



TENT



# GLOBAL BUSINESS AND REFUGEE CRISES

A FRAMEWORK FOR SUSTAINABLE ENGAGEMENT

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# ABOUT

**This report has been developed collaboratively, drawing on insights from two workshops, expert consultations, and research by a team at the Center for Global Development (CGD). Cindy Huang, senior policy fellow at CGD, is the lead author and co-directed the research team. Jeremy Konyndyk co-directed the research team, provided invaluable thought leadership, and is a contributing author. Kate Gough, Asad Sami, and Nicole Cassou are members of the research team and contributing authors. Kate also served as the research and production coordinator for the report. Emily Schabacker provided editorial support.**

CGD is an independent, nonpartisan, nonprofit policy research organization dedicated to reducing global poverty and inequality. CGD is partnering with the Tent Foundation to identify sustainable ways for global businesses to help address refugee crises.

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# CONTENTS

<b>EXECUTIVE SUMMARY</b>	<b>6</b>
<hr/>	
<b>INTRODUCTION</b>	<b>8</b>
<hr/>	
SECTION 1 <b>INCLUDING REFUGEES IN HIRING AND SUPPLY CHAINS</b>	<b>14</b>
<hr/>	
SECTION 2 <b>IMPACT INVESTING FOR REFUGEE LIVELIHOODS</b>	<b>22</b>
<hr/>	
SECTION 3 <b>DEVELOPING GOODS AND SERVICES TO MEET REFUGEE NEEDS</b>	<b>26</b>
<hr/>	
<b>CONCLUSION AND RECOMMENDATIONS</b>	<b>30</b>
<hr/>	
<b>ANNEX</b>	<b>34</b>
<hr/>	
<b>NOTES</b>	<b>36</b>
<hr/>	



# EXECUTIVE SUMMARY





**Global businesses can make unique and valuable contributions to refugee response by engaging refugees not as aid recipients, but as employees, producers, investees, and customers.**

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**The position of global enterprises as market leaders, policy influencers, and innovators gives them distinctive capacities for engagement and advocacy that do not exist within the traditional refugee response community.**

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**By including refugees in their core business activities, global enterprises can achieve social impact, gain reputational benefits, and build brand loyalty, while maintaining or enhancing their bottom line.**

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**Global businesses can sustainably increase their engagement with refugees by:**

- *Including refugees in hiring and supply chains.* Global companies can advance their businesses and improve refugees' capacity for self-reliance by creating targets or incentives around hiring refugees as employees, sourcing from refugee-owned businesses, and sourcing from businesses that employ significant numbers of refugees.
- *Impact investing for refugee livelihoods.* Global investment firms can improve refugee livelihoods and achieve financial returns by investing in companies that hire and source from refugees, refugee-owned small and medium-sized enterprises, social enterprises, and development impact bonds.

- *Developing goods and services to meet refugee needs.* In targeted areas such as financial services, global businesses can potentially reach refugees as customers by adapting their goods, services, and delivery systems.
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**Global businesses should partner with host governments and humanitarian and development actors to advance policy reforms and programs that enable success, to ensure that solutions meet the needs and protect the rights of refugees. And, to promote sustainability and local support for their efforts, global companies should engage in ways that benefit both refugees and host communities.**

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**Global businesses and their partners should collaborate to develop resources and mechanisms that increase effectiveness and accountability, including standards for ethical conduct, diagnostic tools for identifying core business opportunities, country-level facilitation platforms, and a learning and evaluation center.**

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# INTRODUCTION

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RefugePoint





## SUSTAINABLE RESPONSES TO THE WORLD'S PROTRACTED REFUGEE CRISES MUST DO FAR MORE TO ENGAGE REFUGEES AS EMPOWERED AGENTS, RATHER THAN AS PASSIVE RECIPIENTS OF AID.

Realizing this vision requires new partnerships and approaches, particularly given today's realities of forced displacement. Refugees have been displaced for an average of 10 years; for those displaced more than five years, the average jumps to over 21 years. The 22.5 million refugees around the world seek self-reliance, the ability to provide for themselves and their families. This requires access to basic public services, such as health and education, and opportunities for safe and decent work—an evolving challenge now that more than 60 percent of refugees live in urban areas outside of camps.<sup>1</sup> Businesses have a vital role to play.

Global businesses can make unique and valuable contributions given their position as market leaders, policy influencers, and innovators. They can engage refugees as employees, producers, investees, and customers, demonstrating the positive returns from the economic inclusion of refugees. By creating business models that are profitable while delivering social impact, they can motivate other businesses and investors to do the same. They can also leverage their networks and relationships to advocate for policies that improve outcomes for refugees, host communities, and businesses. Finally, global companies can use their technical and innovation capacities to help meet refugee needs.

This report highlights ways that global multinational enterprises can use these distinctive capacities to effectively and sustainably support refugee livelihoods and self-reliance.<sup>2</sup> It focuses on opportunities in developing countries, where more than 85 percent of the world's refugees live and where governments have lower capacity and fewer resources to respond to refugee needs.<sup>3</sup> Given the scale of need among both refugees and host communities, local, national, and regional businesses must be central players in a broad and sustainable approach. At the same time, global businesses have an important and catalytic role to play given their expertise, assets, and networks. They can support and enable refugees to realize their economic potential—to the benefit of refugees, host countries, and the international community.

### THE EVOLVING ROLE OF GLOBAL BUSINESS

An increasing number of global businesses seek profit alongside social and environmental outcomes, including helping to meet humanitarian needs. Over the last decade or so, their engagement has begun to evolve from philanthropy and corporate social responsibility (CSR) to a spectrum of approaches that engage their core business (see Box 1).<sup>4</sup> As part of CSR, businesses typically donate money or in-kind goods to charitable organizations. For example, corporations have conducted fundraising campaigns and donated basic items, such as soap and clothes. In addition to philanthropic motives, businesses are responding to their customers' brand consciousness.

Companies are increasingly looking for ways to leverage their core business to achieve humanitarian impact. This falls on a spectrum from deploying their technical expertise—such as volunteering logistics staff to advise

on the delivery of food and medicine, or data analytics that help identify humanitarian needs and trends—to directly offering employment and business opportunities to crisis-affected populations.<sup>5</sup> These approaches respond to employees’ desire to contribute through their work, greater attention to sustainability and measurable social impact, and the desire to understand new markets. A select number of companies see opportunities to reach crisis-affected populations as new customers for products and services. More broadly, global companies in refugee-hosting countries have a strategic interest in contributing to efforts that mitigate the potentially destabilizing consequences of a refugee influx.

This shift to engaging through core business activities—and the energy among global businesses to help respond to historic levels of displacement—creates new possibilities for partnerships to address refugee crises.<sup>6</sup> While donations can be helpful, they are often one-off or periodic. In-kind contributions can also carry heavy transaction costs, such as the cost of transporting goods and staff time needed to translate corporate expertise into practical impact. Engagement that is part of core business, rather than applying core business assets to social challenges, offers greater opportunity to achieve sustainable and scalable impact.

▲ **BOX 1** | IKEA: FROM CORPORATE SOCIAL RESPONSIBILITY TO CORE BUSINESS

In Jordan, IKEA’s engagement in the refugee response has developed from corporate social responsibility (CSR) to core business production centers supporting sustainable livelihoods for both refugees and their host communities. At the outset of the Syrian crisis, IKEA engaged through CSR donations, including initiatives to bring renewable energy to refugee camps and to provide temporary homes to more than one million Syrian refugees and other populations through Better Shelter, a social

enterprise that produces a lightweight, modular shelter. In 2017, IKEA introduced a partnership with the Jordan River Foundation to employ Syrian refugees and Jordanians to make hand-woven rugs, textiles, and other products for IKEA stores worldwide. IKEA will start by employing 200 refugees and Jordanians and will sell their artisan products in regional IKEA stores after one year, and in global stores within five years.

## THE VALUE-ADD OF GLOBAL BUSINESS

Global businesses can build on their distinctive capacities, which do not exist within the traditional refugee response community, to play a significant role in responding to refugee crises. While they are sometimes small players in terms of market share or employment numbers relative to regional and local businesses, they can have an outsized influence on several dimensions as:

- 
- **Market leaders** — Global businesses have diverse and far-reaching activities that allow for designing and testing different models for engagement with refugees. Based on their experience and example, global companies can help make the case to host governments for the economic inclusion of refugees. By virtue of their extensive supply chains and position as market leaders, they can also influence and incentivize global, regional, and domestic businesses to follow suit.
  - **Innovators** — Global companies invest in and drive innovation that can sometimes be adapted to help meet refugee needs. There are areas where new technologies, business models, or distribution systems can enable services to reach refugees and other vulnerable populations. For example, mobile money has facilitated the scaling up of humanitarian cash transfers, extended payments and savings services, and reduced the costs of international remittances for many refugees.
  - **Policy influencers** — Host governments value their partnerships with global businesses—not only for the trade, investment, and services they offer but also for their expertise and insight. Global businesses can bring attention to the barriers they face in engaging refugees as employees, suppliers, and business partners. These may include limits on the right to work and own property and lack of access to financial services. In partnership with the multilateral development banks and other key actors, global companies can support policy reforms that improve the business environment and enable refugees to become net economic contributors to their host countries. Many of the policy changes, such as simplifying the work permit process for refugees, would benefit regional and domestic companies as well.

Building on these comparative advantages and the core capacities of global businesses, this report highlights the potential for increased business engagement with refugees in three areas:

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- **Including refugees in hiring and supply chains.**

Global companies can advance their businesses and the self-reliance of refugees by creating targets or incentives around hiring refugees as employees directly or through subsidiaries and franchises, sourcing from refugee-owned businesses, and sourcing from businesses that employ significant numbers of refugees. Partnerships with government, multilateral, and nongovernment actors will be important to identify and address constraints, for example through programs around skill development, access to credit, and meeting the quality and quantity standards of global companies.

- **Impact investing for refugee livelihoods.** Global investment firms can improve refugee livelihoods and achieve financial returns by investing in companies that employ refugees or include them in their supply chains, refugee-owned small and medium-sized enterprises (SMEs), social enterprises that meet refugee needs, and development impact bonds. To help address the limited pipeline of investments, they can also develop platforms that identify, incubate, and scale promising ideas and businesses.

- **Developing goods and services to meet refugee needs.**

Global businesses can potentially reach refugees as customers by adapting their goods, services, and/or delivery systems. This should be done in partnership with humanitarian actors, who understand refugee needs and challenges. While many needs are more readily or appropriately met by the public sector or local businesses, there are targeted areas—such as financial and telecom products and services—where global businesses have shown potential to build their brand and/or core business by focusing on refugees and other crisis-affected populations.

Global businesses face a variety of policy and practical challenges in engaging refugees. Strong evidence shows that refugees become net economic contributors when they have sufficient rights, support, and opportunities.<sup>7</sup> However, in most countries, refugees face significant restrictions on the right to work, own a business, or move about freely. They also face practical barriers to realizing their rights, such as burdensome fees and procedures, and lack of transportation and childcare. Low levels of access to quality education limit the opportunities for working-age adults and the next generation. These de jure and de facto limits hamper both refugee livelihoods and the ability of global businesses to engage them.

Companies also engage in the context of complex dynamics between refugees and host populations, who often also face steep economic challenges. Evidence shows that refugee inflows have small but varied job and

wage impacts on host workers. In several cases, studies document how the arrival of refugees has ultimately led to occupational upgrading, where host workers move to jobs requiring greater specialization and native language skills, and thus better wages. However, whether the overall effects are positive depends largely on the policy responses and support provided, especially for host workers who may be displaced.<sup>8</sup>

Despite significant challenges, there are existing and emerging opportunities for global businesses and their partners to sustainably advance the well-being of refugees and their host communities. As they do so, they can also collaborate to address longer-term policy and practical barriers to effective engagement. This report, written by the Center for Global Development in partnership with the Tent Foundation, offers a framework for developing and pursuing these opportunities.



▲ SECTION 1

# INCLUDING REFUGEES IN HIRING AND SUPPLY CHAINS

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RefugePoint



## THE CENTRAL COMPONENT OF SELF-RELIANCE AND A MAJOR UNMET PRIORITY IDENTIFIED BY REFUGEES IS ACCESS TO SAFE AND DECENT EMPLOYMENT OR SELF-EMPLOYMENT.<sup>9</sup>

As employers and buyers at the helm of extensive supply chains that reach deep into local markets, global businesses can play a powerful role in creating demand for refugee labor, products, and services. Commitments to support refugees should take place in the context of broader initiatives that also benefit local communities, which are often experiencing high unemployment, flat or falling incomes, and other vulnerabilities. By increasing local sourcing, global companies can often maintain or reduce costs, while also creating new economic opportunities for both refugees and host communities. To increase the likelihood of impact and sustainability, businesses should also engage in public-private partnerships and policy dialogue that support improved social and economic outcomes for refugees and host communities, as well as broader reforms that improve the business environment and facilitate inclusive growth.

As part of broader initiatives to hire and supply locally, global businesses can make commitments, including targets or incentives, around:

- Hiring refugee employees directly or through subsidiaries and franchises
- Sourcing from refugee-owned businesses
- Sourcing from businesses that employ significant numbers of refugees

The potential benefits of well-designed employment and supply chain partnerships are significant. In addition to social impact and benefits to the company brand, evidence indicates that immigrants, including refugees, can increase productivity by offering complementary skills; in some cases, employers have also experienced substantially lower attrition rates among immigrant workers compared with native workers.<sup>10</sup> Recognizing the strengths of refugees, Starbucks committed to hire 10,000 refugees, largely in retail jobs, and is exploring opportunities to employ them in both developed and developing countries. Hiring refugees can be transformative for those employees and their families, but global companies tend to directly employ a relatively small number of workers in developing countries. Therefore, companies should also explore opportunities to engage refugees along their supply chains. Connecting refugee-owned or refugee-employing SMEs to global supply chains can grow their businesses and increase their social impact. This is especially true for refugee business owners who tend to hire other refugees and can help to bring refugees into the formal sector.<sup>11</sup> Refugees as entrepreneurs, such as small shop owners, can also benefit large companies interested in expanding their retail distribution systems to new markets.

Given the policy barriers refugees face, including restrictions on their right to work and own businesses (see Box 2), identifying and developing concrete opportunities in the near term will require focused effort. Refugees and host populations will also need support to overcome practical constraints to employment and entrepreneurship, such as access to skill-building, apprenticeships, childcare, transportation, and job-matching services. Cultural and linguistic differences

can be a barrier as well; refugee populations may speak different languages from the host population, possess different skill sets and levels of education than businesses require, or be unfamiliar with local cultural factors. Likewise, refugee businesses may require

support to register, identify sourcing opportunities, and meet standards for quantity and quality. Global companies should invest in programs and participate in policy dialogue that advances solutions to these barriers.

## ▲ BOX 2 | RIGHT TO WORK: A RESTRICTIVE, COMPLEX, AND DYNAMIC LANDSCAPE

In refugee-hosting countries in the developing world, prohibitions or limits on refugees' right to work pose a significant and often binding constraint to global businesses' engagement. Although there is no standardized assessment of such policies across countries, many studies document the restrictions and challenges posed by de jure and de facto barriers.<sup>12</sup> Refugee right-to-work regimes are complex and vary greatly, from general bans on refugee work to sector and case-by-case exceptions. In rare cases, such as Uganda, refugees are given broad rights to work that are similar to those of citizens.

Often, other laws and regulations—such as those restricting movement and ability to own property and register a business—limit refugee livelihoods opportunities. Refugees also face numerous practical challenges, such as cumbersome processes to apply for work permits and prohibitive transportation costs. Most refugees work in the informal sector where they receive lower wages and are more vulnerable to workplace abuse. This outcome reflects both the difficulties and costs of obtaining legal work and overall high rates of informality in developing countries. Women are often particularly vulnerable, including to sexual and gender-based violence, both at their jobs and when traveling to and from work.

Overcoming the multiple barriers to create opportunities for refugee self-reliance will require careful analysis and collaboration among public and private actors. Recent experience in Jordan illustrates how the legal and regulatory environment can evolve, including through the engagement of international actors and businesses. A concessional loan from the World Bank—as well as EU trade preferences designed to induce European investment in special economic zones in Jordan—presented the possibility of 200,000 work permits for Syrian refugees. The effort has faced significant challenges, including complicated application processes and inadequate communication that left refugees hesitant to provide their personal information and to formalize their working status. So far only about 55,000 Syrian refugees have acquired work permits.<sup>13</sup> Nevertheless, the program has succeeded in launching a broader dialogue that has generated important reforms, such as streamlining the work permit process, opening new sectors for refugee employment, and offering non-employer, non-position-specific work permits in the construction sector.<sup>14</sup>



In designing initiatives to include refugees in hiring and supply chains, several important issues require further research and exploration. These include developing methods for defining and validating whether a business is refugee-owned or refugee-employing, creating partnerships that effectively bring together public and private resources, structuring targets and incentives in ways that maintain or bolster core business objectives and competitive advantage, and ensuring the inclusion and protection of women and vulnerable populations. While there will be common lessons and best practices, many models and considerations will be specific to countries, sectors, and supply chains. There will typically be a broader range and number of opportunities to engage in middle-income countries and among refugees living in urban areas. However, keeping in mind the call of the Sustainable Development Goals to “leave no one behind,” global companies and their partners should explore possibilities across income categories and geographic areas.

Businesses and their partners can learn from initiatives that seek to include more women-owned businesses, SMEs, and smallholder farmers in global supply chains. Common lessons include that new suppliers need education, training, mentorship, access to finance, and connections to global companies. Conversely, companies need to create internal buy-in, understand the local context and challenges, design tailored outreach and training, and adjust initial expectations as suppliers develop new processes to meet standards for quantity, quality, and speed. The intermediation and investment required have led to the growth of specialized organizations that help bring together supply and demand. For example, WEConnect identifies, educates, registers, and certifies women-owned businesses and connects them with multinational corporate buyers, and Building Markets connects local

entrepreneurs to domestic, regional, and global supply chains. Their experiences, tools, and networks can inform and support efforts to engage refugees.

### **PROMISING ENTRY POINTS**

To identify potential entry points for refugee inclusion in employment and supply chains, we conducted an initial review of the 20 top refugee-hosting countries, covering 15.6 million of the world’s 22.5 million refugees (see Annex). The list excludes developed countries and those where conflict, sanctions, or other factors would significantly limit global business opportunities. Most of the countries are in the Middle East and Africa, with a small number in Asia and Latin America. Among these 20 countries, 20 percent of refugees live in low-income countries, with 49 percent in lower middle-income and 31 percent in upper middle-income countries. While there are potential opportunities to explore in each country, the scale and range will differ based on income level, the location of refugees, global business presence, policy environment, the composition of the economy, and other factors.

Our initial analysis considered the types of global businesses present in these countries or linked to them through supply chains and their capacity to generate employment or supply chain opportunities. We also examined sectors where the right to work is less constrained. Nevertheless, we did not exclude countries or sectors based on restrictive right-to-work environments because these policies are subject to change and exceptions, including through the policy engagement of businesses and their partners. Given the complexity of supply chains, much deeper analysis conducted in partnership with global businesses is required to validate and explore these entry points, assess potential fit with refugee skills, background, and location, identify country-specific opportunities, and evaluate the legal and regulatory environment.

Based on our preliminary analysis, we identified the following types of companies as promising entry points for engaging refugees in employment and supply chains:

- **Consumer product companies** — Many of the global businesses present in top refugee-hosting countries make consumer goods, such as food and beverage products, clothes, toiletries, and cleaning products. Textile and garment companies may be particularly promising as several global brands supply from refugee-hosting countries. Consumer product companies have production facilities and broad supply and distribution networks in-country. They may have opportunities to hire refugees and increase and diversify local sourcing to include refugee-owned and refugee-employing businesses, from buying their raw materials to engaging them in processing, assembly, packaging, and logistics. Refugee-owned shops can also be an avenue for product distribution to new places and customers.
- **Agribusinesses** — Companies with products linked to agriculture and agribusiness may find opportunities to engage refugees, especially in countries where a greater proportion of refugees are located in rural areas and/or have experience in the sector. As with consumer products, companies can also explore ways to include refugees along the supply chain, for example in extension services, processing, waste management, and transportation (see Box 3).

### ▲ BOX 3 | SAFEWAY: INCLUDING REFUGEES ALONG THE SUPPLY CHAIN

The Jordanian branch of Safeway, Inc., the American supermarket chain, has integrated a local Syrian-owned business into its supply chain. The Andalus Dairy Factory, operated by the Cattle Farmers Association in Irbid, was taken over by a Syrian investor in 2013 and saw enough growth to sign a contract with Safeway after USAID facilitated a connection.<sup>15</sup> The factory agreed to supply two of Safeway's stores in Amman, with plans to expand to the Safeway in Zaatari camp.<sup>16</sup> The Safeway in Zaatari is also a source of employment opportunities, with a staff of both Jordanian nationals and Syrian refugees who have been trained in new skills for employment.<sup>17</sup>

- **Retailers** — Global retailers have potential to employ refugees and source goods and services from refugee-owned and refugee-employing businesses. Major supermarket chains source and sell products all over the world and also require services in-country, from stocking shelves to transportation. Some retailers may also reach customers that value social impact and artisan products made by refugees (see Box 4).



#### ▲ BOX 4 | MADE51: BRINGING ARTISAN PRODUCTS TO GLOBAL MARKETS

The MADE51 initiative, led by the UN Refugee Agency (UNHCR), supports refugee artisans by providing market access through connections with crafts-based local social enterprises.<sup>18</sup> Local social enterprises agree to add a refugee product line to their operations, and MADE51 supports these efforts through marketing and branding opportunities, which help the supporting social enterprise expand its sales of the refugee product line. By increasing the market reach of refugee artisans, MADE51 develops more sustainable livelihoods for refugees while supporting local social enterprises. In Burkina Faso, Malian artisans who fled as refugees were able to transform their traditional tradecraft into a sustainable livelihood source. UNHCR is working with the West African social enterprise Afrika Tiss to build the business and technical aspects of the artisanal work, attaining wider market exposure with orders sent internationally, including to the United States, Denmark, Japan, Norway, and Switzerland. Through UNHCR, MADE51 is developing partnerships with global retailers to expand the reach of the products.

- **Franchises** —Franchises such as fast food and delivery companies may offer opportunities for refugee employment. In the case of hotel franchises, refugees or businesses that employ them may be well positioned for contracts to supply goods and services (e.g., cleaning and maintenance).<sup>19</sup>

- **ICT companies** — Work in information, communications, and technology (ICT) is limited but growing in developing countries. With high-quality training and job-matching services, refugees and host communities can be successfully placed in ICT jobs. There are also opportunities for refugees with lower skill levels to work in IT/BPO (business process outsourcing) companies that run call centers, process data, and manage back-office functions such as payroll (see Box 5).

#### ▲ BOX 5 | OPPORTUNITIES FOR REFUGEE WORK IN ICT

New partnerships are emerging to link refugees to ICT and ICT-enabled work. ReBoot KAMP (RBK) in Jordan, for example, runs an accelerator that trains refugee and local software engineers and helps place them in local and remote jobs, including at multinational enterprises. RBK reserves 60 percent of its training spots for female participants, engaging in robust recruitment efforts to meet this target.<sup>20</sup> The International Rescue Committee and Western Union partnered to test new models for livelihoods generation for refugees and vulnerable Jordanians, specifically looking at BPO. Initial results from a rapid prototype of “impact sourcing”—BPO for vulnerable populations—indicated both Syrians and Jordanians have the necessary skills and motivations to complete assignments successfully. Scaling such opportunities will require building a demand pipeline, clarifying the regulatory context on contract work, and improving connectivity.<sup>21</sup>

Across sectors and companies, ICT advances have enabled the rapid growth of the on-demand or **gig economy**. It is widening space for refugee work in areas including coding, design, catering and food delivery, translation, and BPO services. While the gig economy includes both in-person and remote work, initial research points toward greater benefits and sustainability within the local economy.<sup>22</sup> For refugees with the necessary computer, language, and other skills, **remote work** (whether gig or part- or full-time) is promising because it enables access to an exponentially larger job market. While ICT-enabled work opens exciting new possibilities, lack of reliable electricity, mobile, and internet services is a significant barrier, especially for refugees outside of major cities. And while the lack of clarity on policies related to freelance and gig work offers flexibility, it also poses risks because the legal and regulatory environment or enforcement could shift quickly.

Our preliminary review identified additional potential entry points based on specific country contexts. For example, businesses in the **extractive industries**, such as oil and gas, dominate some refugee-hosting regions, such as Kurdistan in Iraq, Chad, Uganda, and South Africa.<sup>23</sup> Global **construction** companies are present in

some top refugee-hosting countries, and others may be moving into the Middle East region in part to position themselves for future reconstruction work in Syria and Iraq. For these companies, hiring refugees from those countries could help bolster their competitive advantage. There are also potential opportunities in **manufacturing**, such as the automotive industry in South Africa and Turkey. Further country analysis and consultations with global companies are required to explore these opportunities and identify additional ones.

Opportunities that are not directly linked to the production of a company's goods and services could be a stepping stone for refugee-owned and refugee-employing businesses. Global companies could incorporate refugee SMEs when they contract for goods and services related to their offices and factories, such as waste management, catering, back office processes, and office supplies. As these companies grow, they could expand to goods and services tied to core business. Similarly, public procurement by governments, donors, multilateral, and nongovernmental organizations can be designed to build the capacity and size of refugee enterprises.



## WAY FORWARD

Delivering results for refugees and host communities through inclusive hiring and supply chains will require collaboration among global businesses, host governments, and humanitarian and development actors. Together, they must identify promising opportunities and constraints—and seek to overcome hurdles through investment, partnership, and policy reform. They must develop a nuanced understanding of the challenges that local suppliers face and design concrete incentives that align profit and social goals.

A key challenge will be taking a long-term view toward developing the pipeline of refugee skills and businesses and sustainable demand for their labor, goods, and services. In addition, there is a need for platforms that help match supply and demand, such as the IRC's hub in Jordan that will match Jordanians and refugees with firms and provide the necessary support to individuals in getting to work. Similar platforms are needed to support refugee-owned and employing businesses and match them with buyers, particularly in helping them to meet standards of quality and scale. Finally, global businesses should participate in policy dialogue, bolstering the

argument that expanding refugees' right to work and opportunities in the formal sector can attract investment and benefit the local economy.

Successful platforms and initiatives will support both refugees and host communities, while also addressing the specific constraints and vulnerabilities refugees face. Depending on factors such as their gender, age, education level, and disability status, refugees may benefit from different types of opportunities and require various types of assistance. Special consideration must be given to providing safe and decent work conditions and respecting the rights of refugees, with global businesses upholding international standards and proactively engaging throughout their supply chain. This should include robust efforts to prevent child labor and sexual harassment and abuse. These actions should contribute to broader efforts to improve human rights for citizens and noncitizens alike. Global businesses and their partners should also focus on measures that increase the inclusion and empowerment of women and ensure that their efforts are adapted to the social and cultural context.<sup>24</sup>



▲ SECTION 2

# IMPACT INVESTING FOR REFUGEE LIVELIHOODS

Photo credit:  
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**IN 2016, THE UN REFUGEE AGENCY REPORTED A \$3.1 BILLION BUDGET GAP FOR MEETING REFUGEES' BASIC NEEDS, BUT SIGNIFICANTLY MORE FINANCING IS REQUIRED TO ENABLE REFUGEE SELF-RELIANCE AND ACHIEVE SUSTAINABLE SOLUTIONS.<sup>25</sup>**

Impact investments—investments in companies, organizations, and funds with the goal of generating social and environmental impact alongside financial returns—can play a role in responding to the refugee crisis. The Global Impact Investing Network's 2017 Annual Impact Investor Survey reports nearly \$114 billion in impact assets. While most impact investors seek risk-adjusted, market-rate returns, a subset offers patient or long-term capital or expectations of below-market returns, extending favorable terms to achieve social impact.<sup>26</sup> Some impact investors are stepping up to respond to the refugee crisis, such as George Soros, who pledged up to \$500 million in private investment to address the challenges of migrants, including refugees, and their host communities.

Diaspora members can play a critical role in catalyzing business investment in frontline states hosting refugees and, when conditions permit, their countries of origin. For example, the Somali diaspora has invested in hotels, real estate, and transport in Kenya's formal sector, generating jobs and economic activity for Somalis and Kenyans.<sup>27</sup> The Somali diaspora uses networks to mobilize capital that would likely not be otherwise available given the level of risk and lack of collateral. The diaspora is also investing in Somalia, helping to rebuild the country and

creating a foundation for other capital to flow. The Syrian International Business Association seeks to mobilize the Syrian diaspora for impact investing and could support economic opportunities in frontline states and, eventually, Syria itself.

Impact investors can capitalize on refugees' entrepreneurial talent and investment resources. For example, a recent study found more than 10,000 Syrian-owned businesses in Turkey, each employing 9.4 people on average. And since 2011, Syrians have invested more than \$330 million in the Turkish economy.<sup>28</sup> This suggests the resources and returns that could be unlocked with greater support and investment, although the scale will differ between low- and middle-income countries. Some evidence shows that immigrants bring unique skills and experiences that support entrepreneurial success. These include experience with, and knowledge of, a set of products and services that have been developed and successfully brought to market in a different setting, bolstering immigrants' ability to recognize new business opportunities.<sup>29</sup>

However, many challenges limit the engagement of impact investors—especially those at global investment firms—in the refugee response. Given that refugees likely face greater barriers than other investees (e.g., smaller networks, language barriers, limited rights to work and own property, and less familiarity with navigating bureaucracy), they need significant support and may also require more favorable terms from investors, such as longer repayment timelines and lower expected returns. Programs and platforms that build the investment pipeline, promote related policy reforms, and match investors with potential investments are needed. And given the effort and expense required to validate benefits to refugees, there may be a role for



a body that does so, similar to fair trade and women’s business certification. Significant progress in these areas is needed before refugee-related impact investing can achieve scale and attract global investment firms that typically seek returns that are closer to market rates.

### PROMISING ENTRY POINTS

Impact investors seeking financial returns and refugee outcomes should consider investing in the following areas, as well as in partnerships that strengthen the pipeline for these investments:

- **Companies that support refugee employment and businesses:** As described in Section 1 companies can create targets and incentives to include refugees in their hiring and supply chains. Impact investors can invest in regional, national, and local companies that make such commitments. This could include a focus on increasing the scale and sustainability of business activities that directly engage refugees—such as the business units that hire refugees and purchase from them. In addition, they can invest in established SME lenders to help bring their financial services to refugee-hosting communities.
- **Refugee-owned small and medium-sized enterprises:** Investing in refugee entrepreneurs around the world will have a multiplier effect because refugee business owners tend to hire other refugees. These SMEs also benefit the local economy because they employ host community members and increase market activity. Investing in refugee-owned SMEs in developed countries also benefits refugees in developing countries given the large flows of remittances sent to their networks.
- **Social enterprises that benefit refugees:** There is a portfolio of social enterprises emerging to respond to the refugee crisis—to support both refugee-led enterprises and enterprises that meet refugee needs. Overall, these enterprises are not yet producing financial returns to investors, but rather using the revenue to grow and achieve sustainability (see Box 6). However, some show promise of generating financial returns based on existing and potential revenue streams.
- **Impact bonds for refugees:** Development or humanitarian impact bonds offer investors the opportunity to provide upfront capital for rigorously measured projects and to earn returns if outcomes are achieved. The returns are from an outcome payer, such as a donor or government, that produces greater results and efficiency within a pay-for-success scheme. Employment-related bonds are particularly promising because they can save funds over time by decreasing refugee reliance on assistance. One is currently under development in Jordan and Lebanon and aims to launch next year. It will provide important lessons on the effectiveness of specific livelihoods interventions and the overall potential of impact bonds to increase refugee self-reliance.

## ▲ BOX 6 | SOCIAL ENTERPRISES ON THE RISE

A growing number of social enterprises are responding to refugee crises. They include a wide range of businesses, such as upcycling (use of waste materials to create products of higher value), microfinance organizations, low-cost job training and online educational programs, and 3D printing of prosthetics. For example, Kiva's partner Al Majmoua has developed a group loan product for mixed groups of Syrians and Lebanese, increasing access to finance and promoting social cohesion. NakivArt is a social enterprise in Uganda's Nakivale refugee settlement, where youth produce crafts and art that is sold to fund therapeutic art training. These social enterprises share a dual-hatted mission of helping refugees while earning revenue for scale and sustainability. They are incubated and supported by a growing number of labs, accelerators, and maker spaces, such as the two FabLabs in Jordan and the Social Innovation Academy in Uganda.



## WAY FORWARD

Identifying and developing the pipeline of potential investments is critical to facilitating impact investing for refugee livelihoods. Building Markets has created a network of refugee-led SMEs in Turkey and Lebanon that could provide a starting point for impact investors interested in those countries. Over time, platforms can provide insight into types and readiness of potential investments, scale and timeline of returns, policy environment, and more. They could also support larger impact investors who may want to invest in funds that seek and manage smaller investments. Finally, expanding the availability of de-risking tools for refugee-related investments, such as political risk insurance, first-loss capital, and loan guarantees, could help unlock additional private capital.

A young woman with dark hair pulled back, wearing a black headband and a black top, is smiling warmly at the camera. She is holding several long, golden-brown loaves of bread, some plain and some with seeds. The background is slightly blurred, showing other people in a similar setting. The image is overlaid with a semi-transparent grey box containing text and decorative geometric shapes in blue, black, and white.

▲ SECTION 3

# DEVELOPING GOODS AND SERVICES TO MEET REFUGEE NEEDS



## THERE ARE LIMITED BUT PROMISING OPPORTUNITIES FOR GLOBAL BUSINESSES TO GROW THEIR CUSTOMER BASE BY ADAPTING THEIR PRODUCTS AND SERVICES TO REFUGEES AND OTHER CRISIS-AFFECTED POPULATIONS.

Opportunities are emerging in specific sectors, such as finance and telecoms, where global companies have some distinct advantages. Market leaders that make concerted efforts to serve refugees as customers not only meet individual needs but can help demonstrate the benefits of engaging refugees as customers to domestic and regional businesses. These efforts can also help undermine prejudice or assumptions about the transience of refugees that can lead to suboptimal market provision of goods and services.<sup>31</sup>

Nevertheless, overall opportunities for global businesses are limited because the number of refugees is still relatively small compared with the markets that global businesses seek. And given additional barriers to reaching refugee populations (e.g., language barriers and restrictions on movement), refugees are often not an easy starting point for engaging “base of the pyramid” consumers. Companies that can develop business models to reach the larger population affected by conflict and crisis, such as the 200-plus million people affected by natural disasters each year on average, may have greater opportunities.<sup>32</sup>

More fundamentally, many basic services, such as water and electricity, are provided primarily through aid agencies in camp settings or public utilities in urban and other non-camp settings. Where refugees purchase goods and services on the private market, such as food and shelter outside of camps, regional and domestic companies are dominant. And where there is a strong mix of public and private provision (e.g., health and education in some countries), the sectors are heavily regulated in ways that limit global business presence in direct service delivery. In these contexts, increasing refugee access focuses on cash transfers and/or subsidies through public and private channels, as well as adapting and supplementing services to meet refugee needs through assistance programs.

### PROMISING ENTRY POINTS

Despite these limitations on global business provision of goods and services to refugees, there are targeted areas of opportunity in financial and telecom products and services. Because these sectors tend to operate under significant and complex regulations, global companies may identify openings through partnerships with local companies. Partnerships with humanitarian actors are also critical for understanding refugee needs, context, and challenges, as well as for co-designing solutions that create value both for businesses and for refugees.

People in many developing countries have limited access to financial services, which makes it more difficult and costly to conduct payments, receive remittances, and access savings, loan, and insurance products.<sup>33</sup> Similarly, many have relatively low rates of mobile and

internet connectivity, which also limits access to financial services such as mobile money.<sup>34</sup> While this reflects broader constraints on supply and demand sides, refugees often face additional challenges. In the case of financial inclusion, a principal barrier is that refugees often lack the documents and information necessary to comply with customer due diligence requirements.<sup>35</sup> Refugees also tend to be employed in the grey economy, preventing them from documenting their economic activities to build a credit history or receive a formal loan. They are often caught in a negative cycle in which barriers to legal employment and entrepreneurship undermine access to financial services that help households build assets, mitigate financial shocks, and make productive investments, and vice versa.

Given these gaps in access to financial and telecom services, global businesses in these sectors may find opportunities to expand their customer base among refugees:

- **Financial products and services:** To help overcome barriers to financial inclusion, global companies, governments, and their partners are exploring ways to leverage new technologies—such as biometric identification, mobile money, digital wallets, and new credit scoring approaches—to meet the needs of refugees, grow their customer base, and spark innovation. Building on earlier innovations focused on immediate needs, such as emergency cash transfers, businesses are partnering with humanitarian organizations to grow the portfolio of products and services available to refugees. For example, Mastercard has developed a range of humanitarian

initiatives in partnership with aid organizations, including a digital voucher platform, prepaid debit cards that can be used at ATMs and wherever Mastercard is accepted, and fund distribution via mobile phones. In addition to benefits such as greater flexibility, security, and efficiency for implementing agencies, these initiatives increase brand awareness among refugees and other crisis-affected populations who may be future customers of their other credit, debit, prepaid, and commercial products.

- **Telecommunication services:** Increasing access to mobile connectivity also presents potential opportunities for global businesses, including as a pathway to mobile financial services. For example, the telecom company Orange has built infrastructure near refugee settlements in Uganda to promote its international dialing services, SMS banking, and mobile money offering.<sup>36</sup> As economies become increasingly digital, there could be a business case for similarly extending internet connectivity to reach new customers.

In addition, global businesses can help forge digital solutions that support refugees, such as mobile applications. For example, Airbnb is providing its platform to match refugees with offers of free housing. Pearson, a global learning company, created a math learning app that will be used in Jordan with the support of Save the Children in-school programming. These application-based services can be adapted and sustainably offered to refugees. While these solutions do not generate profit, they build brand value while incurring negligible or zero costs to reach additional people.





## WAY FORWARD

Even in these promising areas, global companies face challenges around market size, complex policy environments, and a lack of information on refugee needs and preferences. In many instances, the business case will be stronger for domestic and regional businesses that benefit from local context, experience, and relationships. However, as the examples above suggest, there are targeted opportunities for global companies to build their customer base and/or brand by reaching refugees and other crisis-affected populations. Global companies in finance, telecom, and other sectors should consider exploring opportunities to reach refugee customers, including through partnerships with domestic and regional businesses. Regardless of the sector, product, or service, the key is for businesses to work closely with refugees and humanitarian actors to jointly analyze the context and create solutions.

Companies can also play an important role in coalitions seeking policy changes that expand access to goods and services. For example, in the case of financial inclusion, policy measures such as tiered or simplified customer due diligence and clear agent and e-money regulations could benefit businesses, refugees, and other excluded populations, such as the very poor.<sup>37</sup>



# CONCLUSION AND RECOMMENDATIONS





## THIS REPORT HIGHLIGHTS PROMISING AREAS WHERE GLOBAL COMPANIES CAN HAVE A SUSTAINABLE IMPACT FOR REFUGEES AND HOST COMMUNITIES.

Whether through hiring and supply chain initiatives, impact investing, or developing goods and services, global businesses may have the opportunity to achieve both financial returns and positive social impact for refugees. Designing and implementing such models will not be easy. While there are promising examples of core business engagement, it is still early, and we lack a rigorous evidence base. It will take time, investment, and concentrated effort to show success and build the business case.

Building on progress to date, we recommend that global businesses and their partners—including host governments, donors, civil society, academics and researchers, multilateral organizations, and domestic and regional businesses—collaborate to develop the following resources and mechanisms:

- **Standards for ethical conduct** — Refugees receive international protection because of their particular vulnerabilities. A set of voluntary standards, supported by operational guidance and best practices, can promote productive engagement between refugees and the private sector that is sensitive to refugees' vulnerabilities and protects their rights. Among other principles, they should include an affirmation of the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. The voluntary standards should be accompanied
- by monitoring and support mechanisms, as well as tools to assess potential benefit and harm to host communities along with other social and environmental dimensions.
- **Diagnostic tools to identify core business opportunities** — Global companies may wish to engage but lack the framework and tools to efficiently identify core business opportunities that match refugee needs and skills. Diagnostic tools, implemented in partnership with humanitarian and development experts, could help companies determine where engagement may meet profit and social goals. These tools could be refined for use by different types of companies and in different sectors.
  - **Country-level facilitation platforms** — It is public and private actors on the ground who will have the ability to match business and investment opportunities with specific refugee employees and enterprises, and help them overcome policy and practical barriers to inclusion. Country-level platforms can convene stakeholders to develop a shared understanding of each other's needs and expectations, facilitate partnership development, advance policy dialogue, and hold partners accountable to their commitments.
  - **Learning and evaluation center** — Building the evidence base on how to effectively engage refugees in core business activities requires investment in data collection and analysis, independent evaluation, evidence reviews, and case study development. Knowing what works for refugees, host communities, and companies is critical to building the case for increased action. A learning and evaluation center could coordinate and support these functions, developing resources, best practices, and tools that

inform program design and implementation. Given sensitivities around refugee and business data, the center could also partner with UNHCR, World Bank, businesses, research institutions, and others to produce anonymized data and analysis that is actionable, while rigorously protecting privacy and proprietary data.

Many global businesses have stepped forward to help respond to refugee crises. In a difficult political environment for refugees, their leadership is critical to creating concrete opportunities for economic inclusion and elevating the need for attention, resources, and partnerships. Global businesses can likewise be critical voices for policy reforms that enable refugee self-reliance. While the tools and mechanisms recommended above can support engagement between refugees and the private sector writ large, global business leadership would provide vital momentum, resources, and visibility.

This report presents a framework for leveraging core business activities to increase opportunities for refugee self-reliance and well-being. While recognizing the value of the range of global business contributions, it proposes a greater focus on engagement that can generate sustainable social impact and demonstrate the business case for the economic inclusion of refugees. This could have profound implications for how host governments and communities, domestic and regional businesses, aid agencies, and others engage refugees—not as passive recipients of aid, but as important and dynamic contributors.

# ANNEX

**▲ TOP 20 REFUGEE-HOSTING COUNTRIES, EXCLUDING DEVELOPED COUNTRIES AND THOSE WITH LIMITED GLOBAL BUSINESS OPPORTUNITY TO ENGAGE REFUGEES<sup>38</sup>**

COUNTRY	REFUGEES UNDER UNHCR MANDATE	REFUGEE-LIKE SITUATIONS	PALESTINIAN REFUGEES UNDER UNRWA MANDATE	TOTAL	REFUGEES TO 1,000 INHABITANTS	GNI PER CAPITA	COUNTRY INCOME CLASSIFICATION
Turkey	2,869,421			2,869,421	36.04	11,180	Upper-middle
Jordan	685,197		2,175,491	2,860,688	88.44	3,920	Lower-middle
Lebanon	1,012,969		463,664	1,476,633	169.16	7,680	Upper-middle
Pakistan	1,352,560			1,352,560	7.01	1,510	Lower-middle
Palestinian Territories			2,158,274	2,158,274	450.485	3,230	Lower-middle
Uganda	940,835			940,835	23.33	660	Low
Ethiopia	791,631			791,631	7.77	660	Low
Dem. Rep. of the Congo	451,956			451,956	5.67	420	Low
Kenya	451,099			451,099	9.55	1,380	Lower-middle
Chad	391,251			391,251	26.99	720	Low
Cameroon	348,672	26,743		375,415	15.69	1,200	Lower-middle
United Rep. of Tanzania	281,498			281,498	5.1	900	Low
Iraq	261,888			261,888	6.97	5,430	Upper-middle
Egypt	213,530			213,530	2.29	3,460	Lower-middle
India	197,851			197,851	0.15	1,680	Lower-middle
Rwanda	156,065			156,065	13.13	700	Low
Ecuador	60,524	42,324		102,848	6.28	5,820	Upper-middle
Malaysia	92,054	209		92,263	3	9,850	Upper-middle
South Africa	91,043			91,043	1.66	5,480	Upper-middle
Afghanistan	59,771			59,771	1.79	580	Low
<b>Total</b>	<b>10,709,815</b>	<b>69,276</b>	<b>4,797,429</b>	<b>15,576,520</b>			

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# NOTES

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34. The internet is accessible to only about 35 percent of people in developing countries. In the UN-designated least developed countries (LDCs), over 90 percent of people are without any internet connectivity. Globally, refugees are 50 percent less likely than the general population to have an internet-enabled phone, and 29 percent of refugee households have no phone at all. UNHCR, “Connecting Refugees,” UNHCR, September 2016, <http://www.unhcr.org/5770d43c4.pdf>; Broadband Commission for Digital Development, “The State of Broadband 2015,” Broadband Commission for Digital Development, September 2015, <http://www.broadbandcommission.org/Documents/reports/bb-annualreport2015.pdf>.
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38. Based on the scope of the report, developed countries were excluded. Several countries were excluded on the basis of active conflict, sanctions, or other factors (e.g., a minimal overlap between refugee location and global business presence) that would significantly limit engagement with global businesses. China was excluded because the vast majority of refugees are well integrated. Countries excluded, followed by number of refugees under UNHCR and UNRWA mandate and reason for exclusion, are: Islamic Republic of Iran: 979,435 (sanctions); Germany: 669,482 (developed); Syria: 562,823 (conflict); Sudan: 421,466 (conflict); China: 317,255 (according to UNHCR, the vast majority of refugees are well-integrated and in practice receive protection from the government); France: 304,546 (developed); United States of America: 272,959 (developed); Yemen: 269,783 (conflict); South Sudan: 262,560 (conflict); Sweden: 230,164 (developed); Russian Federation: 228,990 (limited global business opportunity in refugee areas); Niger: 166,093 (limited global business opportunity in refugee areas); Italy: 147,370 (developed); United Kingdom: 118,995 (developed); Netherlands: 101,744 (developed); Canada: 97,332 (developed); Algeria: 94,232 (limited global business opportunity in refugee areas); Austria: 93,250 (developed); Switzerland: 82,681 (developed).



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