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BACKGROUND PAPER: May 2021

How can the economic recovery from the COVID-19 pandemic enhance peace in Kenya?

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A wholesale trader sits inside her near-empty store with a few bales of imported second-hand clothes amid the COVID-19 outbreak in Gikomba market, Nairobi

Background

The first case of the coronavirus disease (COVID-19) was reported in Kenya on 13 March 2020. To respond to what was by that point a global pandemic, the Kenyan government announced a series of measures aimed at stemming the spread of the virus. These included limitations on domestic (as well as international) travel, a ban on social gatherings, a dusk-to-dawn curfew, school closures and other lockdown measures. The health impact of COVID-19 in Kenya has been limited compared with many other nations (in mid-March, fewer than 2,000 deaths from COVID-19 had been recorded),¹ but the economic impact of both the domestic restrictions and the global economic fallout has been severe, with the Kenyan economy contracting for the first time in 12 years.² Travel restrictions have curtailed tourism and lockdowns in Kenya's key export markets have undermined trade in key commodities, such as tea, flowers, and fruit and vegetables. The COVID-19 restrictions and the global impacts have affected the most vulnerable through increased unemployment, food price inflation and increased transport costs.³ The economic impact has

particularly affected the informal sector. Opportunities in the informal sector have reduced; restrictions placed on open-air markets have affected small-scale traders; and fear of contagion has led to a reduction in the demand for domestic workers.

The Kenyan government has instituted several economic measures to cushion workers and industries, including tax exemptions and reduction, and increased funding for cash transfers. These have been criticised, however, for overly targeting the formal sector and calls have been made for much wider social protection to be instituted.⁴ With the vaccination programme anticipated in 2021, policy-makers are looking towards the economic recovery and protecting businesses and jobs in Kenya in the longer term.

In this drive towards economic recovery, it is important to remember that conflict and peace dynamics are frequently shaped by the political economy⁵ and Kenya has long been prone to incidences of violent conflict, particularly around election cycles. Kenyans will go to the polls for a constitutional referendum in 2021, followed by general elections in 2022. Economic marginalisation and high levels of inequality are frequently instrumentalised by

conflict actors. The COVID-19 pandemic and the response have already exacerbated conflict dynamics; use of excessive force and violence by the police in enforcing containment measures during the initial lockdown was widely documented.⁶ Alert's own programming has observed increased conflicts over cross-border trade and between landlords and tenants in informal settlements.

A conflict-sensitive approach⁷ to economic recovery requires understanding about how interventions in economic life impact on the context, and how the interventions themselves are shaped by conflict dynamics. It becomes incumbent upon those working to support the recovery, including policy-makers, donors and civil society, to act to minimise negative impacts on conflict and hopefully to see opportunities for peacebuilding.

This background paper draws on International Alert's work in the field of conflict-sensitive business practice, peace economies and gender sensitivity, as well as recent research on the economic impact of COVID-19 on Nairobi's informal settlements,⁸ to identify some of the conflict sensitivity risks in the economic recovery from the pandemic in the short, medium and long term. The intended audience for this paper is those engaged in policy-making and development programming that contributes to the wider processes of economic recovery. This includes the Kenyan government (at both national and county levels), donors, businesses and investors (local, national and international) and civil society in their roles as a voice for the marginalised and powerless. This is not an exhaustive list of strategies and responses, but is intended to provoke discussion and debate on how a peacebuilding lens can be built into economic recovery in Kenya and similar contexts.

Short-term strategies – social protection

Short-term strategies have focused, and continue to focus, on protecting livelihoods and businesses from the immediate impacts of the pandemic to ensure food and basic income security. Kenya already has several cash-transfer programmes for social protection, both governmental and non-governmental, targeting vulnerable segments of the population. Several have been instituted during the pandemic by the Kenyan government, as well as by Oxfam, UNICEF and the World Food Programme,⁹ among others. For example, the Ministry of Labour and Social Protection allocated KES10 billion to the elderly, orphans, and other vulnerable members

of society. This cash transfer was intended to address immediate needs for food and other essentials, as well as stimulating local markets.

Conflict and gender sensitivity risks

Although cash transfers can promote social cohesion (e.g. through enhancing the social contract with the state¹⁰), they can also create divisions between recipients and non-recipients. International Alert's research on informal settlements in Nairobi highlighted confusion and perceptions of corruption in relation to the distribution of cash.¹¹ While some schemes were considered transparent (particularly where programme implementers were seen to be physically identifying vulnerable households), others administered by local officials, through insights from local leaders such as elders and *Nyumba Kumi*¹² structures, were seen as unjust and driven by nepotism and corruption. These have served to deepen divisions, particularly along ethnic lines, which have been drivers of violent conflict in the past.

Cash transfers and other support mechanisms can also have highly gendered impacts, particularly in terms of affecting power dynamics within households, depending on how they are targeted. This can have a potentially positive impact on levels of intimate partner violence (e.g. by increasing women's bargaining power within the household or reducing economic stressors), though risks of negative impacts are also possible (e.g. where cash transfers threaten male power within households).¹³ In Kenya (as elsewhere) the COVID-19 pandemic has increased economic stressors leading to greater levels of intimate partner violence.¹⁴

Kenya has one of the highest rates of mobile money penetration in the world, which has provided a means to distribute cash securely (as well as maintain social distancing). Reliance on mobile money services can, however, be exclusionary to those without access to a phone, phone signal (i.e. in rural areas) or the formal identification documents required to open a mobile money account and even withdraw funds. This social marginalisation can perpetuate economic marginalisation and exacerbate grievances. Mobile money provides great opportunities for distributing cash, but it still relies on restrictive processes to register people into schemes and determine eligibility.

Recommendations

- Transparency over the needs assessment and eligibility criteria for social protection is critical to avoid corruption and perceptions of unfair allocation. This includes



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Barbers wear face masks while shaving their clients amid the spread of COVID-19 in Kibera, Nairobi

understanding community perceptions of the legitimacy of community gatekeepers who may be involved in determining eligibility for assistance.

- It is important to understand how interventions such as cash transfers are targeted and whether this could exacerbate conflict dynamics between dominant and excluded groups. This should include mapping the distribution of different interventions to ensure coordination of efforts and avoid duplications, which could exacerbate conflict dynamics.
- It is critical to provide effective mechanisms for those within social protection schemes to raise grievances about the scheme. This should also be available to those outside the schemes, who may have grievances about why they were not included.
- Cash transfer schemes provide the opportunity to empower existing and local structures (such as Savings and Credit Cooperative Societies (SACCOs)) to implement these schemes. These could act as a means to promote greater transparency and accountability, and enhance reach and inclusion.
- Gender analysis is also of critical importance to understand how women and men access social protection and how it might impact on household dynamics, including gender-based violence.

Medium-term strategies – protecting livelihoods, including in informal economies

In the medium term, it is important to protect the wider economy to ensure that supply-side providers are ready for recovery as economic life restarts.¹⁵ These policies can include sector bailouts, tax relief and reforms, and providing credit for small and microenterprises. In Kenya, tax relief was introduced in the early days of the pandemic, particularly for those on low incomes;¹⁶ however, given the impact on the informal sector in Kenya, it is important to ensure that informal economic actors are supported to adapt to the restrictions put in place to contain the pandemic. The informal economy accounted for 83.6% of total employment in Kenya in 2019.¹⁷ The Kenyan government instituted the National Hygiene Program (NHP), known as *Kazi Mtaani*, as a public works initiative intended to “cushion the most vulnerable but able-bodied citizens living in informal settlements” through providing youth with casual employment.¹⁸

Conflict and gender sensitivity risks

These medium-term measures pose conflict sensitivity risks, for example, around employment support where risks around targeting or perpetuating negative narratives around unemployment can drive divisions.¹⁹ Interventions can also perpetuate gender inequalities, particularly within labour markets. For example, if programmes targeting youth make implicit assumptions that youth are male, this can marginalise women from support. As with social protection, perceptions of mismanagement or elite capture of employment schemes can lead to grievances. In Kenya this has already led to riots around payments to youth engaged in the *Kazi Mtaani* programme.²⁰ Mismanagement of such schemes can further damage state-citizen trust. Informal settlements, where much of the informal economic activity in urban areas is located, are often affected by a range of conflicts and economic grievances are likely to be exacerbated by the effects of the pandemic.

Recommendations

- Any economic interventions (such as public works programmes) should be embedded in a thorough analysis of the conflict context and political economy, particularly in terms of who stands to benefit or be excluded and how this interacts with conflict dynamics. Analysis needs to consider targeting participants as well as assessing which businesses (and other interests) stand to benefit from such support.
- Equally, interventions need to understand the gender dynamics and how these might be impacted by ensuring a recognition of gender differences, so that women and girls can equally benefit and avoid reinforcing negative gender norms. For example, assumptions about youth engagement in labour markets (and conflicts) need to be unpacked to ensure interventions do not merely reproduce gendered roles.
- It is critical to explore the assumptions around the informal sector and understand the factors of resilience and flexibility in economic livelihoods; for example, simplifying access to finance could aid informal economic actors and reduce marginalisation. At the same time, economic interventions need to acknowledge that entrepreneurship is a survival mechanism for many people.
- Interventions should build on existing initiatives based on solidarity and mutual support and enable these to have a positive peacebuilding impact.
- The government taking a more active role in the economy presents an opportunity for the transformation

of economic relations, particularly supporting the social contract between citizens and the state. Engaging bodies such as the National Cohesion and Integration Commission proactively into the design of economic interventions can help identify further opportunities for ensuring that economic recovery is conducive to peace.

Long-term strategies – towards a peace-conducive economic recovery

In the longer term, strategies need to focus on promoting economic recovery once the health crisis has abated.²¹ The Kenyan government needs to develop credible, resourced and implementable plans for economic recovery based on engagement between the public and private sectors. These need to look at supplying local needs through local production (which will boost supply chains and local industries to sustain jobs, as well as attract private-sector investment into targeted sectors). Alongside this, there is a need to strengthen governance processes and invest on critical infrastructures such as health systems, social security and education, so that the country is better prepared to deal with future shocks and emergencies. This should also include longer-term planning for social protection.²²

Conflict and gender sensitivity risks

Looking to the future, there are continued risks linked to the limited trust between citizens and the state in Kenya. The widely documented misuse of funds in the procurement of COVID-19 medical supplies and personal protective equipment has likely contributed to further undermining this trust.²³ Improved governance is highly relevant to the likelihood of success for economic recovery. For example, health workers are repeatedly on strike paralysing the delivery of health services, a factor exacerbated in impact by the COVID-19 pandemic. This is driven not just by concerns over pay and working conditions, but also over who manages and decides policies within the devolved governance structures.²⁴ Conflicts linked to governance are often exacerbated by the perceived marginalisation of different identity groups that are instrumentalised, particularly around elections. Within this it is important to understand the wider gender dynamics of the economic and conflict contexts.



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Customers select imported second-hand clothes amid the COVID-19 outbreak in Gikomba market, Nairobi

Recommendations

- A conflict-sensitive approach to economic recovery needs to consider how these changes are impacted by the wider conflict context, particularly as Kenya moves into a politically charged two-year period before the 2022 elections, punctuated by polarisation over proposed constitutional reforms in 2021.
- By grounding the planning for economic recovery in an understanding of the conflict context and political economy, as well as gender dynamics, initiatives can avoid exacerbating conflict dynamics between different groups and sectors of society and can identify ways to reduce horizontal inequalities and address long-standing grievances.
- Furthermore, linking economic recovery to governance reforms is critical to addressing longer-term drivers of conflict. This could include strengthening existing oversight mechanisms such as the Ethics and Anti-Corruption Commission, supporting the Independent Electoral and Boundaries Commission (IEBC) to reform electoral processes, or supporting national and county governments to invest in locally-led development processes.

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Cover photo: © Reuters/Baz Ratner/Alamy. A worker sorts roses on the packing line while wearing protective equipment to help combat the spread of COVID-19 in Naivasha

International Alert

346 Clapham Road, London, SW9 9AP, United Kingdom

Tel +44 (0)20 7627 6800 Fax +44 (0)20 7627 6900

Email info@international-alert.org

www.international-alert.org



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