

**CONFLICT OVER URBAN BUSINESS SPACE: A CASE OF KENYANS AND SOMALI
REFUGEE ENTREPRENEURS IN NAIROBI'S CENTRAL BUSINESS DISTRICTS,
1991-2020**

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DECLARATION

This research project is my original work and has not been presented for an award degree at any other university.

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This research project has been submitted for examination with our approval as the University supervisors.

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DEDICATION

This work is dedicated to my daughter who served as the motivation for me, going back to graduate school.

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ABSTRACT

This project paper seeks to investigate the conflict over urban space in Nairobi's CBD between local entrepreneurs and Somali refugee entrepreneurs. The paper focuses on the circumstances that contribute to the conflict, consequences and the efforts taken by the central and local government to address it. Accordingly, the entry of the Somali refugee entrepreneur has produced tensions with locals because of the unethical business practices that they utilize to outmaneuver and edge out local business people. This imbalance both in the physical business space and along the supply chains within the CBD has resulted in protests by local business entrepreneurs demanding that Somalis refugee entrepreneurs leave the commercial space. The paper also reveals that, while both the local and central governments have attempted to reduce tensions through various measures, the CBD business space has undergone massive transformation during the study period, implying that the potential for conflict remains. Therefore, more research should be conducted to better understand the effects of Somali refugee investments in the Nairobi business environment.



Picture 1: Modern Map of Nairobi

CHAPTER ONE

INTRODUCTION

Conflicts between host communities and refugees or immigrants are a common occurrence in many countries across the world. In most cases the host communities have developed and expressed xenophobic attitudes and attacks against the refugees or immigrants whom the host communities accuse of compete with for the scarce jobs and business opportunities. Xenophobic attacks have recently been witnessed in South Africa where the local communities in cities such as Johannesburg have directed xenophobic attacks against foreigners from other African countries. The attackers have consistently claimed that the foreigners are denying them the opportunity to get jobs and engage in business.¹

Kenya is currently home to about 492,046 Somali refugees. While the bulk of these refugees have been confined to the Dadaab refugee camp, Nairobi is home to a big number of refugees from Somalia who mainly engages in business activities. The businesses owned by the Somali refugees in the Nairobi Central Business District have grown exponentially in the recent years. That growth of Somali Refugees businesses has increased competition for the available business spaces within the CBD. The refugee's businesses seem to enjoy relative competitive advantage due to the networks they have abroad. This competitive advantage seems to driving indigenous traders out of business fast.²

This study investigates the tensions that are brought about by the rivalry between the Somali refugees and the indigenous entrepreneurs over business spaces in the Nairobi CBD. Arising from a gradual and constant competition, the business rivalry is resulting to the local entrepreneurs developing xenophobic tendencies towards the Somali refugee traders. While the Government of Kenya based on the Refugee Act insists on a policy of encampment for all refugees and proper registration of all urban refugees, the study will also establish what role the

¹ Sara Jabril, "Somali Business Flourishes in Kenya but Xenophobia Threatens the Peace in Eastleigh," *Fair planet* (2012), <http://www.fairplanet.org/story/somali-business-flourishes-in-kenya-but-xenophobia-threatens-the-peace-in-eastleigh/>(accessed 3 April 2017)

² Qasim Hersi Fara, "The Stability/Sustainability Dynamics: The Case of Marine Environmental Management in Somalia," *York space*,(PhD diss, York University, (2016),<http://www.liberty.edu/academics/graduate/writing/index.cfm?PID=34316#> (accessed 17 October 2017)

Government of Kenya and other refugee agencies have played to address the simmering tensions in the Nairobi CBD.

1.1 Historical Background

Somalia gained her independence in 1960. A civilian government was put in place but it only lasted for 9 years. The increasing inter-clan warfare, droughts and lack of national progress created resistance among the people which led to the assassination of the regime's president Mr. Abdirashid Ali Sharmake on October 15th 1969. The military through their leader Major General Mohamed Siad Barre took the power on 21st October 1969 via a coup following days of a stand-off.³

In the first 15 years of the new leadership, the Somali military was transformed into one of the most powerful military forces in Africa. The economy improved fast and was recognized as one of Africa's "miracle economy." Somalia became one of the most stable countries in Africa in terms of security. By late 1980s, the capital city of Somalia Mogadishu was recognized as the cleanest and most peaceful capital city in the World. Nevertheless, these honey moon years started coming to an abrupt end after just 15 years. By late 1985, the regime was getting weaker and the situation steadily becoming worse. As a result, the citizens were divided into sectarian clans and sub-clans, with deep seated hatred and animosity against one another as was the case prior to independence. The SNM, USC and SPM were the three main clan-based strong war parties following the wiping out of SSDF⁴.

After the collapse of said Barre's regime in 1991, Somalia degenerated into a warzone area, a battle field of factional fights and anarchy. Each of the clans and sub-clans had their own warrior or political party in order to fight their existence. Consequently, weak fiefdoms and autonomous regions such as Somaliland, Puntland and several other names with the suffix of "land" were later on established haphazardly.⁵ Following the ensuing anarchy and conflict, the Somali people

³ Ibid.

⁴Yasin Mohamed Yasin, "Regional Dynamics of Inter-ethnic Conflicts in the Horn of Africa: An analysis of the Afra-Somali Conflict in Ethiopia and Djibouti," (PhD diss, *University of Hamburg*, 2010).

<https://www.scribd.com/documents/313834633/An-Analysis-of-the-Afar-Somali-Conflict-in-Ethiopia-and-Djibouti> (accessed 17 October 2017)

⁵ Barry N. Stein and Frederick C. Cuney, "Refugee Repatriation During Conflict: Protection and Post-Return Assistance. *Journal of Development in Practice*, Vol 4 No. 3 (2006) pp 173-187.

sought legitimacy, protection and representation through the clan system. However, it is the same clan system that continued to feed sectarianism and violence in the people's culture and manners.⁶

Somalia has therefore been without a proper functioning government for close to three decades since Mohamed Siad Barre was ousted on 26th of January 1991. The failure to establish a stable government in Somalia has prolonged the once inter-clan conflict into a civil war with a lot of effects. Hundreds of thousands have lost their lives, property destroyed and many have been displaced. While the war has been a Somali issue, the effects have been more regional than national. Kenya hosts many Somali refugees residing in both Dadaab camp as well as in Nairobi City.

Kenya currently hosts 492,046 refugees from Somalia. A big number come to Kenya after the collapse of the Barre government in 1991 and the catastrophic sectarian war and humanitarian crisis that ensued. The number of Somali refugee arrivals into Kenya has increased significantly from 2011 due to drought, famine and the ongoing war in Somalia, making Dadaab the World's largest refugee camp.⁷

Nairobi as a city was founded in 1899 from a region that was recovering from an epidemic and famine. Nairobi did not have an industrial base and therefore the wealth of country was domiciled in the agricultural sector and therefore there was no need for a permanent labour force. The British colonial government sought to make the capital a city of male immigrants, the permanent African population clustered in the service sector servants, prostitutes, and households and many landlords were in distinct in cities. Nairobi's Central Business District (CBD) was built on a policy of exclusion well-established by the colonial master plans that established racial segregation. In this arrangement, Africans were not among the beneficiaries as the Europeans and Asian entrepreneurs claimed the CBD.

⁶Bruce D. Jones, "The Challenges of Strategic Coordination: Containing Oppositions and Sustaining Implementations of Peace Agreement," (IPA Policy Paper Series on Peace Implementation, June 2001. New York)

⁷John G Nyuotyo, "Peace Processes and Conflict Resolution in the Horn of Africa," *Journal of African Security Review*. Vol 12 No 3 (2010) pp83-93.

With time, many of the refugees from Somalia have moved to the capital city Nairobi. This though does not auger well with national policy which emphasizes the encampment policy. However, the government despite various efforts has failed to return these refugees to designated camps. Since much of their entry is done in unlawfully, little attention has been given to the aspect of their survival. In fact, the number of Somali refugee population in Nairobi is not exactly known. Official figures suggest that there are around 46,000 Somali refugees in Nairobi. However, unofficial figures estimate that there could be up to 100,000 Somali refugees in Nairobi as of 2005.⁸ Urban Somali refugees are scattered in the city and are highly mobile. They are usually unwilling to come out for assistance owing to the fears that they might be deported or made to go back to the refugee camps. As a result, they largely live as ‘invisible’ refugee population.

The reasons why the refugees come to Nairobi vary but most Somali urban refugees cite looking for better livelihood opportunities and increased security as the main reasons. Many others refugees report the hardship of having to live in camps where no chances of employment exist coupled with harsh climatic conditions. The refugees therefore move to urban areas in search of economic opportunities and the hope of a better life.⁹ In Nairobi, one in 10 of Kenya’s refugees has been formally documented and retains the right to live in the city, but many of them remain unregistered and therefore considered illegal. However, this has not affected their overflow into the city. By 2012, about 33,000 urban refugees had been registered in Nairobi, Kenya.¹⁰

The Somali refugees, who settled in Nairobi, first settled in areas like Eastleigh, South C, and Githurai 45, where they started to take part in income-generating activities like the cattle trade, particularly cross-border trade with Somalia.¹¹ They also established relations in neighboring countries to set up regional trade networks, trading everything from shoes to clothes and

⁸Ted Dagne, “Somalia: Current Conditions and Prospects for a Lasting Peace. *Journal of African Peace*. Sage Publications, pp 5-7

⁹Joselyn Chebichi, “The ‘Legality’ of Illegal Somali Migrants in Eastleigh Estate in Nairobi Kenya,” (*M.A diss, University Witwatersrand Johannesburg* 2009)<http://wiredspace.wits.ac.za/bitstream/handle/10539/8194/Chebichi%20J.pdf?sequence=1&isAllowed=y>, (accessed 3 April 2017)

¹⁰ Amnesty International, “Amnesty International Report 2014/15, The state of the world’s Human Rights.” *Amnesty International Ltd*, London 2015, (accessed 3 April 2017)

¹¹ IRIN News, “Kenya: Camp Resources Stretched by Influx of Somali Refugees,” <http://www.irinnews.org/report/82792/kenya-camp-resources-stretched-influx-somali-refugees>. (accessed on 3 April /2017)

perfume. They dominated the import trade of manufactured goods from the Middle East.¹² In the late 1990's the refugees turned Eastleigh into both a commercial and business center through funding mainly from foreign remittances and reinvestment of acquired profits.¹³ This study sought to assess the basis of the conflict over business space in the Nairobi CBD area. The study also investigated how the ensuing conflict and xenophobic feelings from perceived unfair business practices have affected businesses in the area.

1.2 Statement of the Problem

Somali refugees have gradually and consistently taken up most of the business spaces in the Nairobi Central Business District. More buildings have recently been constructed in the Nairobi CBD which owned by the Somali business. The Somali refugees have equally bought many of the buildings in the Central Business District as is evident with the Islamic inspired architecture. The influx of Somali refugees into the Nairobi CBD has resulted in a dramatic increase of the rent of the business spaces making the locals unable to afford.¹⁴

Though against the law which emphasizes on encampment of refugees, the influx of refugees to Nairobi has been in large quantities due to the many benefits that are found in the city as opposed to the camps and in particular the opportunity to engage in business activities. Refugees with the help of overseas remittances and assistance from relatives abroad are able to establish profitable business in sectors of the economy such as transport, clothing and electronics. Such an influx of refugees in other parts of Africa and the world has caused serious conflicts between local businessmen and women. Xenophobia and other forms of refugees' discrimination has been part of this conflict. In March of 2008 and February 2015 foreign owned business were attacked by South African citizens. Images of Mozambique man being lynched were captured worldwide.¹⁵ According to African Center for Migration and Society in Johannesburg, there have been almost 360 xenophobic murders since 2008, particularly of Zimbabwean, Mozambique and Somalis. In

¹²Sara Pavanello and Samir Elhawary, "Hidden and Exposed: Urban Refugees in Nairobi, Kenya," *Humanitarian Policy Group working paper*, (2010)

¹³Kevi Savage and Paul Harvey, "Remittances During Crises: Implications for Humanitarian Response," *Humanitarian Policy Group*, (2007)

¹⁴ Farah Abdulsamad, "Somali Investment in Kenya," *Chatham House Briefing Paper*, London(2010) http://www.ethiox.com/articles/somali_investment_in_kenya.pdf. (accessed 3 April 2017)

¹⁵ David Smith, "Xenophobia in South Africa: 'They Beat My Husband With Sticks And took Everything,'" *The Guardian*, ,Friday 17th April 2015 issue, <https://www.theguardian.com/world/2015/apr/17/xenophobia-south-africa-brothers-violence-foreigners> ,(accessed 17 October 2017)

April 2016, 62 Rwandan owned shops were looted in Zambia.¹⁶ It was described as the worst xenophobic violence in the country. Young Zambian men ransacked Rwandan owned shops possibly showing the mounting frustration at the highest levels of unemployment and the rising cost of life.¹⁷ While this has been established elsewhere, little is known about the reaction of local business people in Nairobi's CBD expect for murmuring and newspaper reports about tension between the local and refugee businessmen because of increased competition.

This study sought to investigate the tensions arising out of gradual but consistent occupation of business spaces in Nairobi CBD by Somali refugees. The study sought to establish if xenophobic attitudes by the local entrepreneurs towards the Somali refugee entrepreneurs exist and what factors have contributed to its rise. The study sought to assess how such tensions affect the economic activities of those who do businesses in the Nairobi CBD area. Finally, the study assessed what role is played by the government of Kenya and other refugee agencies in addressing such tension.

1.3 Key Research Questions

This study set out to investigate a number of questions that have emerged from the literature

The questions include:

1. What factors have triggered refugee-host conflict within the Nairobi CBD area?
2. How has the conflict affected economic activities of those who do business in the area?
3. What efforts have been made to address the ensuing conflict?

1.4 Objectives of the Study

The objectives of the study were:

1. To evaluate the factors responsible for refugee-host conflict over business space in CBD.
2. To assess the effects of the conflict on economies of the traders and the nation at large.
3. To investigate efforts made at addressing the conflict.

¹⁶ Rwandans are the largest group of immigrants owning shops in the densely populated areas which have been affected by the riots. They number about 6,000 and many of them came to Zambia as refugees fleeing the 1994 genocide in their home country.

¹⁷ Lynsey Chute, "Xenophobia: African Migrants In South Africa Are in Fear For Their Lives-Again," *Quartz Africa*, <https://qz.com/915854/nigerians-somali-and-malawians-have-been-attacked-in-south-africa-sparking-fears-of-a-repeat-of-xenophobic-violence/>, (accessed 17 October 2017)

1.5 Justification of the Study

While there has been a plethora of studies on refugees, majority of such studies have concentrated on the conditions of refugees in camps. There hasn't been much attention paid towards an understanding of the plight of refugees living in urban setups. This problem has been compounded by the fact that majority of urban refugees are 'invisible refugees' as they hide out fear of forced return to camps. This is based on the fact that many host countries including Kenya, have rules which emphasize encampment of refugees.

Following the increasing influx of Somali refugees to Nairobi, and their subsequent movement from their previous habitation in Eastleigh to Nairobi's CBD, conflict over business space has been witnessed. This conflict erupts out of assumption by most local entrepreneurs that refugee businesses are not conducted in a transparent manner. Their suspected strong financial position plus the alleged connection with the local institutions has enhanced the frequency of the tensions. These tensions have seen various businesses closed down. Such conflicts have not been researched on in the existing literature on refugees. This omission by existing literature necessitates an academic study on the same.

This research sought to investigate the causes of refugee-host conflicts over business entities. The study also assessed the extent of the impact of such conflicts on the economy of the affected populations. By doing so, the study aimed at contributing to existing literature on the study of urban refugees. The findings of the research will also be relevant in policy making, especially on refugee-host relationship within business environs.

1.6 Scope and Limitation

This study is on conflict over urban space between urban refugees and local Kenyan entrepreneurs. This study was on conflict between the Somali refugee and indigenous entrepreneurs in the Nairobi CBD area specifically along Luthuli Avenue, Banda Street, Tubman Road, Ronald Ngala, and Moi Avenue. These streets and avenues are considered the hub of most of the commercial activities in Nairobi. The streets are categorized according to the goods they specialize in, with Luthuli Avenue and Tom Mboya streets trading in electronic goods, at Tubman Road, electronics are on sale but textiles and imported designer clothes are predominant on sale in Banda Street, and parts of lower Moi Avenue near the Kenya cinema are mainly

characterized with coffee shops and eateries which specialize in Somali cuisine finally Ronald Ngala Street is mostly dominated by the Matatu entrepreneurs.

The study focused on the period between 1991 and 2020. This period was selected as 1991 marked the collapse of the State in Somalia and the refugees started streaming into Kenya. That period from 1991 to 2020 represents the period that Somali Entrepreneurs acquired most of the business spaces in the Nairobi CBD and the period that most Kenyan and Indian traders were displaced by the Somali refugees from business spaces that they had been occupying. This period provides an adequate time to analyze if conflict over business spaces has developed.

In the process of conducting the study, a number of problems were experienced. This included identifying respondents. Because of the nature of their presence in the city, many refugees preferred to hide their identities. Thus, it was not easy to be guaranteed cooperation.

The problems were solved through the hiring of a research assistant from the Somali community to help in translation. Cooperation was achieved through the use of proxies such as indigenous shop assistants employed by the Somali refugee community.

1.7 Literature Review

This section reviews literature that exists on the subject of the relationship between refugees and host communities. The section will also highlight Literature that discusses how refugees' especially urban refugees engage in business opportunity and if there are cases in which conflict have been witnessed between refugees and host communities especially over business spaces. This section seeks to identify the gap that exists in literature relating to refugee and host communities' relationship especially with respect to competition over urban business spaces. The section reviews literature from a global level, looks at literature on conflict between Refugees and host communities in the African region and finally in Kenya to establish the gaps that have not been addressed by the existing literature on the issue of conflict between local communities and refugees over urban business spaces.

Ranford Danson discusses the resettlement policy of the Somali refugees in Canada as they constitute the largest African immigrant community in both Toronto and Canada as a whole. He

explores the social interactions between the Somali refugee community and the indigenous citizens by stating that the highly skilled immigrants often face racial discrimination and lack of recognition of their prior credentials forced them to engage in informal trade. The business-oriented immigrants also encountered hurdles which prevented them from becoming established thus becoming “ghettoized service providers and ghettoized merchants”.¹⁸ While addressing the plight of Somali refugees in Canada, the author falls short of establishing whether there has been any conflict over business activities between indigenous Canadians and Somali traders. This study seeks to find out whether there are tensions in the Nairobi CBD.

Paul White and Kate Day explore the relationship between Somalia’s and Britain’s colonial links and the factors that make Britain the preferred destination for Somali refugees seeking asylum. The authors explain how cities like Yorkshire have had a history of Somalis being involved in industrial employment as early as the 1930s thus showing the social ties between Somalia and the United Kingdom.¹⁹ This research seeks to analyze the relationship between Kenya and Somalia and the perception that Nairobi is the preferred place of investment for most of the Somali refugee Diaspora community and the sudden perceived increased conflict between Somali and Kenyan entrepreneurs.

Christian Webersik narrates that the urban based elites in Mogadishu are the main beneficiaries of profitable business activities such as the trade in charcoal. He argues that trade can generate conflict in urban areas and also along transport routes. He also points out that in countries that lack effective government institutions, social services such as education, health and security are often privatized as is the case of Nairobi city particularly in the commercial business district area. In Mogadishu, the business elite controls utilities such as health services, telecommunications networks and public transport as is the case in modern day Nairobi.²⁰ The author brings out the perception that there are powerful Somali refugee businessmen who benefit from the lawlessness in Mogadishu due to the absence of a formal government. The author’s work

¹⁸Ransford Danso, “From ‘There’ to ‘Here’: An Investigation of the initial settlement experiences of Ethiopian and Somali refugees in Toronto,” *Geoportal* Vol 56, No. 1(2002) pp 3-14.

¹⁹Kate Day and Paul White, “Choice or Circumstance: The UK as the location of asylum applications by Bosnia and Somali refugees,” *Geoportal* Vol 56, No. 1(2002) pp 15-26

²⁰ Christian Webersik, “Mogadishu; An Economy Without a State: *Third World Quarterly* Vol. 27, No. 8 (2008) pp 1463-1480

is of importance as it shows how the dominance of particular persons or groups can cause tension among people in a particular society thus it is likely that the perceived dominance of the Somali refugee business community in the CBD could be fermenting similar tensions as in the case of Mogadishu.

Elliot Anderson in explaining international conflict argues that as developmentally challenged nations risk falling prey to more developed and more accomplished international ones, for the sake of self-preservation, citizens in weaker nations act out of desperation and therefore resort to engaging in illegal activities. The case in point is the Somali who engage in illegalities such as piracy and arms trade in the coast of Somalia.²¹ However, the author does not mention if the competition for the basic needs could be used to explain conflicts among populations in business environments. This study will assess that within the case study of the Nairobi CBD conflict.

According to Farah Abdulsamad, the instability in Somalia is the main reason why Kenya is hosting many Somalis refugees in the last 20years. He points out that the refugees have established themselves in many Kenyan towns and cities and engaging in various business activities. The majority Somali refugee business activities are however centered in the Eastleigh neighborhood of Nairobi. In Farah's opinion, the vigorous and highly unregulated business activities that prospered in Somalia after the collapse of the Berre regime seemed to have been transferred to Kenya. The rapid economic growth of Eastleigh has exponentially introduced stiff competition in Nairobi, making the cost of goods and services to substantially go down. The success of Somali entrepreneurship in Kenya has also attracted the interest of other Somalis in the Middle East, United Kingdom and Northern America who are investing too.

The quick growth of Eastleigh has however generated tensions between the Somali entrepreneurs and local Kenyan entrepreneurs.²² The analysis by Abdulsamad brings out the process that has resulted in the influx of Somali refugees to Kenya. It also covers establishment of businesses and their relation with Kenyan entrepreneurs who feel uncomfortable with the competition brought

²¹Anderson. E. *"The Development of an illegal Industry in Response to An Unjust Global Gower Dynamic."* Indiana University Press. (2010).

²² Abdulsamad, "Somali Investment in Kenya," pp 3-7.

about by the Somalis. However, the scope of the author is limited to Eastleigh and thus omits Nairobi's CBD.

The business growth has resulted to loss of affordable housing thereby pushing many long-time residents out of Eastleigh into neighboring slums. The growth has made rents for those who have chosen and can afford to remain to skyrocket. The mainly informal business activities of Somalis have also had negative impact for small and mid-sized business in general and the Asian entrepreneur in particular, brewing a simmering tension between the Asian and Somali entrepreneurs.²³ The many long-term residents pushed out of Eastleigh migrated to neighboring slums such as Mathare, Majengo and the dilapidated council houses of Jericho and Maringo. This is also a reflection of how the entry of Somali refugees to Nairobi has affected not only business personalities but the social aspect of life in general including housing. This analysis will be extended to the CBD case to offer a comparative study on how the area has been impacted upon by the Somali refugee.

According to Sara Pavanello and Samir Elhawary, the demarcation between business, politics and religion are not well defined and there are case of Somali refugees who use their financial muscle to participate in unfair business practices against resident communities such as collusion with Kenyan landlords to hike rents in places such as Eastleigh and Komarock. Somali refugees who do not have legal documentation are often accused of asking other Somali refugees or local Somalis with tenancy agreements to sign tenancy agreements on their behalf. This usually generates a markup as refugees with no legal documents ask to pay higher rents than those agreed upon on the tenancy agreements.

This is a lucrative business especially in Eastleigh and often Kikuyu landlords facilitate these transactions. The Somali refugee community purchased residential housing converted them into modern retail outlets in the same manner.²⁴ The authors have offered a case of refugees entering Eastleigh and seeking settlement. However, the authors have not considered modern aspect in which Somalis seem to own a big percentage of the properties in the neighborhood and also

²³Ibid

²⁴Pavanello and Elhawary, "Hidden and Exposed: Urban Refugees in Nairobi, Kenya."pp10-13.

make up the big percentage of the tenants. Also, most Somali refugee entrepreneurs came with cash readily available for large investments in the commercially active area the same trend that has taken place in Eastleigh has been the perception that the trend has been duplicated in the Nairobi Central Business District area.

According to Ann Lindle, the constant movement of the Somali refugees between the refugee camps and urban cities such as Nairobi has led to the growth of a transport business to meet the transport demand. The demand has seen the establishment of direct bus lines such as E-Couch, Maslah, Crown and Garissa Bus by Somali operators. These bus services also connect Nairobi to other East African towns and capitals cities. It is perceived that the Somalis refugees in Nairobi, use of local Somalis as proxies have also invested in the matatu (minibus) business. The matatu business had begun as an unregulated mode of transport but was later formalized and now forms a major part of the public transport system. Additionally, more than ten Somali trucking companies have been founded in Kenya in the last 17 years. With just an initial capital investment of around \$5 million each, these companies now post large annual profits of around \$20million. Awale, Tipper Freighters, Dakawe and AINU-Shamsi transporters are some of the leading companies that own hundreds of trucks each.

Apart from the big transport companies, individuals also own and run small companies of two to six trucks a sector that is rapidly growing and playing a very major role in Kenyan transport sector.²⁵ The author analyses well the role of Somali refugees in transport ventures. However, she has not discussed the Somali refugee investment in the city public transport vehicles which were previously dominated by local entrepreneurs such as Eastleigh and Githurai 45 have changed to be predominantly Somali owned. This and how the ownership affects relationship between local and Somali refugees in Eastleigh needs further analysis so as to be a replication of the same in the CBD.

²⁵ Ann Lindley, "Protracted Displacement and Remittances: The View From Eastleigh, Nairobi," *New Issues in Refugee Research*; Research Paper No. 143. Oxford UK
<http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.588.6875&rep=rep1&type=pdf> (accessed April 3rd 2017)

According to Sporton and Valentine, the Kenyan-Somali business elites have accumulated its wealth from the mainstream formal economy. The Kenyan- Somali business elites have combined the experience gained from Somalia's entrepreneurs with their local political networks in order to boost their investment opportunities thus creating partnership between entrepreneurs from Somalia and Kenyan-Somali businesspeople with the former identifying new economic and investment opportunities while the latter helps in funding and setting up the investment in Kenya. Consequently, in exchange for the investment capital, the Kenyan-Somalis provide the Somali businessmen with political protection. It is commonly believed that the mass inflow of Somali refugees into Kenya the early 1990s and the continued rise in the population and greater wealth has come with great advantage which has helped to empower Somalis politically as well as economically. The two scholars argue that the political clout that the Somalis have attained is because of their wealth suggesting that it has reached a point where the Somali financial clout can influence election outcomes in Kenya²⁶. It is based on the strong inter-link between economy and politics involving Somalis that they have become very powerful and decisive in acquisition of property in Nairobi. However, the authors do not link the strength in political power and rivalry in the Nairobi CBD which is the center of commerce and also Kenya's administrative capital (hence close relationship between business and political interests since independence). This work sought to analyze the volatile relationship between politics and business in relation to refugee and host relations in the Nairobi CBD.

According to Joselyne Chebich, the Somali migrants use corruption as another option to survive in Kenya. She argues that the Somali refugees obtain Kenyan or Alien Identity card through various means. Some migrants are actually refugees from the camps, who have the UNHCR identities showing that they are prima facie refugees. Studies conducted by various agencies reveal corruption within government departments e.g., Immigration. The Kenyan Somalis take advantage of this corrupt system to acquire services. Since they possess Kenyan citizenship, it is therefore easy for Kenyan-Somalis to register businesses on behalf of their counterpart from Somalia. Usually, this kind of assistance is done with an agreement and some form of payment maybe because it is a tedious process to register a business in Kenya. The author highlights

²⁶Deborah Sporton and Gill Valentine, "Identities on the Move: The Integration of Somali Refugee and Asylum Seeker Young People *University of Sheffield*, (2007).

loopholes exploited by Somali refugee traders in surviving in Eastleigh²⁷. This study analyzed the possibility of such unscrupulous methods being applied to acquire property in the CBD.

According to Edward Mogire,²⁸ the Kenyan government in the 1990s facilitated a lot of refugees obtain Kenyan national Identity Cards in order to access social services, employment and also engage in economic activities. The thinking was necessitated by the need for skilled labour and economic activities which refugees could provide. Tanzania too followed suit with the open-door policy. It offered refugees land but the political, social economic and environmental problems that accompanied the policy made the two countries to change their policies towards a more restrictive policy. The then president Benjamin Mkapa commissioned a study which concluded the refugees were a security threat. The Moi regime in Kenya also began to crack down hard on refugees in urban areas. The argument brings out the dangers associated with giving refugees much freedom and treating them like locals. However, the problem of competition over urban space and resources has been omitted from the discussions.

1.8 Theoretical Framework

The conflict over urban space in the Nairobi CBD is economic in nature but do take a social aspect in the sense of the knitting of the affected persons being divided into groups based on country of origin. As such, this study was conceptualized through the theory of Social Conflict. Social conflict can be defined as the struggle for agency or power in society. Social conflict or group conflict occurs when two or more actors in a society oppose each other in their social interaction, reciprocally exerting social power in an effort to attain scarce or incompatible goals and prevent the opponent from attaining them. It is a social relationship wherein the action is oriented intentionally for carrying out the actor's own will against the resistance of other person or parties. The main proponents of Conflict Theory include Karx and Marx Weber. The theory has been used previously in analysis of economic-interest conflicts between different groups in society.

²⁷ Chebichi, "The 'Legality' of Illegal Somali Migrants in Eastleigh Estate in Nairobi Kenya," pp 4-7.

²⁸Edward Mogire, "Refugee Realities: Refugee Rights versus State Security in Kenya and Tanzania," *An International Journal of Holistic Mission Studies* Vol. 26, No. 15(2009) pp. 15-29

According to Karl Marx, in capitalist society, there are only two classes, the owners of the means of production and the workers. These two groups constitute two classes with positions that are inherently antagonistic and by their nature dictate different economic and political interests. The means of production such as land and factories are owned by a few people; the bourgeois class that dominate and exploit the working class. This exploitation is the main source of class conflict between the two classes.²⁹

Conflict theory puts more emphasis on interests, rather than norms and values in conflict. It postulates that, the pursuit of interests generates various types of conflict. Conflict is therefore seen as a normal part of social life rather than an abnormal phenomenon. Competition over scarce resources is often a source of conflict. This theory has three basic tenets. 1) Society is made up of different groups that compete for scarce resources and while societies may portray a sense of cooperation, a continual power struggle exists between social groups as they pursue their own interests. 2) Within societies, certain groups control specific resources and means of production and 3) Social groups will use resources to their own advantage in the pursuit of their goals. This often means that those who lack control over resources will be taken advantage of. As a result, the dominated groups will struggle with other dominant groups in attempt to gain control. Often, it's the groups with the most resources will gain or maintain power.

According to Max Weber³⁰, stratification is a major source of conflicts in society. Stratification is defined as the distribution of valued good in levels or could also be described as the inequalities among individuals and groups in a society. Weber identified three levels of stratification. They include: property (economic class), prestige (status), and power (party). Property has to do with control and ownership. Prestige is the position and power is influence and relations.

Ralph Dahrendorf offering a critique of Conflict Theory as developed by Marx argues that Marx defined class too narrowly and in a historically-specific context. According to Dahrendorf, in a post capitalism society class structure is diverse and is characterized by a fluid system of power

²⁹ Jeong. H, "Theories of Conflict," edit. by Lester Kurtz, Encyclopedia of Violence Peace and Conflict Vol. 3., Academic Press, London, (1999).

³⁰ Max Weber, "Economy and Society", University of California press. 1992.

relations unlike during the time Marx developed the theory. He argues that in post capitalist society, the system of inequality is much more complex unlike Marx's two class conflict.

In Dahrendorf's view, post capitalist society has institutionalized class conflict into state and economic spheres. For instance, he points out that class conflict has been institutionalized through unions, collective bargaining, the court system, and legislative debate. This in effect has rendered class conflict of Marx's time no longer relevant. To apply in post capitalist society, Dahrendorf suggested an update of Marx's theory to mirror modern society by rejecting the simplistic and overly focus on property ownership and factoring in the changes that have occurred as with the rise of joint stock Company where ownership does not necessarily mean control of economic production in modern society.³¹

This theory is relevant in analyzing the conflict over urban business spaces in the Nairobi CBD from an economic perspective. The groups in question i.e., the local and Somali refugee entrepreneurs possess different economic positions due to the difference in finances they have. As such the relatively richer Somali refugees have been reported to use their financial wellbeing, status to take advantage of the allegedly corrupt system to advance their interests in the area thus causing conflicts. Here, conflict of interest exists. The Somalis, due to their better economic status have acquired some of the most strategic buildings in the area, thereby alienating the locals from the strategic business points. This, in conjunction with the alleged favoritism of the Somali refugees by the corrupt local administration has helped to exacerbate a conflict which has seen various business personalities vacate the area. The theory was therefore applied in the analysis of this conflict from an economic point of view.

1.9 Hypotheses

This research sought to establish

1. That there are factors that cause conflicts between Somali refugees and local entrepreneurs in Nairobi's CBD.
2. That the conflicts have impacted on the economies of traders in the area.
3. That some efforts have been made to address the conflict.

³¹Jacek Tittenbrun Ralph, "Dahrendorf's Conflict Theory of Social Differentiation and Elite Theory," *Innovative Issues and Approaches in Social Sciences*, Vol. 6, No. 3(2013) pp117-203

1.10 Methodology

The study was conducted in Nairobi CBD. The target groups are the Kenyan traders and the Somali refugees trading in the area. The area was selected because it hosts both Kenyan and Somali entrepreneurs (both Kenyan Somali and Somali refugees' entrepreneurs) conflicting over business space in the city. From the days of Nyayo regime³², the Somali refugee community lives in tightly knit enclaves in order to insulate itself from the larger society. This study sought to examine the role of the Kenyan Somali who is believed to act as the chaperone³³ for both the Somali Refugee and the Somali Emigrant entrepreneurs as they have a deep knowledge of the business practices within the CBD and can also express themselves in English, Kiswahili and a times sheng. The researcher utilized both primary and secondary sources of data. Secondary data was collected through review of books, journals, periodicals, newspapers, magazines and other documentations out-sourced from documentation centers such as libraries and archives.

Primary data was collected through field research. The data was collected through direct interviews with identified respondents through structured questionnaire. Focus Group Discussions (FGDs) were used where necessary. Where authorized by the respondent, the researcher used a tape-recorder to store primary data.

The study sampled 57 respondents from both the Somali and Kenyan entrepreneurs 20 respondents from each group and 17 respondents from the governments and refugees' agencies. 57 was an adequate representative sample of the business around the CBD to generate enough information to carry out the study. The initial lead-respondents were selected based on researcher's prior knowledge and judgmental technique. The lead respondent then recommended other respondents with similar characteristic who in turn recommended other respondent through the snowballing sampling technique. With regard to the government officials and refugee agencies, the study employed purposive sampling technique as the researcher was looking for specific information.

³² "Nyayoism" -President Moi promised to follow in the footsteps (*Nyayo*-in Kiswahili) of President Kenyatta, thus Nyayo become a national motto symbolizing the Moi presidency

³³ A person who accompanies and looks after another or group of people.

The study used qualitative research design aimed at providing description on the causes of the conflict. The study was qualitative hence the adoption of a descriptive research design. Data analysis was descriptive, focusing on themes related to conflict over business spaces between the two groups under study.

CHAPTER TWO

HISTORY OF ENTERPRENUERSHIP IN THE NAIROBI CBD

This chapter examines the historical background of Nairobi's Central Business District and explores how various communities acquired ownership of business spaces in the city at the various times of the city's history. The chapter traces the origin of Nairobi since the construction of railway in the late 19th century to the takeover of most of the city business spaces by the Somali refugee entrepreneurs who came in after the collapse of Somalia in 1991 and the subsequent sectarian wars in Somalia. The chapter investigates the sudden rise of Somali refugee economic muscle in Nairobi and the factors behind it.

2.1 History of Nairobi CBD from 1899 – 1920

The sultanate of Zanzibar initially controlled the area between present day Mombasa and Mount Kilimanjaro before the arrival of European missionaries in the 1840's. In 1886 William Mackinnon Company (Imperial British East African Company, IBEAC) was encouraged to increased British influence in the region by British government. The region was declared a British sphere of influence at Berlin conference in 1885 after the increase of British commercial interests.³⁴

In 1888 the IBEAC was granted a royal charter to govern on behalf of the crown because the British government was reluctant to become involved in the administration of the East African protectorate, however the company did not have enough financial resources for large scale development of the region.³⁵ Nairobi owes its existence to the construction of the Kenya-Uganda railway, which was started in 1896 by the Imperial British East African Company. The area was essentially called Ewaso

³⁴ Jonas Fossil Gjerso, "The scramble for East Africa: The British motives reconsidered, 1884-95" *The Journal of Imperial and Commonwealth History*. Volume 43-5th issue, (2015), <https://www.tandfonline.com/doi/full/10.1080/03086534.2015.1026131> (Accessed on 30 November 2021)

³⁵ Mellissa Wanjiru Mwita and Frederic Grant, "Toponymy, Pioneer ship, and the Politics of Ethnic Hierarchies in the Spatial Organization of British Colonial Nairobi," Department of Geography and Environment, *University of Geneva*, (Published: 23 January 2020) chapter 4, pp 1-6. <https://www.mdpi.com/2413-8851/4/1/6>, (Accessed on 20 November 2020)

Nai'beri (Meaning "a place of cool waters" in Maasai) and was as uninhabited swamp until the IBEAC build a supply depot in 1899. The camp was chosen because of its central location between Mombasa and Uganda and also the network of rivers that could supply the camp with water for residential purposes for British settler and Indian laborers. Eventually the location grew to become the railways headquarters³⁶

Upon inception the East African protectorate was only valued by Europeans as a corridor to the fertile lands around Lake Victoria in present day Uganda, thus the British governments initial offer to lease out land to British settlers was not popular until the construction of the Uganda railway. When the railway reached Nairobi initially only small areas of land in present day Kiambu County were allocated to European settlers (despite the Kikuyu regarding the area as an expansion zone) by 1906 more than 1500 square miles (4,000 square km) had been leased or sold. The Maasai were one of the few groups who did not resist British occupation on their lands, they even served in military campaigns against the Kikuyu, by 1911 they were confined in reserves extending to present day Tanzania.³⁷

Morgan states that in 1905 Nairobi replaced Mombasa as the capital of the protectorate after Commissioner Donald Stewart left Mombasa for Nairobi making it the new administrative capital; the railway shifted its headquarters from Mombasa³⁸. On July of 1906 a 5-man committee was formed, to tackle the problems the town was facing such as no street lighting, unplanned shops, no proper streets, no conservation, no waste collection, no police and no revenue. The committee managed to plan and mark then plots and constructed roadways in the commercial area. In 1919, Nairobi Township become the Nairobi municipal council³⁹. In 1920 the East African protectorate was turned to a colony and renamed Kenya (after its highest mountain).⁴⁰

³⁶ Ibid.

³⁷ Ibid.

³⁸ Dutton, *E.A.T. Kenya Mountain*. (London, Johnathan Cape, 1929). Page, 1–2.

³⁹ Peace Kathure & Priya Sippy, "Ghosts of Colonial Segregation Haunt Nairobi and Dar es salaam," *The African*, (8th/April/2021), <https://newafricanmagazine.com/25738/>, (Accessed on 20 November 2021)

⁴⁰ Morgan, W T W (Ed), *Nairobi: City and Region*. (Oxford, Oxford University Press, 1967), P 3

2.2 History of Segregation and Land ownership within the Nairobi CBD

Racial segregation dictated the structure of land ownership in the new municipality its boundary was extended to include surrounding part-urban settlements Nairobi was divided into seven small sections to accommodate each race, namely, The Railway centers, the Indian bazaar, the European business and administrative center, the Railway quarters, The boundary was again extended in 1927 to cover 30 square miles. The European land speculators claimed land north of the city claiming also the western half of the city. The Indians were to stay within the CBD as the railway stretched southwards.⁴¹

Mellissa and Frederic identify that in 1902 and 1904 there was an outbreak of the bubonic plague in Nairobi which originated from the Indian bazaar (modern day Biashara Street). The colonial government burnt down the entire street to eliminate the rats which caused the plague. The colonial government used Sanitation as a justification of separating races after the Indians were deemed as having unsanitary lifestyles. The native Africans were hostile to the British hence needed to be kept under submission, they only allowed residences based on employment status. The pass laws of 1901 and the vagrancy ordinance of 1922 required indigenous Africans to have identification document which permitting them to work in Nairobi town. They were required to produce to the police upon demand; natives a named the document Kipande (a name it has retained to date⁴²).

Claire Robertson identifies that in 1930, the role of the township grew incorporating administration and commercial purpose and a pattern of racial distinction in commercial and residential areas started to emerge. This was because the initial vision for Nairobi was spacious suburbs and open spaces for Europeans to excel in sport and leisure, which was eventually realized even for Asians. No permanent residences were created to accommodate the rising population of Africans since Africans were employed on temporary contracts.⁴³

⁴¹ Ibid

⁴² Mwita and Grant, Toponymy, "Pioneer ship, and the Politics of Ethnic Hierarchies in the Spatial Organization of British Colonial Nairobi," pp 1-6.

⁴³ Claire Robertson , "Beyond 'Tribes': Violence and Politics in Kenya," *Origins*, Vol. 1, issue 7 (April 2008), <https://origins.osu.edu/article/beyond-tribes-violence-and-politics> Kenya,(Accessed on 20 November 2021)

Peace and Priya explain that Initially European settlers were only concerned with maintaining adequate supply of African labor hence they compelled the government to extract forced labor. This happened through successive commissions or governors compulsory labor decrees on both public and private projects. However, it was forbidden after World War 1 these due to outrage after public outcry in Britain. The colonial secretary under the white paper of 1923 indicated that African interests in the colony had to be paramount but this declaration did not result in improved conditions for Africans. Education was still being provided by missionaries. Africans did have political representations despite there being educated Africans, instead it was a European missionary who was appointed to represent Africans.⁴⁴

Mellissa and Fredric explain the Nairobi master plan of 1948, which was formulated by three white south Africans; L.W. Thornton (architect and town planner, L. Silberman (a sociologist), and P.R Anderson (a town planning engineer) who actively sought to plan the city along the lines of the south African concept of apartheid. Sociology was not applied in urban planning, Nairobi become among the first towns in history to use it. The three planners wanted to avoid the social difficulties/conflicts occur in urban spaces between multi-racial identities. They also had the intention of preserving the racial and class-based planning of previous city administrations.⁴⁵

Mathew Tyce narrates, that racial segregation sustained Nairobi until Kenya gained independence in 1963, and then it morphed to segregation along social economic lines⁴⁶.Peace and Priya also agree with this analysis by stating that despite slow and minimal changes in present day Nairobi CBD landscape, the city still continues to reflect the race-based segregation planning designed in the colonial era.⁴⁷

⁴⁴ Kathure & Sippy, "Ghosts of colonial segregation haunt Nairobi and Dar-es-salaam," pp 12-13

⁴⁵Mwita and Grant, Toponymy, "Pioneer ship, and the Politics of Ethnic Hierarchies in the Spatial Organization of British Colonial Nairobi," pp1-6.

⁴⁶ Matthew Tyce, "The Politics of Industrial Policy In The Context of Competitive Clientelism: The Case of Kenyans Garment Export Sector," *African Affairs*, Volume 118, issue 472, (July/2019), pp 553-579, <https://academic.oup.com/afraf/article/118/472/553/5292391> ,(Accessed on 20th/Nov/2021)

⁴⁷ Kathure & Sippy, "Ghosts of colonial segregation haunt Nairobi and Dar-es-salaam," pp 12-13.

2.3 Asian contribution to the economy and politics within the Nairobi CBD

The Asian community contributed significantly to the growth of Nairobi through participation in business, religion and politics⁴⁸. The IBEAC company officials considered the African natives to be too backward for prolonged wage employment so Africans were engaged as being porters and scouts' capital. The company solved this labor problem by importing Indians who were mostly artisans, low wage laborers and clerks⁴⁹ approximately 35,000 Indians from Punjab province were contracted to work on the Kenya- Uganda railway. By the end of construction in December 1906, 2493 Indian workers died (of whom 28 were eaten by the Tsavo lions) and nearly 6500 were declared invalid. 30,000 Indians returned home contrary to popular myth that majority of the Indo-Kenyans (Indo Kenyans or Kenyan Asians are terms to used commonly to describe Kenyans of south Asian extraction) are descendants of the coolies .The British administration encouraged Patel peasants from Gujarat to settle along the railway line, thirty acres were offered in Kibwezi, Machakos, Makindu, Limuru and Kisumu for the production of maize ,vegetables sugar cane and cotton but the enterprise failed and in 1907 the British administration opted for exclusive settling by Europeans⁵⁰.

European commercial concerns were mostly concentrated in Mombasa. The Indian traders who were well established in the coast and Zanzibar slowly ventured inland during the construction of the Kenya –Uganda railway. British historian Robert Gregory states that Indians quickly understood that replacing the African barter system with currency ,will be tapping into a market demographic which had long been neglected by the European settlers .After exemption of the commerce there was excessive influx of Indian immigrants the migration from India to Kenya was a result of individual initiatives through kinship and friendship networks which resulted in Small stores along the major railway towns ; trade blossomed. Some of the notable pioneers in entrepreneurship were Alibhailmula Jevanje who became wealthy through construction. He constructed most of modern-day Moi Avenue. He rose to prominence and was elected into the

⁴⁸ Mwita and Grant, Toponymy, "Pioneer ship, and the Politics of Ethnic Hierarchies in the Spatial Organization of British Colonial Nairobi," pp 1-6.

⁴⁹ Dutton, Kenya Mountain.pp1-2.

⁵⁰ Deyssi Rodriguez-Torres, *Nairobi today: The Paradox of a Fragmented City*, (Nairobi, French institute for research in Africa ,2010), pp 150-208.

legislative assembly in 1910. He also established the first newspaper in 1901; he also gave the city the gift of a garden with a statue of himself and that of the queen Victoria.⁵¹

Mellissa and Frederic discuss Asian contribution in commerce through Lala Shankardass and his sons were pioneer business-men and land owners in the CBD with buildings such as Shankardass building along Moi Avenue. Dr. Ribeiro (Luthuli Avenue was formally named) in his honor a physician arrived in Nairobi in 1900. He tamed a zebra which he used to use to do his medical rounds in the city. He started a private clinic in the Indian bazaar which was burned down by the colonial government during the bubonic plague of 1904 after which he was compensated with 16 Acres behind Victoria Street by the colonial government which he later sold to Julius Campos (Ronald Ngala Street was formally named in his honor)⁵²

Dutton explains that despite the British administration benefiting from the immigration become insecure with the increasing number of Indians in Nairobi and this conflict led to the vocal fight for equality among the Indians. 1900 A. Visram and the Jevanjee, brothers formed the Mombasa Indian Association, which was the first political organization. By 1915, the Indian population had out-numbered that of the Europeans yet they were denied permission to expand outside the Nairobi CBD. They were forced to use their existing quarters as commercial-cum-residential premises in rather crowded conditions. Indians did not get equality with the Europeans as they had hoped and also the prohibition to acquire land was upheld except in urban areas. (This eventually resulted, according to the census of 1969, to 60% of land in the CBD being owned by the Asian community, due to the fact that they owned majority of the business⁵³).

Mellissa and Frederic state that by the 1920s, the Asian prowess in business was evident and had leveraged themselves to have more bargaining power with the colonial administration as compared to the Africans. Asian pioneer politicians such as Manilal Desai (Desai road was named in his honor) served as the president of the East African Indian national congress in 1922 were at forefront of fighting for the rights of Indians during the colonial period. In 1927 the

⁵¹S. M. Kimani, "The Structure of Land Ownership in Nairobi," *Canadian Journal of African Studies / Revue Canadienne des Études Africaines*, Vol. 6, No. 3 (1972), pp379-402.

⁵²Mwita and Grant, Toponymy, "Pioneer ship, and the Politics of Ethnic Hierarchies in the Spatial Organization of British Colonial Nairobi," pp 1-6.

⁵³Dutton, *Kenya Mountain*. pp1-2.

Indians had 5 representatives in the Legislative Council compared to the Europeans 11 and by the time of the declaration of independence Asians were championing for self-determination most notably influential figures such as Pio Gama Pinto, Makhan Sign and Fitz de Souza.⁵⁴

Deyssi Rodrigues Torres States that the segregation policies of the British colonial administration made the Indians remain physically, socially and culturally separated from the African population. But even after independence Asians did not fully integrate with Africans despite settling in all the major towns in Kenya, they maintained their schools, temples, hospitals and clubs as a way of preserving their customs and way of life. Land allocations done by the colonial government which led to concentration of Asians in specific residential and commercial areas within the Nairobi business district, hence making African commercial participation impossible which led to bitterness. In 1969, 3,000 Asians who decided against exchanging their British passports for Kenyan ones were forced to give up their businesses. Many had their licenses for retail and wholesale shops withdrawn. Frequently the new African proprietors invited the former owners back when the businesses failed to make a profit. Idi Amin expulsion of Asians from Uganda in 1972 also expelled Asians from Uganda accusing them of disloyalty, non-integration and commercial malpractice, claims Indian leaders disputed as a front for Indophobia.⁵⁵

Mathew Tyce states that after President Moi took over, he cultivated close relations with the Kenyan Asians as he saw them as natural allies to be used to weaken the Kikuyu business class who had taken over Asian owned businesses under the guise of the Africanization policy. They received preferential deals and contracts allowing them to establish advanced enterprises which included steel rolling mills, chemical plants and industrial goods manufacturing plants. Profits from these ventures enabled Kenyan Asians to be able to compete in regional and global markets⁵⁶.

⁵⁴Mwita and Grant, "Toponymy, Pioneer ship, and the Politics of Ethnic Hierarchies in the Spatial Organization of British Colonial Nairobi," pp 1-6.

⁵⁵ Torres, Nairobi today: *The Paradox of a Fragmented City*, pp 150-208.

⁵⁶ Tyce, "The Politics of Industrial Policy in The Context of Competitive Clientelism: The Case of Kenyans Garment Export Sector," pp 553-579.

Indophobia showed its ugly face publicly after the attempted coup of 1982 when Asian owned business was robbed and vandalized, women of Asian origin were also raped, and Asian men were beaten up during the riots. The government noticed the resentful attitude Africans had towards Kenyan Asians and it was quickly used as political capital for example an, August 1983 Kenya Times (the government-owned) reported that public opinion deemed the Asian community "wealthy, mean, secretive, insular, and contemptuous of the African majority." President Moi also used these resentments to play populist politics by urging African Kenyans to assume control of their economy -- the cry for "indigenization" was taken up by politicians. The success of the Asians began an excuse for a corrupt government to leverage against its obligations to the poor Africans.⁵⁷

Mathew Tyce states that Kenyan Asians reacted to the bad press and African resentments by funding Moi's political expenses, fronting his businesses and offering other Kalenjin politicians shares in exchange for protection. In the mid 80's the ministry of industry was now firmly under the control of the Kalenjin community, after Moi ascended to the presidency in 1978. State banks began revoking credit to business owned by the Kenyatta era political elite which eventually led to foreclosures. This collapse offered space for the Kenyan Asians to reestablish themselves such that by 1990 no Kikuyu owned firm was left.⁵⁸

Charles Hornsby narrates that in 1986 under the KANU administration a numbers of Asian merchants cheaply acquired various multinationals established in Kenya in the 1960s. These cooperation increased Asian economic muscle as they were the front men for the Kalenjin political elite (senior politicians engaged in complex business relations with Asian executives such as Ketan Somaia, Ajay Shah, Naushad Merali and Kamlesh Patti). The primary target being government and parastatal contracts leading to major economic scandals such as collapse of Trust-bank, collapse of Miwani sugar mills in 1991 and the Goldenberg scandal. That resulted in long term damage to the economy and corrosion of the state legitimacy⁵⁹

⁵⁷ Torres, Nairobi today: *The Paradox of a Fragmented City*, pp 150-208

⁵⁸ Ibid.

⁵⁹ Charles Hornsby, *Kenya: A history Since Independence*, (London: I. B. Tauris publishers, 2012), pp 200-270.

George Gona states that despite the contributions of Indian African nationalist like Markhan Singh, Haroon Ahmed, Pio Gama Pinto and Francesco de Javaswan during the independence struggle. Majority of the Indians were perceived as having not done enough. These lead to xenophobia attitudes resulted in there withdrew from active political participation, until in the early 1990s when activists like Zarina Patel joined the Kenya social congress (KSC) to take part in the struggle for multiparty democracy⁶⁰.

2.4 Africanization policy as a tool against Asian dominance in Nairobi

After independence, the first government embarked on what it referred to as the Africanization policy, which was aimed at increasing African participation in both the public and private sectors. ICDC (industrial and commercial development cooperative) under the Africanization policy started to give Africans loans to buy up Asian owned business⁶¹

Tiyambe Zeleza analyses the failure of key government policies such as the trade licensing Act, the Africanization and Kenyanization policies. These policies excluded non-citizens from trading in rural and non-central urban areas, specified a list of goods that were restricted to indigenous Kenyan and specified manufactured goods by multinationals, which would only be distributed by indigenous Kenyans. However due to factors such as inefficiency, unprofitability and lack of government goodwill specifically government not providing loans to purchase the already existing nonindigenous business, the policies of Africanization and Kenyanization were part of the patronage system which incorporated the political class in order to enjoy political cover (Asians who gave African elites shares saved their business from the Africanization policy). For example, by mid-1986 Kenyan Asians in Nairobi still owned 98 of the 116 shops on the rich Biashara Street, 114 of 139 shops on Moi Avenue and 180 of the 242 shops on River Road. This was years after many of these shops were supposed to have been Africanized⁶²

Mathew Tyce states that Africanization was used to disguise to Kikuyunization because its Kenyatta's ethnic Kikuyu political elite who controlled the ministry of industry and state banks.

⁶⁰ George Gona, *Zarina Patel: An indomitable spirit*, (Nairobi, Mvule Africa publishers ,2014), pp70-100.

⁶¹ Hornsby, *Kenya: A history Since Independence*, pp 200-270.

⁶²Tiyambe Zeleza, "Economic Policy and performance in Kenya since independence," *Journal of History*, Vol. 20 (1991), pp 35-76.

At the inception of this policy they (the Kikuyu elite) mainly targeted the acquisition textile and garment industries which was dominated by Asians and also had high employment potential⁶³.

Charles Hornsby also explains that it's the politically connected Kenyan Leaders such as Charles Njonjo, Dr. Josephat Karanja, Kenneth Matiba, Kitiili Mwendwa and Simeon Nyachae who benefited from the Africanization policy. They received preferential deals and contracts allowing them to establish advanced enterprises which included steel rolling mills, chemical plants and industrial goods manufacturing plants. These elites went ahead to establish patronage system which exist to date⁶⁴.

Mathew Tyce declares that the project was a failure due to factors such many Africans were inexperienced businessmen who later some sold back the businesses to Asians, some Asians could also obtain business license using Africans as fronts. The Africanization policy grounded to a halt in 1982 under the Moi administration despite pressure from hardliners such as Martin Shikuku⁶⁵

2.5 African contribution to entrepreneurship in Nairobi CBD

The African was at the bottom of the chain in terms of race relations in colonial Nairobi. Africans were a source of unskilled labor for the Kenya-Uganda railway officials and were mainly porters, most of the semiskilled work went to the Asian communities. After World War 1⁶⁶, Africans moved to Nairobi and other urban centers in search of wage labor as most of the land was taken up by Europeans and converted to white only settler farms. Those who failed to secure employment in Nairobi turned to hawking, prostitution and brewing of illegal liquor in the native quarters, it is further argued that some Africans acquired artisan skills from mission schools before the war but very few got the entrepreneurial spirit most opted for waged employment in the colonial system. Young Africans working on European settler farmers and in urban areas like Nairobi began imitating political techniques used by the European settlers in an

⁶³ Tyce, "The Politics of Industrial Policy in The Context of Competitive Clientelism: The Case of Kenyans Garment Export Sector," pp 553-579.

⁶⁴ Hornsby, *Kenya: A history Since Independence*, pp 200-270.

⁶⁵ Ibid.

⁶⁶ Torres, *Nairobi today: The Paradox of a Fragmented City*, pp 150-208.

attempt to gain direct representation hence pressure groups like the Young Kikuyu Association were established in 1921 by Harry Thuku which led to his arrest and eventual exile for 8 years ⁶⁷. Felix Kiruthu argues that the advent of the Second World War saw more exploitation of the Kenyan colony by the British by recruiting more Africans into the Kings African Rifles and allowing others to join the manufacturing sector, which was largely in Nairobi. This led to further influx of Africans into Nairobi seeking employment. The mechanization of agriculture in the white highlands, also contributed to Africans flocking to Nairobi. They engaged in criminal enterprises such as petty theft in order to get by. Kiruthu also states that African soldiers coming back from the war with artisan skills such as carpentry, metal work, woodwork, bicycle and motor vehicle repair, as well as shoe repair. The first indigenous entrepreneurs and set up shop in what were called the native reserves such as Burma, Kariokor market, Kibera, Pumwani and Mathare. Unhappy with this trend of African social/economic mobility the colonial authority resorted to constant harassment and arrest of African traders and artisans ⁶⁸

Luise White states that prostitution in Nairobi in the 1930s perfectly served the needs of the colonial administration, which did not to cater for African family housing in its urban planning, hence African urban workers could not afford to encourage their wives to abandon farming and join them in urban centers. By 1938, in fact, Nairobi's Municipal Native Affairs Office proposed that the city saved money on "proper native housing" because "the needs of eight men may be served by the provision of two rooms for the men and one for the prostitute. White discusses prostitution also as a mode of production in Nairobi by African women in the early 1920s due to the racial segregation policies of the colonial government, its only male African men who were considered for opportunities under European employment. In areas like Pumwani women were able to earn a living through engaging in prostitution and lodging facilities from African men, colonial officials and Italian Prisoners of War (POW's). White also explores the evolution of the sex trade from its origins in Pumwani in the 1920s to the CBD in the late 1950s and concludes that this entrepreneurial class of women were able to earn better wages than the urban male

⁶⁷ Felix Kiruthu , "The History Of The Informal Enterprises In Kenya: A Case study Of The Jua Kali Sub-Sector Of Nairobi,1899-1998,"Unpublished M.A dissertation, (Kenyatta University,2011),<https://ir-library.ku.ac.ke/handle/123456789/1937>, (accessed on 16 November2021)

⁶⁸ Ibid

waged laborers. She also states that some of these women transitioned to be property owners in Pangani and Ngara areas after independence; others started renting business spaces within the CBD specifically downtown Nairobi (modern day river road and the lower end of Moi Avenue) and converting them to brothels. She highlights the entrepreneurial consciousness in the marginalized female urban dweller, how they were able to survive the racial segregation of the colonial governments and the economic hardships of independent urban Kenya solely on ideals based on profit generation, protection of acquired profits and finally reinvention in response to changing economic times.⁶⁹

Michela Wrong states the Kikuyu community has had a head start in entrepreneurship within the CBD as compared to the other communities due to factors such as forced proximity to the colonial administration, proliferation of mission schools in central Kenya made the community better placed to benefit from independence as compared to other communities⁷⁰. Proximity to Nairobi played a key role for the Kikuyu elite as they were able to acquire the basics of capitalism elites such as Jogoo Kimakia.⁷¹

According to Kiruthu, there emerged an elite class of Africans who enjoyed colonial patronage, which faced the same wrath from the Mau Mau as did the Europeans and Asians as they were seen as loyalists. Among these elites were Waruhiu Kungu and Njenga Karume owned a wholesale shop along Grogan Road (present day Kirinyaga road). These were quite good in walking the tight rope between Mau Mau and colonial interests to be the first group of elite Africans who owned shops in colonial Nairobi. Kungu Karumba and Muhu Kang'ari were partners in a garments manufacturing business, Young Garments Enterprises, situated at the corner of Luthuli Avenue (formally Campo Ribeiro Road) and River Road (is and still was referred to as river road) in Nairobi before it collapsed after Karumba's incarceration during the emergency

⁶⁹ Luise White, "Prostitution, Identity, and Class Consciousness in Nairobi during World War II," *Signs*, (Winter, 1986), Vol. 11, No. 2, p. 259, <https://www.jstor.org/stable/3174048>.

⁷⁰ Michela Wrong, "Who Are the Kikuyu: And why do Kenya's other tribes resent them so much?", *slate :dispatches*, (8thFeb2008), <https://slate.com/news-and-politics/2008/02/why-do-kenya-s-other-tribes-resent-the-Kikuyu.html>, (accessed on 15March2020).

⁷¹ X.N Iraki, "Secrets of the Tiny Towns like Muranga," *The Standard*, 12 January2020, p.22.

Steve Mbogo states tribal investment groups such as Rwathia group (derived its name from a village called Rwathia in Muranga county) were founded in 1930 by Kikuyu vegetable sellers in Nairobi who sent their savings back home to be held in trust by elders since there were no banks for Africans. After years of saving the group started buying buildings from Asians in Pumwani to set up shops and small Dukas. A group of 5-12 people would buy one shop and jointly start a business. The new investments were disrupted by the emergency, the colonial government targeted and shut down Kikuyu owned business which they suspected of being part of the Mau Mau base. After the end of the emergency in 1957 the group morphed into a seasoned conglomerate, which marked its return by buying up buildings which belonged to the Asian community who had migrated from Kenya during the emergency for fear of the Mau Mau.⁷²

Stephen Githii states that the Rwathia group bought their first piece of real estate in 1949 in Thika town (and named it hotel Nyandarua). In 1961 they bought their first building within the CBD (and called it Njo-Guini). The late 60s and 70s marked the rapid acquisition of real estates by the group and eventual dominance of the Nairobi downtown skyline. Their real estate portfolio consisted predominately hotels, restaurants and bars examples being Gloria, Kirinyaga, Rwathia beer distributors, Magomano bar and hotel, New Kinangop bar and hotel, Amar hotel, Milano bar, Nyanza house, Timboroa, Alfa bar and hotel, Sabina joy and Eureka. In 2018 president Uhuru Kenyatta honored Mzee Gerald Gikonyo Kanyuira aged 104 the only remaining member of Rwathia investment group with the key to the city for his contribution to the growth of business in Nairobi.⁷³

Bitange Ndemo states that success of the Rwathia group in Nairobi influenced other Muranga businessmen to start in the business and diversifying into other areas such as trade in commodities, stock market, financial and energy industries bringing forth a class of entrepreneurs from Muranga. Majority coming from Kangema (worth noting is that Rwathia village is in Kangema) such as Gerishon Kirima, John Michuki, and Kenneth Matiba. Data

⁷² Steve Mbogo, "How illiterate Rwathia boys Built Business Empire Worth Billions," *The Standard*, (30th/March/2017), <https://www.standardmedia.co.ke/entertainment/city-news/2000206620/how-illiterate-rwathia-boys-built-business-empire-worth-billions> (accessed on 16 November 2021).

⁷³ Stephen Githii, "Strategic Response of Rwathia group of Business to the Changing Environment Conditions: A Published MBA project, school of business, (University of Nairobi, November 2007) <http://erepository.uonbi.ac.ke/bitstream/handle/11295/7465/Abstract.pdf?sequence=3>, (accessed on the 16 November 2021).

from the Nairobi stock exchange indicate that the top five investors (from Muranga)control at least shares worth Ksh 50 billion (this being the declared share value).The major players being John Kibunga Kimani (owning 30 percent of Kakuzi and shares worth 400million in nation media group), Chris Kirubi (6 billion at centum), James Mwangi (Equity at 5 billion and 650 million at Britam), Jimnah Mbaru, Dr Benson Wairegi (Britam chairman) and Peter Munga (Equity Bank chairman), who was once an employee of Rwathia group, Chairman Gerald Gikonyo in one of their hotels and still supervises several business owned by the Rwathia group.⁷⁴

Biniam E. Bedasso states that after independence ethnicity become a channel through which wealth, power and status were acquired such as Rwathia and Mbuni owned real estate in Nairobi. The ethnic patronage systems continued with the first African government as it's only the governing elite and the educated elite who largely benefited from the newly found independence and continued with the patronage systems as before, the rural to urban migration continued as people sought employment in the manufacturing industries which characterized most urban centers in Kenya. Those who lacked skilled labor had to the informal center in order to eke out a livelihood.⁷⁵

Zezeza studies a rapid growth of locally owned financial houses during the coffee boom of 1977 in the country, which doubled from 8 to 16 between 1972 and 1980, and more than doubled again between 1980 and 1984 to reach 40. From 1986, foreign banks, such as Barclays, began selling shares to Kenyans. Government-owned banks, led by the Kenya Commercial Bank, soon joined the bandwagon with privatization in mind most of these financial firms had their headquarters in Nairobi, making Nairobi the hub of indigenous Kenyan financial firms.

⁷⁴ Bitange Ndemo , "The Mystery Of Success," *The Nation Newspaper*,(22nd/Sep/2014), <https://nation.africa/kenya/blogs-opinion/blogs/dot9/ndemo/the-mystery-of-success-1026336?view=htmlamp> ,(accessed on 16 Nov2021)

⁷⁵Biniam E. Bedasso, "Ethnicity, intra-elite Differentiation and Political Stability in Kenya," *African Affairs*, Vol 114, Issue 456,(1July 2015), pp361–381.

2.6 The Somali sense of identity before independence in Kenya and Somalia

Richard Francis Burton the first explorer to travel through Somali lands describes the Somali as half-castes in east Africa who were neither Arab nor native Africans because of their embrace of Islam and repeated intermarriages with inhabitants of the Gulf of Aden. The colonial authorities considered the Somali aliens because their lineages also extended outside of British East Africa. Before 1930 their distribution in the eastern Africa region defied colonial logistical jurisdiction as they maintained loose affiliation to the areas in which they settled. After the opening of the Suez Canal in 1896 the British began recruiting Somalis as sailors most recruits being from the north of Somali and other coastal cities. The Somali were able to forge small communities in port towns as Cardiff, Cape Town and Perth forming the first global Somali diaspora. The Somali men who were stationed in these port cities travelled back to British Somaliland to marry and kinship ties facilitated these unions. In 1926 Sir Harold Kittermaster then governor of British Somaliland noted that the Somali residents of Nairobi maintained contact with their relations in Somaliland despite years of absence, this contact was mainly fostered through associations like the Ishaakia association formed in Kenya in 1920 hence despite being classified as locals they maintained their connection to their kin in British Somali land, London and other parts of eastern Africa ⁷⁶

Keren Weitzberg states that in 1937 the leaders of the Isaaq Somali community in Kenya began to campaign for Asiatic status in order to get the same privileges as the Asians within the colonial racial order. They claimed they were not Africans nor Somalis but rather Asiatic. Many members were jailed for refusing to pay the lower poll tax as they preferred to pay the higher rate of taxation tendered by non-natives. This resistance continued until the break of WW II, they also rebelled against the kipande system. Due to this resistance the colonial government largely perceived the Somali inhabitants of Kenya as ungovernable, their nomadic way of life was perceived by the colonialist as an act of rebellion hence they were rendered incapable of contributing to the colonial labour economy ⁷⁷

⁷⁶ Keren Weitzberg, "Producing History from Ellisions, Fragments and Silence: Public Testimony, the Asiatic Poll - Tax Campaign, and the Isaaq Somali Population of Kenya," *Northeast African Studies*, Vol 13.no 2 (2013), <https://doi.org/10.14321/nortafstud.13.2.0177> (accessed on the 16 February 2018)

⁷⁷ Ibid.

2.7 Pan-Somalism and the civil war in Somalia

Pan-Somalism was the campaign for self-determination of the Somali community into the greater Somalia nation through uniting all ethnic Somalis in British Somali land (current Somaliland), Italian Somaliland (current Somalia), French Somali land (current Djibouti), the Ogaden Somalia region of Ethiopia and the northern frontier districts (current north eastern and Mandera counties).⁷⁸

Somalia gained its independence in 1960 three years before Kenya, the independence Somalia government supported the Kenya Somalia community aim for self-determination and eventual union with Somalia. This advocacy led to the colonial administration in 1962 setting up an independent commission of inquiry to determine whether the Somali in the northern frontier districts should remain part of Kenya or be integrated into the republic of Somalia. A majority of 86% voted in favor of joining the republic of Somalia but after gaining independence in 1963 Kenya rejected the outcome of the referendum, the led to an armed struggle between the Somali separatist movement and Kenya security forces.⁷⁹

Daniel branch states that on the effects of this agitation for secession was violence, from both the Kenyan Somalis and Somali insurgence and this period was known as the Shifta war. In December 1963 the weeks after independence the Kenyatta administration declared a state of emergency in the northern frontier districts and deployed the GSU, calls for armed session began in April of the same year and attacks on police camps and other communities began. In response the KANU government moved more troops to the boarder and detained without trial several Somali separatist leaders. Mogadishu accused Kenya of genocide increased its army to 20,000 men with the support of the Russians.⁸⁰

Somalia gained her independence on July 1, 1960, when the former British and Italian Somaliland regions came together to form the Republic of Somalia under President Aden

⁷⁸ Britannica, "Somalia: great Somali migration," <https://www.britannica.com/place/Somalia/The-great-Somali-migrations> ,(accessed on 16 November 2021)

⁷⁹ Hassan Yuusuf Waal, "How Indigenous Somalis in Kenya are Caught in the Middle," *Daily Sabath*, (7th/May/2021), <https://www.dailysabah.com/opinion/op-ed/how-indigenous-somalis-in-kenya-caught-in-the-middle>, (accessed on the 16 November 2021)

⁸⁰ Daniel Branch, Kenya: *Between Hope and Despair* 1963-2012, (London, Yale university press publications 2011), p121

Abdullah Osman Daar. After independence, the country suffered lacked internal cohesion as clan loyalties come before patriotism thus as was the trend in Africa at the time Somalia suffered its first military coup led Siad Barre only nine years after independence. The military junta moved swiftly to dismantle all democratic institutions, including the constitution and national assembly and banned political parties in an effort to concentrate power and renamed the country the Somali Democratic Republic.⁸¹

Somalia under Barre was characterized by wealth and resource disparity, an imbalance which gave rise to fighting over scarce resources and to the creation of militias accountable to faction leaders largely affiliated to different clans. The cold war acted as a catalyst to the conflict in Somalia as it was geographically a strategic point for both USA and USSR to the vast oil reserves of Persian Gulf. Thus, Siad Barre had to pick a side he signed a military aid treaty with the USSR and later signed a treaty of co-operation in 1974. This cooperation would increase the stockpile of Russian made weapons in Somalia and in 1977, Siad Barre waged war with Ethiopia aiming at annexing the Ogaden region belonging to Ethiopia and primarily composed of ethnic Somalis. Although experiencing some early success in the Ogaden War of 1977, Somalia conceded defeat after eight months when the Ethiopian army freshly bolstered by Soviet arms and 15,000 Cuban troops demolished the Somali army. Defeat by the Ethiopians escalated clan based rival factions in the ruling military elite and civilian population special groups such as the The Somali National Movement (SNM) were formed.⁸²

The Somali National Movement (SNM) became agitated for greater control in the North and groups like the Somali Patriotic Movement (SPM) and United Somalia Council (USC) started competing for control in the south. The SNM would eventually go on to be successful in seceding from Somalia and form Somaliland a self-governing administrative area which has yet to be recognized as an independent territory by any country. Following Barre's failure to suppress the rebel movements through military force, the movements took the fight to the Somali government and in a way succeeded as they forced Barre to flee Mogadishu in 1991 and the USC

⁸¹Abdulsamad, "Somali Investment in Kenya,"pp 3-7.

⁸² Ibid.

eventually seized Mogadishu. Anarchy ensued as rival factions which had until now banded together in their quest to topple Barre, turned on each other.⁸³

The civil war which started in 1991, a general breakdown of law and lack of government services, led to one of the worst famines the world has seen in recent times. Resulted in over 300 000 people are believed to have died and over a million fled the country to Kenyan refugee camps. As the clan wars intensified, some moved from the refugee camps and settled in Nairobi's Eastleigh area then to other parts of the city in the advent of the new millennium with movements have depending on clan and kinship lines.⁸⁴

2.8 The Kenyan Somali clan influence in Parliament/Civil Service

Daniel branch explains, President Moi's main political strategy was patronage based which consisted of building support networks in the state, security forces and the internal politics of the pastoralist communities. In the Somali community, his main partners were the Mohammed brothers (Hussein Maalim Mohammed MP for Garissa central and Mahmoud Mohamed (he was in charge of suppression of the 1982 coup which was a sign of his loyalty to Moi and was latter appointed chief of general staff of the armed forces) from the Ajuran clan. Their influence within government and the armed forces made the clan supreme over all the other Somali clans , but the Degodia clan was not willing to accept this new order resulting in a political struggle among the two clans in parliament over control of constituencies in wajir(this supremacy war sparked the historical resource conflict over grazing land and water among the two clans at the constituency level).The conflict turned deadly in January 1983 when 88 people from both clans were killed in the conflict .The security forces attempted to disarm both clans , with only the Ajuran complying as they had insurance inform of state patronage. In 9th February 1984 the Degodia however raided an Ajuran homestead killing 6 people, the military embarked on a forceful disarmament with all male adults being arrested, loaded into trucks and being driven to the controversial wagalla airstrip.⁸⁵

⁸³Ibid.

⁸⁴ Ibid.

⁸⁵ Branch, Kenya: *Between Hope and Despair* 1963-2012, p121

Hussein Muhumed Aden explains that after the wagalla massacre the government moved to restore faith in its institutions and representatives by appointing a Somali provincial commissioners such as Yusuf Haji , organizing peace rallies ,amnesty to encourage bandits to surrender their weapons .The patronage from the central government increased as the number of Somali assistant ministers increased ,jobs in the armed forces and access to developmental funding were sufficient to buy the compliance of the Kenyan Somali ⁸⁶

2.9 The relationship between the Kenyan Somali entrepreneur, Somali refugee entrepreneur and Somali emigrant (Somali Diaspora)

The Somali community is known for its nomadic way of life. Mobility is the key backbone of the Somali way of life from the pre-colonial era to the new millennium for either seeking pasture, trade or simply seeking refuge from conflict. Since the collapse of the Somali state, the country has produced millions of internally displaced people, refugees, and asylum seekers who turned to Diasporas. The success of Somali businesspeople in Kenya is assumed to have attracted new investment from Somalis in the Middle East and Europe. However, the vigorous booming- and somehow unregulated economy which flourished in post-1991 Somalia has been exported to various parts across the globe in particular Kenya's capital Nairobi.⁸⁷

Farah Abdulsamad explores the entry of the Somali into Kenya in three major waves in order to investigate the rapid increase in the Somali population which as of 2009 census was at 2,310,757 and he further states their main economic activity is livestock production despite the harsh arid climate. The three waves are as follows; The first wave of Somalis from across the border from Italian-Somalia come as employees for the British colonial apparatus, others on the same wave where independent traders as colonization took control of the pastoral resources from the clan elders to the colonial administration, they later settled and made Kenya their home. The next wave of Somalis crossed the border in the 70's and 80's to escape the authoritarian Siad Barre regime. They did not register as refugees. They crossed the border and through clan and kinship

⁸⁶ Hussein Muhumed Aden , “International Migration: Impact of Somali Migrants on the Kenyan Economy 1991-2000” ,Published Master's thesis ,(University of Nairobi,2007), page 41-76,
http://erepository.uonbi.ac.ke/bitstream/handle/11295/96346/Aden_International%20Migration%20the%20Impact%20of%20Somali%20Migrants%20on%20Kenya%E2%80%99s%20Economy,%201991%20-2010.pdf?isAllowed=y&sequence=1, (accessed on 16 November 2021)

⁸⁷ Abdulsamad, “Somali Investment in Kenya,” pp 3-7.

alliances were incorporated into the Kenyan North eastern Somali community. The final wave of Somalis arrived at the advent of the civil war in 1991. After the official collapse of the Somali republic, almost 300,000 streamed into the Kakuma and Dadaab refugee camps. Others didn't register with the UNHCR and moved to towns such as Moyale and Garissa as they took advantage of existing clan and kinship ties which existed from the time of medieval Europe or traditional pastoral migration patterns in order to integrate. Thus, the Somali refugees are the largest number of refugees and asylum seekers in Kakuma and Dadaab. A small number of refugees were allowed to reside in Nairobi for medical or security reasons but the number quickly grew from 33,844 to 60,000 as of 2012 and as per the refugee act of 2007 they were not recognized by the government as the Kenyan refugee policies emphasized on encampment.⁸⁸

The Somali refugee preference of Nairobi and in particular Eastleigh brought about the increase of urban refugees who could not get employment, as the Kenyan government did not recognize them. They had to operate in the informal economy, which was unregulated. Other Somalis used Kenya as a platform to seek asylum to second and in other cases third countries through the UNHCR. The process of moving to a second/third country depended on clan or kinship ties in the respective country or bribery through brokerage networks, which were assumed to work in cooperation with UNHCR officials. Factors influencing transit to second countries included; Countries with colonial links to Somalia for example Britain and Italy, Countries with labor opportunities in particular the Gulf countries, Countries with kinship or clan ties such as Canada or the Netherlands⁸⁹

Neil carrier states that during colonization, the Somali of Kenya maintained social ties through trade, but the true nature of Kenyan Somali cohesiveness was unmasked during the civil war of 1991 when the Somali of Somalia reached across the border through clan/ kinship ties in order to escape the war. Many refugees left the refugee camps looking for new opportunities despite the government policy of encampment. Their preferred destination was always Eastleigh where, as the study states had a large number of Kenyan Somalis, the wealthy Somalis (mainly refugee Somalis) had cash on hand or in foreign banks for large investments and they operated outside

⁸⁸ Ibid.

⁸⁹ Ibid.

the formally economy by using the poor Kenyan Somalis who were by a large proxy since the Kenyan government did not recognize this class of wealthy urban Somali refugee.⁹⁰

Farah Abdulsamad argues that it was the Eastleigh area deepened this symbiotic relationship between the Kenyan Somali and the Somali refugee. He states that although Eastleigh was an Asian colonial settlement during colonialism, the pastoralists Somali presence in the area was tolerated despite the policy of racial separation at the time, as there was no other place in Nairobi to accommodate them. Thus, the Kenyan Somali identified with the area as it provided a template of transition into urban life. The entry of Somali refugees into Eastleigh sparked demand for housing and lodging facilities for the Somali asylum seekers on transit to other countries. The Somalis refugees displaced the Asians and also colluded with some of the Kikuyu landlords (who bought real estate after Asians started moving to more affluent suburbs) into buying residential blocks and converting them into modern retail outlets. The Somali refugees who could afford to buy real estate in the area sought accommodation in lodges. This lodges operated as affordable sleeping areas in the evening and small shops during the day the first of which was Garissa lodge which specialized in selling clothes and cosmetics. Somali refugee women started the sale of gold from the lodge also moneychangers sold foreign currency along the narrow entrances at competitive rates⁹¹.

Farah Abdulsamad states that The Somali asylum seekers took up citizenship in their host countries (forming the Somali diaspora) maintained psychological links with Somalia but because of the collapse of the state the next best link to their former country were the Somali refugee residing in the Eastleigh area. These brought about the rapid expansion of Eastleigh, modern day malls such as Amal, Baraka and most recently, Bangkok started coming up attracting customers throughout Nairobi and its environs. Somali owned restaurants specializing in Somali cuisine started being established in the area as the increase of remittance from the Somali diaspora led to the development of a money transfer system known as Dahabshiil. Thus, through this Somali diaspora and Somali refugee operated without the states regulation or

⁹⁰ Neil carrier, *Little Mogadishu Eastleigh*; (Nairobi's Global Hurst publishers, 2016) pp 23-24.

⁹¹ Abdulsamad, "Somali Investment in Kenya," pp 3-7.

protection even though they controlled sectors such as hotels, residential buildings and transport⁹².

2.10 Emergence as of the wealthy urban Somali refugee entrepreneurial class

Turton states that after the transformation of Eastleigh into a modern economic hub by the Somali refugees, the Asian community was edged out of the previously residential area. Tensions begun to emerge from 2009 and by 2011 suspected arson attacks on Garissa lodge by Asians for alleged undercutting by Somali business. There were also allegations of suspected collusion between Asians and the then Nairobi city council officials so as to protect Asian owned businesses from Somali refugee competition. Somali refugee business enterprise in Eastleigh grew to the extent of making it the link between the two main refugee camps in Kenya, the Arab peninsula, the Far East and the rest of the East African region.

It is also through Eastleigh that the cooperation between the Somali refugee, Kenyan Somali and immigrant Somali is examined, also Eastleigh as a commercial hub has attracted refugees and emigrants from other parts of Africa e.g., Tanzania, Nigeria, Congo, Rwanda, Uganda and Ethiopia due to the different enterprises that they can engage in.⁹³

2.11 Conclusion

The chapter documents the history of segregation and race relation within the Nairobi CBD business space. The study concludes that like the Asian community the Somali also were given preferential treatment and accorded a higher status as compared to other Kenyans of African descent after they actively sought for the same recognition given to both Asians and Arabs. It also takes note of the strong kinship ties among Somali's which lead to advocacy for Somali self-determination after the independence of Somalia and Kenya resulting to armed conflict

The study also documents African participation in commerce within the Nairobi CBD during colonialism was preserve of a select few African elite who got access to factors of production through associating with the colonial administration. The trend of exclusion did not change after

⁹² Ibid, Page 11

⁹³Turton, D, "Somali Resistance to Colonial Rule and the Development of Somali Political Activity in Kenya 1893-1960", *Journal of African History*, Vol 13, 1 (1972) Page 22-27

independence, the political elite or investment groups like Rwathia formed on the basis of tribal affiliation. The study concludes that the from independence to date aspects such as race, political Patronage /access to capital, pioneer-ship, elitism, political careerism and tribalism have highly influenced the who participate in commerce activities in the Nairobi CDB

CHAPTER THREE

FACTORS RESPONSIBLE FOR THE REFUGEE - HOST PROBLEM WITHIN THE NAIROBI CBD

3.0 Introduction

This chapter seeks to uncover the factors responsible for the conflict within the Nairobi central business district (CBD) business space between local entrepreneurs and Somali refugee entrepreneurs. The aspect of business space will incorporate the physical location such as the commercial rental spaces along Tom Mboya Street, Luthuli Avenue, Moi Avenue, Kimathi Street, and Kenyatta Avenue. The other aspect of business space is regarding a conducive business environment through which commerce can take place, and this will be viewed from cooperating aspects such as politics, access to capital, government regulations (national and county governments' regulations). Finally, the discussion will address the implications the business space has on variables such as logistical patterns, access and flow of goods and services, and manufacturing.

This chapter also attempts to uncover the sources of Somali refugee capital, financial practices of the Somali networks in Kenya and focuses on the factors that are causing interruptions in the local economy hence leading to conflict between the Somali refugee business community and the local entrepreneurs. The chapter analyzes the continued expansion and diversification of the Somali business activities such as their entry into the CBD through investment from matatu businesses to the domination of the commodities trade, and their eventual investment into the service sector while analyzing the conflict that has been generated with locals along this progression.

3.1 Source of Somali Refugee Business Capital

Setting up a restaurant business in the Nairobi CBD costs an upward of Ksh. 3 million with the location being an essential aspect in setting up a business, this has led to a fight for space within the CBD as its those who can raise the required amount that can acquire business premises of

choice.⁹⁴ The Somali wave within the CBD started in the early 2000s as aforementioned. Alex Indimuli narrates ;

In the early 2000s, the Somali were few, but as the years progressed, they began to take up more and more rental space. Most of the Somali refugee entrepreneurs came from the Dadaab refugee camp. They established themselves and invited their relatives in the refugee camps. Very few of those who operate businesses within the Luthuli area have legal papers⁹⁵ to do so. Some managed to get Kenyan identification cards.⁹⁶

There is the perception that Kenyan Somalis are poor as compared to Somali refugee because majority of the capital comes from wealthy individuals in Somalia⁹⁷, Shaffi Sirat Salah acknowledges:

Most of the Somalis doing business in Nairobi Central Business District (CBD) are Somali refugees from Djibouti or Ethiopia as they have the capital. The Somali refugees from Djibouti were the first to set up shops in Luthuli while the Somali “soju” started being in-cooperated later.⁹⁸

Due to the increased Somali investments, Kenyans believe that there is a strong relationship between them and pirates/warlords in Somalia. This is a notion, which has been disputed because Somali investments in Eastleigh totaled over \$ 1.5 billion while piracy ransoms were estimated at 100 million Dollars⁹⁹, Abdullahi Ahmed Madebe states:

Majority of the returns from Somalia are reinvested in Kenya due to the instability in Somalia. Some of the proceeds are from the lucrative Miraa trade (a kilo of Miraa in Kenya is KES 1000 while in Somalia, the same goes for KES 3000). There is also the selling of land in places like Mogadishu where the returns are good, and transactions are made in dollars due to the collapse of the state, devaluing of their currency, and reinvesting here in Kenya. Other activities like mining and proceeds from the unregulated Somali coastline where foreign ships pay a fee to poach in Somali waters are also invested in Kenya. Therefore, the foreign remittances don't count for much in the Somali real estate investments in the CBD, Hurling ham, Upper hill, and Nairobi West, as you have been led to believe since most of the money comes from unregulated trade in Somalia.¹⁰⁰

⁹⁴ loise Nyingi, “One The Life Of The Party, City Center is Losing its Beat,” *The standard*, 22 November 2019.

⁹⁵ Papers referring to refugee permits. In other cases, in the course of this study, this will be used in reference to business licenses

⁹⁶ Oral interview, Alex Indimuli, Luthuli Avenue, CBD, 10th July 2018

⁹⁷ Abdulsamad, “Somali Investment in Kenya,” pp 3-7.

⁹⁸ Oral interview with Shaffi Sirat Salah an electronic shop owner along Luthuli avenue 1September 2019. Somali sijui-is a derogatory term used to describe Kenyan Somalis by refugee or emigrant Somalis

⁹⁹ Abdulsamad, “Somali Investment in Kenya,” pp 3-7.

¹⁰⁰ Oral interview, Abdullahi Ahmed Madebe electronics dealer along Luthuli avenue, 28 August 2018

The Asian community in Nairobi raised capital primarily within their community.¹⁰¹ The Somali appear to be following the same model. Ismael Abdi agrees:

The Somali community shuns the formal banking policies and relies on the policy of mass sharing of wealth, for example if an investment opportunity is spotted, the Garre will contribute 10 million dollars, the Ogaden will come up with about 4 million dollars.¹⁰²

Somalis and too some extent Asians have a brotherly culture which Africans do not practice¹⁰³, they can trust each other without signing loan agreements, such trust has contributed to the growth of Somali owned businesses in the CBD which are giving locally owned business fierce competition. The local small entrepreneurs are at risk of being pushed out of the Nairobi CBD because of the large Somali capital flows, an argument can be made that Somali dominance can be attributed to factors like customer choice, but this thesis has proved that the access to capital is a significant factor in market dominance. Somalis have many avenues of sourcing for capital as compared to locals and these has contributed to their dominance in within the CBD capital. The ability of the Somali to raise capital outside of the formal financial system, as is the case with the local entrepreneurs, gives them an upper hand and the risk equally distributed within the community. The size of most of the Somali investments within the CBD is mammoth compared to the local entrepreneurs who are limited by factors such as limited access to capital hence stocking conflict, as the Somali mode of production is self-sustaining unlike the local entrepreneurs who are heavily reliant on the financial institutions thus limiting expansion.

3.2 Somalis Patronizing Only Business Owned Fellow Somalis:

The perceived practice of Somalis only patronizing businesses owned by fellow Somalis was the concept first implemented by Elijah Mohamed of the Nation of Islam. He advocated for more black Muslims to spend money amongst themselves to build an independent economic system.¹⁰⁴ This ensured that the organization controlled the process from the production to who is employed and eventually the consumer at the end of the supply chain, Alex Indimuli explains:

¹⁰¹ Sunwords, <https://sunwords.com/2006/11/01/are-kenyas-wahindi-the-best-at-business/> (accessed 1 November 2019)

¹⁰² Oral interview, Ismael Abdi Somali trader, Jamia Mall, CBD Nairobi 20 August 2018.

¹⁰³ Pavanello and Elhawary, "Hidden and Exposed: Urban Refugees in Nairobi," Kenya pp10-13.

¹⁰⁴ Starla Muhammad, "Black Business, Black Customers is a Necessary Alliance," *Atlantavoice*, (25 August 2019), <https://www.theatlantavoice.com/articles/black-businesses-black-consumers-a-necessary-alliance/> (accessed 25 November 2019)

Somalis mostly prefer their own. I cannot access goods on credit from a Somali distributor. They insist on cash at hand, but their fellow Somalis enjoy credit facilities. In addition, where we get our goods, it is hard to get a Somali who has employed a local Kenyan in a managerial position. They mainly employ locals for manual jobs, while jobs in accounts positions are given to their kin. The Somalis who buy from our shops are mostly Kenyan Somalis and Somali immigrants.¹⁰⁵

Members of the Nation of Islam were required to patronize businesses only owned by members of the group or open their open business which would be advertised in the group's official newspaper¹⁰⁶. Paul Waweru states that:

Most Githurai bound Somali owned PSVs prefer to fuel in Somali-owned petrol stations, for example those next to Safari Park; hence the Somali money circulates only among the Somalis.¹⁰⁷ Only members of the nation of Islam were employed in business owned by the group, Somalis also appear to be following the same economic model¹⁰⁸, Eric Njenga explains,

Somali owned airlines like Bluebird only prefer hiring or sub-contracting fellow Somali refugees or Kenyan Somalis. Their office staff and pilots are predominantly Somali. It's impossible to get work there¹⁰⁹.

In 1960 the nation of Islam owned various business from supermarkets, restaurants to barbershops¹¹⁰. The Somalis have also invested in such ventures so as to adhere to their spiritual beliefs, Maureen Anyango explains,

The Somali community has started setting up saloons along Mfangano Street to mainly target the Somali living in Upper Hill and Parklands. They prefer salons, which are partitioned since their religion is strict on interaction between males and females hence; I rarely get Somali clients, as they prefer Somali owned establishments. Its only during Ramadhan and Idd that we get Somali clients since most of the Somali owned hair salons overbooked, we serve them at night when my male co-workers had left for the day.¹¹¹

Somali refugees and Kenyan Somalis appear to only patronize Somali owned restaurant within the CBD. The intentional exclusion of local sub-contractors in the Somali economy is isolationist and has made locals suspicious on the real intention of the Somali refugee entrepreneurs. The study established that local entrepreneurs are under the assumption that the Somalis have a silent

¹⁰⁵ Oral interview, Alex Indimuli, Luthuli Avenue, CBD, 10 July 2018.

¹⁰⁶ Nafeesa Muhumed, "Nation of Islam's Economic Programme 1934-1975" *Black post*, (1 April 2020), <https://www.blackpast.org/african-american-history/the-nation-of-islams-economic-program-1934-1975/> (accessed on 6 December 2021)

¹⁰⁷ Oral interview with Paul Waweru Matatu owner Mwisacco, Thika Road Route based at Dominion House Moi Avenue, 20 September 2018

¹⁰⁸ Muhumed, "Nation of Islam's Economic programme 1934-1975," p 2.

¹⁰⁹ Oral interview, Eric Njenga, 10 July 2018.

¹¹⁰ Muhumed, "Nation of Islam's Economic programme 1934-1975," p 2

¹¹¹ Oral interview with Maureen Anyango a beautician in the CBD on the 22nd February 2019

boycott of business premises owned by local entrepreneurs despite the Somali entrepreneurs enjoying customer loyalty from local customers. The lack of reciprocity by Somali clientele raised suspicion and outright contempt for the broader Somali community.

3.3 Displacement Due to Hiking of Rent:

Displacement due to rent hikes is not a new phenomenon in Nairobi. It has its genesis in Collusion between Somali Refugees and Landlords Rapid expansion of Eastleigh created tensions between the Somali and locals since the majority had to move to the nearby slums¹¹², A hostile Somali expansion into the Nairobi CBD business space has had a detrimental impact on middle- sized locally owned businesses as they have been phased off. Former nightclubs such as Club Psys (currently Dream Bean), Florida 2000 (currently the Mug), Club Riviera (currently Kilimanjaro restaurant) and I Club (now Café Pronto) were bought by Somalis and converted to coffee joints and restaurants¹¹³. James Osodo confirms this:

Kikuyu landlords along Luthuli Avenue started charging high rents after the entry of the Somalis into the area as some Somalis were even willing to pay twice the rent in order to acquire these premises. This quickly edged out the locals who could not counter the Somali wave.¹¹⁴

A hostile takeover happens when one group sets its sights on buying a rival entity despite objections /protests from stakeholders and interest groups. Gilbert Mugambi argues:

I tried renting space at Jamia mall, but it was difficult getting space even though a friend (who was vacating) wanted to sell me his shop. As I was about to being negotiations there were constant delays in the change of ownership and I was told that the Somalis made sure no non-Somalis got the ground floor shops facing the street (which are well exposed to passersby). They had booked all the ground floor spaces and the only way I could get space would be to outbid the Somalis who were paying a goodwill of 10 million shillings.¹¹⁵

Shaffi Sirat supports Gilbert by saying:

The Somali refugee entrepreneurs', who bought shops along Luthuli Avenue, subdivided them and resold them to fellow Somalis and other locals. The majority of non-Somalis have been pushed out of their business spaces.¹¹⁶

¹¹² Pavanello and Elhawary, "Hidden and Exposed: Urban Refugees in Nairobi, Kenya".pp10-13.

¹¹³ Louise Nyingi, "Death of clubs: Why restaurants are taking over Nairobi CBD," *The standard newspaper*, (22 November 2019), p 2.

¹¹⁴ Oral interview, James Osodo, Deputy Director Fleet Management, Nairobi County Government, 1September 2018.

¹¹⁵ Oral Interview with Gilbert Munyi Mugambi dated 16th November 2018 at his business premises, along Moi Avenue Building.

¹¹⁶ Ibid.

Rent hikes have led to the displacement of locals, as was the case with Ruppharm established in 1981, which was located along Standard Street. The Somali refugees come with ready cash and are willing to overpay on the agreed prices to displace the locals, due to lack of rent control by the city's rent tribunal¹¹⁷. Alex Indimuli confirms:

The Somali refugee entrepreneurs have displaced many local Kenyans in the Luthuli area mainly through collusion with Kikuyu landlords to hike the rents. In other cases, the Kikuyu landlords refused to renew existing local tenants preferring the Somalis who could pay five times more than existing locals. The Somalis who bought these shops partitioned them and resold them to other Somalis. Thus, many people were kicked out of Luthuli Avenue due to the Somali refugee financial muscle. Currently, the Somalis no longer rent: they have bought the premises from the Kikuyu landlords¹¹⁸.

This statement has been collaborated by the previous interviews that indeed most landlords in the Luthuli area are from the Kikuyu community. This study has uncovered that the Somali refugees started as tenants and progressed to become the owners of these premises and by engaging in hostile takeovers to displace local entrepreneurs as later documented. The forced evictions that have quickly become Somali practices have brought tension between locals and Somali refugee entrepreneurs. They are seen as being the catalyst of the now rampant evictions in the CBD. The physical exclusion of local entrepreneurs from the CBD will only escalate the conflict

3.4 Competition, Price wars and Somali Domination

A pricing war happens when two competing businesses cut their prices for goods and services in order to steal customers from one another or win a larger market share. Price wars are costly because they reduce an organization's profit margins momentarily.¹¹⁹ Silverstone Airline (Somali owned) management denied claims that they charged way below market rates in order to drive competitors from the routes they served. Other stakeholders may view this as being a contradictory policy, given that they are already the cheapest airline.¹²⁰ Abdi Kassim defends:

When we establish a business, the primary aim is not profit but expansion. Hence the need to undercut by selling below market value to dominate the competition. Eventually, you will have a hold on the customers, and that is where the profit begins to show, making it

¹¹⁷ Cyprian Nyakundi, "Landlord Under Spotlight For Forceful Evictions," (21 January 2019), <https://www.cnyakundi.com/landlords-under-spotlight-for-forceful-evictions/> (accessed 22 November 2019)

¹¹⁸ Oral interview, Alex Indimuli, Luthuli Avenue, CBD, 10 July 2018.

¹¹⁹ <https://www.investopedia.com/financial-edge/0810/the-pros-and-cons-of-price-wars.aspx> (accessed on the 6 December 2021).

¹²⁰ Amina Wako, "Silverstone Airline Under Investigation Following Latest Flight Mishap," *Saturday Nation*, (2 November 2019), p12.

able to set your price. Most Somalis are willing to go for months without profit in order to dominate the market.¹²¹

Somalis in the CBD have engaged in illegal agreements like price fixing to protect themselves from competition from local firms. According to Abdullahi Ahmed Madebe, Somalis in the CBD have engaged in illegal agreements such as price fixing to protect themselves from competition from by local firms. For example, “The Somali entrepreneurs who are in Luthuli sit down and agree on the prices to protect each other’s businesses.”¹²² Paul Waweru agrees:

One of the factors that made the Githurai Somali owned Matatus a hit among commuters was the low fares they charged during off-peak hours. They charge as low as KSH. 10, while the Kasarani Matatus charge KES 50 despite the fact that Kasarani is near to Nairobi than Githurai.¹²³

Somali traders in the CBD are also suspected of giving false information to customs officials, James Wambua explains:

The only difference between our tires and those of the Somalis is pricing. The Somalis evade tax and can sell at lower prices by under-declaring. An average container carries about 1000-1010 tires, but the Somalis mix Matatu tires with small vehicle tires and only pay tax for the Matatu tires as they are parked inside each other to avoid being detected by the KRA scanners. From Mombasa, the tires find their way to Eastleigh where one tire ‘gives birth’ to two. When they come to the market, they can manipulate the prices as they please.¹²⁴

The global Somali business networks are solely based on trust. The Somalis do not need to travel to get their goods. They place a verbal order to their Somali connect in Guangzhou (China) or Abu Dhabi (United Arab Emirates) and the goods are shipped to Nairobi in bulk¹²⁵. Therefore, their goods will cost less compared to those of local traders ‘who will have to incur logistical overheads such as air tickets and accommodation costs, which the Somalis are exempted from. James Wambua states:

The Somali global connection gives them an edge over competitors. He adds that he is dependent on the internet to make orders, pays and waits for his load to be shipped to Mombasa while his Somali competitors have people on the ground who take care of issues such as packaging of the tires in Dubai, while the Kirinyaga road-based Somalis takes care of clearing.¹²⁶

¹²¹ Oral Interview, Abdi Kasim, stall owner, Jamia Mall, CBD Nairobi 20 August 2018.

¹²² Oral interview with Abdullahi Ahmed Madebe on the 19 July 2018.

¹²³ Oral interview with Paul Waweru Matatu owner Mwisacco based at Moi avenue dominion house dated 20 September 2018

¹²⁴ Oral interview with James Wambua imported tire dealer along Kirinyaga road dated ,29 September 2019.

¹²⁵ Pavanello and Elhawary, “Hidden and Exposed: Urban Refugees in Nairobi, Kenya.”pp10-13.

¹²⁶ Oral interview with James Wambua imported tire dealer along Kirinyaga road, 29 September 2019.

The Somali capitalize on kinship networks in the import and export who facilitate the movement of goods from as far as Brazil ,Hong Kong and mainland China¹²⁷, Shaffi Sirat Salah affirms;

I co-own the shop with my brother, who is a silent partner. He is the one who travelled to China and made a connection. Since then, we just place orders and wait for the electronic goods to be shipped.¹²⁸

Due to the Somali's global kinship links, the Somali business expansion has contributed to global dynamics becoming a factor within Nairobi's CBD's business ecosystem, resulting in the involuntary incorporation of the CBD's informal economy with the larger global economy. The Somali worldwide reach has put local entrepreneurs at a disadvantage, intensifying the conflict because they can lower their operating costs that locals cannot afford to do.

The study reveals the covert nature of the Somali enterprise in the CBD, with Somali pricing of their commodities aimed at market domination after eliminating the local competition. The Somalis in Luthuli are using price control to safeguard their business, which explains why the Somalis routinely undersell locals, exacerbating the dispute. Somalis are also engaged in vices such as tax evasion and under declaring of goods at points of entry in order to further maximize profits, which will only result in flooding of Somali-owned goods and unfair competition

Smuggling is the unlawful movement of products into and out of a country . Prominent local officials in the Nairobi County government as well as Kenyan political leaders have all been accused of being involved in the illegal sugar trade in Garissa's Dadaab camp, which serves as a transit route for Somali refugees. Because of the high number of Somalis, it provides cover before transportation to Nairobi's Eastleigh area.¹²⁹ Gilbert Mugambi explains:

Somalis are selling phones sneaked into the domestic market via Somalia or secondhand phones from Europe. New iPhone 6 luxury phones retail at KES 60,000 while the Somalis bring in secondhand phones bought in Europe at KES 10,000 and resell them to Eastleigh suppliers for as low as KES 20,000.¹³⁰

Shaffi Sirat Salah adds that:

¹²⁷ Abdulsamad, "Somali Investment in Kenya," pp 3-7.

¹²⁸ Oral interview with Shaffi Sirat Salah an electronic shop owner along Luthuli Avenue 1 September 2019.

¹²⁹ Jacob Rasmussen, "Sweet secrets: Sugar Smuggling and state Formation in the Kenya Somali borderlines," Copenhagen, Denmark. Roskilde *University press*, (2017).

¹³⁰ Oral interview with Gilbert Munyi Mugambi, local Entrepreneur, Nairobi, CBD, 16 November 2018.

Some Somalis ship goods to Kismayu or Mogadishu in Somalia and then take advantage of the conflict in Somalia to smuggle the goods into the country. That is why luxury brands such as the iPhone 7 will go for as little as KES 20,000 below the counter in Eastleigh and Luthuli.¹³¹

Dr. Edward Kisiangani stated that Kenyan Somali political figures from North Eastern Kenya have increasingly been suspected of engaging in business deals with Somali politicians and that these same Kenyan politicians have business interests in Somalia, including bus companies operating from Kenya to Somalia and also the importation of contraband goods such as sugar¹³². Intelligence reports document that 20 members of parliament were among officials facilitating the printing of fake Somali currency in Luthuli Avenue, Khoja, and Kirinyaga road. The cartel is reported to be smuggling fake currency to refugee camps in Kenya, South Sudan, and Somalia where it's traded in for US dollars.¹³³

Local Cartels in the cosmetics industry take advantage of the porous border to smuggle their products and later sell them in Nairobi. This cross-border business is rampant in most border points in Namanga and Taita Taveta where Somali's not only dominate the business but have also been accused of involvement in Miraa and human trafficking.¹³⁴

According to the analysis, most of the smuggled products are destined for Nairobi. According to this research, the Nairobi political elite serve as smuggling abattoirs. The Somali community in the north-east engaged in smuggling out of necessity due to their geographical location and factors such as state neglect, but local communities such as the Kikuyu participate in smuggling to evade taxes or gain an advantage over other locals by sourcing cheaper goods for Nairobi markets. The strategic presence of Somali in major border towns demonstrates their increased influence in smuggling activities. The study established that the Somali cannot be solely blamed for smuggling because communities like the Kikuyu also engage in it, but it is apparent that they currently dominate the trade, and so the tension in the CBD will intensify as most smuggled goods are destined for Nairobi.

¹³¹ Oral interview with Shaffi Sirat Salah a shop owner along Luthuli Avenue dated 1st September 2019.

¹³² Hassan Soomal, "Dispatches from a Nomad," *The Star newspaper*, (Saturday-Sunday February 16-17/2019), p 20.

¹³³ Wycliffe Nyamasege, "20 MPs Among State Officers Making Billions from Counterfeit Currency Business" (24th/march/2019), <https://www.kahawatungu.com/20-mps-making-billions-counterfeit-currency-business/> (accessed on 25 March 2019).

¹³⁴ Edwin Okoth, "KEBS targets importers of banned cosmetics," *Sunday Nation*, (19 January 2020), p 13.

3.5 Corruption

Edward Oyugi and Mwaura Kaara state that the culture of corruption persists in Kenya primarily because the political and bureaucratic leadership benefits from by concentrating wealth within the ruling circles, which in turn enables them to influence public decision making.¹³⁵

During Joseph Boinet's tenure as the Inspector General of Police, Silverstone Airlines entered a partnership with the airport police, which saw the officers wearing the company's branded jackets giving the impression that the police was promoting Silverstone as a brand.¹³⁶ In other instances, the research observed an intricate process in which corruption is abated. Gilbert Mugambi states:

The Somali community in Luthuli contribute money. Which is used to bribe senior police officers at Central and Kamukunji Police stations who conduct raids on locally owned businesses under the guise of looking for counterfeit goods. They do this to enhance their hold on the sale of TV sets in the area. I have been forced close shop due to constant police and county officers' harassment.¹³⁷

Peter Wainaina also alluded to this practice when he stated that

Somalis bring their goods through the Eldoret airport as the government is more vigilant at JKIA unlike in Eldoret where they (the Somali), enjoy political cover .After the post-election violence of 2008 Kikuyu owned tracks were denied transport business at the airport it is only a preserve Kalenjin and Somali owned transport vehicles . When the Emirates cargo flight lands at night and its consignment are loaded onto Nairobi-bound trucks, which are accorded police escort.¹³⁸

Nonetheless, Kenyan political leaders of Somali origin defend the multibillion Somali refugees' investment in the CBD. One of the Kenya Somali politicians' m dismissed the assertion that the Somali-owned business is built on corrupt practices.¹³⁹ Yet those interviewed with for this study countered this view, James Osodo explains

Since most Somalis operating within the CBD cannot acquire licenses because they are not Kenyan citizens, they collude with corrupt county officials to acquire them, the old Kikuyu

¹³⁵ Edward Oyugi, J. Ochola & Mwaura Kaara, "Fat and mean: The concentration of wealth and the myth of enlarging the pie for a trickledown effect," *social watch* social development network (SDN)2018, <https://www.socialwatch.org/node/18077> ,(Accessed on 20 November 2021)

¹³⁶ Nyamasege, 20 MPs Among State Officers Making Billions from Counterfeit Currency Business, pp1-2.

¹³⁷ Oral interview with Gilbert Munyi Mugambi, local Entrepreneur, Nairobi, CBD, 16 November 2018. See also Dennis Mwangi, "Most Corrupt Institutions In Kenya-EACC report," *Standard online* <https://www.pulselive.co.ke/news/local/national-ethics-and-corruption-survey-reveals-most-corrupt-ministries-in-kenya/gvf7551> (Accessed on the 31 October 2023).

¹³⁸ Oral interview with peter Wainaina on the 15 November 2019

¹³⁹ Michael Olinga Oruko , "Prepare For Somali's Takeover of Nairobi and Kenya - Aden Duale," *Tuko News*, (16th/June/ 2018),: <https://www.tuko.co.ke/276892-prepare-somalis-takeover-nairobi-kenya-aden-duale.html> ,(accessed 10th May 2021)

politicians of former regimes are used as fronts by the Somali refugee entrepreneurs, especially within the Matatu business, specifically Matatus plying the number 6 and number 9 routes. They offer political cover, for example, when the Matatus flaunt the county by-laws the owners are required to appear in court personally which is why the needs for a local as the face of the business (Court -In reference to the Nairobi county courts).¹⁴⁰

The easy access by which the Somali refugee community can acquire identification papers and business permits increases as a major cause of the conflict within the CBD as their Somali footprint is current visible within the CBD. Corruption in the Nairobi city council was a main enabler of the Somali refugee enterprise in the matatu industry since it allowed them to get permits.¹⁴¹ It was the view of Osman Mohamed that:

When getting registration documents or other related documents from the county or central government offices, one is expected to bribe by virtue of being Somali. No one cares whether you are Kenyan Somali or a Somali refugee. All Somalis are associated with giving bribes.¹⁴²

Yet this corrupt practice was not unique to the Somali. The Kenyan transport system is characteristic of a network of cartels, which include criminal gangs, corrupt traffic officers and county askaris. The corruption within the transport sector contributes to increased cases of lawlessness. For example, the Somali-owned matatus are known for their unruly behavior such as speeding, the traffic police do nothing since they know their superiors have been compromised. Unlike other matatu operators, who prefer interacting with lower-level officers, Somalis prefer dealing with senior rank. Officers.¹⁴³ Gilbert Mugambi supports by stating:

There appears to be favoritism on Somali refugee businesses as shown in the way Somali items are handled at the Mombasa port. The recent government directive which has put up stringed requirements on the importation of electronic goods with many goods imported by the locals being classified as being substandard, yet the Somali goods are not confiscated. That is why Somali did not participate in the recent demonstrations by the importers as the political machinery is pro Somali business thus the Somali continue to reap big as the locals in Moi Avenue and Nyamakima continue to petition the government to release their goods.¹⁴⁴ On 5th July 2018 hundreds of traders demonstrated in streets of Nairobi because of the withholding of their goods at the port of Mombasa. The traders from Kamukunji, Gikomba, Nyamakima, Luthuli

¹⁴⁰ Oral interview, James Osodo, Deputy Director Fleet Management, Nairobi County Government, 1 September 2018.

¹⁴¹ Elizabeth H. Campbell, "Global Migration Perspectives :Formalizing the informal Economy :Somali refugees and Migrant Trade Networks in Nairobi, *Report by the Global commission on international migration* ,(Binghamton University 2005,)Page 11, <https://www.refworld.org/pdfid/435f87254.pdf> , (accessed on 12 September 2019)

¹⁴² Oral interview with Osman Mohamed telecommunications expert based at Gilfillan House Kenyatta avenue 24th September 2018

¹⁴³ Oral Interview, Paul Waweru, on the 15 September 2017

¹⁴⁴ Oral interview with Gilbert Munyi Mugambi dated 16th November 2018 at his business premises along Moi avenue building adjust to MKU towers

Avenue and River Road dealing in electronics and clothing complained of the holding of the goods for up to six months, most of the traders had already closed their shops due to lack of commodities¹⁴⁵. They complained that Somali were paying bribes of upwards of Ksh.100,000 to get a 40-foot container released.¹⁴⁶

Erick Njenga also collaborates:

Most of the cargo flights destined for Somali refugee business within the CBD are shipped through Eldoret airport through collusion with KRA (Kenya revenue authority) officials at Moi International Airport Eldoret. Emirates cargo shipments are flown into the airport, and then the plane proceeds to Nairobi to collect horticultural produce, which will be airlifted, back to the Gulf. The Somali have taken advantage of the corrupt nature of organizations such as KAA (Kenya Airports Authority) and KCA (Kenya civil aviation authority) to the extent of overloading planes especially those destined for Somalia causing some to get accidents within Somalia and then discreetly shipping parts from Nairobi to fix the damaged planes.¹⁴⁷

There have been documented allegations of qualified and unqualified pilots being told to pay KCAA (Kenya civil aviation authority) officials an extra Ksh.300,000 for their licenses to be approved.¹⁴⁸ The study observed that was the local entrepreneurs who were most aggrieved because they could not afford the huge bribes needed for the release of their goods, as was the case with the Somali. The exclusion of locals (who closed shops) escalates the conflict with the Somalis. Clearly the Somali had an advantage over local entrepreneurs because of they have the ability to bribe customs officials which has been a caused of further resentment.

Systemic corruption within law enforcement has fostered a culture of impunity and is a contributing factor in the conflict within the CBD as the police and county officials are used by the Somali to displace business rivals with them acting as hired guns for the Somali putting locals at a disadvantage. The research reveals the role of the police in the conflict, which is not a new issue, as the Asian community employed the police to limit competition from the locals as discussed in the previous chapter. The scale and fact the Somalis are a foreign entity distinguishes the Asian community from the Somali refugee entrepreneurs.

¹⁴⁵ Ibid.

¹⁴⁶ Oral Interview with Grace Mumbi – trader in Kamukunji, 19 November 2018.

¹⁴⁷ Erick Njenga, Oral interview,

¹⁴⁸ Cyrus Nyachwea, “Kenyan-Aviation-Operators-Complain-of-Corruption-at-KCAA-Licensing-Department,” *Kahawa Tungu*, (11th June 2018) ,<https://kahawatungu.com/kenyan-aviation-operators-complain-of-corruption-at-kaa-licensing-department/> (accessed on 31 October 2023)

3.6 Somali Refugee Entrepreneurs as the Forerunners to the Chinese Entrepreneurs

The majority of the goods sold in Eastleigh are mass-produced from China; the trade has taken place for many years, and with time even locals began travelling to China, despite the fact that the trade is mutually beneficial to both parties. Beijing tightened visa rules, resulting in the Chinese shifting from being largely manufacturers to facilitators of the flow of products between Guangzhou and Eastleigh.¹⁴⁹ An informant explained that Somalis refuse to rent out go downs to Chinese in Eastleigh as they perceive them as competition thus, the Chinese are forced to rent go downs along Mombasa Road. Eastleigh is the main dispersal point for Nairobi CBD bound goods. Somalis who were pioneers of the trade between Eastleigh and Quanzhou reinvested their profits into logistics companies, hotels and, restaurants. some Somali's become global elites by setting up their own factories in China¹⁵⁰. Another respondent posited that:

The Chinese in Luthuli have a long way to go in order to compete with the Somali as the Chinese are still in wholesaling and have recently just started direct importation. Somali entrepreneurs are now in direct production. For example, whether it's the Omo detergent, car tires, or mobile phones, the Somali entrepreneur goes to China, makes their own cheap brand which they import into the country and distribute.¹⁵¹

The Chinese started setting up shops in Africa and selling directly to customers while in the process edging out African traders in countries like South Africa. The Chinese are now moving to less saturated markets in other African countries like Kenya.¹⁵² Shadrack Njoroge agrees:

Somalis began to ship goods on a large scale in 2010 after establishing trade links with the Chinese. Locals started shipping volumes equal to the Somali around 2014.¹⁵³

One of the grievances of the demonstrations experienced within the CBD in 2010 was local traders aggrieved by the Chinese operating shops in the CBD or operating from warehouses were taking businesses meant for locals despite their having an advantage in importation, the traders handed a petition to the then Nairobi senator Johnson Sakaja at Harambee house. Despite the above demonstrations, the Chinese are still believed to be in the CBD¹⁵⁴, Alex Indimuli explains:

¹⁴⁹ Lily Kuo, "The Best Days of Selling Cheap Chinese Goods in Africa are Over," *Quartz Africa*, (3 May 2017), <https://qz.com/africa/950377/the-best-days-of-selling-cheap-chinese-goods-in-africa-are-over/> (accessed on the 3 May 2020)

¹⁵⁰ Ibid.

¹⁵¹ Anonymous respondent, interviewed on the on the ,17 May2020.

¹⁵² Kuo, "The Best days of selling,"

¹⁵³ Oral interview with Shadrack Njoroge on the 17 May 2018, a clearing agent based at KTDA plaza

¹⁵⁴ Anyango Otieno, "city traders demand release of goods held in Mombasa," *The standard newspaper*, (5 July 2018) ,p 5.

In the building where I have setup shop, we have seen the Chinese also come and set up businesses. The Chinese keep a low profile to escape visibility for example, in sun-way building along Luthuli Avenue. Somali retailers occupy the ground floor while the Chinese on the top floor. We are afraid that they may also edge us out even more like the Somalis did.¹⁵⁵

The trade war between the Chinese and Somalis in the CBD has roped in their governments. May, 2014 Chinese prime minister Li Keqiang vowed to help Kenya during his visit in efforts to repatriate illegal Somalis back to Somalia. this was an offer to establish favor with the Kenyan government after signing of various trade agreements. In retaliation Buri Mohamed Hamza, the Somali foreign affairs minister played the Khat card (by alluding that the Miraa trade may be a casualty of the trade war between Nairobi and Mogadishu).¹⁵⁶

The study identifies that the Chinese and the Somali will be the dominant forces within the CBD to the detriment of the local entrepreneurs. The Somali/Chinese disruption is causing anxiety among locals as they give the perception since both groups have global networks inform of kinship ties or nationalistic ties to manufactures abroad as opposed to locals.

It is clear that the local entrepreneurs are as suspicions towards the Chinese as they are towards the Somali The grievances of the local entrepreneurs are legitimate but global dynamics are already at play within the CBD. The central and county governments have limited mandate to roll back the changes which are already at play, hence the only solution is for the local entrepreneur to go global since it is almost impossible to localize the economy again.

3.7 Somali Refugees Stocking Pre-Existing Ethnic Tensions between Locals

According to Claire Robertson, the colonial authorities in Nairobi exploited tribal identity by continuously pitting one tribe against another. Officials in Kenya's successive independent governments have also sought to increase their authority by appealing to tribal loyalty and distracting the "tribe" from economic difficulties.¹⁵⁷

¹⁵⁵ Oral interview, Alex Indimuli, Luthuli Avenue, CBD, 10 July 2018.

¹⁵⁶ Hassan M. Abukar, "Kenya's Somalis: Caught between Power and Profiling" *African arguments*, (23 June 2014), <https://africanarguments.org/2014/06/kenyas-somalis-caught-between-power-and-profiling-by-hassan-m-abukar/> (accessed on the 7 February 2020)

¹⁵⁷ Robertson, "Beyond 'Tribes': Violence and Politics in Kenya, pp7-9.

Michaela Wrong states that the relationship between the Kikuyu and other community changed after the post-election violence of 2008 because milk, tea and coffee industries in central Kenya prospered even after the violence while other regions remained marginalized, Michaela states that because of these there was a noticeable change of attitude towards the Kikuyu.¹⁵⁸ Linus Mugambi states.

The Somali consider the Meru to be more loyal and trustworthy as the Miraa trade has cemented trust between the two communities. The Somali really give the Kikuyu stock on credit due to the stereotype of Kikuyus being thieves.¹⁵⁹

Prior to 2007-08 Majiboism was used by politicians as code for evicting Kikuyu with business from none Kikuyu areas, the same is taking place within the CBD because of the business rivalry between the Somali and locals¹⁶⁰. Donnex Magolo explains:

Somali perceive the Kikuyu as their competition, despite their economic dominance hence they usually spread the notion that the Kikuyu are untrustworthy in order to appear politically correct since the Kikuyu are stereotypically, typecast as thieves. Hence the Somali prefer to employ the Luo and Kamba.¹⁶¹

Kamba community who has been victim to many stereotypical jokes, which allude to their preference of Asian employment as a sign of lack of ambition¹⁶². The same assumption is leveled on them for constituting the majority of Somali employees. Linus Mugambi adds:

Somalis give us goods on credit in the morning as send their employees who are mostly Kamba's during the late afternoon to collect payment.¹⁶³

. Abdi Kassim disagrees with Linus:

We prefer employing Luo's and Kamba's as opposed to Kikuyus due to the perception that the Kikuyu are treacherous in nature and are therefore very cautious when transacting with them.¹⁶⁴

The study clearly identifies that the Somali are taking advantage of pre-existing ethnic tensions to further their business interests. This is detrimental to the already fragile peace among Kenyan

¹⁵⁸ Wrong, "Who Are the Kikuyu: And why do Kenya's other tribes resent them so much," pp 5-6

¹⁵⁹ Oral interview with Linus Mugambi on the 17 May 2020.

¹⁶⁰ Wrong, "Who Are the Kikuyu: And why do Kenya's other tribes resent them so much," pp 5-6

¹⁶¹ Oral interview with Donnex Magolo an aid worker with the U.N dated 20 December 2019.

¹⁶² Jane Akoth, "My Boss was Ruthless," *Care-point Kenya*, (11 June 2013),

<https://www.careerpointkenya.co.ke/2014/11/my-boss-was-ruthless-is-the-asian-community-the-worst-employer-in-kenya/> (accessed on 19 June 2020)

¹⁶³ Oral interview with Linus Mugambi on the 17 May 2020.

communities due to historical factors such as tribalism and post-election violence enmities. If this instigation goes unchecked it could be a threat to national security.

3.8 Real Estate Bubble in Nairobi

Kilamba is a settlement in Angola constructed by the government in conjunction with the Chinese at a cost of \$ 3.5 billion. The housing units were going for between \$120,000 and \$ 300,000 despite that fact that half the Angolan population was earning under a dollar a day hence, it would take 260 years to earn enough to buy the cheapest flat in Kilamba ¹⁶⁵ . Charles Ngwili correlates with Nairobi:

Somali refugees renting business within the CBD created a lot of demand and property developers in the Nairobi went into overdrive. From the CBD the Somalis started buying up property in Millimani, Upperhill and Hurlingham. Property developers anticipated to make a killing and developed so many properties causing an oversupply which has caused the low occupancy rates you see in offices in Milimani, Upperhill, Westlands and stalls in the CBD.¹⁶⁶

Oversupply in retail space specifically in the Nairobi metropolitan/CBD has resulted in the cropping up of “ghost malls” with low occupancy rates and lower rental yields; Knight Frank attributes the decline to continued oversupply of commercial space in some locations and increase completion for development of commercial space for the small-scale traders (lower end market) ¹⁶⁷. William Githae agrees:

Currently in the CBD’s many office complexes don’t have 100% occupancy rates as it is an oversupply of business premises within the CBD and areas like Upperhill and Westlands. We have buildings where entire floors have only one tenant.¹⁶⁸

The value of buildings approval for construction in the capital city has increased steadily from 2012. Peaking at Ksh. 314 billion in December 2016. The value dipped by more than a third to Ksh.104 billion to settle at Ksh.210 billion by the end of 2018 ¹⁶⁹. Joel Ivulu supports

The Somalis have moved from the matatu business they mainly invest in high-rise residential apartments like the ones in Pangani which have elevators and are over 10 stories high.¹⁷⁰

¹⁶⁵ Tom Burgis, “The *looting machine: warlords, tycoons, smugglers and the systemic theft of Africa’s wealth*,” (London ,harper Collins publishers ,2015), p40.

¹⁶⁶ Oral interview, Charles Ngwili Auditor Rama Homes, 15 August 2018.

¹⁶⁷ Mwita Martin, “Demand for office space on the decline in 2020,” *The star*, (11 February 2021), pg13.

¹⁶⁸ Oral interview with William Githae a realtor with Kiragu and Mwangi dated 12 April 2018.

¹⁶⁹ Chinedu Okafor, “Nairobi real estate market faces biggest decline in 5 years,” *Business insider Africa*, (May 6, 2023), <https://africa.businessinsider.com/local/markets/nairobi-real-estate-market-faces-biggest-decline-in-5-years/c3bg4rm>,(Accessed on the 17 November 2023)

There physical evidence to collaborate that the Somali are indeed investing in real estate. Somali investment in real estate is in the saturated middle class housing sector raising concerns whether, they are in the real estate business or engaging in money laundering activities. The study identifies there is an already over-supply of real estate within the CBD and its environs to the extent that in some buildings entire floors are vacant. The continued investment of Somali in the real estates will not only lead to further saturation but to reverse colonialism since most of the real estates in the CBD will be owned by foreign individuals who are cash buyers\cash investors as compared to locals who mostly relay on loans

3.9 The Nature of Somali Refugee Business Expansion, Dynamism and Protectionism

Farah Abdulsamad states that Somalis refugees increasingly expanded their informal business turning them into modern businesses such as Amal Mall, Garissa Lodge, Liban Shopping Center, Baraka Bazaar and Sharif Shopping Center, which are located in Eastleigh. These business premises have attracted customers from different parts of country and have extended into the larger East African Community¹⁷¹. Somali businessmen and women employed source their products Saidi Faluju explains

It is through the port of Mombasa the Somali bring their bulk goods before transporting them to them to Eastleigh, after which they are distributed to other parts of Nairobi. The Somali collect their stock on credit then agree on mode of payment whether daily payments or weekly, thus their transaction is based on trust¹⁷²

This means that since the Somali can give fellow Somalis goods on credit gives them unfair advantage over locals who have to buy cash from the same Somali wholesalers.

Somalis have also invested in the cargo and shipping business that have links all over the world. Among the prospering cargo companies is Sahir Cargo that has come to dominate the shipping business due to because of their connections within the aviation and customs departments. Therefore, they can charge very low rates. Eric Njenga explains

¹⁷⁰ Oral interview with Joel Ivulu on the 13 October 2020

¹⁷¹ Abdulsamad, "Somali Investment in Kenya," pp 3-7.

¹⁷² Oral interview with Saidi Faluju on the 13 March 2017.

Somalis charge \$5 per Kg regardless of the value of what one is importing. There are no ports or customs fees added, so the more the government tries to charge levies, the more these companies become entrenched, as people will avoid other organizations like KQ (Kenya Airways) cargo where anything above 7Kg is subject to duty. Some of the Somalis who currently own aircrafts at Wilson airport are the same people in Luthuli Avenue and Eastleigh. They started in trading, gradually moving to clearing and forwarding, now control the local airline and shipping business.¹⁷³

The Somali refugees have also engaged in cross border cattle business from Somalia to Kenya to feed the growing demand for meat in Nairobi¹⁷⁴ Adan Wario agrees.

The Somalis buy the meat in wholesale at cattle markets in Baringo, Narok and Tsavo because these fetch a higher price and mix with cattle from North Eastern, then distribute in Nairobi and its environs.¹⁷⁵

It is evident that the Somali are using their financial muscle to push out the locals from prime CBD real estate throughout beading locals and securing long-term leases Said Fallujah clarifies:

The main aim of Somali is rapid expansionism; which is why in areas like Luthuli Avenue it started with a few Somalis and in no time took over trade in the entire area. Many locals are too fixated on the profits, but we focus on getting rid of the dominant forces before thinking of profit. Since our vision is long-term, we sell at low rates for prolonged periods in order to make the local competition submit and shift, this is why you will see an area like Luthuli is solely characterized by sell of mobile phones.¹⁷⁶

The research observes the diverse character of Somali refugees' investment in the CBD ranging from textiles, to air transport and, eventually, the meat market. The Somali appear to also have power at the entry point of goods, such as the port of Mombasa, local airports. and a vast road transport investment network. This expansionism is placing the local entrepreneurs at a disadvantage and it will further escalate the conflict once the locals become aware of it. The quick speed of Somali investment in various sectors of the economy may exacerbate the conflict in the CBD, since their takeover of both Eastleigh and the CBD may be now going nationwide.

¹⁷³ Oral interview with Eric Njenga on the 3 August /2018

¹⁷⁴ Abdulsamad, "Somali Investment in Kenya," pp 3-7.

¹⁷⁵ Oral interview with Adan Wario, meat supplier at City Market Nairobi dated 18 September 2018

¹⁷⁶ Oral interview, Saidi Faluju on the 13 March 2017.

3.10 Stagnation of the Economy in Central Kenya: Kikuyu-Somali Refugee Tension in CBD

During the period covered for the study, coffee, tea, and milk prices have plummeted, causing the Mt. Kenya economy to implode. Small communities in the region were still holding onto the coffee boom idea since in places like Muranga and Nyeri, cash crop cultivation or subsistence farming are the only viable economic activities.¹⁷⁷ The decline of the Mt Kenya economy resulted in rural to urban migration. The study compares the Population census reports of 2009 and 2019 in predominately Kikuyu counties, which shows that the population of Nyandarua and Nyeri stagnated over the ten year period, while counties like Kiambu and Muranga recorded a sharp increase in their population as there are geographically close to Nairobi, despite obvious reasons being better medical facilities the study attributes migration as also a key driver of population growth.

Table 3.1 Population growth in the Kikuyu community

	2009	2019	GROWTH
NYANDARUA	596,268	638,289	42,021
NYERI	693,558	759,164	65,606
MURANGA	942,581	1,056,640	114,059
KIRINYAGA	528,054	610,411	82,357
KIAMBU	1,673,785	2,417,735	743,950
NAIROBI	3,138,369	4,397,073	1,258,704

Sources : <http://www.citypopulation.de>, <https://kenya.hurumap.org>, <https://www.knbs.or.ke>

NB. The 2009 population census results are a compilation of specific constituencies (prior to devolution) within the current counties.

Most of the rural towns in Muranga are dying due to lack of investments by the urban Kikuyu one of the reasons for these is the lack of demand for goods,¹⁷⁸ Jennifer Kuria explains:

¹⁷⁷ Evans Mwangi, “A poor answer to king kaka by mount Kenya musicians,” *Saturday nation*, (21 December 2019), p20.

¹⁷⁸ Iraki. Secrets of the tiny towns like Muranga, p22.

The major investors in Nyeri, Kiawara area are Europeans who have bought the land which they have put up hotels, petrol stations and others like Giraffe Arch, Panari resort Nyahururu, Thomsons falls lodge and Lake Olbolosat resort hotel. The land is no longer there hence the youth moved to Nairobi.¹⁷⁹

Lucy Maina explains:

Most of the free land in Muiga was grabbed by influential people who served in the Kibaki government. They proceeded to dam the rivers and set up green houses where they grow flowers for export, the dams have brought conflict downstream as their rivers are almost drying up. They do not even employ our children in these farms they bring Kisii hence our children have to go to Nairobi to look for work in Gikomba or Nyamakima.¹⁸⁰

A good example of corruption in the county was reported by the Ethics and anti-corruption commission, which noted that the stalling of Nyeri county's infrastructural projects was due to massive land grabbing.¹⁸¹ The collapse of the cash crop sector in central Kenya appears to have led to the rapid migration to Nairobi. As more Kikuyu youth move to Nairobi, the tension in the CBD has increased.

The evident growth in the Muslim population is mostly in the Somali community, which the same census of 2009 put at 2.3 million as compared to the 1999 census of 962,143. The dates also overlap with the arrival of Somali refugee entrepreneurs into the CBD, which began in 2005. The increased engagement of Somali refugees in CBD commerce, combined with the expected rural-urban migration of Kikuyu into urban areas due to the fall of the cash crop economy, would exacerbate the tension in the CBD business ecosystem. The increase in the participation of the Somali refugee in the CBD commerce along with the rural-urban migration of the Kikuyu into urban areas because of decline of the cash crop economy escalated the conflict in the CBD business ecosystem.

3.11 Lamu/Mombasa's counties Role in the CBD Conflict

The availability of corrupt government officials in the National Registrations Bureau, human trafficking brokers, rogue immigration officials and rogue police officers has made Nairobi the

¹⁷⁹ Oral interview with Jennifer Kuria and electronics dealer along river road dated 12 November 2019

¹⁸⁰ Oral interview on the 11 April 2018 with Lucy Maina a trader in Gikomba originating from Nyeri, Mwingi

¹⁸¹ Eutyechus Muchiri, "KSh1bn-Land-Parcels-Grabbed-in-Nyeri-says-EACC," *The Star newspaper*, (28 November 2022)

<https://www.the-star.co.ke/counties/central/2022-11-28-sh1bn-land-parcels-grabbed-in-nyeri-says-eacc/> (Accessed on the 31 October 2023)

preferred destination for Somali, Eritrean, Ethiopian and Sudanese refugees¹⁸². Preference for Nairobi over all other cities clearly indicates that there is an established syndicate which ensures uninterrupted movement from the refugee camps, to processing of documents which the refugees use to stay in Kenya or move on to other countries. The government moved swiftly to arrest corrupt¹⁸³ officials in the department of civil registration with futility. Mohamed Hamisi explains:

Due to increased surveillance from the authorities on refugee movements from the camps to Nairobi and also the exorbitantly high facilitation fees the human trafficking syndicates' demand, Somali refugees are opting to illegally cross into Kenya through Mkunumbi (approximately 10km from Mpeketoni) at a place called Koreni. This is strategic due to the presence of the Banjuni community who physically resemble the Somalis. After, they travel to Mombasa where there is an underground Somali business empowerment initiative, which acts as a chaperone. Here they are assimilated into the coast as Islam is the dominant religion of the coast region hence interaction with the locals is enhanced and they are able to adjust faster as compared to Nairobi. After this entry and legal registration, they start hawking around Mombasa and its environs in order to identify which commodity they will specialize in as they hawk an array of cheap consumer goods from shoes to mobile phone accessories. After specialization, the refugees with capital (which they normally carry in form of dollars as they cross into Kenya), move on to Nairobi where the underground initiative connects them with fellow Somalis who assist in the acquisition of a business premise in form of a stall in the CBD.¹⁸⁴

The study uncovers the effect of ethnic passing(which has been discussed in-depth in the next chapter).The Somali illegally cross into Kenya and pass for members of the Banjuni community. The study discusses the aspect of passing among the Borana (who pass for Somali) for economic purposes. In this case, the Somalis are passing as members of the Banjuni community as they wait to acquire Kenyan identification cards.

The research shows that despite a significant number of Somali in Mombasa the final destination for newest refugees remains Nairobi partly due to the wide range of business opportunities

¹⁸² Keren Weitzberg, "Producing History from Ellisions, Fragments and Silence: Public Testimony, the Asiatic Poll -Tax Campaign, and the Isaaq Somali Population of Kenya," *Northeast African Studies*, Vol 13.no 2 (2013), <https://doi.org/10.14321/nortafstud.13.2.0177> (accessed on the 16 February 2018)

¹⁸³ Ibid.

¹⁸⁴ Oral interview with Mohamed Hamisi on the 13 March 2017 Banjuni community are a product of intermarriage between Somalis and the local Lamu indigenous communities

available. Despite governments efforts to close the border with Somalia refugees appear still to be finding their way to the capital Nairobi and these will escalate the conflict within the CBD.

3.12 Somalis in the Public Tender Procurement

Tenderpreneurship has been described as the new breed of opportunistic brokers ready to cash in on government contracts by supplying everything to the 47 counties, resulting in inflation of contracts costs to cover for kickbacks. Somalis appear to be also participants in Tenderpreneurship.¹⁸⁵ Engineer James Miano observes

Somalis buy a lot of KURA(Kenya urban roads authority) jobs which they influence through the tendering systems and later subcontract to you.¹⁸⁶

The political elite have been also accused of taking part in the procurement process and the expense of the more deserving Mwananchi. The Access to Government Procurement Opportunities (AGPO) initiative was launched at the KICC in 29th/June/2012 it was supposed to empower the marginalized groups such as youth, women, and disabled persons to get government tender contracts. Scandals such as of those in the ministry of health have scuttled the initiative as it emerged that politically connected persons got the tenders reserved for persons under AGPO ¹⁸⁷, Ismael Abdi explains:

Since the beginning of devolution, we are reinvesting profits made from other business ventures to purchasing tenders at the county and national (With preference to construction contracts and supplies). We later subcontract to either Asian or Kikuyu engineers/suppliers at a fee in order to maximize on their profits and minimize risks involved due to the technical nature of the work.¹⁸⁸

John Kamau alleges that, corrupt cabinet secretaries facilitate Somalis to be awarded supply contracts in the ministries which they headed.¹⁸⁹This is collaborated with EACC's report of 2015, which states that 79% of corruption in Kenya is related to government procurement contracts, they are lucrative for tenderpreneurs who inflate prices or get paid for fictitious supplies and purchases.¹⁹⁰ Kenyan contractors accused Kenya power of awarding foreign companies' contracts .the tenders were done in

¹⁸⁵ Dominic Omondi, "Tenderpreneurship legacy destroying Kenya's private sector," *The standard Newspaper*, (17 July 2018), p 22.

¹⁸⁶ Oral interview with Eng. James Miano, Nairobi CBD, on the 10 August 2018.

¹⁸⁷ Omondi, Tenderpreneurship legacy destroying Kenya's private sector, p 22.

¹⁸⁸ Oral interview, Ismael Abdi Somali trader, Jamia Mall, CBD Nairobi 20 August 2018

¹⁸⁹ Oral interview with John Kamau a relief food supplier to refugee camps based at Nyamakima dated 15th Jan 2020

¹⁹⁰ Mfonobong Nsehe, "Corruption-and-Tenderpreneurs-bring-Kenyas-Economy-to-its-Knees," *Forbes Newsletter* (1st/Dec/2015), <https://www.forbes.com/sites/mfonobongnsehe/2015/12/01/corruption-and-tenderpreneurs-bring-kenyas-economy-to-its-knees/>(Accessed on 31st October 2023)

favor of companies from China and India. ¹⁹¹The study identifies allegations of corruption within the tendering processes at both the local government but also within the ministries at the central government .Tenderpreneurship will only widen the rift between the Somali entrepreneurs and the local business people within the CBD .

3.13 Conclusion

This chapter has established that factors such as Somali refugee obtaining alien identity cards, enabled them to start owning property, opening bank accounts and beginning businesses facilitated this refugee community to dominate Nairobi's CBD. Their communal approach to business, along with global ties, gave them an advantage in the CBD, as was the case in Eastleigh. The Somali global ties, as well as variables such as Chinese participation in the CBD ecosystem, have brought features of globalization into the business ecosystem, putting local entrepreneurs at a disadvantage and hence the conflicts over the CBD space.

¹⁹¹Wanjohi Githae," Kenya Power giving Jobs to Foreigners," *Sunday Nation*, (26 January 2020), p11.

CHAPTER FOUR

EFFECTS OF THE REFUGEE HOST CONFLICT WITHIN THE CBD

4.0. Introduction

Somali refugees have been operating in Nairobi's CBD for some time. Their ongoing actions have had both beneficial and harmful consequences in the area. For starters, there has been an increase in business activity, which has resulted in an increase in enterprises such as restaurants and the creation of new businesses. This has resulted in greater revenue for both the county of Nairobi and the national government. However, certain issues have arisen as a result of Somalis' greater involvement in entrepreneurial activities in the country. These include xenophobic sentiments, distrust of other foreign immigrants. This chapter also investigates the Somali copying strategy by local businesses, identifying numerous elements such as relocation to residential neighborhoods that locals have utilized as leverage.

Somali refugees have been operating in Nairobi's CBD for quite some time. Their ongoing activities have had both beneficial and harmful consequences in the area. This chapter delves into these issues and also investigates the copying strategies by local businesses, identifying numerous elements such as relocation to residential neighborhoods that locals have utilized as leverage.

4.1. Architectural Transformation of the Business Premises and Somali culinary contributions

Somali refugee entrepreneurs import architectural designs from Asian countries and the Middle East, with the main feature of the hypostyle mosque (Architectural term for a building with a roof supported by pillars, typically in several rows). The Somalis abandoned the Asian Dukawala System in favor of subdividing the units into smaller compartments. In other regions, like as Luthuli Avenue, they have demolished pre-independence structures and built modern-storey buildings with basements, such as electronics homes along Luthuli Avenue. Former nightclubs have been turned into coffee shops or restaurants serving Somali cuisine.

Somali refugee entrepreneurs import architectural designs from Asian countries and the Middle East with most of the interior decorations being inspired by 18th century Islamic architecture with

the main feature of the hypostyle mosque (Architectural term for a building having a roof supported by pillars, typically in several rows). Omar sharif explain,

There is a glaring Somali influence when you observe the kind of interior décor in city restaurants like Al Yusra, Café Pronto and Kilimanjaro, which appears to preserve the cultural identity of the Somali which was predominant in Mogadishu before the civil war.¹⁹²

The last 5 years have seen the mushrooming of almost 30 Somali-owned restaurants in the CBD. Somali-owned restaurants like CJ's, Kulan and Kilimanjaro were credited with improving the outlook of the city through their architectural designs and largely attributed to striking a balance between quality and affordability.¹⁹³

There is increased competition among coffee houses in Nairobi. Both local and international franchises are competing with the likes of Dominos, Burger King, Dorman's, Art Café going up against Savannah¹⁹⁴, Caffe Espresso, and Caffe Arabika. Ismael Abdi asserts

Most Somali restaurants target the upper side of the CBD, that is, from the Hilton Hotel upwards. They are more particular on visibility, which is key in the restaurant business. They prefer uptown as opposed to downtown Nairobi where crowds are fewer so the establishment will be visible to many passersby. This aspect has made the Somali vigorous in looking for any space to setup a restaurant in the upper side of Nairobi as they seek to expand and control the market.¹⁹⁵

Despite Africans being the majority race in the CBD, the colonial government used urban planning as a tool of dominance with urban symbols such as statues of British monarchs, colonial administrators and settler farmers serving to promote British colonial power and dominance over space. This was a strategy to actively alienate who had little or no say in city affairs.¹⁹⁶ Somali contribution to the CBD's architecture is undeniable, and parallels can be drawn with the colonial administration, which sought to use architecture as a tool of colonization, particularly in Nairobi. With the commissioning of more Somali-owned buildings and business, it is clear that their dominance is stumped in the CBD and is causing jitters among local entrepreneurs.

¹⁹² Oral interview with Omar Sharif on the 10 September 2019.

¹⁹³ Ibid.

¹⁹⁴ Owners of the Savannah café brand have sold the franchise to Sheb Investments limited at a cost of Ksh. 600 million. See Cathy Achieng, "Time to smell the coffee at savanna," *Standard media*, (18th December 2008), <https://www.standardmedia.co.ke/article/1144001986/time-to-smell-the-coffee-at-savanna>, (accessed on 8th December 2019)

¹⁹⁵ Ibid.

¹⁹⁶ Mwita and Grant, " Toponymy, Pioneer ship, and the Politics of Ethnic Hierarchies in the Spatial Organization of British Colonial Nairobi," pp 1-6.

4.2 Coping Mechanism among Locals: Subletting within the CBD and Increased Economic Activities in Nairobi's Residential Areas

The entry and subsequent dominance of Somali businesses has necessitated an adjustment to local businesses' operations in the area. Among other factors such as increased competition, customer awareness and changes in tastes and preferences, businesses like the Rwathia Group like any other business conglomerate has been compelled to adapt to changes in the business ecosystem in order to thrive. The group is shifting away from their traditional portfolio of bars and butcheries and converting these premises to shopping stalls, meeting halls and food outlets such as Eureka high-rise, Njoguini, Timboroa and part of Magomano. Some of these buildings meeting venues for funeral planning committees.¹⁹⁷ Diana Murerwa explains

Many small-scale CBD investors squeeze five distinct business with different owners in one leased property, such as a barbershop, saloon, manicurist, M-Pesa agent shop all under one roof. This is to alleviate the hassle of obtaining business licenses, which cost between Ksh 4,500-5,000 and are renewed every six months, and the cost of business space is expensive in the CBD is high since landlords also factor in goodwill.¹⁹⁸

Alex Indimuli re-enforces

In addition to high rents in the CBD, other costs like buying fire extinguishers, maintenance of toilets and so on necessitate cost adopting to cost sharing measures.¹⁹⁹

This is a survival measure for locally owned business to survive the harsh economic times and the predatory landlords and country officials who are stand accused of charging exorbitant rents or shaking down local entrepreneurs for bribes.²⁰⁰ Shaffi Sirat adds

Somalis who hawk phones and phone accessories are indeed Somali refugees who have resulted to hawking as an adaptation response to the competition in the CBD. These hawkers also double up as scouts who seek to identify new areas of setting up business, such towns like Karatina and Nyeri, which have of Somali-owned electronic shops.²⁰¹

¹⁹⁷ Iraki, Secrets of the tiny towns like Muranga, p 22.

¹⁹⁸ Oral interview with Diana Murerwa (Mpesa attendant) dated on the 10 October 2019

¹⁹⁹ Oral interview with Alex Indimuli , 10 July 2018.

²⁰⁰ Ibid.

²⁰¹ Oral interview with Shaffi Sirat on the , 16 November 2017.

For many decades, the Nairobi CBD was the undisputed king of the country's nightlife. This appears to be on the decline since many nightclubs are shutting down with recent cases being clubs like the Joint (Banda street), Zeep, New Florida, Madhouse, Simmers (Kenyatta avenue), Club Sound (Kaunda street) and finally City Classic and Club Psys, have also fallen victim as they were converted to coffee shops²⁰². Bethsheba Ochanda agrees:

Clubs such as Simmers, Betty's, Florida and Club Xtreme have not been able to survive as the owners were tenants and lacked political cover or influence at county hall, so they became casualties of the changing times and the Somali wave. The few remaining bars within the CBD such as Rafikis and Eureka (located along Moi avenue), are owned by local entrepreneurs who are either politically connected or also double up as the landlords of the buildings housing these bars. Hence, they have a lot of influence with the county officials and in some instances; their influence extends all the way to the Central Police Station²⁰³. This is why a club like Eureka operates 24 hours despite the Mututho laws..... Mututho laws-drink control act of 2010 which restricted daily drinking hours in Kenya to 6hours between 5pm and 11pm

The city's residential areas have become party hubs as the Nairobi CBD has lost its shine, entertainment spots such as Blend (along Mombasa Road), Taurus (in Buru Buru), 1824 (Langata), Whisky River (Kiambu Road) and Milele (Garden Estate).²⁰⁴ According to the report, Despite the change that has resulted in the evident creation of satellite towns like as Ruaka, Roysambu, Kitengela, and Rongai, displaced people continue to carry resentments towards Somali refugees, further aggravating the conflict.

According to observations made in this study many local many local entrepreneurs that were situated in the CBD have shifted to residential regions or rural towns due to stiff competition induced by the Somali wave. According to the study, the conflict could expand to rural areas since the Somali utilized scouts disguised as hawkers to prospect for new markets. As in the CBD, the aggressive attitude of Somali expansionism will flow over into rural areas, sparking confrontation between Somalis and locals.

²⁰²Louise Nyingi, "On the Life of the Party; City Center is Losing its Beat," *The Standard*, (22 November 2019), p18

²⁰³ Oral interview with Bathsheba Ochanda, a waitress at Mwenda's pub located at Utalii house on the 23 March 2019

²⁰⁴ Louise Nyingi, "On the Life of the Party; City Center is Losing its Beat," *The Standard*, (22nd November 2019), p18

4.3 Suspicion Because of the Rapid Expansion of Somali Refugee Enterprise

The Asian community are generally viewed as mean-spirited employers who bribed Kenyan officials to exploit the country's resources. Asians, many of whom were also Kenyans were viewed as mean outsiders who were a drain on the economy by Kenyans of African heritage.²⁰⁵

The study observes that the Somalis in the CBD are also suspected of being only wealth extractors rather than investors.²⁰⁶ Gilbert Mugambi states ,

There is a grand plan by Somali entrepreneurs for Nairobi aimed at reorganizing business ownership. Somali entrepreneurs often brag that for every 10 Somali-owned business there will be only one Kikuyu owned business in places like Tom Mboya, Ronald Ngara, Moi Avenue and Kenyatta Avenue serving as the Somali commercial hub with FOREX bureaus and money transfer businesses such as Dahabshiil dominating. The Somalis are intent on controlling commerce within the CBD.²⁰⁷

Kenyan Somalis played a pivotal role in the political administration during the Nyayo presidency as there was the perception that they were/are neutral thus the visibility of the Somali in the economic space has culminated in the fears that Kenya is being economically colonized by Somali refugees.²⁰⁸ The occupation of the CBD by is also exacerbated by their insatiable Somali appetite for business space combined with their high birth rate, which has increased their dominance on the economy.²⁰⁹

Success of the Asian entrepreneurs gave the perception that the Asian community were exploiters of the Kenyan economy since majority of Kenyans remained backwards. These assumptions and prejudices resulted in the Asian community being suspicious and not fully integrating with other Kenyans.²¹⁰ The same suspicions appear to cast upon the Somalis, particularly by Kikuyu business owners who feel by threatened by the success of the Somali in

²⁰⁵ Tyce, "The Politics of Industrial Policy in The Context of Competitive Clientelism: The Case of Kenyans Garment Export Sector," pp 553-579.

²⁰⁶ Tielman Nieuwoudt, "Small Business lessons I learnt from Somalis ," *The supply chain hub*, (12 September 2019), <https://thesupplychainlab.blog/2019/09/12/business-lessons-i-have-learned-from-somali-traders/>, (accessed on 12 August 2020)

²⁰⁷ Oral interview with Gilbert Munyi Mugambi dated 16 November 2018 at his business premises (specializing in cell phones, laptops and luxury goods like watches) along Moi Avenue building adjacent to MKU Towers.

²⁰⁸ Pavanello and Elhawary, "Hidden and Exposed: Urban Refugees in Nairobi, Kenya." pp10-13.

²⁰⁹ Oral Interview on the with Charles Chege Mbuthia, a restaurant owner along Monrovia Street, 15 November 2018.

²¹⁰ Tyce, "The Politics of Industrial Policy in The Context of Competitive Clientelism: The Case of Kenyans Garment Export Sector," pp 553-579.

business as they have been outmaneuvered and are playing second fiddle to the Somalis. Therefore, the element of mistrust dominates the two communities.²¹¹ Here have been reports of intolerance, misrepresentation, or underrepresentation of the Somali narrative in Nairobi. This is predicated on the perception that the Somali are out to control enterprises in the CBD, which has led to distrust between locals and Somali refugee merchants.

An aspect of beneficial ownership (when an individual enjoys benefits of ownership in business venture even though the title of the property or business is in another name) between the Kenyan Somali and the Somali refugee entrepreneur appears to be in practice in the CBD. James Osodo, observes that:

Somali refugees registered companies using the names of Somali Kenyans and applied for business permits using the company names so even after a search is conducted a Kenyan national will come up as the owner is either a resident of Eastleigh or Wajir .²¹²

It is evident that there is cooperation between the Kenyan Somalis and the Somali refugees, the Kenyan Somali uses their status as citizens to assist the Somali refugees in setting and registering businesses within the CBD .The Somali dominance in Nairobi’s CBD has drawn the attention of not just the local entrepreneurs but also local blogger who have come out to support their compatriots in the fight for this space. Cyprian Nyakundi, a local blogger has been vocal about Somali refugee business expansionism within the CBD.²¹³ His posts. While inciteful and could result in conflict illustrate how the conflict over Nairobi’s CBD was fought on social media²¹⁴

There have been instances of social media disputes between Kenyans and Somalis, in which Kenyan Somalis have sided with larger Somali nations, or despite the verbal spats being comedic in character, they can be kept to demonstrate the genuine allegiance of the Kenyan Somalis.²¹⁵

²¹¹ Oral interview, with Charles Ngwili – an auditor at Rama Homes, a Somali-owned Real Estate Company, 15 August 2018.

²¹² Oral interview with James Osodo dated on the 13 May 2017.

²¹³ Nyakundi Cyprian (@CisNyakundi). Twitter posts 15 August & 28 August 2020, Time 17:47 & 12:54, <https://twitter.com/cisnyakundi?lang=en> ,(accessed on 15 &28 August 2020)

²¹⁴ Verah Okeyo, “ Social Media Fuels Tribal Hate,” *Lse blogs*,(18 August 2017) <https://blogs.lse.ac.uk/africaatlse/2017/08/15/social-media-fuels-tribal-hate-after-elections/> (accessed on 20 November 2021)

²¹⁵ <https://twitter.com/#!/Kenyans-vs.-Somalis> Wangeci Nderitu, “Kenyans Face off with Somalis in Hilarious social Media Supremacy battle,” *Tuko*,(3 January 2020, 3:07 PM), <https://www.tuko.co.ke/332799-kenyans-face-somalis-hilarious-social-media-supremacy-battle.html> , ,(accessed on 16 November 2021)

There is a growing apprehension among business operators that the Somali customer is not to be trusted in business transactions. This is because many of those interviewed for this study pointed out that the Somali go into business with locals purely out of necessity. The fact that the set up the similar business ventures as those of locals after being in business with them is a source of conflict since it gives the impression that the Somali are only using the locals. This mindset among the locals has hampered integration between the two groups, as there is a great deal of mistrust based on claims and innuendos.

4.4 Xenophobia

In 1989 the Kenyan government gave a directive that Somali Kenyans should carry a pink ID card in addition to the normal ID carried by all other Kenyans ,the pink Id was the highlight of the then governments discriminatory tendency towards the Kenyan Somalis and was declared unconstitutional in 2003.²¹⁶

The history of bias, prejudice, xenophobia and genocide are grounded on the disgust mechanism (unconscious psychological rationalizations which causes people to shun certain minorities temporarily) such as comparisons between human beings and vermin or disease. In order to instigate hatred leading to genocide, Harari gives the example of phrases such as ‘dirty Jew’ or ‘Jewish rat’ being used by the Germans before the holocaust. Before the start of the genocide in Rwanda, the Hutu described the Tutsi as ‘cockroaches’²¹⁷. Alex Indimuli:

Majority of the Somali are very dirty since they own the building, I operate in. I go to use the toilet facilities in the adjacent building which has a bar.²¹⁸

In 2014 under operation usalama watch the Somali community, become a scapegoat in the anti-terror operation as they were targeted with arrests, harassment and extortion. Somali detainees²¹⁹

²¹⁶ Hassan M. Abukar, “Kenya’s Somalis: Caught between Power and Profiling “*African arguments*,(23 June 2014), <https://africanarguments.org/2014/06/kenyas-somalis-caught-between-power-and-profiling-by-hassan-m-abukar/> (accessed on the 7 February 2020)

²¹⁷ Yuval Noah Harari, “*Sapiens: A Brief History of Mankind*,” (New York, Harper Publications, 2014), p 32

²¹⁸ Interview with Alex Indimuli on 2 June 2019

²¹⁹Wrong, “Who Are the Kikuyu: And why do Kenya’s other tribes resent them so much,” pp 5-6

were transferred to Dadaab refugee camp. However, many were eventually able to return to Nairobi after bribing security officials.²²⁰ Shaffi Sirat Salah confides that:

Most locals associate every Somali with terrorism. Sometimes the term Al-Shabaab has been used on me and I have reacted angrily severally²²¹.

The other Kenyan communities consider the Kikuyu obnoxious for rubbing their economic success in the noses of other communities since independence. The Somali refugee entrepreneurs within the CBD have generated the same level of hate and envy²²², Alex Indimuli states:

As piracy increased in the Somalia coast, Somali refugee owned businesses flourished in Luthuli. Money was being sent from Somalia fueling the perception among many that the Somali community are profiteers of terrorism and piracy.²²³

The study clearly establishes that the local entrepreneurs are using the terrorism narrative against the Somali refugee entrepreneur out of jealousy. Somali success within the CBD has made them as an easy target for hate and envy from the locals. Ismael Abdi explains:

The Somali entrepreneurial success in the CBD had led to the perception that the Somali are people engaged in activities such as terrorism and tax evasion. He states that the Somali wealth is a product of the mass scale mode of business, for instance, buying clothes in China in bulk through raising money within the community itself making it a mass venture by a particular group. He admits some money comes from Somalia but states that it is just one stream of capital.²²⁴

Kenyan soldiers fighting the Somali during the Shifta wars were indoctrinated to believe that they were fighting a foreign enemy instead of fellow Kenyans²²⁵. Osman Mohamed states:

I have experienced discrimination despite being a Kenyan Somali. Since the takeover of the Somalis in the CBD, everyone assumes that I am a Somali refugee despite being fluent in both English and Sheng. I do not support the branding of the Somali refugee entrepreneurs. They have a positive impact on the economy and they have improved our trading as locals.²²⁶

²²⁰ Amnesty international, “Kenya: Somalis Scapegoated in Counter-Terror-Crackdown,” (24 May 2014), <https://www.amnesty.org/en/latest/press-release/2014/05/kenya-somalis-scapegoated-counter-terror-crackdown/> (accessed on 15 March 2020)

²²¹ Oral interview with Shaffi Sirat on the, 16 November 2017.

²²² . Wrong, “Who Are the Kikuyu: And why do Kenya’s other tribes resent them so much,”pp 5-6

²²³ Oral interview with Alex Indimuli on the , 10 July 2018.

²²⁴ Oral interview with Abdi Ismael on the ,20 August 2018.

²²⁵ Onyango Oloo, “The Political Economy of Ethnic identities in Kenya,” *Pambazuka News*, (29 January2020) <https://www.pambazuka.org/governance/political-economy-ethnic-identities-kenya>, (Accessed on 29 January 2020)

²²⁶ Interview with Osman Mohamed on 28th August 2019

The term walalo describes the relationship between the Somali and the Kenyan state, which is based on discrimination and profiling to distinguish Somalis from other Kenyans.²²⁷ Mohamed Ali explains:-

The term 'warria' just means 'brother', while 'warges' (sheng) simply means 'to go'. But Kenyans use them on an ethnic context to describe us (both warria/warges used to describe the Somali in sheng), both phrases are sometimes used in a derogatory manner.²²⁸

The survival of the Kikuyu during Moi's economic purge is assumed to have led to foster convictions of indispensability and feelings of entitlement, which have covertly infuriated other tribes.²²⁹ Osman Mohamed acknowledges:

The entitlement of the Kikuyu community is a major source of tensions in the Somali community. Sneers such as, 'You Somalis!' Or 'You Al-Shabaab!' Will float around conversations because of the takeover of the Somalis in former Kikuyu spheres of influence.²³⁰

According to the research, the conflict in the CBD has a xenophobic undertone. Religious extremism slurs, feelings of refugees taking over, and language designed to stimulate the revulsion mechanism characterize it. Historic government exclusion tendencies, such as usalama and the pink ID policy for the Somali, have only strengthened xenophobic attitudes toward Kenyan Somalis, exacerbating the CBD conflict. Quick action is required since locals' social consciousness is changing from ethnic to patriotism thinking, as evidenced by the demonstrations against Chinese hawkers in the CBD.

4.5 Ethnic Passing

Passing is a person's capacity to be perceived as a member of a group other than their own, which may include racial identity, ethnicity, social class, or religion²³¹. There have been documented cases of Kenyan Somalis posing as Somali refugees in the late 1990s to 2016 in order they can acquire refugee status. Communities near Dadaab refugee camp began registering and were resettled as refugees and were resettled in the USA or Britain as a result of free

²²⁷ Mariam Bishar, "Walalo-Citizenship-and-Kenyan-Citizenship-are-Entirely-different," *Popula*, (15 January 2019), <https://popula.com/2019/01/15/walalo-citizenship-and-kenyan-citizenship-are-entirely-different>, (accessed on 18 January 2019)

²²⁸ Oral interview with Mohamed Abdi, 16 November 2017.

²²⁹ Wrong, "Who Are the Kikuyu: And why do Kenya's other tribes resent them so much," pp 5-6

²³⁰ Interview with Osman Mohamed on 28th August 2019.

²³¹ Joy Sandon, "Passing in American Culture," (Rollins college press, 2016) pg 1-2

services. The scam was discovered when the Kenyan government threatened to close the all-refugee camps in Kenya, effectively rendering all Kenyan Somalis who had taken up refugee status would become stateless²³².

In Nairobi,²³³ the first cases of ethnic passing were mainly between the Somali refugees and the Eritreans in the Matatu business with the Somali refugee being the pioneer refugee investors in the CBD transport system followed by the Eritreans. Benjamin Mumbi states:

Most of the Matatus in Eastleigh and Githurai are owned by Eritreans known as the Mahabesh (Mahabesh-a village south west of Asmara), with the Somali maintaining just a small controlling stake since they were the pioneers.²³⁴

Yartani Yaballe Jarso narrates:

Most of the hawkers going around hawking perfumes, phones and shoes are not Somali. Most of them are Borana from Garissa who can speak Somali and Oromo from Ethiopia. They are taking advantage of the increased Somali presence in Nairobi, so they dress in kanzus and hijabs as they can easily pass for Somali.²³⁵

The Ethnogenies of the Kenyan Borana made them recruits for Somali republic during the Ogaden war, they were recruited to fight for the interests of the Somali army in eastern Ethiopia under the cover of rebel groups such as the Somali Abo Liberation Front²³⁶. Locally, a significant number of Borana's have had contact with Somali Muslims resulting in even traditional Borana believers have incorporating aspects of Islam with Borana traditions²³⁷. Yasin Mohamed expounds:

Most of the Borana you see hawking around benefitted from the association they have with Somalis in Eastleigh by getting goods on credit. They are also aware that most Kenyans cannot differentiate between the Somali and the Borana so they conduct the business under the guise of

²³² David Mackenzie, "How fake refugees from Kenya settled in the U.S and Europe," *CNN travel*, (9 October 2019), <https://www.cnn.com/2019/10/09/africa/fake-refugees-kenya-intl/index.html> (accessed on the 14 September 2020)

²³³ Felix Watakila, "Pastoralism and conflict management in the horn of Africa: A case study of the Borana in North Eastern Kenya," (Master's thesis, *University of Nairobi*, 2015), http://erepository.uonbi.ac.ke/bitstream/handle/11295/94866/Watakila_%20Pastoralism%20and%20Conflict%20Management%20in%20the%20Horn%20of%20Africa:%20A%20Case%20Study%20of%20the%20Borana%20in%20North%20Eastern%20Kenya.pdf?sequence=1, (accessed on the 7 August 2019).

²³⁴ Oral interview with Benjamin Mumbi, former tout with Eastleigh Sacco dated 17 December 2019.

²³⁵ Oral interview with Yartani Yaballe jarso, a Borana meat supplier at city market dated on the 16 August 2019.

²³⁷ Pavanello and Elhawary, "Hidden and Exposed: Urban Refugees in Nairobi, Kenya." pp10-13.

being Somali. Some Borana who sell meat in Kiamaiko can easily pass for Ethiopians as they can speak the language.²³⁸

Kenyan Degodia clan was under pressure from the other Somali clans to acknowledge its Oromo/Borana genealogy as it had assimilated some Borana cultural traits²³⁹, therefore, both ethnicities could identify as sons of Ali. (Sons of Ali – Sunni Muslim and cousin and son in law to Prophet Mohamed (PBUH). Somalis identify as descendants of Ali). Hani Abdi Mbaria states

Most of the ‘Somali women’, who are hawkers in Ngara, Kamukunji, South C, Jogoo Road, Pangani, and Eastleigh, are Garres who are mainly from Ethiopia and Northern Kenya. The ones from Ethiopia have interacted with the Ogaden Somali clan so they like passing for Somalis because there is an already established Somali entrepreneurial class in Nairobi. This gives them a sense of security.²⁴⁰

The allegiance of the Eritreans, Borana and Ethiopian Garres to the Somali exacerbates the conflict as many local entrepreneurs have only had superficial contact with Cushite’s and cannot differentiate a Borana or Burji from a Somali. This study uncovers that embracing the Somali identity gives them easy access to Somali goods, while also leveraging the Somali identity against non-Cushite local entrepreneurs because of the affordability of Somali goods. Ethnic passing will only escalate the conflict within the CBD as the locals will have the perception that more and more Somalis are encroaching on their spheres of commercial influence

4.6 “Godfatherism”

Godfatherism (Godfather - a person who is influential within an organization) has become entrenched in Kenya as consecutive political administration-built networks to promote loyal subordinates to high office within the state parastatals and other agencies²⁴¹. Dennis Waweru expounds:

In my final college semester in 2012, I had three friends who were Somalis. After graduation, we all applied for entry-level positions at the KRA and were shortlisted. We had to sit for the mandatory entry examination. I unfortunately failed and was not able to get into the management trainee program, but to my surprise, all three of my friends qualified. I could not dismiss it as a

²³⁸ Oral interview with Yasin Mohamed a local Somali dated on the 10 August 2019

²³⁹ David Anderson, “Remembering Wagala: State violence in Northern Kenya 1962-1991, *Taylor and Francis group*, (14th April 2014),<https://www.tandfonline.com/doi/abs/10.1080/17531055.2014.946237> (Accessed on 9th July 2020)

²⁴⁰ Oral interview with Hani Abdi Mbaria, a local Borana dated on the 9 August 2019

²⁴¹ Joe Hamisi, “*Kenya: Looters and Land Grabbers: 54 Years of Corruption and Plunder by the Elite*,” (Texas, Jodey Book Publishers 2018),p 26

coincidence since there were all Somalis. I suspected that they had a godfather who made sure they qualified.²⁴²

In 2014, the EACC ranked institutions of the higher education in Kenya as leading in corruption and academic fraud, where politicians bribe to get university degrees. The World Bank also castigated Kenyan universities for producing professionals who are equipped with very little practical skills.²⁴³ Jason Ambulwa confirms:

Both the Somali refugee community and the Kenyan Somali are relentlessly pursuing higher education as compared to five years ago when the majority only had Form 4 certificates. The rush for college education is aimed at getting the needed certificates and get employment in the civil/public service so as to protect Somali interests as they lack representation in the system due to lack of academic papers. It is a power-driven move both in Somalia and Kenya as a way of penetrating into the system.²⁴⁴

There are already documented facts of Kenyan Somali influence within the national political organs and the provincial administration based on godfatherism. Ethnicity, nepotism and corruption were already entrenched in the economic eco system of the CBD before the Somali wave; therefore, they cannot be categorized as an effect of the Somali dominance. They have become entrenched and have risen to strategic positions through the culture of godfather-ism. More Kenyan Somalis are being recruited resulting in political disenfranchisement among the locals because of the strategic positions they are being placed in.

The participation of the Kenyan Somali as conduit in the economic dominance of the Somali refugee already causing conflict within the CBD. Political dominance by the Kenyan Somali acting as a conduit for the Somali refugee will further escalate the conflict to a national level, as the Somali hold on the civil service will make them influential in the implementation of any political administration's agenda.

This research has uncovered that the Somali refugees are reinvesting part of their profits into educating the Kenyan Somali. Despite education being classified as a basic human right, the increased enrollment of Kenyan Somalis in institutions of higher learning raises suspicion because of the economic alliance between the Kenyan Somali and the refugee Somali that this research has established to be a key pillar in the rapid advancement of Somali economic

²⁴² Oral interview with Dennis Waweru on the 10 October 2018

²⁴³ Hamisi, Kenya: *Looters and Land Grabbers: 54 Years of Corruption and Plunder by the Elite*, P26.

dominance. The Moi administration marked the beginning of Somali as a key player in the Kenyan civil service over time by systematically providing for their educated few positions of leadership especially in the civil service, provincial administration, the armed forces, and the police force.

4.7 Hawker problem: Forceful eviction Hawkers and other unregistered traders from the CBD

The Arab /Swahili elite have controlled Mombasa politics; they also have a stranglehold on the Islamic religious institution and Islamic influence is appears to be at play also in Nairobi.²⁴⁵ Nairobi's CBD has been a contested space between local street hawkers and Somali refugee businesses. Joshua Kimeu explains,

The Somali community has leased the Jamia mall shopping complex for 20-years, Jamia mall portfolio consists of Ali Yusra hotel, the Jamia mosque and the disputed Grogan car park from which the mechanics were evicted and it was leased it out to Somalis who set up a carwash and carpark²⁴⁶. (In reference to the 2013 mechanic riots after eviction from Grogan and the fencing of the plot which was later turned into a car park)

Business operators along Moi Avenue roughed up a street vendor who attempted to sell his wares on the pavement outside their business premises. This act of violence highlighted the tensions in the CBD between hawkers and shop owners as they are taking the law into their own hands in order to save their businesses.²⁴⁷ James Osodo admits:

Kikuyu locals were pushed out of Luthuli and they started hawking along the same street. The Somali refugee entrepreneurs paid off some county officials who, in turn went, and brutalized the hawkers while taking their wares in the process. All this was done under the guise of dealing with the hawker menace, but the Somalis wanted to affirm their grip in the area.” He admits that Somalis are using the county to wade off competition in the area.²⁴⁸

Hawkers sell their wares despite the presence of the city council inspectorate officers who allegedly collect a weekly protection fee of ksh.200 from hawkers.²⁴⁹ Majority of the refugees

²⁴⁵ Sanga Bernard, “Are outsiders slowly taking over leadership at the coast,” *The standard newspaper*, (13 May 2018), p14.

²⁴⁶ Oral interview with Joshua Kimeu on , 14 November 2017.

²⁴⁷ Njoroge, K, “Growing pain for Businesses as Hawkers Take Over Nairobi streets,” *Nairobi News* (11 July 2016). <https://nairobi.news.nation.co.ke/news/growing-pain-businesses-hawkers-take-nairobi-streets> , (Retrieved 4 January 2020)

²⁴⁸ Oral interview with James Osodo on the 13 May 2017.

²⁴⁹ Torres, *Nairobi today: The Paradox of a Fragmented City*, pp 150-208.

are small traders who engage in the informal economy, which has returns of Ksh.200 - 800 per day resulting in tensions between locals and Somali refugees²⁵⁰. Osman Mohamed laments:

The hawker problem has become an issue among all the legal business people. They are able to undercut, as they do not have overheads such as utility bills, compliance certificates and rent. Despite Muthurwa being set up for them they still come to the CBD.²⁵¹

Hawkers have been accused of invading store and stall pavements where they sell their wares at reduced prices. For example, a shirt can be retailing at ksh.1500, but a hawker is selling at ksh.500. The same accusations have been leveled against the Somali²⁵². Shaffi Sirat Salah complains:

Hawkers located along Moi Avenue and Tom Mboya streets, are selling things like phone covers at KES 100 while as shop-owners we sell the same covers at KES 200. They do that in front of your business so as to divert customers during rush hour.²⁵³

On June 1st 2006, the then Nairobi City Council called the police on hawkers and the evictions quickly turned violent and by the end of the day, long battles ensued. A policeman had been stoned to death and three hawkers had been shot dead. In Nairobi, the police and hawkers are locked in a deadly battle for the streets as the hawkers are desperate to make a living and the police have to keep the streets clear.²⁵⁴ Daniel Macharia agrees:

I used to operate along Kirinyaga Road at a garage called Maasai Moja. Due to the various battles between hawkers and police, I had to move to Pangani since the disruptions started becoming excessively frequent consequently disrupting my business. The hawkers were being chased from Moi Avenue and Tom Mboya Street and it was usually along Kirinyaga Road that they stopped and began engaging with the police.²⁵⁵

Despite the violent hawker eviction of 2005, Wambui Mbarire the Chief Executive of the lobby group Retail Trade Association of Kenya (RETRAK) states that despite assurances from city hall, nothing much has been done to move the hawkers²⁵⁶. The frustrations of the traders

²⁵⁰ Pavanello and Elhawary, "Hidden and Exposed: Urban Refugees in Nairobi, Kenya."pp10-13

²⁵¹ Oral interview with Osman Mohamed, telecommunications expert based at Gilfillan House Kenyatta Avenue 24 September 2018.

²⁵² Njoroge, "Growing pain for Businesses as Hawkers Take Over Nairobi streets,"p32

²⁵³ Oral interview with Shaffi Sirat Salah a shop owner along Luthuli Avenue dated 1 September 2018

²⁵⁴ Boniface Mwangi, *Unbounded*, (Nairobi, Boom Twaf Limited,2016), p 28

²⁵⁵ Oral interview with Daniel Macharia on the 13 August 2019

²⁵⁶ Njoroge, "Growing pain for Businesses as Hawkers Take Over Nairobi streets," p32

manifested when leaflets appeared in the CBD calling for a march to city hall over the hawker invasion of major streets.

The study demonstrates that the county officials initially looked to be siding with the Somali entrepreneurs, but they are also accepting bribes from hawkers as well. Receiving bribes from both sides has only fueled the conflict, resulting in documented incidences of violent clashes between hawkers and the county officials. Tensions between hawkers and Somalis are high because both groups are buying influence at city hall.

4.8 24-Hour Economy in Nairobi CBD

President Kibaki established the Ministry of Nairobi Metropolitan Development through a presidential decree in 2008, with the goal of making Nairobi a 24-hour economy. Despite the government's effort for a 24-hour economy, it did not put the necessary infrastructure, therefore the private sector embraced the concept, albeit informally, through private businesses such as the backstreet 24-hour kiosks.²⁵⁷ Since then Kent Kirimi adds:

The Somali wave in Nairobi has brought about an emerging class of Meru entrepreneurs who have set up kiosks and shops, which specialize in the Miraa trade. The shops are known to operate 24 hours and are mainly along River Road behind Kampala House (Kampala coach), Muringa Lane (connects Accra Road to Latema road), Uyoma Lane (connects to Temple Road), Munyu Road (connects Accra Road to Luthuli Avenue), Taveta Lane, Keekorok Road. Luthuli Lane and Gaborone Road.²⁵⁸

When the Somalia briefly banned Khat in 2016, Meru farmers lost millions²⁵⁹ the trade is reported to be worth 400,000 Dollars a day, Donnex Magolo agrees:

Somalis are a bit accommodative of the Meru because of the Miraa trade. This silent alliance gives the Meru easy access and favorable terms of credit to Somali goods.²⁶⁰

The number of small shops and kiosks within the CBD has been on the rise, operating 24-hours. These shops as previously discussed sell mainly smuggled goods from neighboring Tanzania. The Meru entrepreneurs appear to be benefiting from the Somali influence within the CBD which is evident in their business premises ownership is concentrated in downtown Nairobi

²⁵⁷ Collins Omollo and Wanjohi Githae, "New deal is the latest attempt to restore glory to troubled city," *Sunday Nation Newspaper*, (22 March 2020) ,p 10 .

4.9 Nairobi CBD as the Nerve Center of Airwave Piracy

Nairobi has been the nerve center of illegal pay TV and internet connections a trend that began in the area in years as Somalis needed cheap internet to communicate with their relatives abroad and enjoy Arabic programming. These internet connections could only be found in cable networks such as Aljazeera, BeIN Sports. Over time, this trend has grown to affect more mainstream cable TV providers such as DSTV, Zuku and Startimes since the move from analog to digital. The pirates also brag of the ability to hack into police communication servers and claim to have ventured into the business of training and equipping anyone with the knowledge of hacking into satellite-based communication system. The transfer of data is via wires and dependent on infrastructure such as telephone poles and electricity lines, therefore they cannot go far in order to avoid detection.²⁶¹ Marvin Mulandi explains:

The availability of cheap boosters, routers and fiber optic cables (which are used to hack into fiber-based network and sold for about Ksh.200 per meter) are sold at Somali-owned shops along Luthuli Avenue. This has led to an increase in illegal transmissions, which have become more sophisticated. In Eastleigh, the signal used to cover only a few residencies while in Roysambu, one hacker can be supplying the illegal signal to 3 residential flats from one control room.²⁶²

Somalis who worked in telecoms in America bought satellite dishes and telephone equipment to set up phone booths in Somalia as the telephone infrastructure had collapsed during the civil war. They also set up cheap telephone and email shops in cities in Europe, America and Australia to facilitate communication with their relatives in Somalia,²⁶³ Kenneth Kimani explains:

After the digital migration, many middle-income households in Nairobi could not afford cable TV and this brought about the rise in illegal connections as landlords colluded with cable TV and internet hacking cartels which had come up across the city estates. High demand plus the relatively low cost of transmitters, decoders and routers along Luthuli Avenue has brought about rivalry among the different cartels (Somali and locals) which has led to their reporting on each other to the police so as to have an upper hand.²⁶⁴

²⁶¹ Dan Okoth, "Shock Encounter with Technology Pirates," *The Standard newspaper*, (30th May 2010), p18.

²⁶² Oral interview with Marvin Mulandi, 25th September 2019, a resident of Eastleigh

²⁶³ Webersik, "Mogadishu; An Economy Without a State," pp 1463-1480.

²⁶⁴ Oral interview with Kenneth Kimani 20 October 2019.

Digital TV in Kenya is still considered an elite product hence the Somali have a niche market among the middle class and the poor who cannot afford subscription fees²⁶⁵. The study establishes that there is indeed rivalry between local and Somali airwave pirates, which escalated to the point of snitching on each other to the police to gain a greater market share.

4.10 The Slow Decline of Asian owned business within the the CBD

The Somali wave has brought about the decline of manufacturing in Nairobi, as many consumers prefer the cheap Somali goods that they import from China. Local industries have been forced to close down or down size on staff or move the manufacturing process out of Kenya in a bid to cut costs as was the case with Yana tires.²⁶⁶.Salima Pirbhai adds:

Majority of the Asians abandoned manufacturing because of the flooding of cheap Chinese imports by the Somali rackets and moved into the construction business or pharmaceuticals business as they could not withstand the Somali wave and had to adapt.²⁶⁷

Due to increased Somali investment into the Kenyan economy, there has been an increase in national revenue through taxation and an increase in Nairobi and other counties revenues.²⁶⁸.

James Osodo states:

Shops which belonged to the Asian communities along Luthuli, Moi Avenue, Ronald Ngala and parts of Tom Mboya Street were partitioned to stalls, each paying county licensing fee of KES 20,000 annually as compared to years back when one Asian-owned premise only used to generate KES 10,000.²⁶⁹

Asians have moved to farming in particular agriculture in Nakuru, Athi river, Namanga and Tanzania - an example is the Rai family who own the dominion farms and Kabra's sugar, Bombil franchise²⁷⁰,Samuel Gathondu: adds

Many Asians who were in manufacturing moved to Arusha to farm or moved the companies to Uganda.²⁷¹

²⁶⁵The Nairobi team, "DSTV was once a preserve of the rich and mighty," *The Nairobi Newspaper*, (19-25th June 2020), p37.

²⁶⁶ Webersik, "Mogadishu; An Economy Without a State," pp 1463-1480.

²⁶⁷ Oral interview with Salima Pirbhai on the 4 October 2019, who works at a construction company

²⁶⁸ Abdulsamad, "Somali Investment in Kenya," pp 3-7.

²⁶⁹ Oral interview with James Osodo a Nairobi county employee dated 1st September 2018

²⁷⁰ Paul Wafula, "Rai Billionaires snap up Distressed Dominion Farms after vicious Fight," by *Nation Newspaper, Sunday edition*, (26th January 2020), p 12.

²⁷¹ Oral interview with Samuel Gathondu, a teacher at Aga Khan High School, Nairobi, dated 11 November 2018

52 stateless Asians living locally and who are descendants of pioneer Asians who opted to take up British citizenship after independence but opted to live locally have been granted Kenyan citizenship after British law forbade them from becoming citizens²⁷², Derrick Mutheka adds,

Asians who were in manufacturing have moved into horticulture in Moshi and Arusha, Tanzania after president Magufuli has introduced tax holidays, while the ones who choose to stay ventured into the pharmaceutical industry which has led to new companies such as Beta and Cosmos²⁷³.

Simon Vijedi agrees with Derrick,

The Asians who were in the CBD opted to invest in the rural retail economy with ventures such as khetia supermarkets in Mumias, Butere and Kakamega. Others invested in residential real estate in Mombasa specifically middle-class estates such as Bamburi.²⁷⁴

Somalis are involved in the fuel/gas distribution around the East African region – Uganda, Rwanda, Burundi, DR Congo – with Hass Petroleum and Hashi commanding the lion's share of the market²⁷⁵. John Runjugi agrees:

The Somalis are able to undercut in the trucking business because they also have a firm grip on the energy sector. The Shell branded petrol stations were previously predominantly owned by the Asian community, but the Somalis have bought out most of the branding rights eclipsing the Asians and, in the process, they have set up their own, the likes of Hashi, Tosha and Mogas brands.²⁷⁶

Prominent Somalis such as Ahmed Hashi have invested in the energy sector²⁷⁷. There is an increased Somali influence within the manufacturing sector around the world. Though they have not established industrial lines of their own, their connections with the manufacturing sector in various parts of the world where the Somali diaspora is present helps to create the necessary influence. They take advantage of the inside information and they use it to build purchasing advantage. Abdullahi Ahmed Madebe states:

Luxury brands like Samsung, iPhone, Gucci, True Religion Jeans and even Versace have manufacturing plants in China where production is cheap. We have contacts in the companies contracted to make these goods, for example, Apple in California or Versace in Italy order two million units but instead three million units are made. The overflow goods inclusive of the rejects

²⁷² Fredrick Omondi, "States grants 52 stateless Asians Kenyan citizenship," *The Star Newspaper*, (2 September 2021), p10.

²⁷³ Wafula, "Rai billionaires snap up distressed Dominion farms after vicious fight," p12.

²⁷⁴ Oral interview with Simon Vijedi on the 11 November 2018. Simon is a teacher at Aga Khan Primary School

²⁷⁵ Wafula, "Rai billionaires snap up distressed Dominion farms after vicious fight," p12

²⁷⁶ Oral interview with John Runjugi on the 1 April 2016

²⁷⁷ <https://www.hashienergy.com/newsite/our-history/>

cannot be sold in Europe because of stringent regulations, hence the Somali buy in bulk and ship to Kenya where the more established brands like Versace or True Religion are rebranded in order to avoid copyright infringement²⁷⁸ (Rejects –products which become defective in the assembly line)

Shaffi Sirat Salah adds,

In China we have agreements with manufacturing plants for assembling rights. We pay off the manufacturers a fee to preferential access to goods since we buy in bulk. The electronic goods are shipped in pieces for later assembly in Eastleigh so as order to avoid the net tax. That is why unlike other local entrepreneurs in Luthuli you will find that the Somali community has one supplier of TVs, laptops or phones who are mainly based in Eastleigh.²⁷⁹

Somali ownership of factories in China was a new phenomenon which most academics describes ad reverse globalization or globalization from below, since it was directed by individuals from developing countries other than the usual multinationals²⁸⁰, Ismail Abdi reinforces:

Through this, the Somali are able to get share allocation in companies like Daewoo, Panasonic and L.G. China, and join the production stage. The Chinese simply cannot compete with us.²⁸¹

Paul Otieno agrees with Ismail Abdi:

The Asians are avoiding public construction and supply contracts so as not to compete directly with the Somali. They have settled for private construction contracts which don't attract much competition.²⁸²

The Somalis have contributed to the indigenization of the economy as they come in as a powerful entrepreneurial class, with expertise in areas such as importation, and were able to shift the dynamic from the Asians. They have adopted by moving to other counties or countries like Tanzania and these has loss of revenue for both the city and the country at large.

The study identifies that the rapid expansion of the Somali enterprise has been detrimental to the manufacturing process due to flooding of cheap Chinese goods into the domestic market. The Asian community being the manufacturing class of Nairobi has been hit hard. The Somali take over has seen the exit of many Asians out of the CBD.

4.11 Participation of the Somali immigrant in Commerce

After the xenophobic violence witnessed in South Africa, some Somalis opted to relocate to Kenya and settled in Nairobi and begun investing²⁸³. Jane Mwikila confirms

²⁷⁸ Oral interview with Abdullahi Ahmed on the 12 February 2017

²⁷⁹ Oral interview with Shaffie Sirat on the 7 August.2017.

²⁸⁰ Webersik, "Mogadishu; An Economy Without a State,"pp 1463-1480.

²⁸¹ Oral interview with Ishmail Abdi on the ,7 August 2017.

²⁸² Oral interview with Paul Otieno on the, 20 October 2018.

²⁸³ Chebichi, The 'Legality' of Illegal Somali Migrants in Eastleigh Estate in Nairobi Kenya, pp 4-7.

I have been a tenant at Yala Towers for the past 3years. The building is owned by Somali immigrants from Canada who usually come once a year. Yusuf Adan a Kenyan Somali who hails from Moyale and made his fortune in the 60's and 70's through the Somali Mirrah trade is the owner of Yala towers (Nairobi CBD), Lenana towers (on Lenana road) and Riara apartments (near junction mall) ²⁸⁴he also has shares in Blue Bird aviation.²⁸⁵

Nairobi CBD was the base for many Somali diaspora (who invest through both the Somali refugees and Kenyan Somalis) but it seems to be losing its shine to Limuru road²⁸⁶. Eunice Wanjiru

Somalis from the U.S have invested a lot along Limuru road. KFC is frequented by Somali customers and closes at 11:30 pm in the evening as opposed to 9:30 pm. Fit for Life Gym and petrol stations Shell and Ola are also Somali-owned. Most of the residential property in Parklands is also rented out to Somalis.²⁸⁷

Kevin Maina supports:

The Somali emigrant at Parklands is more sociable as compared to those of Eastleigh as they have exposure. The Somali from Canada are the ones who set up Mug and Bean.²⁸⁸

The economic recession and rise of right-wing politicians in western countries such as the USA and Britain has resulted in racism and economic exclusion and this has revived a sense of attachment with Africa. This explains the recent increase in Somali immigrants in Nairobi due to there being a dominant Somali refugee community in the region and the lack of stability in Somalia, which could be the second wave of Somalis (entry of the Somali into the CBD business spaces, the first wave was the setting up of the Somali refugee's business enterprise in Eastleigh) as they have already started investing in the CBD real estate market. The social economic aspects of this migration should be studied further.

The study also provides a link between globalization and the Somali community through the establishment of international franchises such as KFC and Mugg & Bean (franchise restaurant originating from South Africa with branches in Village Market, Ngong road, Westland's and Limuru road).

²⁸⁴ Interview with Jane Mwikali on the 2 November 2019

²⁸⁵ The Star Team, "Sons of Somali city Tycoon Fight for his Property," *The star Newspaper*, (15 June 2020), <https://www.the-star.co.ke/news/2020-06-15-sons-of-somali-city-tycoon-fight-for-his-property/>, (accessed on the 17 June 2021)

²⁸⁶ Pavanello and Elhawary, "Hidden and Exposed: Urban Refugees in Nairobi, Kenya."pp10-13

²⁸⁷ Oral interview with Eunice Wanjiru dated 29 July 2018

²⁸⁸ Oral interview with Kevin Maina, an employee of Aga Khan on the 10 October 2019.

4.12 Conclusion

This chapter notes that the Somali refugees have greatly contributed to the economy of Nairobi County, by creating jobs, investing cash, and providing customers with affordable good. Somali refugees have added to the CBD's cultural characteristics by introducing new forms of architecture styles and restaurants specializing in Somali cuisine. The problems outweigh the positives since Somali economic gain has come at the expense of local entrepreneurs, and the conflict therein.

CHAPTER FIVE

EFFORTS MADE TO ADDRESS THE CONFLICT WITHIN THE CBD

5.0 Introduction

This chapter examines the different initiatives the central and county governments have undertaken to address the tensions between the local entrepreneur and the Somali refugee entrepreneur. The chapter incorporates initiatives taken by both the county and central government to avoid clashes over business space.

5.1 Attempt to Tightening of Immigration Regulations by the central government

After documented instance of foreigners conducting the business activities in Luthuli Avenue, River Road and Nyamakima. Interior cabinet secretary Fred Matiangi issued the directive that work permits would not be issued in the country but from the Kenyan consulate at the country of origin, this directive was a measure of curbing the number of foreigners who come as tourists or construction workers only to engage in the same business as locals.²⁸⁹ Charles Ngwili explains:

Kenya has introduced mandatory stopovers in Wajir for passenger airplanes originating from Mogadishu. The idea of tightening immigration regulations so as to reduce cases of illegal immigrants.²⁹⁰

Kenyans are venting on social media and main stream media at the uncontrolled influx of foreign traders into the county in markets such as Gikomba and Burma, Chinese hawkers have been spotted in down town Nairobi specifically Kamukunji hawking mobile phones. local traders revealed that indeed the Chinese have gone down along Mombasa Road where they store their goods.²⁹¹

Despite these efforts by the central government foreigners still continue engaging in business within the CBD, which has escalated the direct competition with those of locals by taking advantage of loopholes in the Kenyan legal framework, specifically the Kenyan Investment Promotion Act of 2014, which states ‘foreign investors must benefit the country in acquisition of

²⁸⁹ Wangui Ngechu, "Government freezes issuance of work permits in Kenya," *CitizenTv*, 11 December 2018, <https://citizentv.co.ke/news/govt-freezes-issuance-of-work-permits-for-foreigners-in-kenya-222831/>, (accessed on the 14 November 2021)

²⁹⁰ Oral interview, Charles Ngwili Auditor Rama Homes, 15 August 2018.

²⁹¹ *Ibid.*

new skills and promote use of local resources.’ The act also guarantees investment certificates for an investment of least 10 million was made in Kenya.

5.2 Revision of Bank Regulations and Laws

Revision of bank regulations and laws such as those requiring one to bank or withdraw not more than one million Kenya Shillings, or the law requiring one to state the source or purpose of a deposit or withdrawal made if the amount banked reaches a certain limit. This helps reduce money laundering which has been on the spotlight in light of the struggling economy²⁹². Teddy Mukuha: agrees:

The introduction of the new currency notes was mainly targeting the Somali community who were suspected of hoarding cash in their houses as majority operate outside the formal banking system.²⁹³

The business registration services (BRS) issued a directive to all companies to declare their secret shareholders, failure to comply will attract fines upon conviction to fight drug dealers, human traffickers, tax evaders and terrorist who use this anonymity to launder money.²⁹⁴ Grace Ndichu explains:

Somalis’ refugees don’t have a KRA pin number hence they cannot purchase motor insurance, they use Kenyan Somalis or their employees (to act as policy holders), they also avoid transferring the logbook into their names after buying the vehicles so as they can take up insurance under the names of the former owner (which is illegal). Most of them take third party motor insurance. They can insure up to 30 vehicles under the name of one Kenyan Somali.²⁹⁵

The business portfolios of Somali members of parliament have diversified, records at the Registrar of Companies indicate that Concordia, Nomad Palace Hotel and Medina Hospitals (all based in Eastleigh) share the same postal address Records at the registrar of companies S²⁹⁶John Kamau agrees

²⁹² Vincent Achuka, ” Are city nightclubs fun spots of havens for cleaning dirty cash?” *Saturday Nation Newspaper*, (25 January 2020), p 12.

²⁹³ Oral interview with Teddy Mukuha bank teller with standard chartered bank Koinange street on the 19 September 2019

²⁹⁴ Susan Nyawira “companies given 6 months to disclose secret shareholders’ *The star Newspaper*, (28 January 2021), p 15.

²⁹⁵ Oral interview with Grace Ndichu an Under-writer AMACO Insurance Company on the 20 August 2018.

²⁹⁶ Vincent Achuka “Duale Denies links to Firm at the Center of sh.2 bn Tender Scandal,” *Daily Nation Newspaper*,(18 July 2019), p 4.

Somalis who are awarded supply contracts use different companies registered under proxies in order to create the impression that the bidding was competitive.²⁹⁷

Kenya has weak anti money laundering legislation and enforcement has made Nairobi an attractive destination for illegal cash.²⁹⁸ A 2012 report by Griffins University places Kenya second after the USA in setting up a shell company, proximity to Somalia also makes Kenya an attractive destination for laundering Somali money.²⁹⁹ The Kenyan Somalis have been accused of being Somali refugee fronts³⁰⁰. Rosemary Maina also observes

Over the past two years 3 Somali restaurants have opened in the same building they are Kilimanjaro, Beirut and Kista coffee house in the ICEA building /renamed JKUAT towers.³⁰¹

Hawala companies in Kenya include Dahabshiil and Awal offer a cost effective, faster way of transferring funds with rates as low as 0.2%, attracting non-Somali clientele.³⁰² Fortunatus Wanjohi states:

I used to send money through ABC bank since it was the only Kenyan bank with a branch in Abu Dhabi, but I am currently sending via Dahabshiil as it's faster as compared to Western Union and ABC bank. It's also cheaper and they don't require a lot of documentation plus now they are even on Kenyatta Avenue.³⁰³

Chinese nationals doing similar business as locals resulted in the interior cabinet secretary Fred Matiangi announcing that he was deporting six Chinese nationals conducting business in Gikomba and Luthuli Avenue Chinese money transfer services, which avoid formal banking system³⁰⁴. Charles Ngwili states:

The Somalis, especially in the USA, are dependent on the Hawala system (Somali money transfer system), relies solely on trust. There is minimal transfer of actual funds, and this cannot be easily traced. In recent times, I have witnessed unaccounted money flowing in, and ways of dispensing

²⁹⁷ Oral interview with John Kamau a relief food supplier to refugee camps based at Nyamakima, dated 15 January 2020.

²⁹⁸ Ibid.

²⁹⁹ George Tubei, "Kenya moves from being east Africa's financial hub to being a hotbed for money laundering," *pulselive*, (2nd April 2019), <https://www.pulselive.co.ke/bi/politics/kenya-now-joins-the-likes-of-somalia-nigeria-mexico-afghanistan-and-panama-as-global/c77f82b>, (accessed on 14 November 2021)

³⁰⁰ Abdiaziz Hassan, "Kenya blames Somalis for property price hikes," Reuters, 29 June 2009, <https://www.reuters.com/article/idUSLR485931>, (accessed on 14 November 2021).

³⁰¹ Oral interview with Rosemary Maina on the 22 January 2020.

³⁰² Webersik, "Mogadishu; An Economy Without a State," pp 1463-1480.

³⁰³ Telephone interview with Fortunatus Wanjohi on the 10th December 2019 he is a Kenyan immigrant on contract in Abu Dhabi

³⁰⁴ Ngechu, "Government freezes issuance of work permits in Kenya," p1.

it have to come into play since it evades all established monitoring systems. It cannot go through the local banks, as the Central Bank is more vigilant after the NYS saga. Restaurants have to be set up, overpriced penthouses and all manner of economic activities in order to channel the funds into the conventional system.³⁰⁵

The study shows that despite efforts from the central government to regulate the Somali business enterprise they seem to be always a step ahead wither by registration companies through proxies or using their kinship ties with the Kenyan Somali. The government's inaction will only serve as a catalyst in the conflict; it is evident that Somali are still pumping money towards business ventures in the CBD. The study also establishes that there could be a spillover of the conflict in places like Kamukunji and Gikomba as the Somalis also want to assert their dominance in these commercial hubs

5.3 Establishment of Streets and operating hours for Hawkers by the Nairobi county government

There is currently an increased presence of hawkers in CBD high streets, which were previously no-go zones for them. Despite harassment from the county Askaris, there is a noticeable increase of hawkers in uptown streets of Kenyatta Avenue, Banda Street and Kimathi Street³⁰⁶.

Traffic police along Mombasa road, Uhuru highway, university way, Kipande road, globe cinema round about and Thika superhighway have been accused by motorists of accepting bribes from hawkers who sell their wares along roads, in order to deliberately slow down traffic during rush hour so as to give the hawkers' ample time to sell.³⁰⁷

Hawkers have also taken over footbridges meant for pedestrians along Thika road, Mbagathi way in order to Maximus their sales³⁰⁸. Sharon Mitumba agrees:

Most of the footbridges from Ngara to Wetaithe have been taken over by hawkers who displays their wares or boda -boda riders waiting for customers.³⁰⁹

³⁰⁵ Oral interview, Charles Ngwili Auditor Rama Homes, 15 August 2018

³⁰⁶ Peter Theuri, "clothes, groceries take over uptown walkways," *Standard media*, (17 September 2020), <https://www.standardmedia.co.ke/the-standard-insider/article/2001386790/clothes-groceries-take-over-uptown-walkways>, (accessed on 14 November 2021).

³⁰⁷ Dennis Mwangi, "secret deals behind Nairobi traffic jams," *kenyans.co.ke*, (2 September 2020), <https://www.kenyans.co.ke/news/57006-secret-deals-behind-nairobi-traffic-jams-motorists-share>, (accessed on 14 November 2021).

³⁰⁸ Lynette Igadwah and James Kariuki, "Hawkers, Boda –Boda's render Nairobi footbridges useless," *Businessdailyafrica*, (31st /August. /2020), <https://www.businessdailyafrica.com/bd/data-hub/hawkers-boda-bodas-render-nairobi-s-footbridges-useless--2299894>, (accessed on 14 November 2021).

³⁰⁹ Oral interview with Sharon Mitumba on the 24 January 2020

The designated market for hawkers is in the Reinsurance House Parking lot and Supreme Court Parking but the county gave them permission to display their wares only on Saturdays. Despite this, they operate daily on almost all the roads and avenues in the CBD in total disregard of county laws.

The study shows that the hawkers have evolved due to the competition within the CBD and the constant harassment by the county Askaris; they have now taken over the footbridges and are selling their wares in traffic. The initiative by the local government to allow hawkers to trade within the CBD is commendable but it's only allowed during the weekends and these do very little to ease the tensions between the hawkers and Somali entrepreneurs.

5.4 Tougher Sentences

The director of public prosecutions is seeking tougher sentences for those found aiding refugees and other foreigners to acquire Kenyan identification documents. There is evidence of collusion between rogue police in refugee camps like Dadaab and border towns like Garissa aiding human trafficking rings from the refugee camps/border towns to Nairobi. The government officials in the national registration bureau are providing the much-needed documentation at a fee for those refugees who can afford the "real" documentation. The rogue police and traffickers also provide the connection between the refugees and printers who provide fake documentation for those who cannot afford the original with most of these printers being located in printing shops along Luthuli Avenue and Kirinyaga Road³¹⁰. Cynthia Mwangeli disagrees:

Somali refugees prefer boarding the Kinatwa Sacco shuttles in Kitui town since they are not normally stopped by traffic police. The Matatus also make a detour in Eastleigh to drop them before proceeding to their stage at Afya center.³¹¹

Despite the proactive actions of the office of the public prosecutor, a prison vehicle was intercepted along Garissa heading towards Nairobi, and the prison officers arrested for transporting illegal aliens of Somali origin.³¹²

³¹⁰ Some Kipchumba, "Probe closes in on ID cartels," *Sunday Nation, Newspaper*, (22nd September 2019), p10.

³¹¹ Oral interview with Cynthia Mwangeli on the 12 August 2020.

Illicit trade in contraband and bootleg goods was a vice long before the Somali wave, the age has driven the demand for cheap consumer goods from China the Somali are simply feeding demand with their extensive global connection. The government was slow to react in its role of protecting local business from unfair competition from the refugee business enterprise, and when it reacted like in the case of curbing contraband, it is the local entrepreneurs such as the Asian community specializing in Japanese goods.

The study also uncovers instances of compliance between traffic police, human traffickers and Matatu Sacco's in bringing in Somali refugees to the capital. The influx of more refugees will escalate the conflict. Despite the noble efforts by the central government to curb smuggling and the stream of undocumented Somali refugees the police and other arms of the government like the prisons department appear to be frustrating these efforts and the continued flow of Somalis to the CBD business spaces will further escalate the conflict.

5.5 Foreign Investment Limit: Kenyan Investments in Somalia.

Kenyan should also export its culture to Somalia to foster cohesiveness between the citizens of both countries. Majority of Somali business capital comes from the Somali business class in Mogadishu and Bossaso³¹³. Abdi Kassim states:

Majority of the business in the CBD are co-owned between Somali refugees and the Somali immigrants who used Kenya as a transit point hence due to factors such as family ties, they prefer investing more in Nairobi than elsewhere.³¹⁴

Elm schools also known as Young Muslim Academy opened in 2007 in Hargeisa, Somaliland (owned by a Kenyan Somali) is the biggest employer of Kenyan teachers in Somaliland³¹⁵. Abdikadir Ali states

³¹²The star team, "Prison wardens seized for ferrying foreigners to Nairobi," *The star*, (10 January 2020), <https://www.the-star.co.ke/news/2020-01-10-prison-warders-seized-for-ferrying-foreigners-to-nairobi/>, (accessed on 14 November 2021).

³¹³Webersik, "Mogadishu; An Economy Without a State," pp 1463-1480.

³¹⁴ Oral Interview, Abdi Kasim, stall owner Jamia Mall, CBD Nairobi, 20 August 2018.

³¹⁵ Beatrice Kangari, "Kenyan teachers claim recruiters lure them to exploitative labor in Somalia." *Saturday Nation Newspaper*, (26 October 2019), p13.

There has been increased investment by Somali Kenyans in Mogadishu and Hargeisa. Unlike before where it was Somalis from Somalia who only invested in Kenya, these investments are mostly in the transport sector, specifically air transport and social services such as education.³¹⁶

There has been alleged destruction of Hormuud telecoms cell tower in Gedo southern Somalia by the KDF, the report claims the surveillance show the vehicles, equipment and clothing used by the assailants is that of the KDF. The company, which is the largest mobile service operator, alleges that its competitor in Kenya, Safaricom across the border is behind these veiled attackers to gain a foothold in Somalia as it is already operating in areas under the occupation of KDF³¹⁷. It is clear that other than the trade war between Kenya and Somalia, Kenya has keen political interest in Somalia through Sheik Ahmed Mohamed aka Madobe is considered as Kenya's man in Somalia since he is from the Ogaden clan that has control in southern Somalia and is politically dominant in northern Kenya.³¹⁸

The study identifies that despite there being a silent cooperate war between Kenya and Somalia the government is more focused on its political agender .The already established presence of Kenyan owned business within Somalia can act as an informal foreign investment limit locally through which Kenyan Somalis can invest in Somalia easing the conflict within the CBD. It's also clear that the profits from the CBD are being reinvested back in Somalia hence there is the aspect of capital freight not only for the county government but also for the central government.

5.6 Jamia Mosque Open-Door Prayers

Somalis in Minnesota have cookouts which encourage interaction with the host community³¹⁹, within the CBD Muslim clerics in Jamia mosque from 2017 started holding open day Prayers

³¹⁶ Interview with Abdikadir Ali dated 13 May 2018

³¹⁷ Abdinor Dairies Kenya waging war on Somalia's economic lifeline,"*trtworld.com*, (18 September 2019), <https://www.trtworld.com/opinion/is-kenya-waging-war-on-somalia-s-economic-lifeline-29907>, (accessed on 14 November 2021).

³¹⁸ Rasna Warah, "The diplomatic gaffe that could sour relations between Kenya and Somalia," *The elephant*, (7th November 2019), <https://www.theelephant.info/features/2019/11/07/the-diplomatic-gaffe-that-could-sour-relations-between-kenya-and-somalia/>, (accessed on 14 November 2021).

³¹⁹ Minnie Driver, "How a Somali Refugee is creating a community in Minnesota," *Greatbigstory.com* (24 October 2019), <https://medium.com/great-big-story/great-big-story-and-minnie-driver-launch-i-am-an-immigrant-8f60f9be1bc3>, (accessed on 14 November 2021).

targeting none Muslims so as to clarify misconceptions such as terrorism ,idol worship and religious intolerance which are commonly associated with Islam³²⁰.Mustafa Chibole disagrees

The Somalis view all non-Somali with suspicion even the locals who have converted to Islam cannot win their trust. I have known of some of my friends who speak Somali but are still casuals in Somali owned businesses.³²¹

Twahir Abubakar agrees with Mustafa,

The study clearly establishes that the Somali entrepreneurs use both religion and “race” to discriminate against locals. They don’t identify as being African but rather Arab due to historical ties with the Arab world.³²²

Jamia mosque is the main mosque within the CBD on its anniversary hosted nine Christian clergymen for its Friday prayers. This was done to strengthen interfaith harmony that was fractured after the Westgate and Garissa university terror attacks.³²³ Ismael Abdi explains:

There has been an increase in online verbal exchanges among Somalis in Kenya and abroad with Kenyans hash tags such as Kenyan aggression and Somali vs Kenya. These exchanges have fermented xenophobia and islamophobia especially in light of the Dusit terror attacks and the maritime dispute with Somalia, due to the success of the Somali business in the CBD and the slowdown of the economy the Somalis have been portrayed as profiteers during times of economic depression.³²⁴

Samuel Gathondu supports:

Kalasinga’s despite being of Asian origin fully integrate with locals in towns like Kisii and Kisumu to the point of speaking the local languages, Somali’s are more discriminative towards locals despite also practicing self-seclusion.³²⁵

The young middle-class Kenyans living locally and abroad has been accused of fueling on-line ethnic bigotry, religious intolerance, xenophobia and racism within the local social media spaces³²⁶ Carlos Mureithi explains:

³²⁰Michael Chepkwong and Nimoyo Salim, “ why Jamia mosque opened its gates to the public by,” *Standard media*,(1 November 2019), <https://www.standardmedia.co.ke/nairobi/article/2001347674/why-mosque-opened-its-gates-to-the-public>, (accessed on 14 November 2021).

³²¹ Oral interview with Mustafa Chibole on the 12 December 2018

³²² Oral interview with Twahir Abu-Bakr employee of Mash Poa on the 17 August 2019

³²³Hilary Kimuyu, “Jamia mosque opens its doors to the public on 93rd,” *Nairobi News*, (26 October 2019), <https://nairobi.news.nation.co.ke/news/jamia-mosque-opens-its-doors-to-the-public-on-94th-anniversary-photos> (accessed on 14 November 2021).

³²⁴ Oral interview, Ismael Abdi Somali trader, Jamia Mall, CBD Nairobi 20 August 2018

³²⁵ Oral interview with Samuel Gathondu on ,20th August 2018.

The closed societal nature of the Somali community has made them an easy target for misrepresentation because they do not interact with other Kenyans, making them a soft target for accusations such as that of being Islamic militants. They rarely come out to defend themselves. Instead, they rely on Muslim human rights groups, which are mostly run by local Muslims. The nature of the Somalis, especially those in businesses, is to avoid attention at all cost, yet they have a very visible presence in the CBD.³²⁷

Alice Ngige adds:

Somalis used to send a local to pose as a prospective tenant who would pay 4 months' rent upfront, then on the moving day I would notice that it's a Somali family taking up residency. This happened 3 times and I informed the area chief who came with the police and interrogated the Somali tenants who confessed that they were building a petrol station nearby.³²⁸

Kenyan born al-Shabaab fighters in Somalia are openly discriminated by the group's leadership due to the perception that they are economic opportunists. Kenyan recruits are also denied the chance to take up leadership positions, receive lower pay than Somali born fighters and reports suggest that they are segregated from Somalis by being tactfully send to the frontlines for elimination by the group's leadership believe that Kenyans are of a lower pedigree.³²⁹

Somalis are staunch Sunni Muslims who consider Christian's inferior³³⁰, Mohamed Hamisi explains:

Most Somalis are Wahhabi Muslims hence they consider themselves staunch Muslims and also look down on fellow Muslims³³¹.

In precolonial times, Somali did not think of themselves as Africans since they raided what is now northern Kenya and enslave locals, taking them to work in the Juba valley³³². Donnex Magolo supports:

Somali are fond of using derogatory terms such as guralle-translating to hair with hard texture or mathamatho/mathotho – meaning slave to describe local's darker complexion.³³³

³²⁶ Nderitu, "Kenyans face off with Somalis in hilarious social media supremacy battle," pp1-2

³²⁷ Oral interview with Carlos Mureithi 27th July 2018 Nation Media journalist

³²⁸ Oral interview with Alice Ngige on the 15 April 2019

³²⁹ Walter Menya, "Terrorists on the Run after Defecting to ISIS," *The Sunday Nation*, (20 December 2020), p 5.

³³⁰ Ashley Elliot, "The invention of 'terrorism' in Somalia: paradigms and policy in US foreign relations," *tandfonline* (11 November 2009), <https://www.tandfonline.com/doi/pdf/10.1080/10220460903268984> (accessed 11 November 2019)

³³¹ Oral interview with Mohamed Hamisi, on the 13 March 2017.

³³² Richard Dowden, *Africa: Altered states, ordinary Miracles*, (London: paperback publishers, 2009), p25.

³³³ Oral interview with Donnex Magolo an aid worker with the U.N dated 20 December 2019

The research identifies that despite the Jamia mosque initiative local are still suspicious of the Somali community. The Somali is overlaying on the larger Muslim community instead of having direct interaction with the locals; these will only exacerbate the conflict within the CBD.

5.7 Investment in Agriculture and Access to the Global access for local Entrepreneurs

The middle class in Nairobi are in the service-based industries, financial and insurance, supply of electricity, gas, steam and air conditioning with a low concentration in agriculture. Lack of investment in agriculture has resulted in lack of food security.³³⁴

The Kenyan agricultural sector is mainly dependent on the two rainy seasons with an annual average of about 400mm. The country is semi-arid and also experiences frequent drought which take away one in their seasonal crops³³⁵. Peter Kureko:

Farming in my area is done by the Chagga from Tanzania and the Kikuyu, they are the once who can afford digging boreholes, irrigation equipment and installing generators.³³⁶

Purity Karambu Agrees:

Nowadays most of the produce in Marikiti market like onions comes from Tanzania. Because of the poor roads in places like Shamata, Olbolosat and Ol'kalou town, vehicles get stuck during the rainy season.³³⁷

Technology has come to the aid of the farmer by disrupting the status quo with technologies such as mobile applications; climate smart seeds and data analytics have been used to improve farmers yields mobile applications like M-farm; connect farms directly to those people that buy produce hence avoiding brokers.³³⁸

Despite the government initiatives and tech innovations, taxation on farm inputs such as farm machinery and irrigation equipment make Kenyan agriculture one of the least profitable in the venture's world³³⁹. Daniel Kipambi

Asians are now buying land in Kimana, Loitoktok and Namanga. They are also leasing land in Arusha. They mainly engage in horticulture and have dug boreholes, which they use for

³³⁴ Julius Sigei, "How neighbors reap big from Kenyans falling agricultural sector," *Nation*, (18 June 2019), <https://nation.africa/kenya/news/how-neighbours-reap-big-from-kenya-s-faltering-farming-177818?view=htmlamp>, (accessed on 14 November 2021).

³³⁵ Ibid.

³³⁶ Oral interview with Peter Kureko, a teacher and part-time farmer in Rombo group scheme, Kajiado dated 22 January 2020.

³³⁷ Oral interview with Purity Karambu dated 7th /August /2018 a trader in Wakulima market

³³⁸ Sigei, "How neighbors reap big from Kenyans falling agricultural sector," p13.

³³⁹ Ibid.

irrigation. This has led to the increase of the prices of land. For example, in Kimana, leasing an acre of land for a year in 2016 was going for Ksh 7000. It is now around Ksh. 25,000 for the same acre. In places like Rombo, Olbosoit and Lerai, the Chagga and the Kikuyu have also made the cost of hiring land shoot up³⁴⁰.

Local farmers have blamed Tanzania for low onion prices ,data from the observatory of economic complexity (OEC) shows that most imported onions locally come from China which exported onions worth 4.5million dollars while Tanzania exported onions worth ksh.5.6 million ,The high cost of agricultural inputs has been blamed for these despite the government taking measure such as slapping higher tariffs on imported vegetables at the port of Mombasa, other imported products also competing with local products include fish from China and rice from Pakistan³⁴¹

The study establishes that despite government initiatives to promote agriculture, huge capital investments are needed so as the venture can be profitable hence looking out most locals. Cheap imports and the high cost of production locally also mean that the local produce will be at a disadvantage. This will escalate the conflict within the CBD as local entrepreneurs have no option but to engage in the commodities trade which is already being dominated by the Somali. Failure of African economy to take advantage of globalization through diversification and structural transformation will lead to rapid economic development which intern will increase intra country inequality; globalization in Africa has led to increased inequality.³⁴²

5.8 Reviewing the Education system

Education cabinet secretary George Magoha advised for the scrapping of some degree courses, which he termed useless and irrelevant since they do not equip learners with technical skills, which are in higher demand in the current informal economy³⁴³.

The Taifa brand of laptops is made by Nairobi Industrial and Technological Park (NITP) in association with JKUAT (Jomo Kenyatta University of agriculture and technology) was one of

³⁴⁰ Oral interview with Daniel Kipambi, a lands surveyor on the 15 January 2020

³⁴¹ Dominic Omondi, “How onions from China are feeding Kenyans,” *The standard Newspaper*, (Wednesday edition, 16 June 2021), p4.

³⁴² Machiko Nissanke and Erik Thorbecke, “Globalization, Growth, and Poverty in Africa,” *United Nations university*, (18 August 2015), <https://www.wider.unu.edu/publication/globalization-growth-and-poverty-africa> (accessed on 14 November 2021).

³⁴³ Angela. Mwihaki “The economy needs diploma holders with hands on skills,” *The Daily Nation, Friday edition*,(22 January 2021),p 2.

the flagship projects of vision 2030. The government launched the initiative in order to equip learners with skills while also turning the country from an importer of ICT to an innovative tech hub. Charles Kambaga states:

There are a lot of cheap and refurbished laptops (selling for as low as Ksh. 15,000) sold by Somalis in Eastleigh and Jamia mall the new JKUAT computers (retails for Ksh. 40,000) will not be an easy sale.³⁴⁴

Oyugi and Mwaura state that Glorification of the hustler mentality among the local youth is replacing the age-old trust in the entrepreneurial process as public confidence in the economic and governance institutions dwindles. In the long run gangsterization of the economy will affect political governance since all economic activities will be taking place outside the rule of law³⁴⁵

The study identifies that the project is not economically viable due to the saturation of the market by cheap imports it is a step forward towards the investment of a quality labour force, which is relegated to repair and service of ICT equipment as is the case today, but will be more focused on assembly and manufacturing.

The cheap Somali imports facilitated by the Somali entrepreneurs will kill the spirit of innovation and entrepreneurship because the youth are looking at manipulating the system as the Somali are doing .this will escalate the conflict within the CBD as both parties want to succeed by any means possible

5.9 Empowerment Initiatives by Chinese's entrepreneurs in the counties

Kingbird a Chinese motorcycle-manufacturing firm has collaborated with boda boda operators in Vihiga County after setting an assembly plant in the region. The partnership aims to equip the 200 youth under various boda boda Saccos with technical skills while also giving them motorbikes on credit.³⁴⁶ ,Mugo Kabiru states:

Boda boda riders in Nairobi prefer Boxer, Honda and Tvs because of their durability also of superior quality in the rural areas they Chinese models like tiger, skygo and captain are popular because of their low cost and also the presence of Chinese nationals running dealerships in the rural areas makes spare parts readily available.³⁴⁷

³⁴⁴ Oral interview with Charles Kambaga on the 10 October 2018, an IT expert in the CBD.

³⁴⁵ Edward Oyugi, J. Ochola & Mwaura Kaara, "Fat and mean: The concentration of wealth and the myth of enlarging the pie for a trickledown effect," *social watch, Social development network (SDN)*2018, <https://www.socialwatch.org/node/18077> ,(Accessed on 20/November/2021)

³⁴⁶ The star team, " Chinese firm partners with Vihiga boda-boda riders to assemble bikes, " *The star newspaper, weekend edition, (Friday-Sunday 12-14 February 2021)*, p20.

³⁴⁷ Oral interview with Mugo Kabiru a motor cycle mechanic based in Ngara on the 2 February 2020

The study uncovers that the Chinese are not only focused on investment in the capital but they have diversified and expanded to the upcountry market, which has long been ignored by the Nairobi based multinationals. The conflict between locals and the Chinese in Nairobi has served as a learning point for would be Rural-Chinese investors that they are now engaging with the host communities through initiatives such as transfer of mechanical knowledge and giving of credit facilities.

The study uncovers that the CBD specifically Luthuli avenue is the entry point of all foreign elements wanting to participate in commerce within the larger city center. The Somalis have used their dominance in the CBD to counties like Nyeri specifically towns like Karatina. The Chinese are appearing to be following the same blue printing and using low pricing of goods like the Somalis. Their study identified that despite the well-intentioned motives of the Chinese, there is a spillover of the conflict in the CBD in the counties as the case with the CBD entrepreneurs in the counties risk also being edged out by this globalist elements

5.10 The rise of Ecommerce

Kenya ranks seventh in Africa in ecommerce uptake and 85th globally, in 2018 Nairobi hosted the African ecommerce week where over 2000 participants from 60 countries took part. Nairobi is the leading city in online food delivery followed by Casablanca, Lagos, Kampala and Abidjan³⁴⁸ This is attributed to internet penetration through smartphones and desktops with Kenya's 2.1 million active online consumers expected to double by 2024. Projections holding the promise of job creation.³⁴⁹

In the early 2000's local entrepreneurs flooded the CBD with Ken chic branded fast-food outlets, there has been a decline with the bulk of the blame being put on e-commerce and other invasions such as meals on wheels³⁵⁰. Susan Wachira adds:

³⁴⁸ Martin Mwita, "Nairobi tops Africa in online food delivery," *The star newspaper, Weekend edition, Friday-Sunday* (16th-18th / October/2020), p12.

³⁴⁹ Standard reporter, "Firms tap into Kenya's growing Ecommerce," *Standard media*, (28/March/2019), <https://www.standardmedia.co.ke/news/article/2001318554/firm-taps-into-kenyas-growing-e-commerce> (accessed on 14 November 2021).

³⁵⁰ Awal Mohamed, "New entrants push iconic brands out of fast food race," *Standard media*, (27th/September/2020), <https://www.standardmedia.co.ke/the-standard-insider/article/2001387847/new-entrants-push-iconic-brands-out-of-fast-food-trade>, (accessed on 14 November 2021).

I began importing clothes from Uganda around 2005. The venture was good since I could sustain paying for an exhibition stall along Moi Avenue. However, after the entry of the Somali in the CBD who specialized in selling cheap imported clothes from China and Dubai, I was forced to move into the second-hand clothes business and rent a small storage unit along Nyamakima from where I can sell to my existing clients via social media.³⁵¹

Traditional funeral meeting places within the CBD such as Garden Square, Magomano bar and Waridi hall have experienced a decline in business due to the increased popularity of digital platforms such as “WhatsApp.”³⁵² Study attributes to factors such as increased sales of cheap Chinese phones and affordable internet connection rates the conflict appears to be moving from the physical business space to the virtual business space. Hence, he who dominates data and telecommunication controls the virtual economy, not to forget that any party, which enjoys this monopoly, has access to the social media profiles, phone numbers and other consumer information which maybe a risk to national security as stated in the previous chapter.

The study acknowledges that the growth of Ecommerce could be the great equalizer in the conflict within the CBD as local entrepreneurs no longer need to depend on physical business space hence, they can cut costs by going virtual. Global companies like Ali Baba, Amazon and Jumia have also greatly reduced the need for physical travel among local entrepreneurs as they can order their goods online and add a small markup so as to remain competitive.

5.11 LAPSSET initiative by the central government

The completion of the 501 km Nairobi –Isiolo –Moyale road in 2017 boosted patriotism among the Somali community, which was lacking because of historical marginalization in the infrastructural development of northern Kenya. The highway is part of LAPSSET (lamu port, south-Sudan Ethiopia transport) corridor project³⁵³ Travelling time from Nairobi to Moyale has been cut from days to 10 hours. Linus Mugambi agrees:

LAPSSET and projects such as Isiolo international airport have caused an increase in real estate development in Isiolo towns, Meru towns and Moyale, people are also setting up shops along the Nairobi –Moyale highway³⁵⁴.

³⁵¹ Oral interview with Susan Wachira dealing in men’s fashion along Nyamakima on the 14 May 2019

³⁵² Pkemoi Nge’noh, “Online groups killing funeral planning business for hotels,” *The Nairobi newspaper*, (16th - 22/October /2020), p6.

³⁵³ Awal Mohamed and Velma Oduori, “The road that makes us Kenyans,” *Standard media*, (29 July 2020) <https://www.standardmedia.co.ke/business/real-estate/article/2001380553/the-road-that-made-us-kenyans>, (accessed on 14 November 2021).

³⁵⁴ Oral interview with Linus Mugambi on the ,17 May2020.

Claire Robertson state that Nairobi has experienced massive growth in infrastructure and boasts of a better transport system than most East African countries .however these superficial improvements have been used to excuse higher taxes ,high unemployment rates .other projects such as the improved standard gauge railway has resulted in an increase in prices of basic amenities and higher fuel prices³⁵⁵

The study acknowledges that the lapsset project has opened up the former northern frontier economically but still a lot more will need to be done by the government to inculcate as sense of belonging towards the Kenyan Somali community.The Kenyan Somali community also has a big role to play to foster sense of trust and cohesiveness with the rest of the country. The allegiance between the Kenyan Somali, Somali refugee and the Somali immigrant continues to erode the little sense of patriotism remaining in the hearts and minds of the Kenyan Somali. This in turn will escalate the conflict within the CBD as locals will still continue to hold the perception that all Somalis belong in Somalia, since the Kenyan Somalis hold clan loyalties first instead of their national identity as Kenyans.

5.12 Lobby Groups

Importers and small traders' association chairman Samuel Karanja advocated for the government to come up with policies to protect local business from foreigners due to increased competition from Tanzanian hawkers within the CBD and Kariokor areas, Ethiopian barbers in Komarok and Kayole ,Ugandan hawkers in Mlolongo and Rwandese/Burundian owned boda boda's in Jogoo road and Kaloleni.³⁵⁶

One of the pull factors for Rwandese and Congolese refugees to Nairobi as compared to Somalis is that they can speak the common languages with Kiswahili and English being the main languages. It is easier for them to adjust hence making Nairobi their preferred destination.³⁵⁷

Kenya's lobby for the closure of Dadaab camp has failed due to lack of enough global support. This has led to the continued increase of other refugees from the region such as Congolese,

³⁵⁵ Robertson , "Beyond 'Tribes': Violence and Politics in Kenya,p10.

³⁵⁶ Pkemoi Nge'noh, "Foreigners eating Nairobi lunch one small venture at a time," *the Nairobi newspaper*, Weekly edition, (22th-28th January 2021), p 6.

³⁵⁷ Abdulsamad, "Somali Investment in Kenya," pp 3-7.

Rwandese, Ugandans, Ethiopians and Eritreans. The refugees leave the camps and head south to Nairobi³⁵⁸. Gilbert Bigirimana explains:

Rwandese refugees working in the saloons, barbershops or hawking peanuts in traffic are afraid to return to Rwanda for fear of persecution as majority of them are Hutus. They mainly reside in Kasarani's Mwiki area. Most of the good tailors in Nairobi's Luthuli Avenue and Moi Avenue's Tumaini House are Congolese who reside in the Kawangware area.³⁵⁹

There are also economic migrants. Some groups like Tanzanians in Gikomba live in fear of being victimized by Kenyans for "taking their jobs". The relative strength of the Kenyan economy is attracting more immigrants from the region to search for opportunities in the CBD.³⁶⁰

Immanuel Bikindi^{gi}ves more insight:

Majority of the Rwandese you see working in the CBD and adjacent estates like Roysambu and Eastleigh are economic emigrants who are attracted by the opportunities available in Nairobi as compared to back home. The majority seek refugee status as a security measure against forced repatriation as they have built new lives for themselves here in Kenya.³⁶¹

Charles Njagua the MP for Starehe has come to the limelight as the defender of local small entrepreneur by saying Tanzanians, Congolese and Chinese doing the same businesses as locals should be deported back to their countries.³⁶² James Osodo gives more insight:

After the success of the Somali refugees in commercial activities within the CBD, the County Impound Yard officials noticed that most of the Matatus (plying the Githurai 44/45, Eastleigh and Majengo) impounded for flouting county bylaws were owned by refugees of Ethiopian or Eritrean origin. This was because the owner of the Matatu is supposed to appear personally in the county courts during prosecution.³⁶³

There is already a lot of concern about the increased number of refugee's engaging in business within in the CBD. Politicians using the issue for political influence and these may escalate the issue, as there are already tensions between locals and Somalis.

This will escalate the conflict in the CBD as the Somali are perceived as being the first refugee community to massively engage in commerce within the CBD because refugees from other countries appear to be using the same tactics the Somali have used to gain dominance such as low pricing

³⁵⁸ Vincent Achuka and Ahmed Mohamed, "Fears of extra-judicial killings with state vowing to hit terrorists," *Saturday Nation Newspaper*, (18 January 2020),P7.

³⁵⁹ Oral interview with Gilbert Bigirimana, an aid worker, dated 18th March 2018

³⁶⁰ Nge'noh, "Foreigners eating Nairobi lunch one small venture at a time,"p 6.

³⁶¹ Oral interview with Immanuel Bikini, a barber in the CBD on the 22nd January 2019

³⁶² Nge'noh, " Foreigners eating Nairobi lunch one small venture at a time,"p 6.

³⁶³ Oral interview with James Osodo, Nairobi County government employee, 1September 2018.

5.13 Protection of Local Businesses initiatives by the central government

The competition authority of Kenya(CAK)³⁶⁴ wants to protect small enterprises from collapse due to constrained cash flows by investigating allegations that various supermarkets have missed payments to suppliers without valid reasons these is after the collapse of leading outlets such as Tuskys ,Uchumi and Nakumatt.Antony Njoroge hesitantly attributes:

The recent raids on Somali-owned go-downs in Eastleigh, Pumwani and Industrial Area targeting undocumented imports from Somali is an exercise in futility as most of the import and export companies in Kenya are Somali-owned with offices in all the major airports in Kenya.³⁶⁵

The government's promise of purchasing doors and windows worth Ksh 3 billion ³⁶⁶from Jua kali artisans located at Kamukunji area as part of the affordable housing project as a means of injecting the much needed financial support. The informal sector received the news with skepticism since the government had already proposed higher taxes on household goods like cooking gas in the 2020/21 budget.

Consumers prefer second-hand mitumba from the USA and Europe, which are perceived to be of better quality than the new Chinese's products.³⁶⁷ Chinese suppliers seem to have taken notice and moved to mitumba, Gideon Brian Kiragu³⁶⁸ agrees:

The Somali community has interfered with the Mitumba (Kikuyu slang for secondhand clothes) business as they are lobbying for the ban so that they can get customers for their imports from China. We have resulted to the mixing Mitumba clothes with cheap Chinese imports. All the secondhand clothes dealers along Kirinyaga road, Muthurwa market, Bus station and Sunbeam do this in order to have an edge..... The trade in second hand undergarments goes on despite the government ban of 2009 citing health concerns

The study identifies that both the county and central governments have failed to address the major issues, which mainly touch on equality, and fair business practices for example high rents, easier access to capital for the local entrepreneur and price wars. These are some of the factors which are at the core of the conflict within the CBD, it is clear that nothing substantial has been done towards the protection of local business.

³⁶⁴ James Kariuki, " Authority prods retailers delays in paying suppliers," *Sunday Nation, weekend edition*, (24 May 2020), p10.

³⁶⁵ Oral interview with Antony Njoroge at KRA Customer agent on the 5 September 2018.

³⁶⁶ Paul Wafula and Anita Chepkoech, "Its robbery by money-hungry government," *Saturday Nation, Weekend edition*, (13 June 2020) , p 8.

³⁶⁷ Anita Chepkoech "Underground trade of Mitumba under garments," *Sunday Nation newspaper*, (26th/Jan/20200, p7.

³⁶⁸ Oral interview with Gideon Kiragu a secondhand clothes dealer along Kirinyaga road on the , 13October2020.

5.14 Building New Markets

Musambayi Katumanga states hawkers took advantage and invaded the narrow alleys and main streets such as Tom Mboya, Ronald Ngala and Moi avenue streets respectively thus by 2001 there were 10,000 hawkers on the major streets on Nairobi. This forceful mode of production brought about conflict between hawkers and the licensed business owners (specifically Asians), hawkers and the city council officials and finally between hawkers and the predatory KANU era politicians who grabbed land set aside for construction of markets. The president would seek to intervene especially during campaign season by using hawkers as political capital shortly after the elections he would award the land back to his political cronies and once more the hawkers were back to the opposition.³⁶⁹

The hawker menace resulted in the migration of big businesses like Barclays bank, Diamond bank, Standard Group, the Nairobi Stock Exchange, and other operators all of whom have escaped the CBD for the tranquility of Upper Hill, Waiyaki way and Mombasa road. Action was taken on .³⁷⁰

On the 25th October 2016 when President Mwai Kibaki issued a ban on hawking in the Nairobi CBD after the setting up of Muthurwa hawkers' market. This was to ensure control and regulation of hawking in the CBD.³⁷¹

City hall has started initiatives to provide adequate and affordable trading spaces for example Westlands market, Kajiado road market, Qware road market and Mwariro market.³⁷² Bethel Macharia explains:

I could not afford the licenses needed to operate from a stall or the daily county levies hence I decided to sell eggs from the boot of my car in Gumba where I live.³⁷³

³⁶⁹ Musambayi Katumanga, "A city under siege: Banditry and modes of accumulation in Nairobi 1991-2004," *Review of African Political Economy*, Issue 32:106, (2006).

³⁷⁰ Torres, *Nairobi today: The Paradox of a Fragmented City*, pp 150-208.

³⁷¹ Tracy Mutinda, "Nairobi traders to access 4 markets by the end of the year –Sonko ," *The-star*, (15 May 2020) <https://www.the-star.co.ke/news/2020-06-15-nairobi-traders-to-access-4-markets-by-end-year-sonko/>, (accessed on 14 November 2021).

³⁷² Sammy Kimatu "Hawkers risk eviction from Muthurwa market," *Nation-Africa*, (3 September 2020), <https://nation.africa/kenya/counties/nairobi/hawkers-risk-eviction-from-muthurwa-market-1930906?view=htmlamp>, (accessed on 14 November 2021).

³⁷³ Oral interview with Bethuel Macharia ,25 June 2020

NMS has been accused of not defending 10,000 hawkers (who were relocated from the CBD to Muthurwa market) who are facing eviction after Kenya railways gave them notice to vacate, this despite the market being officially opened by then president Mwai Kibaki on 2008.³⁷⁴

The counties decision to build new markets appears to have come late, as locals appear to have evolved either through hawking along the major highways or through relocating to residential areas to remain competitive against disruptive forces such as the Somali refugee entrepreneurs.

It's clear that Somali dominance in the CBD has caused feelings of helplessness among the locals who have been forced to relocate to other places .This type of social exclusion of locals by Somalis has led to the rise of tensions not only in the CBD but also within residential areas where Somali refugees also participate in hawking

5.15 Conclusion

This chapter sought to assess the efforts that have been put in an attempt to address the recurrent conflicts in Nairobi's CBD between the local entrepreneurs and Somali refugees. The study established that several efforts have been fronted including intensification of searches for counterfeit goods, re-organization of business spaces and times as well as redefining county by-laws t. These efforts have largely been successful, though corruption by KRA and county officials often derail the process of bringing sanity to entrepreneurial activities in the CBD. The local and county governments tackling the conflict with superficial initiatives such as currency change with new banking rates and designated hawking zones (flea markets), though noble these initiatives do not address the complexities of the conflict which involves global aspects hence the solutions are not long-term.

³⁷⁴ Sammy Kimatu “ Hawkers risk eviction from Muthurwa market, ” *Nation-Africa* ,(3 September 2020), <https://nation.africa/kenya/counties/nairobi/hawkers-risk-eviction-from-muthurwa-market-1930906?view=htmlamp> , (accessed on 14 November 2021).

CHAPTER SIX

CONCLUSION

Many recent studies in the conflict over urban spaces in Kenya largely focus on physical premises in Eastleigh. This study mainly focuses on the CBD on the link between physical space and the consequent inefficiency by both the central government and the local government. The study establishes that other than physical business premises which are a focal point in the conflict between Somali business men and local entrepreneurs there is also conflict within the supply chain all the way from sourcing of the goods to the time the goods get to the intended consumer.

One of the key findings of the study that has exacerbated the conflict between the two groups is fact that unlike most refugees who are economically vulnerable the Somali refugees have a lot of access to business capital through foreign remittance from the west, money from unregulated trade activities in Somalia and fundraising within the different Somali clans. The study establishes that the Somali used the Matatu business as the entry point into the CBD, concentrating specifically in Luthuli Avenue, which was the main terminus for Eastleigh-bound Matatus. This led to the displacement of locals around 2008, as was the case in Eastleigh. Other foreign entities like The Chinese also used Luthuli Avenue as an entry point into the CBD business spaces.

The second objective was to assess the effects of the conflict on Nairobi CBD. The study finds out that the impacts are both negative and positive. The negative outweighs the positive since the Somali are dominant over both the locals and Chinese competitors. This phenomenon of the Somali refugee entrepreneurs acting as forerunners for both the Chinese and other refugees and who are passing as Somali has heightened tensions and animosity between the two communities within the CBD.

The study also found out one of the effects of the conflict is that the Somali are taking advantage of pre-existing ethnic tensions between local business men so as to maintain their dominance. These have escalated not only tensions between Somalis and local enterprises but also tribal ethnic tensions.

Besides the polarization there have we been positive benefits associated with the coming of the Somali refugees into the CBD such as growing digital marketing which is powered mostly by social media. Young local entrepreneurs have resulted to the digital spaces as a survival tactic and this led to the growth of E-commerce

The third objective was to assess the efforts made to address the conflict. The study concludes that the government, through attempts to address the conflict through initiatives such as the construction of new market spaces, is commendable. However, they are mere knee-jack reactions since international players such as the Somali, Chinese and other regional refugees are already at play within the CBD business space, offering national solutions for international problems.

The above findings were in tandem with the three objectives of the study. The first objective was to evaluate the factors responsible for the refugee host conflict over business spaces within the CBD. The second is to access the effects of the conflict on the economies of the traders and the nation at large. The third is to investigate efforts made at addressing the conflict

The study tested three-hypothesis .the first hypothesis was that, there are factors that caused conflicts between Somali refugees and local entrepreneurs in the Nairobi CBD. The study establishes factors such rent hikes, Somali hostile takeovers and political patronage are indeed causing conflict between the Somali refugee entrepreneurs and locals' entrepreneurs upon an in-depth look the study establishes that the Somali refugees acted as the forerunners to other foreign entities who are also competing with locals in the same space

The second hypothesis was, the conflicts within the CBD have affected the economies of traders in the area. The study concludes issues such as xenophobia, price discrimination, increase hawkers and displacement of locals have affected the economies of trade in the area. Finally, the study found out that local entrepreneurs have adopted coping mechanisms such as relocating to residential areas.

The third hypothesis was that some efforts have been made to address the conflict. The study concludes that initiatives such as construction of new markets, access to global markets and stringed immigration laws have been at play. The local entrepreneurs felt that the initiatives

taken by both the private sector and the government were inadequate or they were simply applied when it was already too late since there was lack of consultation beforehand.

The study was anchored on the social conflict theory. The theory was important when studying the conflict within the CBD as it puts emphasis on the different social groups competing for the scarce resource; this often means the group, which lacks control over the resource, will be taken advantage of within the CBD. The research establishes that indeed the Somali are the dominant group due to factors such as easier access to capital and their global reach. The locals' entrepreneurs are struggling to remain competitive as the Somalis result to using their political connections to increase their advantage. Factors such as rent hikes have caused some locals to move their businesses to residential areas these is a form of social exclusion from the resource that is the CBD market space.

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