about the likelihood of illegal migrants getting arrested and deported.

Consequently, the new economics of migration has arisen to challenge the assumptions and conclusions of neo-classical theory. Stark and Bloom have argued that migration decisions are not made by isolated individual actors, but by larger units of related people such as families and households.⁷ According to these two scholars, people act collectively not only to maximize expected income but also to minimize risks and to reduce constraints associated with a variety of market (labour) failures. In developed countries, risks to household income are generally minimized through private insurance markets or government programmes. In contrast, these institutional mechanisms for

⁶ G. Borjas (1990), *Friends or Strangers: The Impact of Immigrants on the U.S Economy*. New York: Basic Books. p64.

⁷ O. Stark & D.E. Bloom (1985), "The New Economics of Labour Migration" in *American Economic Review*, Vol. 75. pp.173-178.

managing risks are either imperfect, absent or inaccessible to poor families giving them incentives to diversify risks through migration. Thus households send workers abroad not only to improve income in absolute terms but also to diversify risks.

This theory has been critiqued for explaining decisions for movements in similar context to the neo-classical model. What differ between the two theories are levels of analysis (individual or household). However the economic context of decision making is the same since both are models of rational choice. The dual labour market theory moves away from decisions made by individuals and argues that international migration stems from intrinsic labour demands of modern industrial societies. Piore who is considered to be the most forceful and elegant proponent of this view posits that international migration is caused by demand for immigrant that is inherent to the economic structure of developed nations.⁸

According to this scholar, immigration is not caused by push factors in sending countries, low wages or high unemployment but by pull factors in receiving countries; a chronic and unavoidable need for foreign workers. This demand stems from four fundamental characteristics present in advanced industrial societies viz; structural inflation, motivational problems, labour supply and economic dualism. This theory neither posits nor denies that actors make rational, self-interested decisions. The negative qualities that people in industrialized countries attach to low wage jobs opens employment opportunities to foreign workers. This is a weakness for this model since it

⁸ M.J. Piore (1979), *Birds of Passage: Migrant Labour in Industrial Societies*. Cambridge: Cambridge University Press. p81.

does not give implications that are quite distinct from neo-classical and new economics of migration theories.

To address the deficiencies of the above models, world systems theory has linked the origins of international migration to the structure of the world market that has developed and expanded since the sixteenth century.⁹ According to this theory, international migration is caused by the penetration capitalist economic relations into peripheral, non-capitalist societies. Driven by desires for higher profits and greater wealth, owners and managers of capitalist firms enter poor countries on the periphery of the world economy in search of land, raw materials, labour and new consumer markets. In the process of capitalist development, large human populations are incorporated into the world market economy.¹⁰

This process of economic globalization creates cultural links between one core capitalist countries and their hinterlands within the developing world. In many cases these cultural links are longstanding reflecting a colonial past in which core countries established administrative as well as education systems that mirrored their own in order to govern and exploit a peripheral region. Likewise investment, transportation and communication links were established early between past colonial powers and their colonies and allowed to develop free from outside competition during colonial era, leading to the formation of specific trans-national markets and cultural system. International migration thus flows from these global links.

⁹ A. Portes & J. Walton (1981) *Labour, Class and the International System*. New York: Academic Press. p21.

¹⁰ D.S. Massey (1989), "International Migration and Economic Development in Comparative Perspective" in *population and Development Review*, Vol. 14, pp383-414, 383.

1.3.3 The Continuation of International Movements

International migration may begin for a variety of reasons as explained by the theories discussed above. However, the conditions that initiate international movement are quite different from those that perpetuate it across time and space. Although wage differentials, relative risks, recruitment efforts and market penetration may continue to cause to move, new conditions that arise in course of migration come to function as independent causes themselves.¹¹ These include spread of migrant networks, development of institutions supporting transnational movements and the social meaning of work changes in receiving societies. These are explained by network, institution and migration systems theories. Proponents of network theory argue that migrant networks increase the likelihood of international movement because they lower the costs and risks of movement while increasing the expected net returns to migration.¹²

These networks are sets of interpersonal ties that connect migrants, former migrants and non-migrants in origin and destination areas through ties of kinship, friendship and shared community origin. Network connections constitute a form of social capital that people can draw upon to gain access to foreign employment. Once the number of migrants reaches a critical threshold, the expansion of networks reduces the risks and costs of movements. This in turn increases the probability of migration to rise

¹¹ J.T. Fawcett (1989), "Networks, Linkages and Migration Systems" in *International Migration Review*, Vol. 23. p680.

¹² D.T. Gurak & F. Caces (1992), "Migration Networks and the Shaping of Migration Systems" in M. Kritz et al (eds) *International Migration Systems: A Global Approach*. Oxford: Clarendon Press. pp150-176.

which further expands the network and so on. Over time migration behavior spreads outward to encompass broader segments of the sending society.¹³

Institutional theory argues that once international migration has begun, private institutions and voluntary organizations arise to satisfy the demand created by an imbalance between the large number of people who seek entry into capital rich countries and the limited number of entry visas these countries offer.¹⁴ These imbalances, as well as the restrictions placed on immigrants create a lucrative economic niche for entrepreneurs and institutions motivated to promote international movement for profit leading to the creation of black market in migration. As a result this underground market creates conditions conducive to exploitation and victimization that invites humanitarian organizations in developing countries to enforce the rights and improve the treatment of legal and undocumented migrants. They provide counselling, social services, shelter, and legal advice to migrants.

Profit-oriented organizations and private entrepreneurs provide a range of services to migrants in exchange for fees set on the black market. These include clandestine smuggling across border; secret transport to internal destinations; labour contracting between employers and migrants; counterfeit documents and visas; arranged marriages between migrants and legal residents; lodging, credit and other assistances in the host

¹³ G.J. Hugo, (1981) "Village-Community ties, Village norms, and Ethnic and Social networks: A Review of Evidence from the Third World" in G.F. Dejong & R. W. Gardner (eds), *Migration Decision Making: Multidisciplinary Approaches to Microlevel Studies in Developed and Developing Countries*. New York: Pentagon Press. pp 186-225.

¹⁴ D.S. Massey (1990b), "Social Structure, Household Strategies and the Cumulative Causation of Migration" in *Population Index*, Vol. 56. pp3-26, 26.

countries.¹⁵ Over time, individuals, firms and organizations become well-known to immigrants, and constitute another form of social capital that migrants can draw upon to gain access to foreign labour market. Consequently, as organizations develop to support, sustain and promote international movement, the international flow of migrants becomes more and more institutionalized, independent of the factors that originally caused it.

According to migration systems theory, migration flows acquire a measure of stability and structure over space and time, allowing for the identification of stable international migration systems. These systems are characterized by relatively intense exchanges of goods, capital, and people between certain countries and less intense exchanges between others. The system comprises of a core receiving region and a set of specific sending countries linked to it by usually large flows of immigrants.¹⁶

In summary, each of these theories has its own merits and need to be considered on its own terms and its tenets examined carefully to see if it can lay the foundation for the study of international migration. In other words, we need to adopt the broader position that causal process relevant to the same might operate on multiple levels simultaneously rather than adopting a narrow argument of theoretical exclusivity.

1.3.4 Impact of International Migration

The impact of international migration are two-fold, affecting both the host and sending countries, and numerous. This section will mention a few of these. Migration may hinder

¹⁵ M.J. Piore (1989), *Birds of Passage: Migrant Labour in Industrial Societies*. Cambridge: Cambridge University Press. p240.

¹⁶ H. Zlotnik (1992), "Empirical Identification of International Migration Systems" in M. Kritz et al (eds.), *International Migration Systems: A Global Approach*. Oxford: Clarendon Press. pp150-176.

development of the sending state by siphoning qualified personnel (brain drain), removing dynamic young workers and reducing pressures for social change.¹⁷ In this case, a valuable economic resource-human capital- is transferred from a poor country to a rich one. The investments put into the young energetic adult migrant by the country of origin are reaped by the immigration state. Hence immigration policy in the developed world is taking a dual approach of promoting skilled migration and limiting unskilled migration.

Other costs will accrue to the former upon return of the migrant at old age in terms of care and support. This informs the short term objectives pursued by both labour-importing and labour-exporting countries. The former are concerned with obtaining a low cost labour force while the latter are mainly concerned with generating jobs for underutilized workforce and maximize on possible inflow of worker remittances.¹⁸

Furthermore, migration often leads to the settlement of a significant number of migrants in the host states resulting in the emergence of ethnic neighbourhoods. This is partly due to the nature of the process, which is sustained by informal networks and the increasing strength of human rights agencies that fight against deportation of migrants by governments or denial of the right to live with their families. This was either accepted or rejected by the respective host nations.

¹⁶ R. Skeldon (2009), "Of Skilled Migration, Brain Drains and Policy Responses" in *International Migration*, Vol 47, No. 4. pp 4-6.

¹⁸ Abella 1995, Tomas 1999 in S. Castles, "International Migration at the Beginning of the Twenty-first Century: Global Trends and Issues" in *International Social Science Journal*, Vol 52, No. 165, 2009. p276.

On the one hand, where governments have recognized permanent settlement of migrants, cultural and political rights contained in policy of multiculturalism have been introduced in places like North America, Oceania and Western Europe.¹⁹ On the other hand governments have opposed permanent settlements alleging that it is a threat to national unity and identity. In such cases, migrants are seen as marginalized ethnic minorities.

Government policies aside, resident populations are usually not friendly to migrants. They blame the migrants for unemployment and other social problems and lobby for their deportation. Politicization of issues related to migration often creates conflicts which take long time to resolve presumably owing to the fact that leaders hardly prepare their citizens for migration-related developments.

International migration also poses a challenge to the sovereignty of both the sending and receiving nation-states particularly in the area of border control. Emigration exposes the inability of the country of origin to bring about economic development since migrants are seen to seek a reasonable livelihood abroad. This may lead to lowering of confidence in the concerned state which turns to crisis when the same state fails to protect the interests of her nationals abroad, as shown in the Flor Contemplacion case of the Philippines in 1995.²⁰

¹⁹ S. Castles, (2009) "International Migration at the Beginning of the Twenty-first Century: Global Trends and Issues" in *International Social Science Journal*, Vol 52, No. 165, pp270-281,277.

²⁰ L.L Lim & N Oishi (1996), "International Labour Migration of Asian Women: Distinctive Characteristics and Policy Concerns" in *Asian and Pacific Migration Journal*, Vol. 5, pp 85-116.

The immigration countries, on the other hand, also find it difficult to control unwanted migratory inflows. Several countries have, for example, carried draconian measures such as mass expulsion of foreign workers (Nigeria, Libya, Malaysia), building fences and walls along borders (Israel, South Africa, Malaysia), imprisonment or total ban on future admissions in many countries and sanctions against employers (South Africa, Japan and other countries).²¹ Despite such measures and others, unauthorized migration remains a concern the world over largely due to powerful forces heading towards greater economic and cultural interchange. In other words it is difficult to open borders for movement of information, commodities and capital and close them to people. The shrewd 'migration industry' consisting of labour broker and travel agents also counter restrictions on irregular migrants.

1.3.5 Literature on Somali Migrants

There is scanty academic text on Somali migrants in Kenya. These migrants live in major urban centres such as Nairobi, Mombasa, Garissa, Nakuru and Mandera without legal protection and economic assistance. While some access direct entry through irregular social networks, others escape from the refugee camps in the country citing harsh economic conditions. The presence of Kenyan Somalis works to the advantage of the Somali migrants. With the help of middlemen from the former the latter have devised several strategies to prolong their discreet stay, do business and buy properties.

The presence of large numbers of migrants has raised the concerns of both government agencies and the host population. The government is worried of the presence

²¹ S. Castles, (2009), *International Migration at the Beginning of the Twenty-first Century: Global Trends and Issues* op cit p 279.

of large number of foreigners without her knowledge. The host urban population views the migrants as spoilers who come to drain national resources and wage unfair competition in business and in the employment sector. Consequently, the residents display xenophobic attitudes, discrimination and harassment towards the migrants and wish for their deportation. Ethnicity further influences the levels of discrimination leading to different perception of the migrants by the local population. Though settled in the host society, integration and acceptance is still a problem. They are seen as refugees who should be confined in the camps.

The government's concerns are directed towards the issue of security as purely state centric and that all other actors - individuals, international organizations- are either less important or unimportant. Classical realism is the international relations theory on which this notion is anchored. The normative core of realism is that national security and state survival in an arena of rivalry, conflict and war between states in which the same basic problems of defending the national interest and ensuring continued survival of the state is repeated over and over again.²² It misses out on the broad concept of human security that addresses the needs of the individual in totality. Thakur defines human security as, "the quality of life of the people of a society or polity. Anything which degrades their quality of life, demographic pressures, diminished access to or stock or resources, and so on; is a security threat."²³

²² R Jackson & G Sorensen (2000), *Introduction to International Relations: Theories and approaches*. New York: Oxford :resource center, third edition, p60

²³ R Thakur (1997), "From National to Human Security" in Harris S and Mack A (eds), *Asia-Pacific Security: The Economics-Politics Nexus*. Sydney: Allen & Unwin. pp53-54.

Conversely, anything which can upgrade their quality of life, economic growth, improved access to resources, social and political empowerment, and so on, is an enhancement of human security.” According to United Nations Development Programme (UNDP) standard definition; “Human security can be said to have two main aspects. It means, first, safety from such chronic threats as hunger, disease and repression. And second, it means protection from sudden and hurtful disruptions in the patterns of daily life, whether in homes, in jobs or in communities. Such threats can exist at all levels of national income and development,”²⁴ According to the report, “The list of threats to human security is long, but most can be considered under several main categories which include economic security, food security, health security, environmental security, personal security, community security and political security.”²⁵

Consequently, the authorities in Kenya have no national legislation to handle migrants. The closest it has come to this is an encampment policy for refugees. The migrants have never been systematically registered, are largely ineligible for assistance since they do not exist theoretically. Irregular swoops by police and city council *askaris* are the order of the day. These swoops have not assisted in finding a solution to the problem. Therefore there is need for proper policy and/ or legislation to address the issue of migrants in Kenya and Africa at large. Academics should take the lead role to study the phenomena and advise governments on suitable solutions to the same. This study aims to step in and contribute to how best the problem can be addressed.

²⁴ See United Nations Development Programme (UNDP). *Human Development Report 1994*. New York: Oxford University Press, p23.

²⁵ *Ibid*, p. 24-25.

The literature gap is that there is no exhaustive work done on the impact of Somali migrants on Kenya's economy. It is with this impulsion that this research tackles the impact of Somali migrants on Kenya's economy.

1.4 Justification of the Study

First and foremost, the study is expected to add to the existing knowledge on international migration in general and Somali migrants in particular, besides being a foundation for further research on its findings and related works by scholars interested in exploring this field further. The findings of the research will also be an important tool that shows other stakeholders that migrants are not necessarily a burden as they can sometimes be a blessing.

Secondly, the findings of the study are anticipated to guide concerned government agencies to draft policies to minimize conflict between Somali migrants and Kenyan communities over shared resources. Conflict is inevitable wherever there are interactions between parties or individuals, we should learn how to handle and minimize the same. These interactions between the migrants and the local communities should be should be guide so that it becomes a symbiotic relationship where both benefit rather than it being confrontational.

Finally the recommendations of the study found out the challenges facing migrants and gave suggestions on how to tackle the same by providing useful tips in aid of all stakeholders. The study further points out ways of benefiting from the contributions of Somali migrants to the Kenyan economy. It could also point the possible hazards affecting the human securities of both populations and how to counter the same.

1.5 Theoretical Framework

This study is guided by the world systems theory.²⁶ According to this theory, the origin of international migration is not only linked to the bifurcation of the labour market within particular national economies, but to the structure of the world market that has developed and expanded since the sixteenth century.²⁷ Massey et al have expounded on this presupposition by observing that migration is a natural outgrowth of disruptions and dislocations that inevitably occur in the process of capitalist development.²⁸ World systems as a grand theory covers lot of explanations in other models such as network, labour and institutional theories and provides a holistic approach to the study of this subject. This theory also combines the various propositions of network and institutional theories to demonstrate that countries within a system need not be geographically close since migration flows reflect political and economic relationships that facilitate exchange of migrants. Thus a set of dispersed core countries receive immigrants from a set of overlapping sending nations.

World systems theory also points to the uncontrollable forces of globalised market economy that has challenged state authorities who try to control international flows of capital of goods, capital as well as human beings.²⁹ This control tends to incite international trade disputes, risk world recession and antagonize multinational firms with

²⁶ A. Portes & J. Walton (1981), *Labour, Class and the International System*. New York: Academic Press. p76.

²⁷ ibid

²⁸ D.S. Massey et al (1993) "Theories of International Migration: A Review and Analysis" in *Population and Development Review*, vol. 19. pp.431-466.

²⁹ D.S Massey et al (1987) "The Social Process of International Migration" in *Journal of Science* , vol. 237. pp.733-738.

substantial political resources that can be mobilized to block them. International migration ultimately flows from the dynamics of market creation and the structure of the global economy. The penetration of the global economy into peripheral regions is the catalyst for international movement.

This is augmented by the existence of ideological and material ties created through prior colonization as well as ongoing market penetration. For instance, the prevalence of common languages, the intensity of trade relations and communication links play significant roles in facilitating movements. Network and institutional theories also supplement the propositions of the world systems theory with the strong assumptions that movements require migrants to overcome barriers either through support of relatives resident in the receiving country or organizations that deal with international migrant for profit or philanthropic purposes

1.6 Hypotheses

The following hypotheses were tested in the study:

- i) Migration can impact both positively and negatively on the economy of the host community;
- ii) Somali migrants impact positively on Kenya's economy;
- iii) There is a strong co-relation between Somali migrants and the booming sectors of Kenyan economy.

1.7 Research Methodology

In the study, the researcher used both questionnaire and focus group discussion to collect primary data. These instruments will complement each other since none is water-tight if applied alone. The questionnaire is divided into five sections to capture thematic areas covering real estate business, shopping malls, foreign exchange bureaux, informal banking, and hotel industry. The questionnaire is then administered by the researcher himself. This instrument was chosen for its advantages as it allows researcher to gather data from large respondents with less costs and time.³⁰ A questionnaire also allows for anonymity of respondents and uniformity of questions thus facilitating comparability and easy analysis of collected data.³¹

The questions for focus group discussion were similarly grouped into the thematic areas as in the questionnaires. Focus group is a qualitative method used to collect information from informants known to have the same. It allows the researcher to question several individuals systematically and simultaneously. According to Morgan, this techniques has several advantages namely: it captures real life data in a social environment; it is flexible; has high face validity, speedy results, and is low in costs.³² Group dynamics bring out aspects of the topic that would not have been anticipated by the researcher. In addition to primary data, the study also gathered secondary data on the subject from published books, magazines, newspapers as well as reports by research

³⁰ K.D Bailey, (1987), *Methods of Social Research*. New York: Free Press. pp156-167

³¹ M.Saunders et al, (2003) *Research Methods for Business Students (third edition)*. London: Prentice Hall. p281.

³² D.L. Morgan, (1993) *Successful Focus Groups: Advancing the State of the Art*. Thousand Oaks, CA: Sage. p338.

institutions, universities and government agencies which are relevant to the topic. The data obtained from these sources will be scrutinized to assess its reliability, suitability and accuracy. The data gathered from the informant as well published material was first coded and arranged into the thematic areas mentioned in the data collection procedures above. The information was then interpreted and analysed qualitatively using content and thematic analysis to capture the information gathered from the respondents. Secondary data was used to corroborate the responses from primary informants and supplement the study findings and conclusions.

1.8 Chapter Outline

The study is structured around five (5) chapters:

Chapter 1: Introduction to the study;

Chapter 2: An overview of Somali migrants in Kenya;

Chapter 3: International migration: The impact of Somali migrants on Kenya's economy, 1991-2010.

Chapter 4: The impact of Somali migrants on Kenya's economy: A critical analysis

Chapter 5: Conclusions

CHAPTER TWO

SOMALI MIGRANTS IN KENYA: AN OVERVIEW

2.1 Introduction

Chapter One of the study has dealt with conceptual understanding of international migration. It has put into perspective the causes of international migration as well as the factors that facilitate movement from one area to another. These have been explained using theories on the initiation and continuation of international migration. Initiation theories include neo-classical economics, the new economics of migrations, the dual labour market theory and world systems while the theories explaining the perpetuation of international migration include network, institution and migration systems theory.

This chapter gives an overview of Somali migrants in Kenya besides taking the discussions in the preceding chapter a notch higher by demonstrating how the conceptual framework has been practically applied in the last fifty years. In this regard, the chapter will highlight the trends emerging in each decade from the 1960s to the twenty first century. It is anticipated that the theoretical explanation on the causes and continuation will feature though the same will not be emphasized much.

2.2 Historical Background

Historical, economic, ethnic, and political links have fostered and reinforced intra-regional, inter-regional and international migration in Africa, as well as between it and the colonial metropolitan and other countries. Adepoju posit that the largest stream of migration in Africa consists of intra-regional migrant workers, undocumented migrants,

nomads, frontier workers, refugees and, increasingly, highly skilled professionals.³³ Such migrations take place within considerably diverse political, economic, social and ethnic contexts. According to Adekanye, undocumented movements across frontiers, fostered by shared culture, language and colonial experience, noticeable in west and east Africa, as well as frontier labour migration, blur the distinction between internal and international migration, as well as that between migration in regular and irregular situations in the region.³⁴

Political instability resulting from conflicts is a strong determinant of migration in the region. The political landscape is unstable, unpredictable, and volatile. Dictatorial regimes often target, harass and intimidate students, intellectuals and union leaders, spurring emigration of professionals and others. Adekanye further observes that the loss of state capacities and breakdown of states rooted in the precarious democratization process, the effects of structural adjustment programmes and human insecurity have also prompted a variety of migratory movements, including refugees.³⁵

In Somali, the civil war in the late 1980s and early 1990s, and the eventual fall of the Siyad Barre regime in 1991 gave impetus to the emergence of Somali migrants. Lindley postulate that due to the civil wars many Somalis fled to Kenya to escape the

³³ A. Adepoju, (2000) *Issues and Recent Trends in International Migration in Sub-Saharan Africa*, Blackwell Publishers: United Kingdom. pp 383-394,383

³⁴ J.B. Adekanye, (1998). 'Conflicts, Loss of State Capacities and Migration in Contemporary Africa' in R. Appleyard, (ed.), *Emigration Dynamics in Developing Countries: Volume 1: Sub-Saharan Africa*. Sydney: Ashgate. p234

³⁵ *ibid*

violence.³⁶ Some went to refugee camps located near the border with Somalia while others opted to seek refuge in Eastleigh because of its business nature, and most of all, because of the Kenyan Somali community that had already established itself in the suburb. It suffices to note that the kinship ties between the arriving Somalis and the Kenyan Somalis aided this movement to Eastleigh. It is noteworthy that other Somalis transited through Kenya and found their way to Europe, America while others found their way to Scandinavian countries such as Norway and Sweden.

As a result of the above migration, Eastleigh has been transformed into a major economic hub in Nairobi. This is because of the high demand of goods and services in the area. Lindley sums up by asserting that migrants as well as established businessmen have invested in import and export businesses, retail outlets (from small-scale hawking and street stalls to large shopping malls), pharmacy or chemist outlets, rental and real estate development, hotels, lodges, *miraa* (khat) outlets cafés and restaurants, long-distance transport companies, taxis, phone and internet bureaux, international money transfer and exchange services.³⁷

2.3 International Migration 1960-1990

During this period both the volume and significance of international migration has grown rapidly. It was characterised by the movement of labour migrants from less developed to developed countries such as United Kingdom, Italy, Netherlands, Spain, Portugal and United States. In addition, Latin America became a receiver of permanent migrants from

³⁶ A. Lindley, (2007) *New Issues in Refugee Research; Protracted displacement and remittances: The view from Eastleigh, Nairobi*, UNHCR Research Paper No. 143. p 34.

³⁷ Ibid p.3

Europe while at the same time providing 20 percent of permanent migrants to the United States³⁸. According to Appleyard, this era also marked the beginning of large contract migration signifying important flows from Asia to the Gulf States, and from Asia and South America to the United States and Canada. According to this scholar, the Oil boom in the middle of 1970s saw the flow of Asian workers to the Gulf States which represented 66 percent of labourers in the United Arabs Emirates.³⁹

The significant political, social and economic transformations that the world has witnessed over the past decades would be impossible to understand without considering the role and the significance of migration movements. Large-scale migration was not only a response to a demand for labour in EU and the GCC countries, but it has also fundamentally affected social and economic development in migrant sending regions.⁴⁰

According to Castles two phases can be distinguished in internalizing international migration.⁴¹ The first phase lasted from 1945 to 1973: the long boom stimulated large scale labour migration to Western Europe, North America and Ocean

³⁸ S. Timur, (1999) "Changing Trends and Major Issues in International Migration: an Overview of UNESCO Programmes" in *International Social Science Journal*, No. 159. pp14–25.

³⁹ R. Appleyard, (ed) 1988, *International Migration Today: Trends and Prospects, Vol. 1*. Paris: UNESCO. p36.

⁴⁰ H. Haas, (2007), *North African Migration Systems: Evolution, Transformation and Development Linkages*. Working paper 6, for International Migration Institute, Oxford University. pp1-38

⁴¹ S. Castle, (2000) *international migration at the beginning of the twenty-first century: global trends and issues*. Blackwell publishers: United Kingdom. pp270-280

from less developed areas. This phase according to Castle ended around 1973 with the oil crisis which triggered a major recession.⁴²

In the second phase, from the mid 1970s notes that capital investment shifted away from the old centres and trans-national forms of production and distribution reshape the world migration trend.⁴³ According to him the older industrial countries experienced new types of inflows while new immigration countries emerged in Southern Europe, the gulf oil countries, Latin America, Africa and Asia. It can be observed that the late 1980s and early 1990s were a period of unprecedented migration.

The UN figures show that the global migrant stock (the number of people resident in a place outside their country of birth) grew from 75 million in 1965 to 120 million in 1980.⁴⁴ The 1980 figure was roughly equal to two percent of the world population. The number of migrants grew slightly faster than the world population, as a whole, but the annual growth rate (1.9 percent for the all period but increasing to 2.6 percent from 1985-1990) was not dramatic.⁴⁵ However it is noteworthy that international migration appears to have grown more rapidly in the 1990s reaching an estimated 135-140 million people including some 13 million UNHCR recognized refugees by 1997. Nonetheless international migrants remain a fairly small minority with the most of the world's people remaining in their country of origin.

⁴² Castle, S (2000) *international migration at the beginning of the twenty-first century: global trends and issues*. Blackwell publishers: United Kingdom op cit p 273

⁴³ Ibid

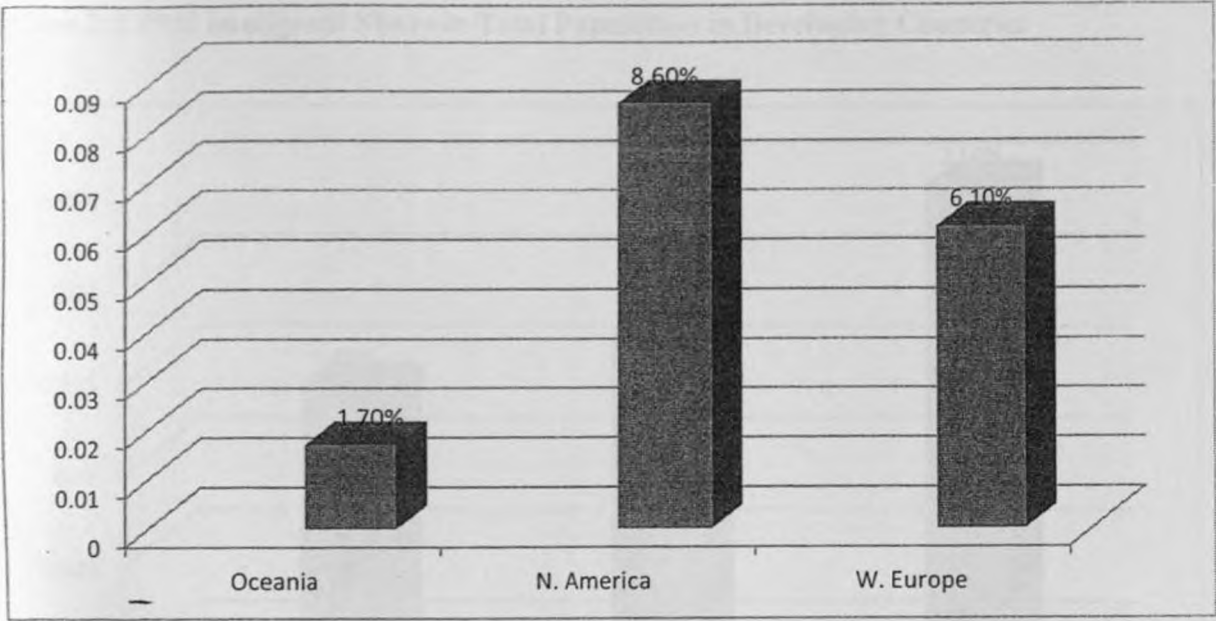
⁴⁴ United Nations Working Group on International Migration (1998) *Report on the United Nations Technical Symposium on International Migration and Development, the Hague, Netherlands 29 June -3 July 1998*. New York: United Nations Population Fund. pp1-10.

⁴⁵ Ibid

The significance of international migration as a major factor in societal change lies in the fact that it is concentrated in certain countries and regions. The UN study shows that ninety percent of the world migrants were leaving in just 55 countries. In absolute terms, most migration is between less developed countries: in 1990, fifty five percent of all migrants were to be found in search areas but in relative terms, the developed world has been far more affected by immigration: 4.6 percent of the population of the developed countries were immigrants in 1990, compared to 1.6 percent in developing countries.⁴⁶ An examination by geographical region confirms this concentration: the 1990 immigrant share in total population was highest in Oceania (1.7 percent) followed by North America (8.6 percent) and Western Europe (6.1 percent). This can be summarized in figure 2:1: below;

⁴⁶ United Nations Working Group on International Migration (1998) *Report on the United Nations Technical Symposium on International Migration and Development, The Hague, Netherlands 29 June -3 July 1998*. New York: United Nations Population Fund. Op cit p8.

Figure 2:1 1990 Immigrant Share in Total Population in Developed Countries



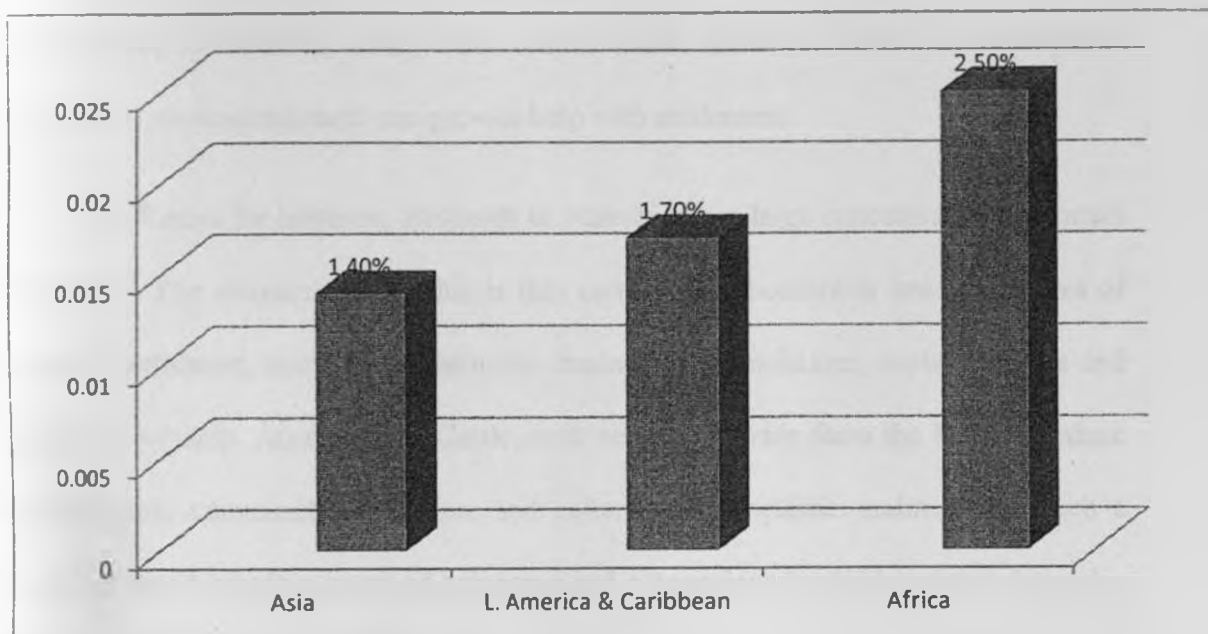
Source: modified from UN study 1998.⁴⁷

The immigrant share in population was far lower in Asia (1.4 percent), Latin America and the Caribbean (1.7 percent) and Africa (2.5 percent)⁴⁸. This can be summarized in figure 2:2.

⁴⁷ ibid

⁴⁸ H. Zlotnik, (1999) "Trends of International Migration since 1965, what existing data reveal" in *International Migration* 37: pp21-61

Figure 2:2 1990 Immigrant Share in Total Population in Developing Countries



Adapted from UN study 1998.⁴⁹

In the 1980s and 1990s, flows from less developed to developed countries have grown rapidly despite attempts by receiving countries to restrict such movements. In addition, there have been large flows of labour migrants from least developed countries of the south to the newly industrialized countries (NICs) especially in East Asia.

From the preceding discussions, what then are the effects of international migration? According to Zlotnik, migration affects certain areas within both the sending and receiving countries. To him as migration chains develop, large proportions of young

⁴⁹United Nations Working Group on International Migration (1998) *Report on the United Nations Technical Symposium on International Migration and Development, the Hague, Netherlands 29 June -3 July 1998*. New York: United Nations Population Fund. Op cit p6.

men and women of specific villages or neighbourhood migrants leave a gap in their respective communities, which may lead to local labour shortages as well as major changes in family and community life.⁵⁰ In immigration countries, newcomers become concentrated in industrial areas, urban centres where there are chances of employment and where previous migrants can provide help with settlement.

In Kenya for instance, Eastleigh in Nairobi has a large concentration of Somali migrants. The consequence of this is that certain neighbourhoods become centres of migrant settlement, marked by distinctive businesses, associations, social facilities and places of worship. According to Castle, such neighbourhoods form the basis for ethnic mobilization, community formation, and cultural and linguistic maintenance. Such a neighbourhood breeds a sense of belonging and a conscious brotherhood that determine community relations and social interactions.

Another noticeable trend in international migration that has gained momentum in 1990s has been the feminisation of migration. Although women have always formed a large proportion of migrants, their share has gradually increased. By 1995 about forty eight percent of all international migrants were women and they outnumbered male migrants in about a quarter of receiving countries.⁵¹ More important was the shift in the character of female migration, with a trend away from movement as family members of male workers or refugees and an increase in the number of women who moved independently or as heads of households. However, Lutz et al pin points out that such

⁵⁰ *ibid*

⁵¹ Zlotnik (1999) "*Trends of International Migration since 1965, what existing data reveal*" *op cit*, p52.

changes were not always reflected in public perceptions, nor in migration regulations, which tended to automatically treat women as dependents.⁵²

2.4 Developments in the 21st Century

In the second half of the 20th century, international migration emerged as one of the main factors in social transformation and development in all regions of the world.⁵³ It is imperative to note that it increased further in the 21st century, as population mobility grows in volume and takes on new forms. It can be argued that globalization has given impetus to international migration. As Held et al asserts, international migration is an integral part of globalization which may be characterized as the widening, deepening and speeding up of world interconnectedness in all aspects of social life.⁵⁴ From the above observation, what then are the factors contributing to enhanced migration in the 21st century?

Hugo postulates that the most obvious push of international migration is disparity in levels of income, employment and social wellbeing.⁵⁵ He further notes that difference in demographic patterns with regard to fertility, mortality, age structure and labour force growth are also important. In reference to Somali migrants, it can be argued that to some negligible income level disparities, unemployment and the dearth of life in Somali has

⁵² H Lutz, et al (Eds) (1996) *Introduction: Nationalism racism and gender in Crossfires*. London: Pluto Press. p25

⁵³ C. Stephen, (2000) *international migration at the beginning of the twenty-first century: global trends and issues*. Blackwell publishers: United Kingdom. pp270-281

⁵⁴ Held et al (1999) *Global Transformations: Politics, Economics and Culture*. Cambridge: Polity p. 2

⁵⁵ G. Hugo (1998) "The Demographic Underpinnings of Current and Future International Migration in Asia" in *Asia and Pacific Migration Journal* vol 7. pp1-25

forced some people to migrate to different regions in search of better life style. Stark notes that an alternative economic approach provided by new economics of labour gives an insight to other variables that explain migration.⁵⁶ According to this approach, international migration cannot simply be explained by income differences between two countries, but also by factors such as chances of security, availability of capital and the need to manage risk over long periods. In the case of Somalis, it can be observed that the desire for human security has motivated many people to move to other regions perceived to be secure. The insecurity in Somalia attests to the massive exodus of the Somali people.

Stahl argues that international migratory movement generally arises from the existence of prior linkages between countries based on colonization, political influence, trade, investments or cultural ties.⁵⁷ For instance, Caribbean migrants have tended to move to their respective colonial powers: for example from Jamaica to Britain, Martinique to France and Surinam to the Netherlands. The Algerian migration to France is a consequence of the French colonial presence in Algeria, while the Turkish presence in Germany is the result of direct labour recruitment by Germany in the 1960s and early 1970s. Both the Korean and Vietnamese migrations to the USA derive from US military involvement in the countries of origin.⁵⁸

⁵⁶ O. Stark, (1991). *The Migration of Labour*. Cambridge: Basil Blackwel. p89.

⁵⁷ C. Stahl, (1993) *Explaining International Migration in Global Population Movements and their Implications for Australia*. Australian Government Publishing Services. pp341-367

⁵⁸ *ibid*

In the case of Somali migration to Kenya can thus be attributed to cultural ties between the Kenyan Somalis and Somalis from Somalia and the geographical proximity of the two countries.

Stahl further observes that international migratory movements are started by external factors, such as recruitment or military service or by an initial movement of young (usually male pioneers).⁵⁹ Once a movement is established, the migrants mainly follow 'bitten paths' and are helped by relatives and friends already in the area of immigration. Networks based on family, or on common place of origin help provide shelter, work, assistance with bureaucratic procedures, and support in personal difficulties. It can be noted that these social networks make the migratory process safer and more manageable for the migrants and their families. International migratory movement once started; becomes a self sustaining social process.

At this point some people (both migrants and non-migrants) become facilitators of immigration. It is here that a migration industry emerges consisting of a requirement organizations, lawyers, agents, smugglers and other middle people. Such people can be both helpers and exploiters of migrants. For instance, many Somali, Ethiopian and Eritrean migrants have been assisted to enter into Kenya through different recruitment organizations and middlemen who assist the migrants to acquire different requisite documents and even provide shelter and accommodation.

Basch et al point out that the links between migrant communities and area of origin persist over generations. Remittances may fall off and home visits may decline in

⁵⁹ *ibid*

frequency but familial and cultural links remain.⁶⁰ People stay in touch with their area of origin and may seek marriage partners there. Migration continues along established chains and may increase dramatically at a time of crises as shown in the year 2009 by the massive refugee movement of Somalis to Kenya where they join compatriots who had migrated earlier. The same case can be shown in the early 1990s by the movement of former Yugoslavs to Germany, where they joined compatriots who had migrated as workers 20 years earlier.

In summary, it can be observed that migrations may lead to international communicative networks, which affect economic relations, social and political institutions and the culture and national identity of all the countries concerned.

2.5 Somali Migrants in Kenya 1991 – 2010

The Somali people are predominantly Muslims. They reside in Somalia, Djibouti, Eritrea, Eastern Ethiopia and northeast Kenya. Since the early 90's and due to the civil war in Somalia, Somali's have continued to migrate to neighbouring countries. A sizeable number of them have settled in some of Kenya's major towns. In Kenya, they view themselves as members of a minority group. In Nairobi, Kenya's capital city, the majority of Somali's have settled to the northeast of the city in a residential neighbourhood known as Eastleigh.

Historically, this neighbourhood has been identified with people of Islamic background, mostly Kenyans of Somali origin. This section will revisit brief historical

⁶⁰ Basch et al (1994) *Nations Unbound: Transnational Projects, Post-colonial Predicaments and Deterritorialized Nation-States*. New York: Gordon and Breach Press. p206.

background of the Somali before the collapse of their government in Somalia in the late 80s and early 90s. This will bring out the political system and the factors that exacerbated the collapse of the Somali state, and the subsequent human security challenges that led to the exodus of the Somali community to neighbouring states.

Brons posits that the Somali society was a stateless society, the majority living as nomads and a minority living as farmers in the Southern inter-riverine lands of today's Somalia.⁶¹ He further discusses that the Somali society was structured according to the nomadic-farming divide and a sophisticated clan belonging.

In the coastal areas there were trading communities with international connections reaching back to ancient times. The wealth of the Somalis evolved around livestock (camels, cattle and goats) while farming activities were economically of a lesser importance. Apart from the Somali nomads, it was the traders in the harbour towns of Mogadishu, Kismayo, Bossasso, Berbera and Zeila, who were famous in the regions of Eastern Africa and Arabia and beyond.

The colonial era brought about far-reaching changes to the Somalis living in the Horn of Africa. They became subjects of four different colonial states, namely French Somaliland, British Somaliland, Italian Somaliland and the Northern Frontier District of British ruled Kenya. In addition, the Ogaden region became formally part of the Ethiopian Empire. While on one hand, the division into separate state entities was rather artificial for most Somali people and counterproductive for the original migration patterns of the Somali nomads in the Horn of Africa region, on the other hand this era

⁶¹ M. Brons, (2001) *Society, Security, Sovereignty and the State: Somalia. From Statelessness to Statelessness*, International Books, Utrecht. p78.

marked the beginning of modernization, industrial development, formal education and the creation of a public domain.⁶²

In 1960, British and Italian Somaliland both gained independence and decided to merge, forming the independent Republic of Somalia. Until today, the Northern Frontier District, populated by Somalis, remains part of Kenya and the Ogaden region part of Ethiopia. In 1977, French Somaliland became the independent state of Djibouti.⁶³

From 1960 onward the Republic of Somalia was considered a modern nation state, and – as a matter of fact – one of the most ethnically homogenous nation states in Africa. Culture, language, religion, all factors that divided so many African sister nations, were in the Somali case, and particularly from the point of view of an outsider, a uniting factor. Particularly in the immediate decades after independence, in the 1960s and 1970s, many Somalis aimed at unification of all the five areas. This is evidenced by the Somali national flag which has a white five-cornered star on a light blue background, expressed that wish of the young Somali nation.

However, the common factors did not outweigh the dividing lines between various factions of Somali politics.⁶⁴ Politicians in powerful positions were corrupting the parliamentary system and tried to gain as much wealth and opportunities as possible for themselves and their constituencies who were based on clan affiliation of their ‘man in Mogadishu’. The political system in the Republic of Somalia changed in the mid 1970s

⁶² Ibid

⁶³ J. Clark, (1993) “Debacle in Somalia: Failure of the Collective Response,” in Damrosch L.F. (ed.) *Enforcing Restraint: Collective Intervention in Internal Conflicts*. New York: Council on Foreign Relations Press. pp207-208.

⁶⁴ O. Farah, et al. (2007) *Somalia: Diaspora and State Reconstruction in the Horn of Africa*, Adonis & Abbey Publishers Ltd, London. As cited in Migration for Development in the Horn of Africa 2009 International Organization for Migration (IOM). p97.

from a multi-party democracy into a socialist one-party system with a military coup headed by General Siyad Barre. Polarization within that state became increasingly structured along clan lines and one of the strategies of the Siyad Barre regime was to 'divide and rule'.

The 1980s in contemporary Somali history can be characterized as a decade when the state turned to become the worst enemy of its own citizens, and numerous opposition movements were created on the basis of clan affiliation. The movements gained in political importance and military capacity and starting from the north-western region, they turned the page and openly attacked military garrisons and police stations.

In the eve of the total collapse of the central state during the last months of the year 1990, opposition movements cooperated and rallied behind the political agenda of overthrowing the hated Barre regime.⁶⁵ They succeeded when, in early 1991, the then president Barre, his family and select political entourage were left with no other option than to flee their residence "Villa Somalia" in the capital Mogadishu.

Thus the civil war that led to the collapse of Barre's regime, continuous political instability and open conflict in the southern parts of Somalia as well as environmental insecurity caused by draught and flooding prompted a huge number of Somali people to flee. From this stand point it is noteworthy that there are three major migration movements to be considered, determined by residence, clan affiliation, economic resources and the international immigration regime.

⁶⁵ A. Osman, & I. Souare (2007) *Somalia at the crossroads: challenges and perspectives in reconstituting a Failed State*. London: Adonis& Abbey Publishers Ltd, p65.

First, Somalis who had the means to leave the country, fled to Arab countries, European countries, Canada, the United States or Australia. While political refugees from Somalia already fled the dictatorial regime of Siyad Barre in the 1980s, the refugee exodus gained momentum in early and the mid 1990s. Many Somali asylum seekers were recognized as refugees. In Europe, most Somali's went to the Scandinavian countries, the United Kingdom, the Netherlands and Italy. This was motivated by better terms of the social welfare and respect for Human Rights in these countries as compared to the rest. While there, this group organized themselves, and today there are numerous Somali migrant organizations who are actively involved in the political discussions, but also in developmental activities in their respective home areas. In addition, remittances, personal money transfers to family members back in Somalia, are the major lifeline for the Somali society in all regions of the country.

Thirdly, there are those who remained within the Horn of Africa region or its close vicinity. Already during the civil war Somalis fled to neighbouring countries, in particular Kenya, Ethiopia and Yemen. UNHCR administers huge refugee camps in the Kenyan border region, the biggest being Daadab with a population of 275.000 refugees.⁶⁶ The Kenyan government recently provided additional land for the establishment of more camps; as the current camps are heavily overcrowded and the flow of refugees from Somalia has increased in the first half of 2009.⁶⁷

⁶⁶ M. Brons, (2001) *Society, Security, Sovereignty and the State: Somalia. From Statelessness to Statelessness* op. cit. p80.

⁶⁷ Ibid

The flight to Yemen took the lives of thousands of Somali as the crossing of the Red Sea by boat is organized by human smugglers and extremely dangerous. Yemen hosts several huge refugee camps.⁶⁸ A recent research shows the onward migration of Somalis through Kenya and adjacent East African countries with the final destination in Southern Africa.⁶⁹ Depending on resources, immigration policies and 'good luck' some Somali migrants achieve their goal and find residence in Southern Africa while others end up in jails without prospect of legal stay.⁷⁰

Lindley postulates that most Somalis in Kenya settled in Eastleigh, began rapid economical development and engage in various economic activities.⁷¹ As a result, Eastleigh has since become a major economic hub in Nairobi. This is because of the high demand of goods and services in the area. Migrants as well as established businessmen, invested in import and export businesses, retail outlets from small-scale hawking and street stalls to large shopping malls, pharmacy or chemist outlets, rental and real estate development, hotels, lodges, cafés and restaurants, long-distance transport companies, taxis, phone and internet bureaux, international money transfer and exchange services.⁷²

Eastleigh thus became host to a horde of clients from other parts of Nairobi as well as other parts of the country and even from other East African countries. The influx of Somalis into Eastleigh was contrary to the Kenyan government's insistence on non-existence of foreigners in the urban areas. As Little asserts, Eastleigh is openly informal

⁶⁸ C. Horwood, (2009), *In Pursuit of the Southern Dream: Victims of Necessity. Assessment of the irregular movement of men from East Africa and the Horn to South Africa*, International Organization for Migration, Geneva. p64.

⁶⁹ Ibid

⁷⁰ P Little, (2003), *Somalia: Economy without State*. Bloomington: Indiana University Press. p34.

⁷¹ A. Lindley (2007), *New Issues in Refugee Research; Protracted displacement and remittances: The view from Eastleigh, Nairobi*, UNHCR Research Paper No.143 pp1-18.

⁷² Ibid p. 4

neither hidden from authorities nor entirely consistent with an official, public place of business. Nevertheless, Eastleigh has become an integral part of the service economy of Nairobi and its three-million-plus residents.⁷³

Indeed, Eastleigh is popularly known as 'Little Mogadishu' in a reference to Somalia's capital among the Somalis as well as the locals, a name that captures the fact that the Somali migrants, whether legal or illegal, are the dominant traders, investors and entrepreneurs running Eastleigh's economy. As the name connotes, Eastleigh is occupied by Somalis and Kenyan Somalis as well as legal and illegal immigrants.⁷⁴

2.6 Conclusions

The Somali people have gone through very difficult times over the last centuries. The political conditions during the last two centuries have impacted historically on the Somali people's ability to survive in dignity, respect and social order. The situation in Somali particularly in the South has changed from bad to worse putting pressure on the whole region as well as the international community in order to face the humanitarian crisis brought about by forced migration of the Somali people and a young generation being socialized under a state of anomy. As a result a whole generation of Somali people are growing up in a crisis situation, and it might take a long time to revert to a sense of normalcy in Somalia.

⁷³ Little as cited in Lindley A (2007), *New Issues in Refugee Research; Protracted displacement and remittances: The view from Eastleigh, Nairobi*, UNHCR Research Paper No. 143. p4.

⁷⁴ *ibid*

CHAPTER THREE

THE IMPACT OF SOMALI MIGRANTS ON KENYA'S ECONOMY

1991 – 2010

3.1 Introduction

Chapter Two of the study has covered historical background to international migration from the 1960s to 1990s, highlighting on the causes and trends between early 60s to the 21st century. In addition, the exodus of Somali migrants to neighbouring countries following the collapse of the Somali state in 1991 was highlighted. The discussions captured contending views of scholars on the subject.

This chapter will focus on the case study of Somali migrants and discuss their impact on Kenya's economy from 1991 to 2010. This will be arranged in thematic areas covering real estate enterprise, employment in the informal sector, foreign exchange bureau and remittance, shopping malls and the hotel industry. The researcher used raw data collected from the field using questionnaire and focus group discussion to build this chapter. The methodology used to collect data was described in chapter one. The chapter will also cover migration at regional and systemic levels as well as emerging trends of the same.

3.2 Contribution of Somali Migrants to Kenya's Economy

In this section, discussions on impact of Somali migrants on Kenya's economy will cover key businesses that are undertaken by Somali migrants. These include real estate enterprises, shopping malls, foreign exchange bureau and remittance, transport and communication industry and the hotel industry.

The study first sought to inquire from the respondents the sectors in Kenya's economy in which Somali migrants have invested in. All the respondents were in agreement that Somali migrants have invested in transport and communication, real estate, hotel, foreign exchange, and shopping malls as their key businesses. These are run directly by migrants themselves or indirectly through locals employed by the Somali migrants.

The investments are largely financed by wealthy individuals, mainly from Somalia, who came with cash readily available either in hand or in foreign bank accounts for large businesses. Two factors characterize their business activities in Kenya. First, they operate largely outside the formal economy of the country. Secondly, they rely heavily, but not exclusively, on clan or kinship networks of trust in their business dealings.⁷⁵

Most of the investment centres on family-owned businesses but it also extends to real estate. This funding from the wider Somali diaspora has been crucial to the expansion of Eastleigh. The capital investments for small enterprises vary but typically involve sums of US\$3–5 million.⁷⁶ Commercial-mall companies such as Amal, Baraka Bazaar, Garissa Lodge and Sunshine Plaza are in this category, with annual turnover of no more than \$7 million.⁷⁷ The contributions from these sectors are explained as under;

⁷⁵ F. Abdulsamad, (2011), *Somali Investments in Kenya*, Chatham House Briefing Paper.P1-14, P6

⁷⁶ Interview with H. Guled, Chairman Eastleigh Business Community, August ,12, 2011.Nairobi

⁷⁷ *ibid*

3.2.1 Shopping Malls

Ninety percent of the respondents were of the view that shopping malls established by Somali migrants have created employment to thousands of unemployed Kenyans especially the youth. The malls are large buildings under one roof sub-divided into various shops selling merchandise of different kinds, which are either constructed and owned by the migrants or leased from locals. The mall system is copied from the Middle East countries particularly from Dubai where the Somali migrants import most of their goods. Most malls contain a hotel, a bank, restaurants, cafeterias, a supermarket, a gym, a college, a travel agent, and a number of shops selling products from all over the world at significantly reduced prices.⁷⁸ In addition, most malls have prayer rooms and washrooms to serve the business people and their clients.

Somalis have constructed and/or renovated market stalls. This consists of renting a large shopping space and dividing it into small spaces where retail vendors can establish stalls at a manageable monthly or quarterly rent. Shopping malls have sprung up in Nyeri, Garissa, Mandera, Wajir, Nakuru, Eldoret, Mombasa and Kisumu among other key towns managed by Somalis. The findings indicate that Somalis have increased trade between Kenya and Middle East countries thus bringing in new products that are sold in the shopping malls. Some Somalis have further ventured into construction of shopping malls with Arabian/Asian designs.⁷⁹ These malls have created employment to thousands of Kenyans, contributing to job creation; a key pledge of the sitting government

⁷⁸ E. Campbell, (2005), 'Formalizing the Informal Economy: Somali Refugee and Migrant Trade Networks in Nairobi', *Global Migration Perspectives*, 1-36.

⁷⁹ I.A. Dalahow, (2008). "Kenya Somalis: Community Emerging from Ruins." Paper presented at, The Kenya Somali Consortium, p4

The provision of employment is either direct or indirect. This employment is divided into five major levels; employment of security guards, cleaners, shop attendants, loaders and distributing agents. The first four categories are direct employment while the fifth, distributing agents, are employed indirectly. They deal in merchandise especially textiles, shoes and electronics which they collect on credit from migrant dealers in Nairobi's Eastleigh suburb and take to their shops in various urban centres spread thorough out the country for example Nakuru, Eldoret, Garissa, Nyeri, Isiolo, Kisumu, Machakos, Mombasa and Kiambu.⁸⁰

It is interesting to note that the distributing agents are given stock on credit on the basis of mere trust and informal grants system which relies on friends, relatives and business partners who do not commit themselves to pay damages in case of defaults. The respondents further observed that defaults are minimal because the agents feel the moral obligations not to default and inconvenience their source of income. In other words, they would rather come and negotiate for a top up to boost the loss than bite the hand that feeds them. This impact positively on Kenya's economy in that it checks on rural urban migration by providing employment for youth who were flocking to the city for employment. Thus the migrant's investment in urban centres has eased the pressure on the capital city.

The availability of variety of goods at major urban centres also helps in cutting cost for traders and consumers of those goods. The migrant investments have helped in breaking monopolies by enhancing competition. A good example is the Asian monopoly

⁸⁰ Interview with Alex, an employee at Amal shopping mall in July 13, 2011 Nairobi.

that was quashed recently by the migrant's investments. Competition directly has enabled prices to be controlled by the market and provision of diverse good which enhance affordability and increased consumer choice

This impact positively on Kenya's economy in that it checks on rural urban migration by providing employment for youth who were flocking to the city for employment.⁸¹ Thus the migrant's investment in urban centres has eased the pressure on the capital city. However, these employments in most cases are not documented. Consequently, remittances to government in terms of taxation, NSSF and NHIF deductions are either not captured or form an insignificant percentage.

The introduction of the shopping malls system in most urban centers allows for availability of variety of goods at major urban centres thereby helping in cutting cost for traders and consumers of those goods. Since the goods are made available at all major centres it becomes cheap because transport costs are not incurred by local traders.

3.2.2 Real Estate Enterprise

This is another key investment undertaken by Somali migrants in Kenya especially in major towns like Nairobi, Nakuru, and Mombasa. This is a recent phenomenon. Most of the respondents reported that various new estates belonging to migrants have come up from the year 2005 onwards following success in other kinds of business such as the shopping malls. The migrants buy land from locals and land selling agencies to construct flats, maisonettes and bungalow mostly for sale and sometimes rental.

⁸¹ Interview with S, Rashid, an administration police officer at Eastleigh Base in July 20, 2011 Nairobi.

The coming up of new state of the art estates dominated by Somali migrants is evident in almost all localities. They are bought by people in the Diaspora through relatives or appointed agents. They invested in suburbs like South C, South B, Siyokimau, Eastleigh, e.t.c. This has assisted greatly in easing shortages of flats for rent in major cities like Nairobi and Mombasa.⁸²

However, it has also impacted negatively in terms of price hikes and land disputes because of displacing the existing occupants. This led to conflict between residents and migrants as well as the coming up of residential and commercial buildings. For example in June 2009, police had to confront Kenyan traders who refused to heed a government notice to leave soko-mjinga a market that had allegedly been sold to a Somali businessman. The displaced traders blamed foreigners, rich with the proceeds of piracy, for taking over their livelihoods.

Hostilities are brewing as there are unconfirmed allegations of piracy money being used. Many Kenyans believe that there is a strong relationship between Somali investors and the pirates and warlords of Somalia. While the Kenyan media have produced some wildly exaggerated reports, the same cannot be confirmed neither can it can be dismissed at prima facie value. But in reality the value of Somali trade and investment in Kenya is much larger than the proceeds of piracy. Anecdotal evidence points to investments of over \$1.5 billion in Eastleigh in 2004 while Ransoms in 2009 were estimated at around \$100 million.⁸³

⁸² Focused Group Discussion with Businessmen From Eastleigh, July 27,2011 Nairobi.

⁸³ A. Bowden, (2010) 'The Economic Cost of Maritime Piracy', One Earth Future Working Paper. pp1-25, 7.

They also alleged that government properties such as Eastleigh chief camp and fourth street city council clinic were being disposed to the same migrant investors complicating the conflict further. After along confrontation the sale of the health centre aborted while the chief camp succeeded which is currently under construction, adding to the number of existing modern shopping malls. This investment is owned by a Kenyan-Somali even though the locals allege that in most investments the Kenyan-Somalis are being used as proxies.⁸⁴

Many Somalis overseas are showing interest in buying residential properties in Kenya. This has resulted in a real-estate boom led by the Somali business community in the country.⁸⁵ Some Kenyan property dealers claim that prices have tripled in areas where Somalis dominate, such as Eastleigh, South C, South B, Syokimau, Fedha, Tassia and Rongai estates.

The positive contributions from real estate range from employment, boosting businesses for hardware merchants and quarry owners as well as transporters. This also creates employment for lawyers, who at the initial land buying stage, draw sale agreements and prepare the necessary documents such as title deeds to facilitate the transfer of ownership from a seller to a buyer.⁸⁶

Government gains in this process through charges such as VAT, charges for title deeds, taxes charged on the income of lawyers as well as land rent paid by the buyer.

⁸⁴ Interview with A. Sahal; a Taxi driver and a broker July 28 2011, Nairobi.

⁸⁵ Focus group discussion with Abdi Arab, Estate Agent, July 30, 2011 Nairobi.

⁸⁶ Interview with Yunis , a Nairobi based lawyer in August 7 2011, Nairobi.

Architects, construction companies, site engineers, construction workers also cash in from this investment. Quarry owners and stone dealers also make a booming business from the sale of blocks, sand hard core and gravels among others. Hardware merchants also benefit from the sell in bulk of building materials such as, iron sheets, wire mesh, nails, paints, glass and cement. This led to the expansion and improvement of the city.

Decent and innovative housing system and similar neighbourhood have been adopted. Informal learning and worship places are entrenched in estates to lure Muslim buyers. They form a semi-autonomous suburb with shopping centres, schools, hospitals and other social amenities. The migrants have infiltrated this sector which was previously the preserve of the elite few, government parastatals and major construction companies. The availability of decent housing helps in averting the housing crisis that was already looming exacerbated by rural- urban migration and migrants from East and Central Africa.

The indigenous tenants are always moving far away from the core to the periphery due to cost of house rents and house prices. Thus the prices of property have skyrocketed owing to migrant's investment and people from the Diaspora. However, this investment revolve around the previously Somali dominated suburbs. Like Eastleigh, Fedha and South C.

Some companies are involved in consultancy and construction work directly creating formal employment. More so, informally they employ site workers. The returns in land related business like real estate is always predictable and appreciates while other investments depreciate. Somalis are predominantly practising Muslims and they do not

benefit much from the banks and their loan systems, instead they look for business with a good return hence the real estate business.

Property prices in business areas have risen because of growing demand, but residential property prices appear to be lower in areas dominated by Somalis. Somali businessmen in Kenya dismiss these complaints and attribute them to people who feel threatened by the success of Somali businesses.⁸⁷ Somalis pull resources together owing to their selflessness. They swam like bees without cost benefit analysis according to some respondents. Most of the respondents also agree that the entrepreneurial character of the migrants is helping many locals to be successful in business.⁸⁸

The Migrants have also developed the real estate industry providing more housing units to the ever-growing housing demand. However, it is feared that the Somalis have raised the real estate cost as they buy land and houses at an above-the market rate. Whether it is the payment of rent or the purchase of a premise, Somali migrants are always blamed for the high prices. However the study has authoritatively established that the blame is not on the migrants alone but the owners who out of stereotype hike the prices on realizing that the tenant or the buyer is a Somali.

Somali community has invested in Kenya real estate heavily in key towns such as Nairobi, Nakuru, Mombasa among others. This became prevalent in the periods proceeding 2005 as diversification from other business sectors they had previously invested in. They basically buy land on leasehold or freehold from title owners and

⁸⁷ Interview with Hussein Aar, vice chairman, Eastleigh business community July 2011, Nairobi.

⁸⁸ Interview with H. Xagaley, a shop attendant at Habib Shopping Mall July 16 2011, Nairobi.

construct structures according to the customers' liking. Some of the structures they construct are imported architectural designs from Asian countries which add splendour to the local and Western designs already available. The migrants have contributed to the sector as they buy raw materials or products that other sectors sell. For instance, by buying building materials, they foster hardware business

3.2.3 Remittances from Abroad

There is inflow of money from relatives of migrants abroad which helps them survive and also establish business in Kenya. This money is channelled through informal banking system known to the migrants as 'hawala' spread in major towns in Kenya as well as regional and international levels. Sums of money are remitted in major foreign currencies mostly the US dollar. This is later exchanged into Kenyan currency to pay bills, rent, school fees, medical expenses, transport and cab charges, buy food and clothing. Consequently, as the respondents said, dealers in goods and services gain a lot from such remittances.

The hawala system is based on a widely practised, trust-based system of money transfer. Major Somali-owned *hawala* companies include Dahabshiil, Sahal, Ugub, Amana, Dhiig Shiil, Kaah, Tawakal, Dalsan, Qaran, Iftin and Amal. The *hawala* system forms the nerve centre of Somali business activities everywhere in the world. It offers a cost-effective, efficient and fast way of transferring funds around the world which has competitively outshined the formal Western Union as well as cash transfers through banks⁸⁹. For example, the average commission rate for sending money to or from Kenya

⁸⁹ A. Lindley, (2007), *'Protracted Displacement and Remittances: The Case of Somalis in Eastleigh, Nairobi'*, UNHCR. Paper No.143 Op cit p15.

via the hawala system is five per cent. If the amount to be sent exceeds \$5,000, the cost is usually negotiated and can be as low as 0.2 per cent.⁹⁰ This compares very favourably with a formal banking system that charges a \$35 commission in addition to a five per cent fee

Historically, remittances have been used to finance consumption. But recent observations show a new trend where remittance money is invested in small businesses or real estate. Today, however, it is clear that remittances have become a dominant feature of the Somali economy, and are crucial for household livelihoods.⁹¹ Although remittances have become the critical source of hard currency for the country, the precise value of this economy is difficult to calculate for several reasons. First, there is no reliable data on the size of the Somali diaspora. Second, the remittance companies are reluctant to report the amounts transferred. Finally, remittances are transferred in different forms and through different channels, as cash or goods in kind, through remittance companies, through merchants, or through relatives.⁹²

The structural effects on development of the remittances are diverse. Thus, remittances were primarily used for consumption; to invest in real estate and housing; and for trade. The positive aspect of increasing remittances in Kenya was that this did improve the real balance of payments and enabled imports of consumer goods and services. The demand on consumer goods increased inflation and pushed up wage levels.

⁹⁰ Focus group discussion with Hidig Dahabshill hawala staff, July 18 2011 Nairobi.

⁹¹ J. Gundel (2002) *Migration-Development Nexus: Somalia Case Study*. Copenhagen: Centre for Development Research. P 256-281,269.

⁹² Ibid

So, the immediate positive effects in terms of easing the effects of rising oil prices and increasing living standards turned into negative effects in the long run as they were spent on “non-productive” investments, which increased dependency and eroded incentives for production.

Some positive effects did come out of increases in trade, but these did not have the same long-term effects, such as investment in a productive sector. On the other hand, as Campbell suggests that remittances in Kenya in recent years have been used less for consumption and unproductive investments, but instead contributed significantly to the growth of a vibrant private sector.⁹³ This process, however, is associated with loss of educated and skilled labour, and increased income inequality. The booming sectors are also limited by the lack of credit schemes and saving facilities.

Nevertheless, remittances do play the role of a social safety net, preventing economic collapse in the face of setbacks such as drought. It is calculated that remittances constitute nearly sixty per cent of the income of urban migrant households in Kenya.⁹⁴ Preliminary data from a survey conducted by the UNDP indicates that on average, remittances constitute twenty two per cent of per capita household income. It should be noted that the volume of remittances received by households depends a lot on the quality of telecommunications, the organization and the welfare of the community, and the distance between Hawilaad relays and the beneficiaries of the transaction.⁹⁵

⁹³ E.H. Campbell, (2005) *Formalizing Informal Economy: Somali Refugee and Migrant Trade Networks in Nairobi*. New York: Binghamton University. P 1-36,19.

⁹⁴ See UNDP (2001) *Human Development Report: Making new technologies for human development*. New York. Oxford University Press. pp1-264

⁹⁵ M.A. Pérouse de Montclos, (1997) “Minorities and discrimination, exodus and reconstruction of identities: the case of Somali refugees in Mombasa”, October, *ORSTOM*, France. Forthcoming “A refugee diaspora: when the Somali go west”, in K. Koser (Ed.), *New African Diasporas*, Routledge, London.

Since some of the remittances are not channelled through the informal means (hawala) such amounts are not channels to the main economy, leading to loss in revenues as such transactions are not reflected in the GDP. Also the Diaspora population statistics, estimates of the aggregate volume of remittances that can be relied on are difficult to obtain since some of the money is remitted informally. AS mentioned above, it is very hard to distinguish between funds transferred for livelihood support or business or both.

Recent research reports Diaspora remittance transfers of \$1.6bn to Somalia and \$700 million to Somaliland.⁹⁶ The Central Bank of Kenya estimates monthly remittances average to Kenya \$50 million. The arrival of Islamic banks (Gulf African and First Community Bank) last year, has provided further opportunities for the community to expand their business. Their sheer hard work can be exemplified in Eastleigh, which operates 18 hours.⁹⁷

The transfer of foreign currency into the country helps to strengthen the Kenya shilling in the exchange market against the dollar which is a plus for the local economy. However, increased cash flow of unregulated foreign currency results in loss of revenue that would have accrued to the government if the same was channelled through formal means such as western union money transfer.

Informal transfer of foreign currencies also harbours the danger of money laundering which kills the local economy by unfavourably benefiting culprits while disempowering local entrepreneurs. According to some respondents revenue is generated

⁹⁶ A. Lindley, (2007). Remittances in Fragile Settings: A Somali Case Study Households in *Conflict Network Working Paper no 27. P5*

⁹⁷ I.A. Dalahow, (2008). Kenya Somalis: Community Emerging from Ruins. "Paper presented at, *The Kenya Somali Consortium*", Op cit p4.

through remittances from migrants abroad since they invest while abroad by channelling money through their kins. The dollar deal takes into action. The flow of cash from other countries enhances the international trade and international relations among states.

Remittance is partly successful due to the flexibility of the Kenyan laws and the relatively stable nature of the country besides its hospitable population. These remittances are either sent for investments or for support of their kins in Kenya or both. The recipients in turn use the money to pay their bills thereby empowering many Kenyans indirectly. Remittance is the backbone of migrant business and helps the Kenyan shilling to be strong against most currencies.

3.2.5 Hotel Industry

The informants reported that Somali migrants have perfected in the investment of three and four star hotels in major urban centres such as Nairobi and Mombasa. They specialize in stylish furnished rooms with high speed internet connectivity, conference facilities for seminars, workshops and meetings at affordable prices. This in effect has enhanced job opportunities for locals who are employed as receptionists, cleaners, guards and accountants.⁹⁸ The hotels provide market for dairy and agricultural products such as milk, meat, fruits and vegetables. Vendors of these commodities cash in good money from the sale of these goods.

The Somalis have heavily invested in hotel (hospitality) industry. The migrants have contributed to new culinary ranging from Swahili to Asian cuisines. Some of the most entrepreneurial ones offer quality services thereby earning the country foreign

⁹⁸ Responses from M. Jamila, a business lady at Sunrise Shopping mall in August, 18, 2011 Nairobi.

exchange through the promotion of tourism. The textile sector also benefits from the hotel industries through sale of beddings and blankets, curtains, blinders, towels and table clothes etc.

Most respondents agreed that hotel industry support furniture dealers through the procurement of beds, sofa sets, tables, chairs, curtain boxes, wardrobes and other related items. In addition to these transactions, the hotel industry provides employment to locals who are recruited as chefs, waiters, room attendants, designers, cashiers and security guards. However, these employments remain casual and may not therefore benefit the government to net in taxes and other charges levied on formal employment.

3.2.6 Foreign Exchange

The informants reported inflow of foreign currencies like the dollar which determines the exchange value of the Kenyan shilling to the dollar. A number of foreign exchange businesses have been established that offer employment to large number of people, both migrants and locals. This has a positive relationship with remittances from abroad since the money remitted in dollars has to be changed into local currency for various transactions. However, the foreign exchange business is mostly not regulated by the central bank of Kenya.⁹⁹ This in effect weakens the buying power of the Kenyan shilling since the exchange rate is not checked by the central bank.

There is a significant relationship between hawala systems and foreign exchange as evidenced by the inception of a foreign exchange counter in every hawala. This is meant to provide competitive exchange rates compared to the rates offered by banks that

⁹⁹ Group interview with professionals in the Banking Sector, Eastleigh branches, July 10, 2011 Nairobi.

are under the control of central bank. Consequently, controls from central bank limits the capacity of commercial banks to compete favourably with the informal foreign exchange businesses that are not under the purview of formal foreign exchange regulations. In addition, mobile foreign exchange vendors are available at Al Kawthar mall.

These vendors enjoy the benefit of communicating with their clients using the local dialects such as Somali, Amharic, Arabic, Oromo and others depending on the communities of their clientele. However, the danger with these vendors is that there is no fixed exchange rate for a specific day as is the case with hawala and commercial banks as the agents cash in on clients with no prior information of exchange rates for the day.¹⁰⁰ In addition, there is the possibility of fake currencies changing hands from unscrupulous vendors who con unsuspecting clients on rare occasions.

The Migrants contribution in the study is also found heavily in foreign exchange. Being that most Somali's import raw materials or engage in business whose processes requires importation of materials, they engage in foreign exchange sub sector both directly and indirectly. Somalis in the Diaspora's foreign remittances, which are in foreign currencies, have to be exchange for Kenyan shilling. This contributes positively in foreign exchange business. Some of the migrants, however, take advantage of the unregulated exchange market to engage in foreign exchange 'black' market and it is feared that these gives rise to money laundering.

¹⁰⁰ Ibid

In these black markets, many unsuspecting customers are in some rare occasions given fake currencies or old and less valuable foreign currencies. Most official or semi official forex bureaux operate within the confines of the informal banking system. Thus almost each and every informal bank has a forex bureau inside it.

A number of foreign exchange businesses have been established that offer employment to large number of people, both migrants and locals. This has a positive relationship with remittances from abroad since the money remitted in dollars has to be changed into local currency for various transactions. However, the foreign exchange business is mostly not regulated by the central bank of Kenya.¹⁰¹ This in effect weakens the buying power of the Kenyan shilling since the exchange rate is not checked by the central bank

3.3 Migration at Regional and Systemic Level

Unstable economic situations occasioned by persistent political unrest and fragmented weak national economies have been identified as a major issue in the diversification of migration to other countries that was traditionally directed to cities. African migrations for example have become more varied and spontaneous; many migrants no longer adhere to the classical labour migration patterns as they explore a much wider set of destinations. As the economic slump reduced employment opportunities within the region, migrants from Africa started moving to various destinations in Europe, America, and Western Asia.

¹⁰¹ Response from informants issued with questionnaires in August, 22 2011 Nairobi

In North Africa, Migration has mostly been oriented towards Western Europe and oil rich countries of western Asia demonstrated by the movement of Algerians, Moroccans, and Tunisians to Europe. For Algeria, most of the Migrant population remained concentrated in France while Egyptians have engaged in labour migration to a variety of destinations both within Africa (Libya) and to countries of western Asia such as Iraq. This was evidenced by large number of return flows to Egypt during the Gulf war in Iraq.

In Sub-Saharan Africa, political instability resulting from conflicts is a strong determinant of migration in this region. According to Adepoju, the political landscape is unstable, unpredictable and volatile with dictatorial regimes who target, harass and intimidate students, intellectuals and union leaders, leading to emigration of professionals and others. Consequently, this region has registered the highest number of civil wars in Africa including high intensity civil wars in Angola, Liberia, Mozambique, Sudan, Somalia, Sierra Leone, Rwanda and Burundi. Because of the destabilizing conflicts, the possibilities for economically motivated migration within sub-Saharan Africa have likely diminished, especially with regard to the main attraction poles in Western Africa. The lack of data on international migration in the region precludes reliable quantification of flows, however.

In Western Africa, migration has been largely shaped by the growth of agricultural workers. Ivory Coast boasts as a major host of migrant workers in the region attracting migrants from neighbouring countries including Burkina Faso, Guinea, and Mali. A survey conducted in 1993 by CERPOD has shown that half of the foreigners in that country were citizens of Burkina Faso and nearly quarters were citizens of Mali.

Crossing over to Asia, the region has experienced varied types of international migration flows. It encompasses the labour migration, the settler system of Israel, and a variety of forced migration systems, some of which have been in progress for several years involving greater number of people. Asians have also appeared prominently among those participating in intercontinental migration to North America, Oceania and Western Europe. In Western Asia, six member countries of the Gulf Cooperation Council (GCC)- Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates- have experienced one of the highest growth rates among migrant populations in the last two decades. This increase was accompanied by a diversification of the sources of migrants.

3.4 Emerging Trends

When the twentieth century came to a close, international migration had become part of the region's economic, social and political fabric. As of the year 2000, there were 49.9 million international migrants in Asia and 5.8 million in Africa, accounting for twenty nine and three per cent, respectively, of the 175 million international migrants worldwide. Excluding refugees, the International Labour Organization (ILO) estimates that of the 86 million migrant workers worldwide some 22.¹⁰² Million were economically active in Asia and some 2.2 million in Africa (27 and 4 per cent, respectively).¹⁰³ Those numbers reflect the relentless migration that accompanied regional integration and the broader process of globalization on the move since the 1970s. By the end of the century, several migration systems had become firmly established in different parts of the world.

¹⁰² International Labour Organization (2004). *Towards a Fair Deal for Migrant Workers in the Global Economy*. Report VI, International Labour Conference, 92nd Session, 2004, in <http://www.ilo.org/public/english/standards/relm/ilc/ilc92/pdf/rep-vi.pdf>, accessed on 7th July 2011.

¹⁰³ Ibid

The emerging trends of international migration have been given much impetus by regional integration and globalization. The need for migrant workers has expanded to the highly skilled/professional workers. While receiving countries welcome the highly skilled and professional migrants, they continue to be restrictive towards the less skilled, maintaining a no-settlement policy towards them. On the part of countries of origin, governments are increasingly embracing labour migration as part of the national strategy for survival. With persisting economic-demographic differentials and the routinization of labour migration, we are looking at a future where migration will continue to matter.

Maruja remarks that the interdependence and integration that this implies for countries of origin and destination require bilateral and/or multilateral approaches to migration.¹⁰⁴

He further notes that the new trends in international migration issues encountered a setback in the aftermath of 11 September 2001 (9/11).¹⁰⁵ Concerns over international (borderless) terrorism led to policies that directly bear on migration: stricter immigration checks at entry and exit points, greater border surveillance, profiling, identity checks, exacting more penalties on immigration violators, more crackdowns versus unauthorized migrants and so forth. The discovery of the links between the Jemaah Islamiyah (JI) and the Al-Qaeda amplified apprehensions that terrorists are circulating in most region to launch more attacks. The bombings in Bali in October 2002 intensified the ante on the anti-terrorism campaign that unfortunately implicated migrants. The war on terrorism has

¹⁰⁴ Maruja (2005) Recent Trends in International Migration in Asia and the Pacific. *Asia-Pacific Population Journal*. Vol. 20, No. 3. p31

¹⁰⁵ Ibid

put migrant's lives on the line. In Iraq several cases of hostage taking involved migrant workers.

The thrust on national security has resulted in more investments on sophisticated technology in border surveillance, immigration and security checks, biometric passports, smart cards and the like. The emphasis on national security as part of the war against terrorism has incurred costs on the human security of migrants. Inviting the public to report on-line suspected irregular migrants, empowering community volunteers to arrest irregular migrants or prohibiting migrant workers from forming associations – all done in the name of national security – infringe on privacy, due process and the freedom to form associations.

The climate, thus, has become more hostile to migrants, stoking perceptions of migrants as the dangerous “other”. Asylum-seekers, for example, have been adversely affected by the association of migrants with terrorism. Interestingly, while political and social considerations are stacked against migrants, economic necessities dictate engaging migrant workers to sustain economic growth. Many aspects about persisting and emerging trends of international migration have social implications. Two major themes are highlighted here: migrants' rights and the relationship between migration and development.

3.4.1 Emerging Trends: The Case of Somali Migrants

It is imperative to note that Somali migrants were moved by a number of causes such as the push and pull factors, political and military conflicts, network, family re-union, business opportunities in host countries, search for better living standards including provision of education, health and water services.

According to Bwisa, Somali migration is divided into four phases; “the Somali Diaspora grows out of a long tradition of labour migration.”¹⁰⁶ A second wave begun at the start of the 1960s when a large number migrated to the Middle East and the Gulf States to work in the booming oil driven economies. A third wave followed when wealthy families and political elites sent their children for studies abroad to acquire specialized skills and knowledge from prestigious universities spread all over the world especially in Western Europe, USSR and North America.

The largest left because of civil war and political unrest and fled to neighbouring countries such as Ethiopia and Kenya. About 1 million Somalis are living in different parts of the world apart from their country of origin and an inconsiderable number of them live in countries in East Africa and Middle East.¹⁰⁷

Somalis put a lot of value in friend and kinship which are strong bond that hold them together and play a great role in economic organization of the community. It is this greater linkage that lead to confidence, trust and reliable information which are the backbone of business. Somalis value kinship and friendship acquaintance and trust. These values are rooted in both their culture and/or religion. These are attributes that strongly make them succeed or fail in their undertaking. This is evident when someone starts a business without a penny and prospers. Somalis also value clanism and this can either be a source of solidarity or conflict depending on matters at hand and the historical

¹⁰⁶ H.M. Bwisa, (2003) “*Kenya's advantage on the road to industrialization*” Sunday Nation, June 8th, P 19.

¹⁰⁷ Ibid

background.¹⁰⁸ Consequently, these features have facilitated migration in the 1990s and early 2000 which were largely based on marriage and integration. In this regard, feminization of migrants from the Somali perspective emerged and grew to sustainable levels. This continues to date and it is anticipated that females will play greater role in supporting male migrants to join them in the diaspora.

Somalis are dynamic people and are able to adjust to new environments and situations. They value family, loyalty and friendship. These work to their benefits wherever the need arise. Family ties provide a safety net in times of need. Loyalty is an important value and extends beyond family and clan. It is always said that once a Somali is a friend he or she is surely a one for life.¹⁰⁹ It is against this background that a significant number of migrants have returned to neighbouring countries to their motherland and re-establish themselves with various investments as they re-socialize their younger generation with the teachings of their religion as well as Somali culture.

3.5 Conclusions

In all the above themes, migrant's investments contribute significantly to Kenya's economy through creation of jobs, employment opportunities, capital investments, income generation, and provision of cheap items, more choice to consumers, supply of stock procurement and revenue to governments. Most of the investment centres on family-owned businesses but it also extends to real estate. This funding from the wider

¹⁰⁸ Putnam et al (1993) "The Somalis, their history and culture" Refugees Fact Sheet No.9. Center for Applied Linguistics in the Cultural Orientation Project, in Abdikarim Ahmed; *The role of immigrant entrepreneurship in the economy of a city, The case of Somali immigrant in Nairobi: An independent conceptual study paper in entrepreneurship*, (PhD) *Dissertation*. (UoN, 2007) p.21

¹⁰⁹ Ibid

Somali diaspora has been crucial to the expansion of businesses in Kenya, particularly Eastleigh. The informal business model developed in Mogadishu has been transferred to Nairobi where Somali business people are generating money and jobs that contribute greatly to the Kenyan economy through employment of locals and remittance of taxes.

CHAPTER FOUR

THE IMPACT OF SOMALI MIGRANTS ON KENYA'S ECONOMY: A CRITICAL ANALYSIS

4.1 Introduction

The previous chapter tackled the contribution of Somali migrants to Kenya's economy. Their contributions were sought in terms of themes and data collected for every theme. The prominent themes sought included real estate enterprise, shopping malls, remittances, foreign exchange bureau and hotel industry. The data collected sought to reveal whether Somali migrant's investment and contributions had an impact on Kenya's economy.

This chapter analyses the key issues that are emerging from the study. They include factors promoting migrant business, challenges faced by Somali migrants and other issues like population explosion, shrinkage of opportunities, insecurity in the region and media.

4.2.1 Factors Promoting Migrants' Business in Kenya

According to world systems theory, migration is a natural outgrowth of disruptions and dislocations that inevitably occur in the process of capitalist development.¹¹⁰ This necessitates growing shares of growing population who are incorporated into the world market economy. Consequently, migration flows are generated that follow availability of land, labour and raw materials. Investments by Somali migrants in Kenya are facilitated

¹¹⁰ D.S. Massey, (1989), "International Migration and Economic Development in Comparative Perspectives" in *Population and Development Review*, Vol. 14. pp 383-414.

by a number of similar factors. First and foremost, geographical proximity between the sending state, Somalia, and the host country Kenya, favours movement of migrants between the two nations. This geographical proximity facilitates movement of people and goods across porous borders that are so expansive that it is practically not possible to man every point of entry.¹¹¹ Focus group discussion with a number of migrants pointed out that numerous means and ways are used to reach the desired destinations safely. For instance, wealthy members of the Somali migrants hire private vehicles to wade through little known routes to evade police arrest and deportation.

Massey further argues that material links serve as one important factor that influences economic migrants to move to certain destinations.¹¹² In order to ship goods, deliver machinery, import and export merchandise, migrants build and expand transportation and communication links to the peripheral countries where they have invested. These links not only facilitates the movement of goods, products, information and capitals across national border as well as promote movement of people by reducing the costs of movements along certain international pathways.¹¹³

For Somali migrants, Kenya serves as a regional hub for doing business because of the port of Mombasa. This gives Kenya the geostrategic advantage over most of her neighbouring countries which are landlocked. For this reason, it is a preferred destination for migrants who wish to do business as it facilitates importation of goods from source

¹¹¹ C. Webersik, (2006) "Mogadishu: An Economy without a State" in *Third World Quarterly*, Vol. 27, No. 8, p1468.

¹¹² D.S. Massey, (1993), "Theories of International Migration: A Review and Appraisal" in *Population and Development Review*, Vol. 19, p431-466.

¹¹³ Ibid.

countries more easily.¹¹⁴ Port services further give the opportunity for the migrants to invest in the transport industry so that they can take advantage of the transport needs within and without the region.

Transport costs are also relatively cheap owing to short distances between some entry points and the point of destination. Furthermore, the climatic conditions are similar which further enhances easy adaptation for the visiting migrants as well as members of their families who may come along with them. In addition, communication with relatives back home is also cheaper though the calls are made across international borders. This is because service providers in the communication industry are interconnected across close boundaries to the extent that one frequency may cover two different countries simultaneously within the region.

Kenya is further preferred for investment for her relatively stable conditions. It remains one of the most peaceful and stable country within the Eastern Africa region.¹¹⁵ Her people are friendly, accommodative and democratically conscious meaning that the rule of law is preferred over physical confrontations whenever conflicts arise between various communities inclusive of the migrants and the hosts. This is evidenced by the diplomacy of conflict management adopted as the foreign policy tool by political leaders in Kenya especially the three presidents who have governed the country since independence in 1963.

Another significant promoter of migrant movement is ideological links with host communities of receiving states. In this regard, cultural and religious ties are

¹¹⁴ J. Mubarak, (1997), "The "Hidden Hand" Behind the Resilience of the Stateless Economy of Somalia", *World Development*, 25(12) p41.

¹¹⁵ G. J. Borjas, 1994. "The Economics of Immigration," in *Journal of Economic Literature*, vol. 32.pp 1667-1717.

longstanding connections between migrants and their hosts.¹¹⁶ The diffusion of core country languages and cultural patterns interact with the emergence of a transportation and communication infrastructure. In addition to these two factors, Somali migrants rely on family connections that work to their advantage. All Somali migrants have members of their clan among Kenya Somalis. This facilitates their integration into the host community because upon arrival migrants are received by their respective members of their clan who show them where to settle and also discuss with them business opportunities.

From the discussions, they may start business together as partners where the Kenyan Somali does the registration of the business and ensures that they conform to existing legislations in the operating municipality and the country at large. In other instances, Kenyan Somalis who are not direct relatives of the visiting migrants act as agents to take the foreigners through various steps or may get employment especially as managers who mobilize resources both human and otherwise and ensure that the business operates smoothly and within the confines of the law.

By and large the Somali migrants provide the capital to start the business and bring on board the necessary skills that is not available locally. In addition, their connections with Somalis in diaspora as well as relatives in Somalia help in raising the necessary capital for starting the business. The supporting partners in the Diaspora play great roles in ensuring that funds are available not only for starting the business but also for expanding and sustaining success of the same.

¹¹⁶ J.E. Taylor, (1986), "Differential Migration, Networks, Information and Risk" in O. Stark (ed), in *Migration, Human Capital and Development*, Vol. 4, pp147-171.

Development in Kenya also attracts the Somali migrants. Development in human society is a many-sided process.¹¹⁷ At the individual level it implies increased skills and capacity, greater freedom, creativity, self-discipline, responsibility and material well-being.¹¹⁸ These attributes gives meaning in a group and in a societal set up. Rationally by comparison migrants evaluate and see Kenya as much developed in terms of those attributes and under developed in their point of origin.

4.2.2 Challenges Facing Somali Migrants

Venturing in all fields obviously comes with numerous challenges of which one should look for ways to overcome or to minimize their impact so as to endeavour in their undertaking. Business investments is not exceptional, In fact it is mostly susceptible to challenges however small they might be. Somali migrants face numerous challenges while investing in Kenya. They lack legal documents to do business in formal main stream economy and that is why majority of them are engaged in informal enterprises. Consequently, they cannot access credit facilities from formal banks.

Language barrier is another impediment for the migrants to do business smoothly, since they came from a background of homogeneity where the Somali language is mostly used, interacting with this heterogeneous economy becomes a challenge.¹¹⁹ The Kenyan Society uses English and Swahili languages for official purposes and different ethnic dialects for informal correspondences. The Migrants speak little English with broken accent which is difficult for Kenyan citizens to understand. Similarly, the local dialects

¹¹⁷ W. Rodney, (2001), *How Europe Underdeveloped Africa*. Washington: Howard University Press. p3

¹¹⁸ *ibid*

¹¹⁹ Interview with A. Abdullahi, Marketing Officer, Chasebank Eastleigh Branch, in July 2011 Nairobi.

are very difficult for the migrants to understand. Even Kenyan Somalis and migrants have some variances in the way they communicate though they understand each other.

Insecurity is another emerging challenge. Though this is not a challenge only to the migrants but also to the indigenous people, the migrants and their businesses are however mostly targeted by criminal gangs. There is a common feeling among Kenyan citizens that Somali migrants are wealthy, and are using their wealth to exploit the local residents by creating unfair competitions in trade and exploitation of social amenities such as schools, hospitals and housing facilities which makes life difficult for locals. The criminals feel that they should revenge in taking back what was stolen from them. Given that most of Somali migrants are semi-literate, they expose themselves to the criminals by carrying cash around instead of banking.¹²⁰ Moreover, those who wish to bank their cash may not have access to banking services due to lack of necessary documents for operating a bank account.

Most migrants in general and Somali migrants in particular undergo arbitrary arrests, harassment and crackdown from the state security apparatus that were to safeguard their security for claims of being in the country illegally.¹²¹ The city council Askaris are not left out in the harassments and confiscates and arrest migrants and/or their goods in the course of their business for allegations of violating the city bylaws.

Xenophobic tendencies by the local people are also among the other challenge hindering migrants from performing to their maximum. This is mainly because of the fear

¹²⁰ Interview with Mr. Kigen, former officer commanding Pangani Police station, in June 7 2011, Nairobi.

¹²¹ Interview with D, Shakira, businesswoman at Tawhiid Shopping Mall, Eastleigh in July 8 2011, Nairobi.

by the indigenous population that outsiders are taking all the few opportunities that was available to them.¹²² These include employment, price competition in business, displacement of Kenyan tenants from business premises and residential flats on the account of price hikes especially in areas preferred by Somali migrants such as Eastleigh, South C, Komarock and lately Thika.

The study established that women migrants generally lack access to capital or credit to acquire business licenses and formalize their businesses, and have to rely on men to borrow cash and/or material on their behalf. RCK report of 2008, notes that Women also tend to lack marketing, management and organizational skills, although some have received training and start-up capital from NGOs or faith-based associations, and have been able to start dress-making businesses.¹²³ Several women's groups have been supported through revolving funds. Despite the training from different actors, it was evident that lack of entrepreneurial skills affected most business women.

Legal restrictions were also cited as a challenge facing Somali migrants thus limiting their potential in contributing to Kenya's economic endeavour. Access to employment is often determined by nationality status. Migrants and refugees have traditionally been considered as irregular migrants, and are largely confined to the informal economy. The Refugee Act subjects them to the same wage-earning employment restrictions as other foreigners, and calls upon the Commissioner to ensure

¹²² Interview with Mr. A.H. Farah, Examination officer Kenya National Examination Council in July 23 2011, Nairobi.

¹²³ Refugee Consortium of Kenya (RCK). 2008, 'Enhancing the Protection of Refugee Women in Nairobi. A Survey on Risks Protection Gaps and Coping Mechanisms of Refugee Women in urban Areas'. pp1-42.

that their economic activities do not have a negative impact on host communities. The legal hiccup has stifled Somali migrants' contribution to Kenya's economic development.

Negative publicity by the media houses is also another challenge facing the Somali migrants. The media whether international or local plays a great role in either promoting peace or perpetuating conflict. It can be a weapon of war or can uphold prospects of peace.¹²⁴ Through this negative publicity by the media, conflict becomes inevitable between the host and the migrants. Conflict arises when two or more parties have incompatible goals about something.¹²⁵

In a simple conflict for example one between two people, the incompatibility arises because they may both have different perceptions, goals and ideas about how to achieve them.¹²⁶ Underlying that situation is a conflict of vision and often an inability or unwillingness to see the other person's point of view. As much as migrants' investments positive impacts in terms of provision of employment too much negative media publicity erodes their credibility besides creating hostilities between them and the host population.

Persistence of conflict in the region is another challenge. Migrants investing in Kenya cannot benefit much from the neighbourhood since it is almost only Kenya which is relatively stable in the conflict system. According to Kipps, Africa is doomed to remain

¹²⁴ Institute of peace and security, role of media in conflict p53

¹²⁵ C.R, Michele, (1998) the structure of international conflict London, Macmillan, pp15-25.

¹²⁶ Makumi Mwagiru, (2000). *Conflict in Africa: Theory, processes and Institutions of Management* Nairobi: Sage Publications. p3

in a state of ever increasing conflict, making development and democratization almost an impossibility.¹²⁷

Ethnicity is another challenge. Kenya is a heterogeneous country that comprises of more than forty two ethnic communities. Ethnicity refers to a subjective perception of common origins, historical memories, ties and aspirations.¹²⁸ In this context ethnicity act as a pole around which group members can mobilize and compete effectively for state controlled power, economic resources, positions, contract awards and constitutional protection. Since migrants have no representation in the government then their welfare is not taken seriously.

4.5 Other Issues

This section discusses other factors affecting Somali migrants in Kenya. These are additional factors not covered in either the opportunities or the challenges discussed in section 4.2 above. They include population explosion, shrinkage of opportunities and insecurity in the region.

4.5.1 Population Explosion

According to Barkin most countries, including the developing ones, are themselves now beset by problems of population explosion and are not encouraging towards new groups to move into their countries.¹²⁹ Nationalistic orientations no longer favour the cession of

¹²⁷ D. Kipps, seminar paper on "African media reporting conflict and coalition" <http://iourn.ru.ac.za/amd/conflict.htm>. accessed on 7th July, 2011.

¹²⁸ D. Rotchild, (1997) *Managing ethnic conflict in Africa, pressure and incentives for cooperation*, Washington, D.C: Brookings institution press. p4.

¹²⁹ S. Barkin (1967), The Economic Costs and Benefits and Human Gains and Disadvantages of International Migration in *The Journal of Human Resources*, Vol. 2, No. 4, pp 495-516,497.

national resources to foreigners for their cultivation and ownership. The mainsprings for growth are sought through programmes for economic development, formulated by the governments, and financed by means of capital offered in part by foreign private, governmental sources, or international agencies. Kenya, as a developing country has its own challenges of unemployment, food security and overpopulation. Consequently, it has closed border to check the entry of migrants from neighbouring countries such as Somalia, Ethiopia, DRC Congo among others.

Foreigners are sought primarily as technicians and experts to introduce specific skills and competences and to aid in the transition to a state of greater self-sufficiency by the national personnel. The foreigner is to help train and to disseminate knowledge rather than to take over local opportunities for permanent operation. For this case, there are no experts from Somalia to Kenya who can provide specialized services save for a few lecturers, teachers and business people. This is because the war in Somalia has destroyed the infrastructures that would have been used to train experts.

4.5.2 Shrinkage of Opportunities

According to Sjaastad, the shrinkage of opportunities for settlement coincides with the shift in migration movements from one of population to that of manpower.¹³⁰ The overall demand is also rising faster than national supply of labour. Moreover, a number of social factors such as longer education, shorter weekly and annual hours of work and the inadequacy of the national manpower agencies in recruiting marginal and new labour groups intensifies this problem. The case of Somali migrants in Kenya presents similar

¹³⁰ L.A. Sjaastad, (1962), "The Costs and Returns of Human Migration" in *Journal of Political Economy*, vol. 70. p498.

challenges since they compete with Kenyan locals for employment in the informal sector. Secondly, given that the number of migrants in Kenya has grown, this presents problems of inadequate housing as well as overcrowding in institutions that offer social amenities such as schools, hospitals and recreational services thereby exacerbating conflict between the local and migrants.

4.5.3 Insecurity in the Region

Insecurity in the Horn of Africa is a great challenge to the flow of migrants across the countries in this region such as Kenya, Sudan, Ethiopia, Uganda and Somalia. For example, the problem of piracy along the Kenya-Somali coast has ignited tensions between Kenyan authorities and factions in Somalia. This has spill over effects on migrants who are seen to be sympathizer of those factions which are in conflict with Kenyan authorities.

According to Kituyi, the recent abduction of tourists along Kenya's coastline, have brought paradigm shift in the regional and international security. Focus is now put in ensuring that visitors to Kenya and her allies are assured of their safety through a collaborative framework to safeguard their interests such as tourism and other income generating activities.¹³¹ However, this state-centric realist approach is not helping to improve insecurity in the waters. An approach that embraces human security idea will have helped a great deal since the abductors are hungry youth trying to survive in the ways they know best and are guided by unemployed Kenyan youth on this end.

¹³¹ M. Kituyi, (2011), "The Challenge in Lamu is More than Law and Order" *Sunday Nation*, 9th October, 2011. p19.

4.5.4 Media

The objectivity of the media is the value of fairness which is extremely important. It is the ethics of restraining your own biases, which is also important. It is the idea that journalism can't be the voice of any particular party or sect which is also important.¹³²

The media can play a critical role in exacerbating war or consolidating peace. In the former, the media can incite violence by propagandizing and distributing misinformation or biased information. By covering up the truth, the media can also be complicit in hidden violence or atrocities that take place. In the later, the media can be a powerful tool in peace building and democratic development by shining light on abuses; providing and sharing information, holding the powerful to account and serving as an outlet for different opinions and perspective.¹³³

Both print and electronic media in Kenya always link the migrants to terror group and pirates. They also claim that the successes of migrant business investments are proceeds from ransom and illegally acquired wealth. This causes tension with other communities in Kenya leading to widespread but overblown accusation to criminal activities. The success of the migrants business lies in their trust and hard work besides the highly risky nature of the parallel market economy. However several businesses have suffered catastrophic losses owing to the few safeguards of investments in the informal sector.

¹³² Institute of Media Peace and Security. (2005) Role of the media in the Rwandan genocide. Short readings 3. University for Peace, Costa Rica. p13.

¹³³ Institute of Media Peace and Security. (2005) Role of the media in the Rwandan genocide. Extended readings II, 5. University for Peace, Costa Rica. Op cit p63.

This rampant poor publicity by the media had adversely affected relations between the host community and the migrants. The Kenyan media dates back to colonial times when it was used to fight for independence.¹³⁴ During this time the government introduced gazettes as a means of passing on state information to the citizens.¹³⁵ Economic power of the people of Kenya determines who owns the media. During 1992 general elections only state owned Kenya Broadcasting Cooperation was able to transmit information throughout the country.¹³⁶

From the individual level of analysis to the national level, the Migrants have an impact which cannot be disputed. This shows the positive impact the Somali migrants have in the economy of Kenya. At the national level they contribute in payment of taxes, at the individual level they provide employment and by doing so enable someone to put food for the family on the table. The media coverage in most cases is biased most of the time dwelling on the negative side of the migrants. This at one point made the authorities to threaten auditing migrants' properties, business and their sources even though it never took place in the end, because of resistance from Muslim legislators from North Eastern.

¹³⁴ W. N. Barasa, (2009). *The role of Kenyan print media in conflict situation: a case study of how the Nation Newspaper covered the inter-ethnic clashes in the Rift Valley Province during the period January 1 – June 30 1992 general elections*. MA Thesis, University of Nairobi. p34.

¹³⁵ D. Makali, (2003) *Media Law and Practice: the Kenyan jurisprudence*. Phoenix publishers limited. Nairobi p34

¹³⁶ W. N. Barasa, (2009). *The role of Kenyan print media in conflict situation: a case study of how the Nation Newspaper covered the inter-ethnic clashes in the Rift Valley Province during the period January 1 – June 30 1992 general elections*. MA Thesis, UoN. Op cit p37.

4.6 Conclusions

From the above analysis it is evident that the Somali migrants have had an impact on Kenyan economy as they contribute to wealth creation, employment, GDP performance, remittance etc. This is evidenced by the variety of sectors they invest in: real estate construction, hotel industry, shopping malls, and foreign exchange bureaus among others. However, critics claimed that such migrant investments are the major cause of high real estate cost which is going out of control. It is estimated that the cost has either doubled or tripled in the recent years. The Somali migrant's investments have contributed favourably to job creation, both direct and indirect employment. They engage in paying taxes, thus, contributing immensely to the Country's GDP growth. Taxes are the main source of government revenue and Kenya's budget hence by paying taxes Somalis migrants have positively contributed towards economic growth.

CHAPTER FIVE

CONCLUSIONS

5.1 Summary

Chapter five is a summary of all the preceding chapters with the key findings and recommendations on the challenges documented in the study. Chapter one of the study has dealt with conceptual understanding of international migration. It has put into perspective the causes of international migration as well as the factors that facilitate movement from one area to another. These have been explained using theories on the initiation and continuation of international migration. Initiation theories include neo-classical economics, the new economics of migrations, dual labour market theory and world systems while the theories explaining the perpetuation of international migration include network, institution and migration systems theory.

The assumptions of all these theories were seen to have significance with respect to Somali migrants. Their movements are as a result of search for employment, better living standards, business opportunities as well as exit from conflict zone to peaceful environment. Similarly, their continued stay in Kenya was seen to have been facilitated by a number of factors, including family and kinship ties, liberalized trade market, improved transport and communication infrastructure and globalization which have eased interconnectedness of various service points for easy movement of goods, people and capital.

Theoretically, the world systems theory was chosen to provide framework for the study and consolidate all the assumptions of the above theories. The study employed

focus group discussion and questionnaire as the two main instruments of data collection, which was analysed using thematic and content analysis.

Chapter two of the study has covered historical background to international migration from the 1960s to 1990s, highlighting on the causes and trends between early 60s to the 21st century. In addition, the exodus of Somali migrants to neighbouring countries following the collapse of the Somali state in 1991 was highlighted. The discussions captured contending views of scholars on the subject.

Chapter three of the research focused on the case study of Somali migrants and discussed their impact on Kenya's economy from 1991 to 2010. This covered thematic areas of real estate enterprise, employment in the informal sector, foreign exchange bureau, remittances, transport and communication industry and the hotel industry. In summary, the finding of this chapter showed positive impact of Somali migrant on Kenya's economy.

Chapter four continued the discussions in chapter three highlighting on the factors that either facilitated the positive contributions of Somali migrants to Kenya's economy or the challenges that hindered their success in this area. The former factors dwelled on opportunities such as geographical proximity between the host and sending states, family links, improved transport and communication infrastructure among others. In contrast, the latter revisited intervening factors such as language barrier, unfriendly policies and host communities as well as limited involvement in the formal economy due to lack of necessary documents to facilitate the same.

5.2 Key Findings

Migrant's investments contribute significantly to Kenya's economy through creation of jobs, employment opportunities, capital investments, income generation, and provision of cheap items, more choice to consumers, supply of stock procurement and revenue to governments.¹³⁷ The research found out that most of the migrant investment centres are family owned business and real estate. The positive contributions from real estate range from employment, boosting businesses for hardware merchants and quarry owners as well as transporters.

Somali migrants have further ventured into construction of shopping malls with Arabian/Asian designs. These malls have created employment to thousands of Kenyans, contributing to job creation; a key pledge of the sitting government. Remittances have been used to finance consumption. But recent observations show a new trend where remittance money is invested in small businesses or real estate. Today, however, it is clear that remittances have become a dominant feature of the Somali economy, and are crucial for household livelihoods.

The study founded that Somali migrants have perfected in the investment of three and four star hotels in major urban centres such as Nairobi and Mombasa. They specialize in stylish furnished rooms with high speed internet connectivity, conference facilities for seminars, workshops and meetings at affordable prices¹³⁸. This in effect has enhanced job opportunities for locals who are employed as receptionists, cleaners, guards

¹³⁷ H. Adam, (1992). "*Somali Militarism, Warlordism, or Democracy?*" A Review of African Political Economy. Vol, 19. pp 11-26

¹³⁸ *ibid*

and accountants. A number of foreign exchange businesses have also been established that offer employment to large number of people, both migrants and locals.

The study further brought to the fore that Somali migrants lack legal documents to do business in formal main stream economy and that is why majority of them are engaged in informal enterprises. Consequently, they cannot access credit facilities from formal banks. Language barrier is another impediment for the migrants to do business smoothly, since they came from a background of homogeneity where Somali language is mostly used, interacting with this heterogeneous economy becomes a challenge.¹³⁹

Insecurity is another emerging challenge. The migrants and their businesses are mostly targeted by criminal gangs. Most migrants in general and Somali migrants in particular undergo arbitrary arrests, harassment and crackdown from the state security apparatus that were to safeguard their security for claims of being in the country illegally.¹⁴⁰

Xenophobic tendencies by local people are also another challenge hindering migrants from performing to their maximum. This is mainly because of the fear by the indigenous population that outsiders are taking all the few opportunities that was available to them.¹⁴¹ Legal restrictions were also cited as a challenge facing Somali migrants thus limiting their potential in contributing to Kenya's economic endeavour.

¹³⁹ See chapter three

¹⁴⁰ See chapter three.

¹⁴¹ Interview with Mr. A.H. Farah, Examination officer Kenya National Examination Council in July 23 2011, Nairobi.

Negative publicity by the media houses is also another challenge facing the Somali migrants. The media whether international or local plays a great role in either promoting peace or perpetuating conflict.¹⁴² It can be a weapon of war or can uphold prospects of peace. Through this negative publicity by the media, conflict becomes inevitable between the host and the migrants. Ethnicity is another challenge. Kenya is a heterogeneous country that comprises of more than fourty two ethnic communities.

5.3 Recommendations

The study has found that Somali migrants contribute significantly to Kenya's economy through creation of jobs, employment opportunities, capital investments, income generation, and provision of cheap items, more choice to consumers, supply of stock procurement and revenue to governments. These are fundamental to the growth of a country's economy and should be sustained by addressing the challenges facing migrants in the course of their transactions through a number of deliberate policies and actions that promote a conducive environment for foreign investors.

The government should first and foremost recognize the positive contributions of migrants so as to appreciate and find out ways of promoting their activities. This calls for organized studies to facilitate decision making from well informed point of view. Orderly international migration management calls for sound national government capacity to plan, develop and manage migration related strategies. Institutional aspects of migration

¹⁴² W. N. Barasa, (2009). *The role of Kenyan print media in conflict situation: a case study of how the Nation Newspaper covered the inter-ethnic clashes in the Rift Valley Province during the period January 1 – June 30 1992 general elections*. MA Thesis, UoN. Op cit p37.

include the legal instruments regulating it and the organizations and officials enforcing them.

Kenya should emulate the rest of the international community by recognizing hard working, prosperous and law abiding migrants. They should be allowed to be citizens of the country through naturalization. Sweden, USA and all major countries do the same to migrants after staying in their country for a period of at least five years.

Host governments and NGOs should create an enabling environment and public policies conducive for migrant investments. The NARC government promised to create 500,000 jobs and the migrant investment has already employed a quite a substantial number of locals hence the government should support them. This can be done by minimizing the few cases of alienation, xenophobia and more importantly the negative media publicity. It is important that those in authority do all that is at their disposal to have a responsible media.

The government should also train migrants on relevant business laws to be more prosperous. Infrastructure and relevant social amenities should be checked before things go out of hand. The state should also enhance revenue collection in a more transparent manner. The operations of government institutions should be interlinked so as to enhance wide coverage of investor's data. This will help in capturing correct data on the revenue collection and returns. They should also carry out investor education programmes highlighting benefits and consequences of paying or failing to pay government revenues promptly.

The government should register all businesses using alien identification cards so that they can venture into formal business that is hitherto restricted to those who have local identification documents. This will facilitate taxation instead of the current practice where migrants pay taxes through other agencies or evade it. In addition, friendly licensing mechanism should be formulated that reduces on bureaucratic red tapes in government licensing agencies.

The government should address problems of insecurity in major urban centres through creation of employment for unemployed youth, community policing and street lighting. Youth employment reduces muggers and pick-pockets. Community policing promotes friendly relations between the police, whose work is to combat crime, and the general public thereby enhancing free flow of information necessary for the arrest of suspected perpetrators of crime in time.

There is need to address the hate relationship between host communities and the migrants. Stereotypes and false allegations of links to terror groups and pirates should be minimized through sensitization programmes involving the media, government agencies, civic education and religious organizations. Xenophobic behaviour should be checked to prevent violent confrontation between host populations and migrants as was the case in South Africa in the last few months. The main media houses in the country should be put on their toes to practice responsible journalism. The media should be made to understand that it is a powerful tool that can either be a weapon of war or one that can uphold prospects of peace.

There is a call to those in positions of authority to address allegations of human rights violations of the migrants as a result of police harassments or other arms of government be it the city Council or Kenya Revenue Authority staff. This can be minimized through proper legislations on migrant security, protection of their business premises and formulation of laws to promote synergy between various actors and stakeholders in the business sector. In this regard, migrant rights should be protected without necessarily infringing on the rights of the locals. Instead a fair deal should be accorded to all the stakeholders.

Society is a conglomeration of varied communities, interest and even competing egos. To function and avoid chaos or anarchy, there has to be adherence to rules of law and order. By inference, failure to conform to a certain set of rules and regulations, laws, covenants or custom offers a window of opportunity to destructive elements in a race to benefit financially, socially or other satisfactions at the expense of the greater society. This inevitably leads to a breakdown of law and order. To avoid this kind of a scenario, migrants should try as much as possible to be law abiding themselves and report to authorities any that might deviate from the same.

Kenya and countries in the horn of Africa need to take appropriate confidence building and integrated security measures in order to ease mutual suspicion and hostility.¹⁴³ They should also adopt a human security approach and shun from the traditional state centric notion of security. Thus people-centered security necessitates

¹⁴³ I. Farah, (2008), Human Security and the Livelihood of Pastoral communities in the Horn of Africa, in Makumi Mwagiru(ed) , *Human Security, setting the Agenda for the Horn of Africa*, Nairobi. Africa Peace Forum. pp181-199,194

national regional and global stability hence linking the traditionally opposing principles of sovereignty and human rights.¹⁴⁴ For migrants to realize maximum result, the international community in general and Kenya in particular must protect them adequately from regional rivalry which impact negatively on their development.

¹⁴⁵ A. Nkabahona, (2008) Improving Security in the Horn of Africa through the Observance of Human Rights, in Makumi Mwagiru (ed), *Human Security, setting the Agenda for the horn of Africa*, Nairobi. Africa Peace Forum.pp25-32,27

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LIST OF INTERVIEWEES

A. Sahal Taxi driver and a broker

Abdi Arab, Estate Agent..

Abdullahi A Chasebank.

Alex, Amal shopping mall.

H. Guled, Eastleigh Business Community.

Hidig, Dahabshill

Hussein Aar, Eastleigh business community

Jamila Sunrise Shopping mall .

Mr Kigen, Pangani Police station.

Mr. A.H. Farah, Kenya National Examination Council.

Rashid S, Administration Police.

Shakira D, Tawhiid Shopping Mall.

Xagaley.H, Habib Shopping Mall.

Yunisn M , Nairobi based lawyer