

A Thriving Market on Shifting Sands:

Leveraging Market Systems to Empower Refugee Businesses in Dadaab

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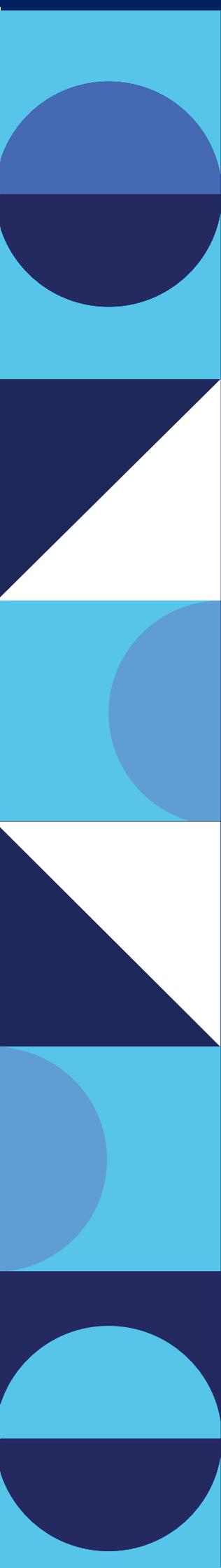


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Executive Summary

Dadaab, one of Africa's largest and oldest displaced communities, is a vibrant economic ecosystem of over 423,000 people. Far from being aid-dependent, it hosts roughly 15,000 micro, small, and medium-sized enterprises (MSMEs)—predominantly refugee-owned—operating across non-perishable goods, perishable goods, and livestock sectors. Collectively, these businesses underpin a KES 17.6 billion (US \$136 million) economy, generating KES 4.2 billion (US \$32 million) in annual MSME income and demonstrating deep interdependence between refugees and host communities.



Despite strong entrepreneurial capacity, growth is constrained by structural barriers: limited access to formal financial services due to the need for national IDs and Kenya Revenue Authority (KRA) PINs, scarce sharia-compliant financial products, restricted mobility, long permit turn-around times, informal payments, and poor market infrastructure and security. Energy costs, inadequate cold storage, and environmental shocks (e.g., droughts, floods, and market fires affecting SMEs) further limit profitability.

Targeted interventions could unlock measurable economic value:

- High-return pathways: Solar energy asset financing, solar-powered refrigeration, sharia-compliant working capital loans, and tailored business and livestock insurance.
- Potential impact: 20-40% income gains per MSME, KES 1.4 billion (US \$10.8 million) in new annual income, over 500 jobs created, benefiting at least 3,000 people.



Policy and investment recommendations:

- 1 Expand financial inclusion via streamlined KRA PIN access and adapted know-your-customer (KYC) frameworks (Lead: DRS; Support: Inkomoko, UNHCR).
- 2 Reduce operating costs and improve infrastructure: roads, markets, and slaughterhouses (Lead: County governments).
- 3 Scale private-sector solutions—mainly solar energy, cold chains, and strengthening MSME capacity through training and mentoring (Lead: Private sector supported by Inkomoko).
- 4 Facilitate market access and ease of doing business: faster business permits, curb informal payments, align with Shirika Plan 2025 (Lead: DRS; Support: UNHCR, Inkomoko).

By aligning private-sector investments, financial, technical, and policy levers, Dadaab can shift from aid dependence to a thriving, resilient, and investable refugee-led market.

Introduction to Study and Methodology

Globally, nearly 40 million people live displaced outside their home countries, and two-thirds are in protracted situations ([UNHCR, 2025](#)¹). This enduring reality underscores that displacement is no longer a temporary humanitarian challenge but a structural development issue.

Against this backdrop, this study, carried out by TechnoServe and Inkomoko in partnership with the Swiss Agency for Development and Cooperation (SDC), sought to advance understanding of how to nurture entrepreneurial dynamism within refugee settings. Focusing on Dadaab, Kenya, one of Africa's largest and oldest complexes hosting displacement-affected communities (DACs), the researchers employed a market-systems development approach to identify constraints and opportunities for refugee-led micro, small, and medium-sized enterprises (MSMEs).

The study followed a four-phase assessment framework:



Sector and MSME mapping to identify sectors with growth potential, integration into national/regional markets, and inclusion of women and youth;



Market system mapping to examine needs, constraints, and enabling environments in the identified sectors;



Barrier assessment to understand the root causes limiting private-sector growth in the identified sectors;



Intervention selection to outline market systems development (MSD)-aligned interventions and advocacy priorities.

Between November 2024 and April 2025, over 100 interviews and focus group discussions were conducted with MSMEs, government actors, civil society, and private-sector providers. This multi-stakeholder engagement ensured triangulation of perspectives and grounded the findings in the lived realities of both entrepreneurs and ecosystem actors.

¹Defined by UNHCR and the World Bank as "those where more than 25,000 refugees from the same country of origin have been in exile in a given low- or middle-income host country for at least five consecutive years ([UNHCR, 2024](#)).

The Dadaab Context and Entrepreneurial Ecosystem

The Dadaab complex, situated in the arid plains of Garissa County, Kenya, is home to over 423,000 refugees. It hosts more than half of Kenya's refugee and asylum-seeker population across its four camps—Dagahaley, Hagadera, Ifo, and Ifo II—making it both an epicenter of humanitarian assistance and an emerging marketplace (UNHCR, 2025²). Demographically, the community is predominantly Somali (97%) and Ethiopian (2.6%), and its population has nearly doubled in five years. This demographic surge has intensified both market opportunities and competitive pressures.



Socio-economically, a hybrid Dadaab-Garissa cross-border economy has emerged (Dagane & Anene, 2024³). Shared linguistic and cultural ties between Somali Kenyans and Somali refugees facilitate trade flows, labor mobility, and resilient informal supply chains that blur the boundaries between “host” and “refugee” economies (Heilbrunn & Iannone, 2023⁴). Attitudes within Garissa County are also shifting. Local business leaders and officials increasingly recognize refugees as economic actors rather than burdens, advocating for integration and mobility rights (Muhumad & Jaji, 2023⁵). This shift directly challenges Kenya's long-standing encampment policy, which has historically curtailed refugees' economic freedom.

A milestone emerged in March 2025 with the launch of Kenya's Shirika Plan, a government policy to integrate refugee camps (e.g., Dadaab and Kakuma) into county-governed municipalities over a 10-year period. Its phased approach, from transition (2025-2028) through stabilization (2029-2032) and resilience (2033-2036), aims to foster socioeconomic inclusion by guaranteeing rights to work, mobility, and access to financial services for both refugees and host communities (Government of Kenya, 2025⁶; Lulia, 2025⁷; Vision of Humanity, 2025⁸; The New Humanitarian, 2025⁹). This policy represents the most significant structural opportunity for refugee entrepreneurship in Kenya's history.

Yet despite these policy shifts, the financial ecosystem remains underdeveloped. Refugees encounter systemic barriers: lack of formal IDs, limited credit histories, and exclusionary regulations (UNHCR, 2023¹⁰). Organizations like Inkomoko have responded with Sharia-compliant financing to expand inclusion,

²UNHCR (2025). Kenya Refugees and Asylum Seekers as of 28 February, 2025. <https://www.unhcr.org/ke/media/kenya-statistics-package-28-february-2025-pdf>

³Dagane, M. M., & Anene, E. B. (2024). Strategic agility and performance of non-governmental organizations (NGOs) in Dadaab refugee camp in Garissa County, Kenya. *International Research Journal*, 6(2), 245–260. <https://www.irjp.org/index.php/irjbsm/article/view/336/337>

⁴Heilbrunn, S., & Iannone, R. L. (2023). From center to periphery and back again: A systematic literature review of refugee entrepreneurship. *Journal of International Entrepreneurship*, 21(1), 5–31. <https://www.mdpi.com/2071-1050/12/18/7658>

⁵Muhumad, A. A., & Jaji, R. (2023). Somali Refugees, Informality, and Self-initiative at Local Integration in Ethiopia and Kenya. *Journal on Migration and Human Security*, 11(1), 75–88. <https://doi.org/10.1177/23315024231156390> (Original work published 2023) <https://journals.sagepub.com/doi/10.1177/23315024231156390>

⁶Government of Kenya. (2025, March). Shirika Plan: Shirika Plan for Refugees and Host Communities. Ministry of Interior and National Administration (MINA). <https://refugee.go.ke/sites/default/files/2025-04/SHIRIKA%20PLAN%20FOR%20REFUGEES%20AND%20HOST%20COMMUNITIES.pdf>

⁷Lulia N. (2025, March). The Shirika Plan: Kenya's bold approach for refugee integration. <https://reliefweb.int/report/kenya/shirika-plan-kenyas-bold-approach-refugee-integration>

⁸Vision of Humanity. (2025, June). Kenya's Shirika Plan: Converting refugee camps into municipalities. <https://www.visionofhumanity.org/kenya-converts-refugee-camps-into-municipalities-in-policy-shift/>

⁹The New Humanitarian. (2025, July). Kenya's flagship refugee integration plan runs into local opposition. <https://www.thenewhumanitarian.org/analysis/2025/07/21/kenyas-flagship-refugee-integration-plan-runs-local-opposition>

¹⁰UNHCR. (2023). Garissa Integrated Socio-Economic Development Plan (GISED). <https://www.unhcr.org/ke/unhcr-partners-kenya/government-of-kenya/garissa-integrated-socio-economic-development-plan-gisedp>

but coverage remains narrow. This is partly due to the diversity of thought within Islamic jurisprudence, where scholars interpret the principles of Sharia-compliant finance differently, resulting in varied opinions on what qualifies as fully compliant, whether in cash or in-kind.

Because these products were only launched recently—about a year ago—in a context where understanding of Islamic is generally low even among staff and clients, uptake has been gradual.

Many Muslim entrepreneurs remain cautious, preferring to first understand the products in depth to ensure they do not unintentionally engage in *riba* (interest) or other practices viewed as non-compliant. Consequently, the adoption curve has been slow, as trust and familiarity with the new instruments continue to build within the community.

Key challenges facing Dadaab's entrepreneurs



DOCUMENTATION

Even the most resilient entrepreneurs in Dadaab face a web of obstacles. This is compounded by the fact that many refugees arrive without documentation or transferable credentials, directly hindering their ability to qualify for formal jobs, secure financing, or even have their skills formally recognized. Physical and psychological barriers, such as food insecurity and the trauma of displacement, further erode confidence and diminish entrepreneurial aspirations (Luseno & Kolade, 2021¹¹).



INSTITUTIONAL AND LEGAL CONSTRAINTS & MOBILITY

Additionally, institutional and legal constraints compound the challenges refugee entrepreneurs have to navigate. For example, in Dadaab, the encampment policy severely restricts mobility, forcing refugees to rely on intermediaries to transport goods, which inflates costs and introduces risk (Muhumad & Jaji, 2023¹²). As a result, some refugees strategically conceal their economic activities from aid organizations to safeguard their humanitarian eligibility and may resort to illicit payments to operate (de la Chaux & Haugh, 2020¹³).



AID

The local economy is fragile, with high competition and constrained purchasing power often tied to aid. This was exacerbated by recent global aid funding cuts in 2025, which have reduced purchasing power in the camps. Further, access to business financing remains a persistent struggle, as microfinance initiatives face limitations with clients who have erratic incomes and limited access to external markets.



¹¹ Luseno, T., & Kolade, O. (2021). Displaced, excluded, and making do: a study of refugee entrepreneurship in Kenya. *Journal of Entrepreneurship in Emerging Economies*. https://www.researchgate.net/publication/352786745_Barriers_and_opportunities_for_refugee_entrepreneurship_in_Africa_a_social_capital_perspective

¹² Muhumad, A. A., & Jaji, R. (2023). Somali Refugees, Informality, and Self-initiative at Local Integration in Ethiopia and Kenya. *Journal on Migration and Human Security*, 11(1), 75–88. <https://doi.org/10.1177/23315024231156390> (Original work published 2023)

¹³ de la Chaux, M., & Haugh, H. (2020). When formal institutions impede entrepreneurship: how and why refugees establish new ventures in the Dadaab refugee camps. *Entrepreneurship & Regional Development*, 32(9–10), 827–851. <https://doi.org/10.1080/08985626.2020.1789752>

SECURITY

Infiltration of the refugee community by terrorist groups and broader national security concerns have created a volatile environment that erodes investor and trader confidence (Kaboyo, 2021¹⁴). Frequent environmental risks, mainly droughts and floods, disrupt crucial supply chains, and fire outbreaks have destroyed several businesses, directly affecting the supply of goods sold in the camps.



BRIDGING CAPITAL

While Somali-Somali “bonding capital” enables trust and local supply chains, the ecosystem suffers from a lack of “bridging capital,” which connects Dadaab’s MSMEs to broader Kenyan markets, financial institutions, and business associations. This absence constrains scale, market diversification, and resilience.



POOR INFRASTRUCTURE

Poor infrastructure also represents a challenge to Dadaab’s entrepreneurs. Only about half of households and businesses have electricity—with an even smaller share receiving it from the national grid—and water is primarily provisioned through boreholes and wells, with scarcity during periods of drought. Meanwhile, roads are often impassable during the rainy season, making transportation of people and goods difficult and costly (iGravity, 2023¹⁵)



¹⁴Kaboyo, L. N. (2021). Dadaab Refugee Camp Effect on the Security of the Host Country. *Journal of African Interdisciplinary Studies*, 5(4), 59-70. https://cedred.or.ke/jais/images/april2021/PDF_Dadaab_Refugee_Camp_Effect_on_the_Security_of_the_Host_Country_by_Kaboyo.pdf

¹⁵iGravity (2023). Market assessment: Challenges and opportunities for improving socio-economic inclusion of refugees and host communities in Garissa County through private sector engagement and finance approaches

Levers for Systems Change

Based on an analysis of the entrepreneurial ecosystem and the systemic and business environment challenges documented in Dadaab, the study identified three priority MSME portfolios: non-perishable goods (kiosks, electronics, clothing, beauty products), perishable goods (butcheries, milk trading, groceries, restaurants), and livestock breeding and trading. Collectively, these sectors constitute approximately 70% of Dadaab's MSME base (UN Habitat, 2021¹⁶). These sectors are not only central to household livelihoods but also anchor the broader refugee-host economy, making them critical leverage points for market transformation.



NON-PERISHABLE GOODS

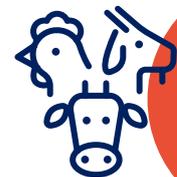
Market sizing and supporting functions for change

Dadaab has evolved into a large and active urban economy valued at KES 17.6 billion (US \$136 million), of which KES 12.8 billion (US \$99 million) comes from displacement-affected people, KES 4.5 billion (US \$34.9 million) from aid, and KES 300 million (US \$2.3 million) from host community spending. At its core are approximately 15,000 MSMEs (14,000 refugee-owned), concentrated in the three high-demand sectors.



PERISHABLE GOODS

While there are clear opportunities across non-perishable goods, perishable goods, and livestock breeding and trading MSMEs, growth is constrained by systemic gaps: limited access to working and investment capital, minimal presence of formal financial institutions, absence of context-appropriate insurance, unreliable energy, nonexistent storage facilities for perishable goods, and structural bottlenecks in supply and infrastructure. These challenges raise costs, suppress productivity, and limit the ability of MSMEs to invest and scale.



LIVESTOCK

For example, one entrepreneur in the livestock sector told the researchers, “I have no risk management—sometimes my animals die. I have lost 80,000 KES (US \$620) before.” A micro-retailer reported paying 600 KES (US \$4.65) per day for generator power. Another micro-enterprise loses 40% of its meat to daily spoilage due to the lack of affordable electricity and refrigeration. Such testimonies underscore the fact that market failures in risk management, energy access, and storage are not marginal issues: they directly translate into capital erosion and foregone income for refugee entrepreneurs.

The private sector has an opportunity to address these gaps, simultaneously generating social value for MSMEs and commercial returns for investors. Expanding access to working capital, productive assets, and insurance could unlock potential annual MSME income gains of KES 1.4 billion (US \$10.8 million)—KES 90.2 million (US \$700,000) from non-perishables, KES 593 million (US \$4.6 million) from perishables, and KES 709 million (US \$5.5 million) from livestock—while individual firms could see income increases of 20-40%, highlighting both commercial significance and strong appeal for private-sector investment. For instance, a solar-powered refrigeration market could yield an estimated value of KES 95 million (US \$735,000), and investments in digital infrastructure could generate up to KES 150 million (US \$1.2 million).

¹⁶ UN-Habitat. (2025). Report on socio-economic conditions, businesses and local economic development: UN-Habitat Dadaab survey 2021. https://unhabitat.org/sites/default/files/2023/02/dadaab_survey_2021.10_february.pdf

The table below summarizes potential areas of intervention, highlighting benefits for MSMEs alongside market opportunities for service providers:

Area	Potential benefit to MSMEs ¹⁷	Potential market opportunity for service providers
 Access to working capital	20% income increase	KES 530 million capital circulation
 Access to insurance	42% of income protected through coverage	KES 2.6 million in premiums
 Access to solar energy	60% reduction in energy costs	KES 425 million market for solar panels
 Access to cold storage	30-65% increase in profit	KES 95 million market for solar-powered fridges
 Access to digital infrastructure	50% reduction in internet cost	KES 150 million market for WiFi routers
 Access to market information	10% reduction in cost of goods	KES 8.9 billion of products purchased annually by MSMEs

 This dual-benefit framing illustrates the essence of a “shared value” approach, where business innovation converges with refugee resilience.

The role of MSD interventions

Despite clear commercial potential, private-sector services remain under-supplied in Dadaab. This under-provision reflects classic market failures, information asymmetries, and risk perceptions that disincentivize entry. Here, MSD interventions can play a catalytic role by de-risking investment and aligning incentives.

Key areas where MSD interventions are required include:

Category	Solution
Uncertain demand	Interventions to generate reliable market diagnostics, including willingness-to-pay studies and creditworthiness assessments
Operational risk and cost	Piloting low-risk distribution models such as agent-based or hub-and-spoke networks
Product adaptation	Supporting firms to tailor solutions to refugee realities (e.g., Sharia-compliant financing, flexible pricing)
Identification barriers	Adapting KYC frameworks for communities where formal documentation is scarce
Community trust	Fostering trust through partnerships with camp leaders and local host-community associations

 By reducing uncertainty, lowering transaction costs, and embedding trust, MSD interventions can unlock dormant private-sector participation in Dadaab’s economy.

¹⁷ See appendix for methodology

The role of government and advocacy

While the private sector is pivotal, state action and policy reform remain indispensable. Without an enabling institutional environment, even well-designed market interventions risk stagnation.

Advocacy should prioritize:

Category	Solution
 Mobility rights	Enabling DAC entrepreneurs to travel freely outside camps while addressing security concerns
 Business formalization	Expanding access to registration and legal recognition of enterprises
 Land tenure	Ensuring rights to lease or own land for business activities
 Infrastructure investment	Improving sanitation, roads, lighting, and energy systems in camps and surrounding host communities
 Livestock sector support	Providing veterinary and extension services to strengthen productivity and risk management

 These measures would move refugee MSMEs from a state of precarious informality toward structured participation in Kenya's broader economy.



Case Studies

1. Inkomoko: Business support and Sharia-compliant finance

As an organization that provides business support services in Dadaab, other camps in Kenya, and across four additional countries, Inkomoko has gained additional insights into the local entrepreneurial ecosystem. Its support model includes completing four required rounds of training and advisory support, which cover areas such as investment readiness. Clients who demonstrate investment readiness—either during the training period or after completing all sessions—become eligible for financing support through below-market-rate loans.

From Inkomoko's perspective, the key to unlocking the economic potential of Dadaab's refugee entrepreneurs is to go beyond traditional grant-making and business financing approaches. Instead, it is important to provide financing that is adapted to the realities of DACs, accounting for gaps in formal documentation as well as their religious and cultural norms.

Inkomoko bridges the financing gap by providing affordable loans of KES 6,450 (US \$50) to KES 6.45 million (US \$50,000), achieving a 97% repayment rate. Loan terms include a minimum one-month grace period with repayment periods ranging from six to 36 months, while idea-stage business loans remain interest-free. Entrepreneurs with established businesses and strong repayment potential, confirmed through due diligence, may access early financing even before the training advisory sessions. Refugees are not required to provide collateral, whereas in some cases, host-community clients need to provide it for large loans.

Beginning in 2025, the organization co-created a suite of Islamic finance products—including Murabaha (cost-plus financing), Mudaraba (profit-sharing), Tawarruq (commodity-based liquidity access), Direct Murabaha (sale and leaseback), and Diminishing Musharakah (gradual ownership transfer)—and reasonable KYC requirements, while supporting entrepreneurship among refugee and host communities. This was done through an inclusive process involving clients, Islamic scholars (sheikhs), and local religious leaders (imams). To ensure broad community acceptance, Inkomoko trained and engaged sheikhs and imams from its areas of operation to fully understand and validate the products. These leaders then played a central role in sensitizing community members, ensuring consistent messaging and reinforcing credibility.

In Dadaab and Garissa, where most Muslims originate from the Somali region, the majority of scholars formally endorsed Inkomoko's products after reviewing all contract terms, giving the initiative a "green light." To further strengthen credibility, Inkomoko is in the process of joining the Association of



KEY SUCCESS FACTORS

PRODUCT ADAPTATIONS

Developing sharia-compliant products accepted by the community

LOCAL EMPLOYEES

Enabling trust building

COMMUNITY LEADER ENGAGEMENT

Driving product adoption

LOCAL ORG COLLABORATION

Securing market entry

Islamic Finance Practitioners in Kenya to align with national regulatory and compliance standards under the Central Bank of Kenya. This multifaceted approach—combining community engagement, institutional collaboration, and transparent co-design—has begun to yield results, with two products already gaining wide acceptance and demonstrating the potential for inclusive, Sharia-compliant access to capital.

2. Solar lighting and home electricity systems

A company specializing in solar lighting and home electricity entered Dadaab in 2017 using an agent-led distribution model, working with electronics shops within the camps. This approach allowed the company to test demand and control operating costs without heavy fixed investments. To build consumer awareness and trust, it used targeted marketing and branded vehicles within the camp.

Today, it has two agents recruited from within Dadaab using a community referral system, and it serves approximately 300 households within the camps. One of the largest obstacles to further scaling its operations in Dadaab is the difficulty offering financing to individuals and businesses within the camps. This is tied to a lack of business registration and identification for displaced people, raising the risk of default.

3. Telecom services

A leading telecom operator has provided service in Dadaab since 2000, and today it has more than 70,000 clients in the camps. It has been able to expand due to its Somali-language advertising on local radio and by extensively hiring local employees, thereby building trust with the community. It also operates customer-care centers in each camp, enabling it to be responsive to users' needs and offer hands-on support. It mitigated security and cost challenges by building its infrastructure within designated security zones, which reduced operational risk for field teams.

The service has proved so popular that the company's cell phone towers face congestion due to high traffic, though it expects to enhance service quality and network reliability through a planned fiber connection. Government regulations on displaced communities prevent the company from offering some of its products in Dadaab.

KEY SUCCESS FACTORS

AGENT MODEL

Enabling trust-building and mitigating lack of physical presence

COMMUNITY ENGAGEMENT

Driving product adoption

LOCAL CAPACITY BUILDING

Ensuring trust and reliability of service delivery

KEY SUCCESS FACTORS

MARKET ASSESSMENT

Confirming market potential and customer identification

KYC POLICY ADAPTATION

Enabling access for refugees

Conclusion and Recommendations for Catalyzing Systems Change

The Dadaab refugee settlement is not only an opportunity for government intervention to solve a humanitarian crisis, but also a significant, market-driven economy worth KES 17.6 billion (US \$136 million). The challenge for its approximately 14,000 refugee-owned enterprises is not a lack of entrepreneurial drive but systemic, solvable failures in finance, infrastructure, and policy. These gaps currently lead to preventable losses, such as 40% spoilage of perishable goods and high operating costs for generator power, which stifle growth.

Addressing these market failures represents a major opportunity for both impact and return. Our analysis shows that targeted interventions in key sectors could unlock an estimated KES 1.4 billion (US \$10.8 million) in new annual income for these businesses and create over 500 jobs.

The viability of this market is not theoretical; it is proven. Case studies demonstrate that new business models—such as agent-led solar energy distribution and non-collateralized, Sharia-compliant lending—are already succeeding, with one financial services provider achieving a 97% repayment rate among refugee clients.

For private sector actors, development partners, and policymakers, the path forward is clear. This involves co-designing practical business-led solutions that de-risk market entry and drive growth. Specific, commercially viable opportunities exist right now, including a KES 425 million (US \$3.3 million) market for solar energy, a KES 95 million (US \$735,000) market for cold storage, and a KES 530 million (US \$4.1 million) market for working capital finance. Solving these marketplace gaps will benefit both the companies that enter these markets as well as the refugee entrepreneurs and their businesses in these sectors.

Doing so will require action from a number of actors. At the company level, firms need to adapt to local realities by collecting granular market data, tailoring products and services, and innovating on KYC, pricing, and delivery models to align with cultural norms and regulatory constraints and overcome operational challenges. At the ecosystem level, businesses, NGOs, and donors must collaborate more closely by pooling resources, sharing insights, and aligning their efforts to advocate for a better enabling environment. Finally, governments have a critical role to play through policy reform, addressing structural barriers such as mobility restrictions, lack of registration and formalization pathways, unclear land tenure, and underinvestment in essential infrastructure that currently limit enterprise growth and investment.

The Dadaab case provides a powerful, replicable blueprint for transforming refugee settlements worldwide from aid-dependent spaces into resilient, investable economies. By aligning private sector incentives with development goals, we can build durable solutions that empower refugees and generate sustainable returns.



Appendix: Methodology

Rationale for using a market systems development (MSD) approach

The study used market systems analysis to identify opportunities to support MSMEs in Dadaab. This approach was taken because the study was designed to prioritize interventions with potential for market-led solutions rather than one-off support. The market systems approach allowed the researchers to investigate systemic barriers that prevent MSMEs from growing and identify solutions—both private-sector-led interventions and public-sector advocacy—to unlock services that enable sustainable MSME growth at scale.

Analytical process

The study employed a four-step approach:

- 1 Sector and MSME mapping to identify sectors with growth potential, integration into national/regional markets, and inclusion of women and youth.
- 2 Market system mapping to examine needs, constraints, and enabling environments in the identified sectors.
- 3 Barrier assessment to understand the root causes limiting private-sector growth in the identified sectors.
- 4 Intervention selection to outline MSD-aligned interventions and advocacy priorities.

Data Collection

Conducted between December 2024 and April 2025, the research in this study included both qualitative and quantitative elements.

Key informant interviews (KIIs) and focus groups: The researchers conducted KIIs with more than 45 MSME business owners, 35 business leaders providing services in key value chains, and 15 organizations and government institutions considered to be part of the enabling environment. The researchers also conducted three focus group sessions with MSMEs to gather their insights.

Analysis of MSD opportunities: The researchers analyzed MSD opportunities by using insights from KIIs and publicly available data to identify priority areas of intervention and estimate economic benefits for MSMEs and service providers. They first calculated the potential beneficiary population by estimating the number of MSMEs in Dadaab and the share that could use or qualify for services.

The researchers then estimated the cost of accessing those services through engagement with private providers. Finally, they calculated the total market size and projected income uplift by comparing current MSME costs and losses with a counterfactual scenario in which services were available.

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