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IDOS POLICY BRIEF 9/2026



The Ramifications of Aid Cuts on Refugee Lives

Case of the Differentiated Assistance (DA) Model and the Shirika Plan in Kenya

Fred Ikanda & Michael Owiso

Summary

International support has failed to keep pace with the growing numbers of refugees and internally displaced persons, thus creating a financing gap between their needs and available resources. The recent US withdrawal from funding development and humanitarian programmes has only compounded this financing gap which has existed for more than a decade.

In response to this, the international community – through Agenda 2030, the Grand Bargain, the 2016 New York Declaration, and the Comprehensive Refugee Response Framework (CRRF) – has advocated for a shift from seeing refugees as emergencies to integrating them into the host countries' developmental agenda. In Kenya, these policy proposals are most recently being implemented through the Shirika Plan, the Differentiated Assistance (DA) model, and development plans of refugee-hosting counties such as Turkana and Garissa. First, the Shirika Plan is a government-led initiative that was proclaimed in 2023 to realise the socio-economic inclusion of refugees within the local context in line with the progressive provisions of the Refugee Act of 2021. Implementation of this policy is yet to begin as it is pegged on elusive donor funding. Second, the DA model is led by the office of the United Nations High Commissioner for Refugees (UNHCR) and the World Food Programme (WFP) and is aligned with the Shirika Plan. The preparatory activities for DA were undertaken throughout 2024 and implementation commenced in August 2025. DA seeks to increase refugee self-reliance through livelihood interventions and providing support based on the specific needs and capabilities of different refugee households as opposed to the previous blanket support that was based on refugee registration status. However, implementation has so far only focussed on reducing aid, without corresponding investment in self-reliance measures.

DA and the Shirika Plan are framed in government and international circles as solutions for addressing funding shortfalls and fostering refugee integration by supporting self-reliance. However, there has been little progress in enhancing refugee self-reliance. At the same time, aid cuts are implemented based on a needs-categorisation of refugee households that proceeds without adequate background information. The lack of alternative livelihoods has exacerbated vulnerabilities and has sparked protests in refugee camps. Emerging evidence points to negative coping mechanisms, including higher school drop-out rates; reported cases of youths joining criminal religious groups; increased conflicts at family level; and rising cases of women becoming sex workers. This Policy Brief highlights the emerging ramifications of implementing DA that is anchored in the provisions contained in the Shirika Plan. The Brief also goes further to suggest recommendations for action to the government of Kenya and the international community.

Key policy messages:

- There is a need to enhance synergy between UNHCR and the Kenyan government such that the state implements the Shirika Plan alongside DA without premising its implementation on donor aid.
- UNHCR needs to obtain more extensive household economic data and involve refugees in deciding who is most vulnerable to more accurately disaggregate refugee households into appropriate categories.
- The Kenyan government and international actors need to closely monitor and address potential negative implications of implementing DA and the Shirika Plan.

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Introduction

Kenya is one of the largest refugee-hosting countries in Africa with more than 835,000 refugees and asylum seekers. The majority are hosted in two big camps in northern Kenya – the Dadaab camps in Garissa County, that mostly host refugees from Somalia, and Kakuma Camp and the Kalobeyei settlement in Turkana County with a majority of refugees from South Sudan. Around 117,000 live in Nairobi and other urban settings (UNHCR [United Nations High Commissioner for Refugees], 2025). For over 30 years since these camps were established, refugees have been relying on aid. However, the long-standing financing gaps in humanitarian and development operations have prompted the Kenyan government, in collaboration with UNHCR, to design the Shirika Plan and DA, respectively, as measures for supporting refugees' self-reliance.

These two frameworks are therefore a response to interlinked factors: the shrinking humanitarian budgets which are no longer sustainable; the necessity of integrating refugees into national and regional development frameworks which foster the role of self-reliance, livelihood opportunities and shared service delivery between refugees and host communities; and the need to align to global commitments such as the Global Compact on Refugees of 2018 which emphasise and encourage hosting countries to adopt sustainable and development-oriented responses. The Shirika Plan builds on and aligns with other national frameworks such as the County Integrated Development Plans (CIDPs), Vision 2030, and the Bottom-Up Economic Transformation Agenda. It is also consistent with earlier integration policy statements of refugee-hosting counties, including the Kalobeyei Integrated Socio-Economic Development Plan (KISEDEP) and the Garissa Integrated Socio-Economic Development Plan (GISEDEP), which promote a developmental approach that includes locals and refugees. The Shirika Plan and DA therefore represent what has been described as the "triple benefit" of enhancing self-reliance, reducing aid dependency and strengthening host communities' economies.

DA and the Shirika Plan are anchored on the Kenyan Refugee Act No. 10 of 2021 which promised refugees new rights and prospects that remain largely unfulfilled, including new identity cards and simpler processes of getting work permits. Following international appeals for more refugee-inclusive policies, the Kenyan government announced the Shirika Plan in 2023 as a Marshall Plan for addressing the protracted refugee situation through enhancing the socio-economic inclusion of refugees in line with the 2021 Refugee Act. This policy proposal aimed to transform camps into municipalities where refugees work and live alongside host communities. The Plan seeks to remodel Kenya's refugee response to one that creates an ecosystem of self-reliance through the enforcement of six thematic pillars, namely system building; integrated services; human capital and skill development; climate action; sustainable economic development; durable solutions and complimentary pathways. So far, hosting communities and the county governments of Garissa and Turkana have not expressed opposition to Shirika Plan proposals although there are concerns that integrating refugees might worsen insecurity and fuel conflicts over livelihood resources in the marginalised hosting counties.

Under this plan, the developmental needs of locals and refugees are expected to be met through the support of international development partners and the private sector such that the Kenyan government integrates refugees into national systems through transforming camps into sustainable, integrated settlements where refugees can access education, health, and job opportunities alongside hosting communities – reflecting the policy guidelines outlined in previous international agreements. It is expected that the implementation of this plan will potentially reverse the current encampment policy that severely restricts refugee movement and access to work permits. However, it is donor-dependent and its fiscal sustainability is in limbo given the growing trends in aid cuts. This is because the Plan's four-year Transition Phase is estimated to cost USD

943 million which is equivalent to one per cent of Kenya's annual gross domestic product (GDP) therefore raising serious doubts about the ability of Kenya to finance the project given the current financial disposition of the country (FMDRH [Forced Migration and Displacement Research Hub], 2025).

To a large extent, DA is aligned to the Shirika Plan in the sense that these two models view long-term economic development as a response to the protracted refugee problem in Kenya and declining donor funding. DA builds on the provisions of the Shirika Plan through a comprehensive framework that includes both humanitarian and development programmes that enable refugees to receive assistance based on their unique needs rather than on mere refugee status. DA disaggregates refugees into four categories: the extremely vulnerable (who will continue to receive assistance); the highly vulnerable (with limited potential to meet basic needs); the moderately vulnerable (partially self-reliant); and those that are self-reliant. The aim is to target interventions to the neediest as well as gradually transition those at lower levels towards self-reliance in line with the Shirika Plan and international agreements.

This categorisation is based on various metrics, whereby newer arrivals not familiar with camp dynamics; female household heads with no formal education; households with children having severe malnutrition; household heads with unique conditions (disabilities, chronic illness, or elderly persons); and households with no income and a high dependency ratio are deemed vulnerable. UNHCR claims to have based their decisions on economic data from the government, but the Kenyan government has acknowledged that implementation is proceeding without adequate economic data and has promised that a future second phase will be anchored on a more robust database that will have accurate economic data to categorise refugee households correctly. This makes the planning for economic and social inclusion difficult. Despite the critical data gaps and the delay in implementing the Shirika Plan, the DA implementation commenced in 2025 with a focus placed on cutting food aid to less vulnerable households to ostensibly make refugees self-reliant. The need for immediate implementation of DA is justified by the ongoing funding shortfalls.

Although the decline in donor funding has affected both development and humanitarian sectors, there is widespread belief in government and UNHCR circles that the donor community will continue to fund refugee development programmes. This belief has largely shaped the planning of DA and the Shirika Plan.

Based on a review of policy documents, secondary data and key informant interviews with refugees, government and UNHCR officials, this Policy Brief will highlight the emerging negative impacts of implementing DA. In addition, the Brief goes further to suggest recommendations for action to the government of Kenya and the international community.

Impacts of funding cuts on the implementation of the DA model and the Shirika Plan

While funding cuts to USAID (United States Agency for International Development) were expected in light of the anti-immigration rhetoric that characterised the presidential campaigns for the 2024 US elections, the wholesale and sudden cancellation of US humanitarian and development aid threw the aid sector in Kenya into disarray, not only because the United States had been providing 70 per cent of the funding for the WFP's operations in the country, but also because the cuts were sudden and indiscriminate. This forced the WFP to reduce refugee rations to 30 per cent of the minimum recommended (Soy, 2025). This aid cancellation happened in a context where refugees were already experiencing drastic cuts in food rations (45 per cent of the minimum food basket), which pushed the WFP to quickly implement DA as a response aimed at reducing aid benefits and beneficiaries.

Since then, only those classified as extremely or highly vulnerable have received some food, leaving many families without any support. For

example, since June 2025, the ration has been reduced to a paltry USD 5 per month, coupled with delays in distribution that left families with less than their basic nutritional needs. This has increased generalised suffering, epitomised by reported cases of malnutrition among refugee children. Consequently, the DA categorisation model is coming under increasing scrutiny among refugees. Reduced rations of food have also resulted in reported cases of school drop-outs, increased conflicts at family level due to lack of basic provisions, and other claims of negative coping mechanisms, including women engaging in sex work. The sales of business operators in the camps have reportedly declined because refugees no longer have money from selling part of their food rations. Additionally, more people are said to have joined mobile preachers out of frustration at not being able to support their families. The media has also highlighted negative stories of increased suffering occasioned by acute food scarcity, personified by reported cases of suicide, and violent protests against the cuts. The protests have mainly been fuelled by a lack of other survival options for refugees, which has attracted public attention. More revealing, perhaps, are reports indicating that some 6,000 South Sudanese refugees opted to return to their country of origin from Kakuma Camp between January and August 2025 amidst the worsening food shortages and reduced aid. These numbers mainly involved women and children. More refugees will be forced into impossible choices if resources are not urgently mobilised.

These negative effects have not dampened optimism at UNHCR and in government circles, however, that DA and the Shirika Plan will eventually wean refugees from aid.

DA and the Shirika Plan – new framing, old mentality?

For decades, the language of resilience and self-reliance has been underlined by the international community as a solution to the problem of protracted refugee situations and declining donor support. However, even with those new initiatives in place, little action has gone into actualising them – beyond government and UNHCR promises to introduce programmes for achieving self-reliance.

It is evident that the Kenyan government, UNHCR and the WFP are continuing to frame refugee management and response from a standpoint of dependency despite their rhetoric of promoting DA and the Shirika Plan as catalysts for achieving self-sufficiency and resilience. For example, the implementation of the Shirika Plan is explicitly premised on the availability of donor funding. Respondents to the key informant interviews indicated that the government only acceded to the creation of this policy because the international community promised that funding would be made available to promote a local development agenda alongside the refugee component. This explains the delay in implementing this initiative. The fact that the Shirika Plan is pegged on donor funding calls into question its viability.

Regarding the DA model, since the early 2020s UNHCR has been framing funding appeals for its Kenyan operations in the language of development and refugee self-reliance as opposed to humanitarian aid. This is rooted in UNHCR's continued expectation of donor funding to implement self-reliant measures despite decreasing humanitarian aid funding.

Thus, while the framing approach has changed, the expectation that refugee management and response continue to be funded remains intact. At the same time the Kenyan government is still grappling with sustaining the needs of its own population and may be unable to shoulder the economic burden of funding refugee livelihoods. Host communities, county officials and members of parliament in Turkana and Garissa counties argue that, before integrating refugees, the national government should prioritise solving the region's deep-rooted problems around insecurity, unemployment, lack of healthcare, poor infrastructure, access to water, and dismal education performance levels. This implies that the Shirika Plan does not enjoy wider political support. It also implies that the longstanding awareness of

funding shortfalls has not persuaded the government and agencies to seek alternative strategies towards refugee self-reliance. The path to refugee self-reliance can be smoothened considerably through the full implementation of the progressive 2021 Refugee Law that would allow refugees to move freely and have access to work permits. Implementation of this law has remained elusive because of the politicisation of refugee issues and a lack of joint efforts from the partners involved in refugee management – especially the Kenyan government which remains hesitant to lift restrictions on refugee movement. Empowerment through self-reliance cannot be perceived as a simple and natural outcome of DA. It is a process that affects people differently, based on economic status, access to rights, their habitat, competencies, and their general outlook of life.

In the current set-up, the funding cuts and the resultant responses by the Kenyan government and the international community are evidently fuelling tensions among stakeholders. There is concern in the hosting counties of Turkana and Garissa that allowing refugees to own land as part of implementation of DA might drain meagre resources and exacerbate tensions instead of becoming the promised game changer (Okata, 2025). DA implementation also has implications on the working relationship between the national and the county governments. If the national government fails to budget for refugee needs, for example, county governments might be forced to provide services to refugees who are not under their mandate in the current set-up. The Shirika Plan proposals also have the potential of straining the relationship between the Kenyan government and UNHCR/WFP. This is especially because government officials seem to be postponing the implementation of the Shirika Plan because of the anticipated availability of donor funds that have traditionally been controlled by humanitarian agencies. At the moment, discussions on refugee self-reliance appear to be paying little attention to the potential effects of implementing the two frameworks on the host communities.

Conclusions and recommendations

DA and the Shirika Plan are responses to funding cuts in the humanitarian sector that have been going on for decades. Thus, their implementation should not be seen as a knee-jerk reaction. There is little progress currently towards achieving refugee self-reliance despite the rollout of DA and the reduction in support based on the refugee categorisation. It is a contradiction to premise DA and the implementation of the Shirika Plan on donor funding when, in essence, it is the decline in this funding that has amplified calls for enacting self-reliance mechanisms. We therefore make the following recommendations for strengthening refugee integration in local contexts, which are key for attaining refugee self-reliance:

- In collaboration with UNHCR, the Kenyan government needs to urgently address the data gap in order to establish the true economic status of refugee households.
- In collaboration with the government of Kenya, UNHCR and the WFP should re-evaluate the funding situation and come up with practical measures of ensuring refugee self-reliance that are not premised on continued donor funding, including easing restrictions on refugee movement and freer access to available business and work opportunities.
- The Kenyan government should offer more support to refugee-hosting counties. This calls for the crafting of a Budget Policy Statement (BPS) that would justify allocating additional funding to refugee-hosting counties.
- The government should consider implementing the Shirika plan alongside DA, despite the lack of donor funding, as the implementation is bound to benefit the local economy.
- UNHCR and its implementing partners should come up with a comprehensive framework that takes into account a variety of considerations that will help to implement self-reliance programmes hand-in-hand with cuts in food aid.

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