

Refugee livelihoods: new actors, new models

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The international community is increasingly emphasising the need to bridge the humanitarian–development gap. But what does this mean on the ground in terms of refugees' livelihoods and economic inclusion?

In addition to shelter, water, food and education, refugees (just like everyone else) need productive employment. Generating an income to meet one's basic needs and provide for one's family is essential for human dignity, and is a human right under the Universal Declaration of Human Rights. Furthermore, there is growing evidence that refugees can contribute to economic development in host countries if given the chance to participate. Refugees' human capital (skills and experience) can bring new products and services to the local market, while financial capital such as remittances and international aid can stimulate economies. However, in most countries refugees still lack the right to work.

From a host country's perspective, **governments** should recognise, firstly, that a legal framework which allows the economic inclusion of refugees can generate benefits for host countries and, secondly, that it is

preferable for work rights to be granted as early as possible in order not to prevent or delay the potential contribution of refugees to economies. Restrictive work rights encourage informal economic activities and deprive host countries of an economically active population who could otherwise pay taxes and consume, produce and sell goods and services. It is neither desirable nor logical to postpone work rights until refugees become legally integrated (for example, through naturalisation), which can take a long time; people will still work but will be excluded from formal, decent employment opportunities. Good practice (in Norway, Sweden, Denmark and Germany, among others) shows that supporting early labour market insertion – for example, through skills certification, apprenticeships and job matching schemes – allows refugees to become contributing members of host communities. This is

naturally more easily accomplished in countries where local economies can absorb a labour influx and where resources and infrastructure exist to efficiently link refugees to appropriate opportunities.

However, 84% of the world's refugees are hosted by developing countries, many of which suffer high rates of poverty and unemployment. In such contexts, policy development and programme design promoting refugees' livelihoods must speak to the concerns of host countries. This is where **development actors** can help. One significant example is the World Bank's Global Concessional Financing Facility which provides concessional loans to middle-income countries hosting refugees in order to expand labour opportunities and improve local infrastructure, benefiting host and refugee populations. Meanwhile, the International Labour Organization's 'Guiding principles on the access of refugees and other forcibly displaced persons to the labour market'¹ speak to the need for proper governance frameworks as well as the importance of the private sector in generating decent, productive employment.

Economic inclusion is of course impossible without the engagement of employers, investors, service providers and other

private sector actors. However, identifying opportunities that can achieve real impact for refugees and host communities can be a painful and lengthy process, particularly when discussions between humanitarian and private sectors are conducted only at the global level, far from local reality.

Improving ways of working

The humanitarian community is increasingly aware of the need to change its usual ways of working. The UN Refugee Agency, UNHCR, has made many strategic changes recently such as in cash-based interventions and biometric identification, in developing multi-year, multi-partner strategies, and in livelihoods programming. Traditionally, many livelihoods interventions focused on skills development and subsidies, and were implemented without real analysis of refugee needs and capacities. They lacked the potential to generate real, sustainable impact for refugees, let alone for host communities. UNHCR, along with many of its partners and other humanitarian organisations, is now moving towards more targeted, market-based and results-oriented programming.

The most important aspect of this is the emphasis on understanding market dynamics



UNHCR/Mark Henley

Two Eritrean refugees involved in IKEA Switzerland's six-month internship programme. On completing, refugees can apply for a permanent position. By September 2017, 13 of the 36 interns who had completed the internship programme had been employed by IKEA.

when programming for livelihoods. In order to support this, UNHCR has issued Minimum Criteria for Livelihoods Programming² and (in partnership with the International Labour Organization, ILO) guidance on the need to identify and prioritise specific sectors, and then to analyse the opportunities for refugee inclusion within the 'value chains' of each sector³ based on potential for growth, relevance to refugee capacities and feasibility of intervention. The sector selection takes into account economic trends but also the political, legal and socio-cultural context, including rules, regulations and norms; available supporting services; and the profile of the refugee and host communities. This analysis allows practitioners to identify opportunities and interventions that might increase refugee participation without exacerbating tensions between refugees and the host community. Some examples of such sectors include food services in Egypt, maize, cassava and groundnuts in Zambia, and food and beverage in Costa Rica. In Egypt, joint ILO–UNHCR analysis found that entrepreneurial training and start-up grants could help Syrian refugees to capitalise on the popularity of Syrian cuisine, and programmes were designed accordingly.

At the global level, UNHCR and other organisations are linking refugee artisans to global markets through the MADE51 (Market Access, Design and Empowerment) initiative⁴ which aims to build the technical capacity of local, ethical social enterprises to manage unique collections produced by refugees and to support them in branding and marketing products internationally.

The overall aim of this way of working is to work within existing market dynamics to promote sustainable economic inclusion for refugees. In doing so, UNHCR and humanitarian agencies need to avoid becoming market players. Historically, this has been challenging. There are many examples of humanitarian-implemented livelihoods trainings where refugees produced goods that were later sold directly to the humanitarian agencies; the moment the humanitarian agency runs out of funding, the activity ceases and

there is no genuine economic participation of refugees nor long-term benefit for the host community. The role of humanitarian agencies is facilitation: ensuring access of refugees and vulnerable host community members to market opportunities, without agencies becoming direct producers, vendors or consumers. Agencies can, however, add value by developing models that prove that refugees have the potential to contribute positively to the local economy; these models should later be handed over to be led by development partners, private sector actors and/or governments.

The Graduation Approach

An example of such a model is the Graduation Approach, which UNHCR and partners have piloted in various contexts since 2013, including in Burkina Faso, Costa Rica, Ecuador and Egypt. Graduation is an approach to lifting households out of poverty through providing – within certain time limits – short-term humanitarian assistance, livelihoods training, employment or self-employment support and a strong coaching component. Coaches identify a household's protection and other needs and link participants to existing national and local services. A mid-term evaluation of the graduation pilot in Santo Domingo, Ecuador, shows that the approach is promising. After less than one year of implementation (and during a year of financial crisis and a natural disaster in Ecuador), 57% of households had a regular source of income (compared with 49% prior to the start of the programme); the average monthly household income increased from US\$269 to \$282; 34.6% of households earned an income above the national poverty line (28.3% previously); and 78% of households were able to eat three meals a day (60.4% previously).

The Graduation Approach is increasingly being used by governments and development actors in a variety of non-refugee contexts as a social protection tool, and these actors are now beginning to engage with UNHCR and humanitarian agencies about incorporating displaced populations into their plans. USAID is investing in a \$37 million graduation

pilot in Uganda that will target both host communities and refugees; in Ecuador, the Ministry of Social and Economic Inclusion is interested in collaborating on the Graduation Approach in order to expand its own social protection programme; and returnees and IDPs in Afghanistan and Pakistan are included in Graduation Approach programmes run by microfinance institutions.

Financial inclusion

Access to financial services is another area where major innovation has been required, as traditional approaches to microfinance initiatives by humanitarian agencies have in many cases proved unsustainable. Rather than managing revolving funds directly, UNHCR and partners are beginning to take a facilitative approach to ensure access to financial services for refugees. UNHCR is working with the Swedish Development Agency to establish a credit guarantee facility for financial service agencies providing loans to refugees and host populations. The guarantee scheme will help finance three to four financially viable and socially oriented financial service providers, and is meant to encourage lending to refugees and to build evidence that microfinance for this segment of the population can be viable. The UN Capital

Development Fund has also committed to supporting refugees' access to financial services in several countries in Africa by providing financial and technical support to service providers who provide refugee access.

What's next?

More models need to be tested and more development funding should be invested; some models will work better than others, and some interventions that work for some populations may not work for others. Failures should be expected as the international community learns how to meet the needs of this vulnerable population while also achieving positive results for host communities. Continuous monitoring – and, therefore, investment in evaluation – will be needed in order to identify lessons and enable good practices to be replicated.

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1. <http://bit.ly/ILO-guiding-principles-refugees>
2. www.unhcr.org/54fd6cbe9.pdf
3. www.unhcr.org/594b7d7f7.pdf