



# **The Refugee – Burden of the decade, or an economic opportunity?**

*A qualitative study on the role of the private sector in creating sustainable solutions for refugees in developing countries through local integration.*

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## **Abstract**

The magnitude of global forced displacement has long surpassed old records. The situation is dire for the tens of millions of refugees stripped of their dignity and ability to live normal lives. The global society is yet again showing its darkest sides, unable to adequately address the mass breach of human rights and atrocities against our fellow human beings. Based on the burning need for new thinking within the current refugee regime, this thesis takes a daring step outside of the comfort zone of the perceived role of the private sector.

Grounded in the reality lived by most refugees worldwide, this thesis explores how the private sector can engage in refugee situations in developing host countries. More specifically, it analyses how local integration can become a sustainable solution for refugees in developing countries, and how the private sector can help realize that.

It finds that the potential role of the private sector in refugee crisis is much more comprehensive than portrayed in media, research and public debate. It argues that the private sector needs to approach refugee situations in developing countries in a holistic matter. Not just by looking at the market opportunities in relation to the refugee, but also the needs of the host community and the institutional framework that encompasses refugees. The private sector must leverage the opportunities and battle the challenge in the host country economy, and balance the relationship between the refugees and the host population. To meet the complex and interconnected needs of the refugees and their hosts, the private sector must partner with a wide array of stakeholders and actors within the refugee system. Ultimately, to offer a sustainable path to local integration and self-sustenance, the private sector needs to aim for development of the community and host country. Refugees should nevertheless sustain as the core of private sector efforts, rooted in their ability to function as economic actors and integral entities of the private sector that contribute to their host countries.

## Acknowledgements

The submission date for this thesis fell on June 20th, World Refugee Day.

As a former refugee who won the golden ticket within the global refugee scheme, I feel humble to add a drop of contribution to the sea of individuals who will not experience the same fortune as I did. I dedicate this thesis to you.

I was handed an opportunity only available to a handful of refugees; resettlement to a third country. This thesis has been a critical aspect of my personal journey to understanding the lottery of refugeehood and the imbalances in this world. It has been my companion through an absorbing and challenging year divided between the contrasting worlds of Serbia and Nepal. Most of all, it has enriched my drive to push for change.

With this thesis, I conclude my time at the Norwegian School of Economics, and an MSc in Economics and Business Administration. Hopefully inspiring more business students to apply their knowledge to the intricate challenges faced by our global society.

My gratitude to my supervisor Knut Ims for embarking on this unconventional journey with me, and his sincere encouragement and open mindedness throughout this process.

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# 1. Introduction

## 1.1 Refugee – Burden of the decade?

*“Refugees are a symptom - not the illness” (Norris, 2015, p. 5).”*

Uprooted, forced to flee, condemned to a life of marginalization. Yet stamped as burden for the rest of us, our fellow human being without a home, the refugee. Will the refugee be remembered as the burden of the decade? Or will the international community, including the private sector, see refugees as our equals and offer them a greater chance of durable, long-term solutions?

20 new burdens each minute in 2016, one per three seconds (UNHCR, 2017). By the entrance of 2018, a total of 71.4 million people were living in displacement, marking record high levels of forced displacement of people globally (UNHCR, 2018).

Many of us have a distinct picture appearing in our minds when we hear the word refugee. Whether it be a sea of tents in an overcrowded refugee camp, or children floating on the shorelines of Europe. While showing the extensive cruelty of forced displacement, these pictures simplify the problem, at the expense of the forcibly displaced. In some cases, refugees are narrowed down to an illness sweeping in over our lands disrupting our stability. Simplifying the idea of the refugee means overlooking the many dimensions of the global refugee issue, such as politics, human rights, conflicts, economics and international responsibility. Simplifying the idea of the refugee means diverging attention away from the actual illness and insufficiently tending to its symptoms (Norris, 2015). In order to really see and help these people it is necessary to understand the complexity of the global displacement crisis.

As fellow human beings, we have to ask ourselves: what is then the real illness? Armed conflict, terrorism, persecution, abuses and human rights violations are the most extensive causes of forced displacement. However, they are only a part of the story; poverty, food insecurity, natural disasters and extensive effects of climate change, like drought and floods, can be equally devastating for the people they concern (Betts, 2009).

As fellow human beings, we must acknowledge that forced displacement is more than just a physical relocation; it has uprooting and devastating effect on the lives of the people displaced. Whether it is caused by conflict, environmental disaster or development, the consequences of forced displacement are all categorized by the same deterioration of physical, economic, social and cultural lives. Structures of communities are shattered and people are left in vulnerable positions without a home, livelihood and in some cases even without adequate rights and protection (Maldonado, 2012).

As fellow human beings, we should seek to grasp the political complexity of the global refugee regime. Broadly speaking, there are two concerning aspects of the global refugee regime. Firstly, most forcibly displaced people live in displacement for many years, and are subject to impoverishment for generations, demonstrating how long lasting and deep rooted the consequences are (United Nations General Assembly (UNGA), 2016). Secondly, the vast majority of refugees are hosted by developing countries, whose populations face grave socio-economic challenges. This is due to the prolonged absence of global sharing of responsibility of refugee crises (Betts, as cited by The Team B, 2016)

Ultimately, we as a global community, need to wake up and realize that something is inherently wrong with the way we treat the millions of displaced people, and ask ourselves: How can we build more sustainable solutions for the forcibly displaced, so they can move forward from a life in limbo?

Forced displacement is, after all, an undeniable part of the all-encompassing features of the global development agenda, that are well explained in the following extract from the introduction of the 2030 Sustainable Development Goals (SDGs): *“As we embark on this great collective journey, we pledge that no one will be left behind.”* (UN, 2015). According to The International Migration Organization (IMO), in order to reach the SDGs, all forcibly displaced persons need to be empowered, taken out of extreme poverty and given opportunities of development (IMO, 2017).

Humanitarian and development organizations have so far pulled much of the heavy weight in the work towards easing the lives of displaced people. Yet in terms of yielding sustainable solutions, the progress has been marginal. Sustainable solutions need to be reconfigured into

a multi-sector approach, involving policy, development planning and activation of the private sector and civil society. As a fundamental first step, there is need for legal protection and rights for forcibly displaced people, as well as international guidelines and frameworks to tackle the challenges faced by the people and communities affected (Zetter, 2014).

In other words, the scale and complexity of current day forced displacement requires us to act in a more comprehensive and cooperative manner (UNGA, 2016). While the humanitarian sector plays an utmost crucial role in assistance and funding on the path to self-reliance, the role of the development sector and private sector as integrator and provider of livelihood is gaining more attention. There is a growing call for addressing the developmental and economic opportunities present within displacement situations, which could, with the right development-focused solutions, benefit both displaced people and their impoverished host communities (Zetter, 2014).

Haider (2017) claims that such a paradigm shift is underway, we are moving away from a humanitarian lens for refugee response to a development lens. At the core of the new lens is local integration into host economies, due to protraction of displacement. The private sector has a central role to play within the paradigm shift by tapping into the capabilities of refugees, enabling them to engage as economic actors (Haider, 2017). According to the Tent Foundation, a coalition of companies working for refugees, the private sector has the biggest role to play in contexts of protracted displacement. These refugees have no other choice but integrate in host countries and to build new lives and livelihoods (Trahant, n.d.).

In the light of the recent shift, this thesis seeks to explore how the private sector can contribute to more sustainable solutions for forcibly displaced people. By examining its role in local integration of refugees in developing countries, the thesis broadens the current idea of private sector engagement. The next section defines the research scope of the thesis in detail, elaborates choices made along the way and paints a picture of the desired end destination of my research.

## 1.2 Research scope

The ultimate purpose of this thesis is to assess the potential role of the private sector in creating sustainable solutions for forcibly displaced people. It seeks to give the private sector new, more comprehensive perspectives of forced displacement, the importance of getting engaged and how to approach it. Clarity on the role of the private sector is also an important tool for humanitarian and development actors, not to mention the international community, in their pursuit of solutions for displacement crises.

The private sector seems to be emerging in the field of forced displacement as an important key to solving the long-lasting consequences endured by the displaced people and their host communities. The private sector is a force to be reckoned with, simply because it is a critical platform for self-reliance; through employment, entrepreneurship, innovation, economic development and global collaboration - and ultimately a dignified future for displaced people (Boyer and duPont, 2016).

My research question is as follows:

*Under which circumstances can the private sector contribute to sustainable local integration of refugees in developing host countries?*

The research question is based on the following factual reasoning: Most refugees seek shelter in developing neighboring countries where they ultimately integrate in the local communities, due to the duration of displacement and lack of alternative solutions. The focus points of my research, meaning refugees, local integration and developing countries, were carefully chosen to shed light on the most intricate and challenging aspects of the global displacement mechanisms.

As the basis of this thesis, the private sector can be defined as the part of the economy that is not under state control. The scope of the private sector is hence very broad and refers to both individuals and companies. It operates on multiple levels: from the individual interaction to local community, national, and international presence. Unlike the public and non-governmental sector, it operates for profit (Investopedia, n.d.). Consequently, the private sector has been viewed as a profit generating actor in society, through its production of

goods and services. However, the social consciousness of the business world has been expanding into civil society. It can be argued that the private sector has transformative impact on societies through provision of products and services to meet needs and solve problems, by creating jobs and generating economic growth (Boyer and DuPont, 2016). Inevitably refugees, like the rest of the world, interact with the private sector on a daily basis. If channeled correctly, its transformative powers could help create solution to forced displacement.

Refugees only constitute a third of all forcibly displaced people (UNHCR, 2017), however, they are still a valid starting point for designing new solutions, due the complexity of their legal and political status, as well as their vulnerability. The choice of narrowing the scope down to refugees is also bound in the amount of available literature and research available on economic activity of this category, relative to other categories of displaced people, such as Internally Displaced People (IDPs).

According to the 1951 Convention on the Status of Refugees, a refugee is someone forced to leave his or hers home country in fear of prosecution on the basis of nationality, religion, race or politics, and consequently unable to return due to this (UNHCR, 2010). In other words, refugee are displaced persons seeking refuge by crossing international borders into other countries. A displaced person can be defined as *someone who has been forced to leave their home, especially because of war or a natural disaster* (Cambridge Dictionary, n.d.). Though a more general term, refugee and displaced person will be used interchangeably throughout the thesis to create dynamics.

Furthermore, I restrict the research question to developing countries, which reflects the current state of forced displacement globally, with lower to middle income countries being the primary refugee hosts (UNHCR, 2018). The terms developing offers by no means an exclusive list, there is no universal definition of developing country, as there are many ways measure development, both by social and economic standards (The Balance, 2017). Rather, in this case, it gathers the top refugee hosting regions of world, namely the Middle East and Sub-Saharan Africa, into the term developing as to describe their yet-to-be overcome economic and human development challenges. Developing host countries often face political and economic constraints from the influx of refugees, making solutions less attainable (Zetter, 2014). This calls for the urgency to direct attention to these countries.

Finally, it is necessary to ask what makes a solution durable or sustainable? One can say that the end destination of a displaced individual is returning home or re-establishing a home in a new place of residence. The road there implies integrating and establishing a livelihood in order to ultimately be self-reliant (UN, 2016). Essentially, long term solutions to forced displacement are about rebuilding lives. Local integration can therefore be regarded as the key process to self-reliance in all forms of durable solutions, whether it be when being resettled or re-integrating during repatriation. It is a highly complex process, which in official terms is about receiving the citizenship of the host country, but in reality encompasses social, cultural, and not the least, economic dimensions (Hovil, 2014).

Ultimately, the foundation for sustainable solutions are deeply politically rooted in international and national protection, policy, and cooperation, as well as responsibility-sharing between multiple stakeholders (UN, 2016). Including the private sector into this sphere is far from an easy task which involves breaking long standing stereotypes of both the refugees and the business world.

My research question is undoubtedly rather open and complex. However, I consider this approach to be necessary as this field is underdeveloped and unexplored. In order to paint a comprehensive picture of the potential of the private sector, it is critical to highlight the broadness of opportunities for engagement, and unravel the complex challenges along the way. To provide clarity and draw new conclusions, the thesis combines established theories on integration and development with emerging research on the role of business, as well as refugees as economic actors. Cases from the private sector and developing host countries are used to showcase the complexity of local integration, and where it is critical for the private sector to get involved. Additionally, global efforts and commitments are analyzed to see where the private sector lies in the eyes of the leading refugee protectors.

Overall, this thesis seeks to challenge the mindset of the whole refugee response system, and in the process, help the role of the private sector flourish and grow. Hopefully into an entity that can serve as a catalyst for refugees as economic actors that opens doors to durable solutions.

## 2. Understanding the context

*“As a species, we are all immigrants” - (Dawson & Farber, 2012, p. 11)*

This section is a backdrop for the subsequent research on the potential role of the private sector. Understanding the nature of global forced migration and how we as nations and an international community are dealing with its consequences, is critical to tackle the challenges of refugee response and sustainable solutions.

### 2.1 The global refugee situation

The number of displaced people has nearly doubled in the last two decades, reaching record high levels. This section outlines the main features and characteristics of the global refugee situation, and how it reflects into the research scope of this thesis.

Out of the 71.4 million forcibly displaced people globally, 19.9 million are refugees. Over half of them come from just three countries; The Syrian Arab Republic, Afghanistan and South Sudan. Furthermore, an astonishing 85% of all refugees seek refuge in neighboring countries, remaining close to conflict in low and middle-income host nations (UNHCR, 2018d). In fact, a large number of the least developed countries host 28 % of the global refugees (UNHCR, 2017).

Refugees seem to be a problem confined to the developing world. The greatest magnitude of forced displacement is generated by conflicts in Central Africa and the Middle East; South Sudan, Burundi, Central African Republic, Democratic Republic of Congo, Eritrea, Iraq, Libya, Afghanistan and Yemen (UNHCR, 2017). In other words, conflicts are confined to certain regions, creating a disproportionate impact of displacement globally as most forcibly displaced people crossing their national borders seek refuge in the neighboring countries.

Research indicates that forced displacement is increasing complex development challenges in host countries. The political and economic situations of their host communities is essential for understanding the problems that refugees pose for their hosts. Host countries with low income face severe economic and developmental challenges which are exaggerated with inflow of refugee populations. Earth Security Group (ESG) (2017) states that rapid and extensive inflow of refugees puts a strain on the economy, resources and infrastructure of

host countries. In addition, being in near proximity of the war or conflict causing displacement creates economic spillover effects, including decreased economic activity and financial performance (ESG, 2017).

Human development is equally important to discuss when assessing the state of the global refugee issue. Countries such as Chad and South Sudan rank in the bottom percentile of UNDP's Human Development Index, while being in the top in terms of refugee population relative to national population (UNHCR, 2017). This means that refugees as one of the most vulnerable groups, are in the hands of nations who struggle to meet the sustainable development needs of their own populations.

Having a higher income and human development index does not guarantee an ease of the situation for either hosting country or the new arrivals. For example, Lebanon, Jordan and Turkey are the countries hosting most Syrian refugees per 1000 inhabitants. Even though they classify as middle-income countries with high levels of human development, the relative proportion of refugees puts extensive pressure from several holds (UNHCR, 2017). Due to their large proportion of refugees, neighbours Lebanon, Jordan and Turkey are struggling with provision of public goods and services such as water, electricity and health. Jordan in particular is facing extreme water, energy and housing scarcity (ESG, 2017).

The duration and context of displacement and are additional significant factors. Firstly, up to 80% of refugee crisis last for ten years or more, while 40% last for 20 years or more (UNHCR, 2017). This means that prolonged displacement is the norm. By the end of 2016, two-thirds of all refugees lived in protracted displacement (UNHCR, 2017). Secondly, a striking 94 % of all displaced people live outside of camps. This context of displacement means that a majority of displaced people live alongside locals in host communities of countries that have low-income, developing economies (World Bank, 2017).

It can be concluded that displacement situations persist as a combination of ongoing conflict and lack of adequate sustainable solutions for refugees from the side of the host country and international community (Crawford et al., 2015). In fact, Jacobsen (2001) stated that "Protracted situations are characterized today by a 'care and maintenance' or 'warehousing' model of refugee assistance in countries of first asylum." (Jacobsen, 2001). As this section outlines, the lack of long-term approaches has persisted for decades. We might succeed in

giving temporary relief to displaced people in distress, but fail to provide sustainable long-term improvements in their situation (Grabska and Mehta, 2008).

## 2.2 The global refugee regime

Here, I take a closer look at current global refugee regime, meaning the system of response to refugee issues. Assessing how states and the global community work to protect refugees and answer to their needs helps to identify challenges and future steps for more sustainable solutions.

Dawson and Farber pinpoint that humans are a species of immigrants, as we gradually spread and migrated across the globe, and in some cases forcibly displacing other settlements to accommodate our own (Dawson & Farber, 2012). The history of forced displacement is thus as old as man himself, or as Olaf Kleist states: “Ultimately, the universal refugee history does not have a beginning.” (Kleist, 2017).

Nonetheless, forced displacement only came to be regarded as an international problem during the aftershock of World War One. It was institutionalized during the 1950s, when the world saw the largest displacement in modern history following World War Two. With an estimate of over 60 million uprooted people in their hands, the international community came together through the establishment of the United Nations High Commissioner for Refugees and legal frameworks for refugee protection (UNHCR, 2000). As an intergovernmental organization, the UNHCR was granted a core mandate to protect refugees and make sure that states fulfilled their obligations under refugee law. Though far from perfect, these initiatives were the starting point of a new path to addressing global refugee issues (UNHCR, 2000).

Over the decades, the refugee protection scheme has persisted as a state-centric approach backed up by refugee law, where host-governments and international non-governmental organizations take on the responsibility for people who do not have protection from their own states. However, global experts state that there has been an erosion of morals within the international community, with violations of humanitarian law, neglect of the global responsibility to protect displaced people and failure to address the causes of displacement (CGPI, 2016). Vladimir Petronijević, Director of Group 484, an NGO specializing in forced migration in Serbia for over 20 years, describes the global refugee response as “complete

erosion of human dignity”, that requires higher responsibility from the developed world (V. Petronijević, personal communication, November 30 2017).

Some argue that the arrival of refugees in Europe in 2015 brought reality closer to home for many of the world’s leaders, building momentum for new efforts and solutions. However, not all efforts pulled in the same direction. On one end the world saw closing of borders, lack of responsibility sharing and neglect of human rights. In the other end, emergence of policy reform and experiments designed to yield greater protection and response to the refugee crisis (Alfred, 2018).

In 2016, the international community adopted the The UN New York Declaration for Refugees and Migrants, considered by many as an international breakthrough for global refugee protection and solidarity (UNHCR, 2017). All 193 UN member states committed to protect and share responsibility for those forced to flee. The Declaration also established the need for a Global Compact on Refugees (GCR), to be finalized by the UNHCR in 2018, and testing and improving the Comprehensive Refugee Response Framework (CRRF) that operationalizes key elements of refugee response (UNHCR, 2017).

As the number of displaced people continued to rise during 2017, the mass displacement of Rohingya and South Sudanese populations proved once again that global refugee response is under tremendous pressure and in need of new solutions. However, threats to new solutions came in the form of rising populism and nationalism in Europe, as well the U.S. reluctance to stay on board global refugee and migrant reforms. The year saw politicians urging for return of refugees and closing of migration routes, seemingly shutting the problem off instead of addressing it (Alfred, 2017).

It can be argued that 2018 is a highly critical year due to the finalization of the Global Compact on Refugees. It will determine whether the world has succeeded at establish greater responsibility sharing for the global refugees, and ultimately forge the foundation for their future. As cited by Alfred (2018), Crisp points to potential weaknesses in the coming GCR, particularly lack of accountability that might fail to produce the intended responsibility sharing from the individual states. The Jordan and Lebanon Compacts have been running for two years, making 2018 a critical time for evaluations of their success and building ideas for better solutions (Alfred, 2018). Additionally, the CRRF is being tested in a dozen countries in Africa and Central America, but its success seems to be weigh in on the availability of

resources and funds for the roll-out countries. According to Filippo Grandi, head of UNHCR, insufficient resources might send the wrong message the trial countries, discouraging their participation in the GCR (Setranaki, 2018).

Regardless of this recent development, the political climate for refugee response seems to be stained with ambiguity. According to Setrakian (2018) we seem to be moving further away from responsibility sharing, as resettlements numbers to developed countries are decreasing, despite the dire state of developing host countries (Setrakian, 2018). As cited by Alfred (2018), Blitz claims that return of refugees is growing in popularity among states, ignoring UNHCR's scope of durable solutions, including resettlement and integration. Crisp adds that states are more inclined to prevent displaced people from seeking asylum and turn their backs to principles of responsibility-sharing, also when it comes to funding humanitarian assistance (Alfred, 2018).

According to Kleist "The history of refugee protection is a history of political organization" (Kleist, 2017). Throughout the advancements of the global refugee scheme, some of the core characteristics remain the same, like the fact that refugee admittance is the choice of each individual state, with no large-scale burden-sharing mechanisms (Kleist, 2017). Though the New York Declaration and GCR promise more comprehensive refugee response through international cooperation and responsibility sharing, the core remains the same. Kleist's argument still holds; refugee protection seems to reflect a specific historical period and its society, which poses a serious challenge when dealing with the current, modern state of forced migration globally.

As highlighted throughout this section; it might be time for political reorganization in terms of refugee protection and assistance. The next section will show that we might not have to think too far outside of the box to reorganize into more sustainable solutions for refugees.

## 2.3 Chasing durable solutions

The previous section, along with on-going research, pinpoints that durable solutions still are evolving to suit host-states instead of refugees (Pearce, 2017). This section seeks to dissect the "status quo" of durable solutions by presenting the key problems of failure and outlining the chase for new, more sustainable alternatives.

According to the UNHCR, traditional durable solutions are grounded in the concept of permanent settlement in either a host country, country of origin or a third country. Three different durable solutions emerge from this concept: voluntary repatriation to home country, resettlement to third country and local integration in host country. These durable solutions are internationally recognized and make up the framework of sustainable solutions to forced displacement (UNHCR, 2008).

It is necessary to understand the limitations and challenges to these solutions. As previously mentioned, repatriation is the most preferred option from a political perspective. From the perspective of refugees, it is highly problematic for most people even when voluntary, due to trauma, persistent conflict or extensive post-conflict issues (Hansen et. al, 2008). Resettlement numbers are relatively marginal; in 2017, only 75,200 resettlement place were made available (UNHCR, 2018d). This is a consequence of the limitations on admission from the side of the host countries, and the complexity of process of coordination between host countries and the UNHCR. Local integration on the other hand, is often hindered by the host country through legal and policy related barriers, as many countries consider refugees to be socio-economic burdens (Hansen et. al, 2008).

The following sections reflect the global debate on durable solutions, where two key issues have emerged: refugees are constrained through inadequate access to rights and the poor understanding and recognition of their real context.

### **2.3.1 Inadequate access to rights**

The foundation for any path to self-reliance is access to rights, such as the freedom to move and the right the work. However, refugees often face restrictive policies and are thus hindered in the development of their human potential and capacities (UNHCR, 2003).

According to Alexander Betts, refugees can be referred to “human rights abuses made visible” (Betts, 2009, page 5). When looking at the Universal Declaration of Human Rights, it is evident that refugees most often are stripped of human rights such as the right to work and move freely within any country. Not only are the refugees experiencing dehumanization during the displacement itself, facing prosecution and life-threatening dangers, but their host-countries often continue the trend of neglecting human value and dignity (UNHCR, 2003).

UNHCR (2008) pinpoints that the essence of any durable solution is self-reliance, meaning the refugee's access to the country economy and labour market. Factors that can accommodate self-reliance include education, language courses, vocational training, and access to housing, social services and micro-financing aimed at boosting economic activity and entrepreneurship. However, the lack of adequate rights deprives displaced persons of access to a path to self-reliance. Self-reliance depends not only on the refugees social and economic abilities, but also the ability of the host community to facilitate these abilities. meet the needs of refugees in a sustainable and dignified manner (UNHCR, 2008).

Long (2014) emphasizes that a major issue of traditional solutions is that the displacement problem is viewed in terms of physical dislocation, whereas the political exclusion faced by displaced people in terms of legal and political rights as citizens, has been under prioritized: "Physical dislocation may result in very real suffering, but it is only a reflection of a broader inability to access the rights of citizenship" (Long, 2014). She suggests that political inclusion is thus an important step towards solving the problems faced by refugees.

### **2.3.2 Poor understanding of the status quo**

As previously outlined, most displacements stretch over several years and decades, which calls for a long-term perspective on refugee assistance. However, the nature of the traditional durable solutions seems to have been built on the idea that displacement situations are subject to temporariness, sustaining short-term approaches to refugee assistance.

Crawford et al. (2015) claim that current durable solutions are far too oriented towards return or permanent resettlement. Displacement crisis is primarily approached on a temporary basis, with restricted access to rights, assets and opportunities for the displaced. This can be regarded as a "care and maintenance model". It covers essential needs of housing, nutrition, education and health services, while keeping displaced people detached from their host communities awaiting the next step. In reality, the "partial integration model" comes into play due to protraction of displacement. While still aiming for return and resettlement, it focuses on promoting self-reliance and reducing dependence on aid. The assistance varies from small-scale projects to holistic economic approach, however often focusing on transferable skills and preparations for return or resettlement (Crawford et al., 2015).

According to Jacobsen, many attempts to induce development led approach have failed to materialize partly due to external disruptions from economic shocks and partly due to misconceptions of repatriation. The persisting idea that refugees could, would and should return to their home countries when the conflict has ended generates reluctance to invest in a long-term developmental approach that could potentially end abruptly due to repatriation (Jacobsen, 2001).

Consequently, the current approaches to durable solutions are not adequately designed to facilitate self-reliance. They fail to link the refugees to the host community and the general market, cutting them off from livelihoods opportunities that might available (Crawford et al., 2015). Could the solution be found in a forgotten alternative?

### **2.3.3 Local integration - the forgotten solution?**

Out of the three traditional solutions of repatriation, resettlement and local integration, the latter is most acted upon among displaced people themselves. Nevertheless, local integration can be stated as the “forgotten solution” in a national and international policy level (Jacobsen, 2001).

It is important to note the difference between formal and informal integration. Legal or de jure integration solidifies national belonging through citizenship and rights, while informal or de facto integration occurs when the displaced persons legitimize themselves within the host population in order to access the given society and economy. While this practice most often is illegal, refugees are forced into de facto integration due to lack of other solutions. They find ways of generating different degrees of local integration, and demonstrating the ability to be more innovative than the policies weighing against them (Hovil, 2014).

The term “integration” bears a negative mark in the aid and development community due to the perceived consequences of integrating displaced populations in host societies. Their impact on host countries and communities is often associated with social, political and security strains, and amount to high socioeconomic costs, slower economic growth and distortion of markets, thus contributing to developmental issues. Paradoxically, in order to address the potential negative impacts of hosting displaced populations, a holistic, long-term

developmental approach is needed. It is especially crucial in developing host countries in order to improve the lives of both the displaced and their hosts (Zetter, 2014).

Nevertheless, Jacobsen (2001), backed up by more recent research on the topic, indicates that the potential of local integration as a durable solution lies in the fact that it has never ceased to diminish as an unofficial practice (Jacobsen, 2001). The question that remains to be answered, is whether the private sector has a role to play in local integration?

## 2.4 The role of the private sector

Through the history of the modern refugee regime, the private sector has played a role in the background through funding, starting from the early years of the UNHCR, before governments established themselves as funders. It was however only after the millennium that the role of private sector started to emerge as a cofactor in refugee response, previously dominated by states and NGOs under leadership of UNHCR (Betts et al., 2017).

Betts et al. identify three waves of private sector engagement: The first wave is tilted “Philanthropy and CSR” (2006-2010), the second “Engaging core business and innovation” (2010-13) and the third “Multilevel ecosystems” (2014- present). The first wave reflects a trend started by the UNHCR following a substantial funding shortfall, after which they began to involve “non-traditional donors”, establishing private-sector fundraising and partnership units. The second wave emerged during the “modernization” of UNHCR, where improved innovation was the key goal. UNHCR Innovation was founded based on its developing cooperation with the private sector, leveraging business expertise to develop its own capacity and explore prospects for business engagement in refugee settlements. Throughout these first waves, the UNHCR played an important role in facilitating the role of the private sector, but also failed to recognize the role of refugees as economic actors and entrepreneurs (Betts et al., 2017).

However, according to Betts et al. (2017), the third wave of multilevel ecosystem promises a different take on private sector engagement. It reflects the growing recognition that the private sector encompasses much more than public-private partnerships between MNCs and international organizations. Betts et al. perceive this “ecosystem” as the interaction between refugees and the private sector, which exists at local and national levels, and involves them as more than just aid recipients. Essentially, it represents the humanitarian space which is

being reshaped by the growing number of social enterprises, motivated by both social change and profit (Betts et al., 2017).

Nevertheless, from the perspective of economic theory, it still seems difficult to align the private sector with refugee response. Based on economic theory, refugee assistance has predominantly been considered a public good (Betts et al., 2017). In this case meaning commodities and services provided to all beneficiaries they may concern, either by the governments or international organizations, leaving the private sector out of the equation. Not to mention that the standpoint of a traditional economist might be that the private sector needs the right monetary incentives to engage with refugees. As such, these incentives need to have clear long-term prospects in order for the private sector to sustain that engagement (Anonymous, personal communication, 24 April 2018).

Betts et al. (2017) dismiss this reasoning based on the idea that refugee protection and assistance are indeed mixed or joint goods, meaning that private provision of assistance occurs when there are exclusive benefits of being the provider. As providing a public good such as protection and humanitarian assistance does not yield profit directly, other supplementary incentives must be present. In this case benefits such as access to labour, supply chains, innovation, as well as specific strategic positioning and branding (Betts et al., 2017). Economists might argue that these benefits again materialize in form of profit. However, this reasoning is yet to explain the motive for social change - where we are seeing a growing number of enterprises taking the seemingly difficult route of including social goals as a part of their business model.

Crawford et al. reaffirm that traditional philanthropic work in the form of fundraising, charity, service provision and in-kind donations will persist to be critical in any displacement crisis for immediate and temporary needs. However, they stress the necessity to address the long-term needs of refugees, and suggest that the private sector could have a role in that (Crawford et al., 2015). Additionally, Columbia Global Policy Initiative (CGPI) (2016) confirms that the private sector could possibly be an integral part of multi-stakeholder solutions that are committed to a long-term perspective of empowerment and self-reliance (CGPI, 2016).

The ideas of Crawford et al. along with CGPI could fit well within the concept of “ecosystem” private sector engagement, as proposed by Betts et al. (2017). Combined, they

illustrate a new understanding of private sector motives and modes of engagement. Integrating businesses into the refugee regime would mean breaking through more than just the traditional ideas of durable solutions, but also ideas of the private sector itself.

### **3. Literature review**

Taking on the perspective of uncovering how the role of the private sector is accounted for in current literature on refugees, this review seeks to identifying the gaps in terms where and how the private sector is engaging or can engage. The review is presented in three different scopes of information, the first being the overall interaction between refugees and the private sector, which constitutes the economic lives of refugees. The second scope explores the research on durable solutions from the perspective of local integration, and to which degree refugees engage in economic activity to integrate and create solutions. The third and last scope of review looks at private sector engagement in the refugee contexts.

These different scopes of information are mainly based on the following key sources; For the economic lives of refugees, “Refugee Economies” by Betts et al. (2017) functions as an important baseline, which in combination with the Capabilities Approach provides comprehensive understanding of refugees as economic actors. Local integration is contextualized by Crawford et al (2015) and put in action by Kuhlman’s (1990) model on economic integration of refugees in developing countries. Huang (2017) conceptualizes the potential role of the private sector, while insights from Jorgensen and Pedersen (2015) help shed light on the responsibility of the private sector.

#### **3.1 The economic lives of refugees**

Understanding the way refugees engage in economic activity and take part in the private sector is the foundation for defining the role of the private sector in durable solutions to displacement.

The research on economics of forced displacement has largely reflected the global pattern of refugee response, such as the focus on the impact of refugees and different types of livelihoods interventions by humanitarian actors. Research on the effects on host country economy have played an important role in the political debate on refugees, essentially strengthening the idea of refugees as opportunities for host states, rather than burdens. While this has had impact on refugee policies on both national and international level, it has also

revealed the need for understanding how the actions of refugees accumulate into economic impacts (Betts et al., 2017).

However, the research on the economic lives of refugees themselves has mainly focused on evaluations of livelihoods interventions by humanitarian actors (Betts et al., 2017). As previously outlined, self-reliance and livelihood support have been at the core of durable solutions for refugees. This support most popularly comes in the form of vocational training and income generation schemes. Research suggests patterns of failure within these approaches. First of all, they fail to adequately address the diverse needs of the participants, in terms of social, psychological or educational issues. Secondly, they often fail at developing skills and products that are actually viable in the market. In addition, funding is limited and often short-term or ad hoc, which consequently fails to reach out to a substantial number of beneficiaries and does not accommodate growth, nor achieve sustainability. These failures can be ascribed to lack of expertise and funds within the NGOs and agencies conducting the projects (Crawford et al., 2015).

Betts et al. argue that the biggest weakness of this literature has been the isolated nature of the income-generating activities, which often have failed to reflect underlying supply and demand conditions. This sort of abstraction from the wider market means that the research does not observe the economic actions of refugees in the real economic context which they partake in (Betts et al, 2017).

The Refugee Economies Programme is a long term, multi-country, cross disciplinary research programme exploring how refugees, as economic actors who have the capacity to build up new and take part in existing economies, create opportunities for livelihoods and self-reliance. The preliminary results make up the concept of “Refugee Economies”, referring to a broad system of resource allocation within and in connection to the population of displaced people. The research on “Refugee Economies” by Betts et al. (2017) currently provides the most progressive knowledge on how refugees become self-sufficient and contribute to their cost nations and communities (Refugee Economies Programme, 2018). (Betts et al., 2017).

The bottom-up perspective of “Refugee Economies” provides a holistic overview of economic activity and self-sufficiency from the perspective of the refugees (Betts et al.,

2014). As the most progressive research on the topic, it enables us to derive a few key characteristics of refugees as: self-driven, independent economic actors, who are not isolated from wider economic structures, but rather engage in a wide variety of economic activities, and essentially create positive contributions for their host societies (Betts et. al., 2017).

The key strength of “Refugee Economies” is the foundation it lays out for conceptualizing the economic lives of refugees. By distinguishing what makes refugees stand out economically, Betts et al. provide sound evidence for a paradigm shift in global refugee response, one that promotes the refugee as a capable economic actor who is an integral part of the private sector. Consequently, this would entail an interaction between the private sector and refugees, that requires greater understanding of the mechanics at play between the two parties. For example, can the private sector engage with the refugee by enabling and developing him or her as an economic actor? The Capabilities Approach allows us to analyze the refugee as an economic actor while at the same time identifying where and how the private sector can best support that actor.

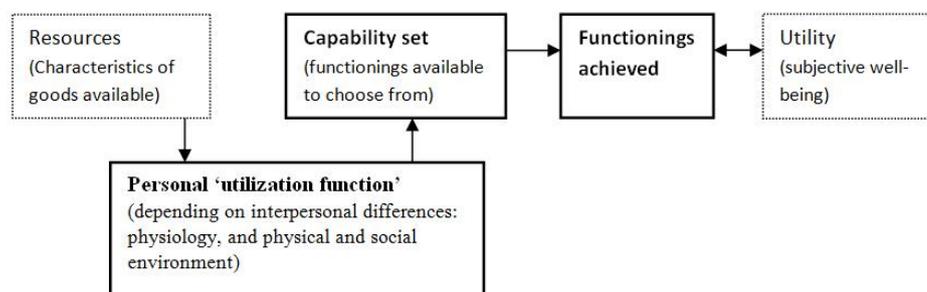
### **3.1.1 The capabilities approach**

*“In the same way that our thinking on poverty has evolved thanks to thinkers like Amartya Sen, migration should be understood in terms of inequality and human development. Let’s ensure every migrant is able to contribute to the best of his or her capacity; let’s plan and make local integration work in communities all over the world – not just in communities of origin.” (Nassim Majidi and Samuel Hall cited by Alfred, 2018)*

The Capabilities Approach or Human Development Approach can be regarded as a new theoretical paradigm in the world of development. It addresses the simple, yet very complex issue of the quality of human life by assessing what people are able to do and be through the opportunities available to them (Nussbaum, 2011). Forced displacement is characterized by deprivation of resources, rights, and opportunities, thus having an influence on an individual’s ability to sustain a good quality of life. The capabilities approach can thus be used to assess what the refugees are able to do and be, to draw ideas of their ability to function in host societies. Gaining more understanding of the refugees’ economic lives through the capability approach would allow for the private sector to more easily identify critical points of engagement.

It was Amartya Sen, an economist, philosopher and Nobel Prize winner, that shed light on the issue of quality of life through his Capability Approach (Sen, 2001). Sen suggests that capabilities are an important foundation for human life, referring to them as “substantial freedoms”. Sen puts the freedom of choice at the core of the capability approach by saying that a person’s capability is a collection of different opportunities that are possible for that person to achieve and choose from. He calls this collection of choices “a set of functionings” that an individual has access to, meaning states of “being and doing”, which the individual utilizes to advance in life (Wells, 2017).

From Sen’s perspective capabilities are a set of functionings that an individual has access to, and freedom to choose from, as a means of sustaining the utility of wellbeing, or a good quality of life. Forced displacement can be regarded as deprivation of the capability to live a good life, as it strips the individual of certain abilities needed to live normally, for example through lack of rights. Enabling a refugee through humanitarian, development or political assistance can therefore be understood as capability expansion; their ability to convert resources into valuable utility is advanced (Wells, 2017).



**Figure 1:** Outline of the core relationships in the Capability Approach (Wells, 2017).

According to Sen, each individual has a personal “utilization function”, consisting of the personal, internal traits of the individual and the external environment which he or she lives in. The external environment consists of social, economic and political constraints, that all influence a person's ability to attain a better quality of life. A society might be successful at generating internal capabilities within each individual, while at the same time limiting the number of opportunities people have to enact those capabilities. Likewise, a society might provide a vast number of external opportunities, but lack the adequate support for

development of the internal capabilities necessary to make use of these opportunities (Nussbaum, 2011).

The value of resources, or necessary inputs to advance life quality, depends on the individual's ability to convert them into functionings; their personal “utilization function”. Not all inputs can be realized because not all functionings are available, whether it be lack of personal ability or an inadequate external environment. Sen uses the example of the bicycle: if you give a disabled man a bicycle, the value of this resources is next to nothing if the man’s disabilities keep him from utilizing it advanced (Wells, 2017). Likewise, Refugee Economies proves that refugees have the adequate personal abilities to function as economic actors. However, as we have seen, it is often the external environment, such as policies and rights, that limits the refugees in fully functioning as a part of their host societies.

Wolff and De-Shalit further enhance Capabilities Approach by introducing the concepts of fertile functioning and corrosive disadvantage (Nussbaum, 2011). These concepts help us to deepen the understanding of what it means to be disadvantaged by looking into the interconnectability between capabilities. A fertile functioning is one that promotes and secures other capabilities, its fertility refers to the level of advancement it produces for other capabilities. A corrosive disadvantage is the opposite effect, meaning that one disadvantage causes other disadvantages, corrosive referring to the negative impact on other functionings (Wolff and De-Shalit, 2007). For example, the lack of rights to move and work can be regarded as corrosive disadvantages for refugees, keeping them from performing other functionings.

In other words, Wolff and De-Shalit suggest that disadvantages come in clusters. They call this phenomena dynamic clustering, whereby one disadvantage will cause deprivation in other areas of life through loss of more capabilities, perhaps even over several generations. Ultimately, they argue that identification of fertile functionings and corrosive disadvantages allows us to develop more targeted and effective policy intervention (Wolff and De-Shalit, 120-121, 2007) This would entail that the private sector could have a more fruitful engagement with refugees by identifying fertile functionings.

However, Wolff and De-Shalit stress that it is not so much about giving access to a capability, but making sure that access is sustained in the long run. Their research on new

immigrant groups in host countries, finds that security for the future has utmost importance for the people's ability to enjoy all their capabilities (Nussbaum, 2011). This strengthens the idea of capability security as a foundation for sustainable human development.

Apart from the capabilities of refugees as economic actors, it is necessary to explore how refugee economies can thrive into durable solutions of local integration, which in turn also needs to be assessed from the perspective of the private sector, as the following two sections will discuss.

## 3.2 Local integration as a durable solution

Crawford et al. (2015) present a comprehensive assessment of traditional durable solutions, and in that sense the global refugee regime, by assessing evidence on self-reliance and livelihood interventions for people in protracted displacement. Based on their review of over 150 documents published on the topic in the period 2000-2014, Crawford et al. conclude that researchers and practitioners alike are converging over a dominant theory of change in terms of long-term, sustainable solutions for displaced people (Crawford et al., 2015).

The foothold of the theory lies in inherently accepting the fact that most displacement crises evolve into long-lasting situations of de facto integration with complex livelihood strategies conducted by the refugees themselves. In other words, refugees ultimately seek to integrate locally on their own in order to achieve self-reliance, regardless of the constraints they face (Crawford et al., 2015). Aligned with Zetter (2014), the theory of change of de facto integration can be regarded as a result of the complex economic lives led by the refugees, owned to their ability of becoming self-reliant economic actors, often with minimal humanitarian relief, protection or developmental assistance (Zetter, 2014).

The theory of change for local integration outlines how the process can be accommodated through micro- and macroeconomic and policy related interventions. The core of Crawford et al.'s (2015) approach is opening the economic space that the displaced people themselves have found/created. Adding that the foundation for this sort of process is in-depth understanding of the market forces that provide livelihood opportunities, and considerations for the multidimensional challenges faced by displaced people (Crawford et al., 2015). This

argument further strengthens the future role of “Refugee Economies” in understanding refugees as economic actors and constructing more sound and sustainable solutions.

Crawford et al. (2015) succeed at providing orientation within a set of complex and interconnected challenges to achieving durable solutions. By outlining micro and macro level interventions, they offer clarity on priorities and approaches to solving these challenges. On micro level, they argue that livelihoods interventions need to be based upon the economic forces that shape the lives of displaced people and their local host communities, where the interaction and essentially integration takes place. From a macro-level perspective, they put priority on the development of the entire host country, explaining that the macroeconomic and policy related aspects are crucial for the prospects of livelihood for the displaced people in question (Crawford et. al, 2015).

Zetter (2014) presents a policy brief where he argues that displacement crises should be approached through development-led solutions. Aligned with Crawford et. al (2015) he stresses that a broad socio-economic perspective is necessary to induce development of the refugees and their host communities; maximizing developmental and economic opportunities of hosting refugees, while minimizing negative externalities. He stresses that this requires proactive governments that effectively manage impacts on the economy and include displaced populations in planning and policies (Zetter, 2014). While inherently promoting a development praxis to generate greater solutions, he does not acknowledge local integration as a part of this approach, but mentions return and resettlement. This raises questions with regards to sustainability of his proposed solutions.

Overall, Crawford et al (2015) reach far when it comes to enabling understanding of the viability of local integration as a durable solution. Zetter (2014) provides a promising approach to durable solutions, that is however poorly linked to the issue of local integration. Regardless, in order for the private sector to partake in such solutions, it is necessary to understand the economic mechanisms of integration as a durable solution. Tom Kuhlman’s model on economic integration of refugees in developing countries offers an overview of the many aspects of the integration process and their impact on the economic dimension.

### 3.2.1 Economic integration of refugees

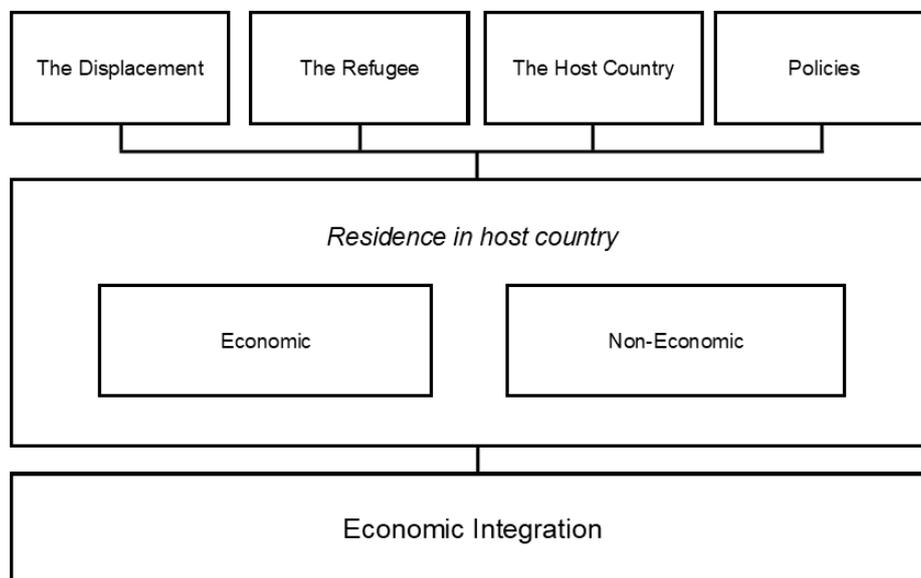
*“For the vast majority of refugees in the Third World, integration in the country of first asylum is the only feasible durable solutions.” (Kuhlman, 1990).*

Kuhlman’s statement is as relevant today as it was nearly 30 years ago. Though the economic sphere is only one among many affecting the lives of displaced people, it is an utmost crucial one in situations characterized by extreme poverty and deprivation of rights, faced by most forcibly displaced people (Kuhlman, 1990). The ability to engage in economic activity gives access to livelihood and opens up for a path towards self-reliance. It is thus an important part of the foundation for any durable solution in a situation of forced displacement. Tom Kuhlman’s model of economic integration of refugees in developing countries presents valuable insights in terms of the comprehensive concept of economic integration as well as criteria for economic activity on the path for self sufficiency.

Kuhlman (1990) defines integration as merging or harmonizing refugees into an integral whole, meaning a community, society or country. More specifically; an integrated refugee has succeeded at becoming an independent yet co-existent entity in its host society, living a self-sufficient yet socially unified life (Kuhlman, 1990). Succeeding in such integration depends on social, political and economic factors of the host society, and the capabilities of the refugee. Kuhlman examines the economic aspect of integration through its connectedness with a wide set of factors of an integration process.

An interesting aspect of the model is that it sets criteria for the wellbeing of both the refugee and the host community. Kuhlman (1990) defines economic activities as those aspects of social life having to do with attaining material welfare through the optimal allocation of resources which are scarce and alternatively applicable. The economic activity of the refugees needs to result in an income that allows an acceptable standard of living, as well as access to the same goods and services as the host population, without subject to discrimination. The host community on the other hand cannot be impacted negatively by the economic activity of refugees. It should not experience any deterioration of standards of living and economic opportunities due to influx of refugees (Kuhlman, 1990). Through these definitions, Kuhlman helps set boundaries for economic integration and thus also local integration.

Kuhlman (1990) emphasizes that economic integration will inevitably have an impact on both refugees and host society. The refugee will attain a certain degree of participation in the host economy, achieving an income that gives access to non-income goods and services, depending on the level of work and goods available to them. The host society, on the other hand, might experience general changes in economic activity, particularly in employment and income levels, as well as availability of non-income goods and services. Kuhlman notes that effects on these aspects will differ between socio-economic groups. He also adds potential impacts on infrastructure and natural resources, due to their vulnerability to exhaustion from influx of refugees (Kuhlman, 1990).



**Figure 2:** An adapted model of economic integration of refugees in developing countries (Kuhlman, 1990). Original model is found in the appendix.

The model distinguishes between the economic and non-economic dimensions of integration, presenting the non-economic dimension as foundation for the economic one. The non-economic dimension contains what Kuhlman (1990) states as objective and subjective aspects of the host country. The subjective is the personal and interpersonal, such as the hosts attitudes towards and social relations with refugees, but also the refugees own identification, internalization and satisfaction within the society. The objective reflects the structural aspects of society such as legal rights, physical integration, cultural change, security (Kuhlman, 1990). Throughout his model, Kuhlman maintains a certain level of

socio-cultural balance, pinpointing that the host community allows refugees to maintain their own culture and identity. This presumes the absence of discrimination towards refugees and other frictions between refugees and their hosts.

As a baseline for the model, Kuhlman (1990) identifies four independent variables that impact the integration process: the characteristics of the refugees themselves, the nature or their displacement, the characteristics of the host society and the overall refugee policies and politics. According to Kuhlman, as a pre-stage of integration, these variables will determine the nature of residence in the host country, which will, under favorable conditions, contribute to integration of the refugee (Kuhlman, 1990).

Characteristics of the refugees includes demographic, socioeconomic and ethno-cultural aspects. Aspects such as age, sex, education level etc., in combination with the assessments of cultural and socio-economic background, gives an idea of the capacity of each refugee to conduct the integration process. It is likewise important to look at the nature of their displacement, as to understand the impacts it has made on them. It is therefore necessary to look at root causes for their flight, how they fled, and how they feel about their displacement (Kuhlman, 1990).

The macroeconomic situation in the host country is essential, along with the country's natural resource base, as important determinants of the capacity of the country to integrate an influx of refugees. Other host-related factors include the ethno-cultural combination of the population, the socio-political orientation, social stratification (Kuhlman, 1990).

The overarching factor of refugee policies, both on local, national, regional and international levels, reflects the level of rights to move, rights to work and permanent residence. The presence or absence of international cooperation will impact the flow of displaced people, their fundamental rights and protection, and possibly sway national attitudes in either direction. Furthermore, the presence of non-governmental and humanitarian actors, as well as foreign donors, will impact the level of assistance and accommodation the refugees receive throughout their displacement and integration process (Kuhlman, 1990).

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Taking into consideration these established ideas of local economic integration, the next section creates an overview of emerging concepts on private sector engagement, seeking to build bridges between the two.

### 3.3 The role of the private sector

*All the ways in which we take for granted that we are plugged into the global economy can and should apply to refugees.* (Betts, 2014)

“Refugee Economies” expands the existing literature when it comes to the role of business. Betts et al. advocate that the power of the private sector lies in the fact that irrespective of refugees’ status, location and rights, they are an integral part of the private sector. They emphasize that businesses and refugees interact at many different levels, whether it be through production or consumption, or in national and transnational markets. Furthermore, taking into account that the private sector is driven by a diverse set of factors when it comes to refugee response, beyond pure philanthropy, branding or profit seeking (Betts et al., 2017). However, based on the new knowledge on “refugee economies”, Betts et al also expose the need for comprehensive analysis of the role of the private sector.

However, “Refugee economies” mainly outlines business’ motives for engaging in refugee assistance: philanthropy, CSR, innovation, labour, strategic positioning, supply chain and social enterprise (Betts et al., 2017). While this provides a useful overview of what might drive the private sector to engage in refugee issues, the focus on business motives restricts the discussion on the role of the private sector to outcomes that serve the private sector itself. Betts et al. fail to facilitate a broader understanding of the different modes of private sector engagement that are indicated through their findings on refugees as economic actors.

In terms of the role of business for local integration, Crawford et al (2015) affirm that local integration is the most viable option for durable solutions, by creating “Sustainable livelihoods and enhanced productive capacity of local economy”. They emphasize that this means generating livelihood opportunities based on local market analysis and integrating projects into the economic networks of host communities. Which in turn means incentivizing local, national and global business to be present in vulnerable markets (Crawford et al, 2015). The rationale of Crawford et al provides a clearer understanding of the positioning of

the private sector in refugee response, one that is essential for realizing the vision of better, durable solutions for refugees. Nonetheless, Crawford et al. only touch base with role of the private sector, detecting it as a critical actor for local integration without any further indications of the scope and width of its engagement with refugees.

Zetter (2014) argues that the corporate sector has enormous, yet untapped, potential as a developmental actor to improve the lives and livelihoods of both the displaced and their hosts. He views the private sector as an integral part of the newly emerging, market-led development praxis. Which entails expanding the private sector's interests in less familiar production and service sectors that offer a different kind of profit-seeking, commercial rationale and market opportunities (Zetter, 2014). Though he acknowledges the potential of the private sector, Zetter (2014) does not provide further clarity on how the private sector can take action.

On the other hand, a promising trend is emerging, where an increasing number of research organizations and think tanks are providing literature, reports and insights on the potential role of the private sector. Huang (2017) at the Center for Global Development (CGD) in collaboration with the Tent Foundation, a non-profit mobilizing the private sector for refugee response, provides a groundbreaking framework for the role of global business in refugee crises in developing countries. In broad terms, Huang approaches global business engagement from two perspectives: one is the value global business can add to traditional refugee response, the other is how global business can interact and engage with refugees.

In terms of value added to traditional response, the focus lies on the width of capacity possessed by global businesses as market leaders with expertise and leverage to influence and guide both governments and other businesses. Huang (2017) emphasizes the capacity of global business as pushers for change through their leverage and expertise as market leaders, and through their capacity to innovate and provide more efficient solutions to wide range of problems.

When it comes to increasing business engagement with refugees, Huang (2017) focuses on three key areas: including refugees in hiring and supply chains, developing goods and services to meet refugee needs, as well as investing in impactful refugee livelihoods initiatives (Huang, 2017). This clearly follows Zetter's (2014) line of thought that the private

sector's interests need to be expanded to less familiar production and service sectors that offer a different kind of profit-seeking, commercial rationale and market opportunities (Zetter, 2014).

Furthermore, Huang (2017) lays out a set of mechanisms to ensure sustainable business impact for refugees and their host communities. The sustainability of impact relies on three levels of mechanisms: understanding the needs of refugees, linking these needs with core business opportunities, and facilitating an environment that allows businesses to meeting needs. The latter refers to platforms such as policy development, advocacy, and development of partnerships across sectors to reach out to refugees in a better way. Business opportunities should have foothold in the core capacities and comparative advantages of individual companies, to ensure the viability of engagement and quality of impact (Huang, 2017).

Huang (2017) offers a green pasture in a relatively deserted field, a framework with a set of identified opportunities for private sector engagement and recommendations for the steps ahead. Nevertheless, the perspective of global, multinational business neglects some of the potential within the refugee economies themselves, as outlined by Betts et al (2017). Furthermore, Huang (2017) is furthermore cautious when it comes to addressing the need for long term commitment and the needs of the host community. Consequently, the development approach is not represented as a part of business engagement. This is perhaps due to the combination of the nature of business and the relatively young field of business engagement in refugee situations in developing countries - businesses are walking on uncharted grounds, constrained by a number of factors. Nevertheless, these gaps indicate the need for further research on the role of the private sector.

### **3.3.1 Corporate responsibility**

Notions of corporate responsibility can be considered an integral part of any potential role of the private sector in forced displacement. Raising issues of why the private sector should chose to engage, and to which extent, is helpful to set boundaries or guidelines for the engagement. Jørgensen and Pedersen (2015) provide interesting insights on corporate responsibility.

They distinguish between two modes of responsible action; dealing with the negative externalities of the business, meaning minimizing its shadow, or casting light by solving other problems outside the range of the business. Based on this, Jørgensen and Pedersen argue that traditional CSR portrays limited corporate responsibility, as it mainly deals with minimizing the shadow effects of the business activities. They emphasize the notion of Creating Shared Value (CSV), as a way of casting light, meaning creating positive effects beyond the original scope of the business activities (Jørgensen & Pedersen, 2015).

Putting these two contrasts together, Jørgensen and Pedersen (2015) argue for corporate responsibility that both casts light and minimizes shadows. A company should take responsibility for the negative effects it has on society or the environment, while at the same time looking for ways to create positive effects elsewhere. Refugee issues fall into the second category, as the private sector takes responsibility for solving a problem they did not partake in creating (Jørgensen & Pedersen, 2015).

Furthermore, they address the assumption that there is a tradeoff between responsibility and profitability, meaning that more of one means less of the other. Contrary to popular belief, their research accentuates that companies can be both profitable and responsible. Based on this, they conceptualize corporate responsibility through the idea of sustainable business models that seek to generate profit alongside positive social and environmental impacts (Jørgensen & Pedersen, 2015).

Martha Nussbaum's reflections on responsibility for the capabilities of individuals also offers some ideas of corporate responsibility. She suggests that the whole world has collective responsibility and obligation to secure the capabilities of all human beings. As an example, she highlights that poor nations do not have the capacity to adequately promote and protect the capabilities of their citizens. Consequently, rich nations have duties to provide aid and assistance for poor nations on such matters. Capabilities are thus not confined to the relationship between a state and its citizens, but involve a wider collective network of agents ranging from states to corporations, international organizations and agreements, non-governmental agents, and even the individual (Nussbaum, 2011).

The capabilities approach therefore indicates that corporations have a responsibility to act on a level beyond philanthropy and donations, because the receiving population might not have

the abilities to realize the full potential of these resources without further assistance. Committing to the economic and human development of the societies in which they operate, means that corporations can contribute to development by promoting certain capabilities that enable their employees and their communities. This approach can also establish new markets or create links with existing, unexplored economic spaces.

Based on these ideas, corporate responsibility in displacement crises can be regarded as the duty to maximize the relationship between the private sector and refugee populations. By seeking positive human and economic development of refugees and their host societies, the private sector can also make use of opportunities to build profitability in new areas.

## 4. Framework of reference

Based on the three pillars of literature presented above, I will propose an integrated model for private sector engagement in refugee issues, that helps identify critical points of engagement. Throughout the thesis it will be applied as a reference point for analyzing the potential role of the private sector from four angles; the refugee, the host community, the institutional framework and the market.

### 4.1 Reasoning

Crawford et al.'s (2015) theory of change along with Kuhlman's (1990) model have important parallels that highlight critical success factors for local integration as a durable solution. Firstly, macro level aspects such as host country policies and host economy and resources are determining for the level of integration available for a refugee. Secondly, both Crawford et al. (2015) and Kuhlman (1990) pinpoint that integration needs to take the host community into account by minimizing the negative effects they face from refugee integration and seeking development approaches that reach both refugees and host nationals. Additionally, Kuhlman (1990) and Betts et al. (2017) emphasize the role of the individual refugee based on their characteristics, abilities and displacement situation, which is reflected in depth through the findings of "Refugee Economies" in combination with the Capabilities Approach. Together, this literature provides sound ideas of where the potential role of the private sector lies.

Huang (2017) on the other hand, provides a market perspective that identifies specific modes of engagement and interaction between the private sector and refugees. Her contributions make it possible to identify market-based opportunities that leverage the company's strengths and core business models. Ultimately, the market is the main arena for private sector engagement. Due to this, it is also necessary to look beyond business opportunities and assess how the market platform affects other aspects of the refugee integration process. Huang (2017), however, lacks depth in regards to this, leaving a gap yet to be explored.

An important factor for the development of my model is Kuhlman's (1990) four precedents for the process of integration: the refugee, the displacement, the host-country and refugee

policy. In his outline of the theory, he treats these factors as constant configurations that make up the scheme for economic integration of refugees in a given host country. However, I argue that the critical aspect of these factors lies in the fact that their characteristics are not fixed, but changeable to some extent. Making it possible to influence the context of economic integration to ensure the sustainability of local integration.

The core of it all, the individual refugee, undoubtedly has some unchangeable characteristics, such as gender, age and ethnicity. On the other hand, education level, skills, language knowledge etc. can be influenced and developed to strengthen and enable the refugees. The theory on “Refugee Economies” and the capabilities solidifies this, by indicating that refugees are very adaptable and capable of leveraging opportunities for self-advancement. This means that the private sector could play a bigger role in the development of each refugee.

Taking refugee policies, whether national, regional or international, as given would be counterproductive, most notably when the given policy framework is built to limit and isolate refugees. The increasing knowledge on the economic lives of refugees, along with Crawford et al.’s (2015) theory of change indicate the benefits of refugee friendly policies. On the other hand, in cases where there are legal obstacles to employment of refugees, the private sector ultimately cannot engage legally with refugees through the market. This further indicates that the private sector could partake in policy advocacy to create a more fertile political context.

In terms of host-country conditions, the private sector can have a potential impact on the macroeconomic situation, for example by influencing market conditions, resource allocation and trade. Not to mention Crawford et al.’s (2015), Zetter’s (2014) and Kuhlman’s (1990) focus on the development of host communities alongside the refugee population. Ultimately, these factors could mean that any challenge present in the host country could be turned into an opportunity for development.

Even the nature of the displacement could be regarded as changeable; the private sector could potentially help to mitigate the negative consequences of the nature of displacement. More specifically, influence how the displaced people are received and treated at national and international level once they leave their home country. In other words; influence how

refugees experience their immediate situation of displacement, and thus mitigate traumas and other consequences that could possibly impact their ability to integrate later on. Much of theory presented indicates that the private sector in this case could play a role on both individual level and policy level.

## 4.2 The proposed model

The core of the model is the idea of refugees as highly capable economic actors, that, under the right circumstances, are able to generate durable solutions for themselves and become part of wider economic networks, contributing to host societies. Fueled by the pressing needs of forcibly displaced people and their host nations, the model embraces local integration as the most durable solution in the current political climate. Furthermore, it establishes that any attempt to legitimize and realize local integration as a durable solution needs to take on a development approach; based on a holistic understanding of the needs of the refugees, the host populations and the host nation policies, resources and economic environment.

The most critical success factor for the model is the political and policy related environment faced by refugees, which determine level of legal integration and rights to work. The institutional framework is comprised of external factors affecting refugees' ability to partake in economic activity and integrate in host society. More specifically, policies and rights that can either hinder or enable refugees. The high occurrence of de facto local integration and the high share of refugees in the informal economy indicate that refugees find ways around restrictive policies. However, these solutions are subject to a great deal of insecurity and temporariness. Additionally, restrictive policies function as a barrier for actors such as the private sector.

Based on this, my model sets institutional framework as the foundation for any durable solution involving the private sector. The refugee is closely connected to the institutional framework, emphasized through the theory on fertile functionings. Accommodating policies could help create an external environment that enables refugees to enact upon their internal capabilities to a greater extent. The private sector can contribute by seeking to influence the institutional frameworks that the refugees face.

The model furthermore levels the host community with the refugee population, reflecting the need to offer integrated solutions for both parties. Private sector interaction with the refugee would essentially mean addressing the refugee as an able economic actor, and taking on the perspective of the capabilities approach to further enable and develop them. Interaction with the host community means taking into consideration their needs and challenges, seeking to mitigate the potential negative effects of hosting refugees.

The market refers to the economic dimension of society, one of the key engines in society and in the lives of individuals through access to income, markets, goods and service. Ultimately, access to livelihoods and opportunities for advancement. Moreover, the market is a critical platform for local integration of refugees and durable solutions for the whole community. The private sector can contribute to the market in two ways; creating the conditions that enable the market to prevail, and addressing the mechanism that occur within the market.

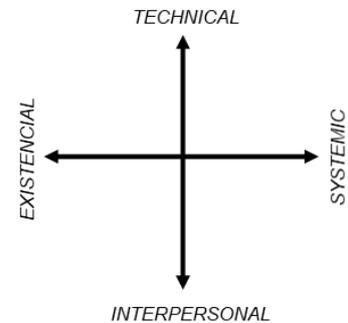
The first aspect is closely connected to the institutional framework, creating the necessary conditions for market based durable solutions. The latter considers the market opportunities present, and interaction between the different actors within the market. This is where the private sector can leverage its core business competencies to design products, service and solutions that meet the needs and challenges of the market. This inevitably includes a social and developmental dimension revolving around the relationship between the refugee and the hosts, and how to best design solutions for both parties. It also encompasses the collaborative efforts needed to realize sustainable solutions, meaning cooperation between private, public and non-governmental actors.

### 4.3 Additional clarification

In order to understand the links between the different components in the model, I will apply Ian Mitroff's four-dimensional framework for assessing complex issues. Mitroff (1998) puts accent on our tendencies to oversimplify problems by emphasizing the aspects that are easiest to measure. Therefore, he suggests that the dominant dimension of any problem solving activity is the scientific or technical perspective. We put our trust into metrics that allow us to more easily concretize the issue and measure the results of problem solving. Based on this, the

society can be described as “techno-centric”, where number loving professions such as engineering and economics have become the preferred designers of problem solutions (Mitroff, 1998).

Mitroff’s (1998) claim on techno-centricism might explain why displacement crises have been marginalized into numbers and figures; it is easier for us to relate to than the real people and suffering behind the headlines. With that in mind, my proposed model seeks to embrace the remaining dimensions of Mitroff’s framework: the existential, the interpersonal and the systemic (Mitroff, 1998).



**Figure 3:** Mitroff's four dimensions (Mitroff, 1998).

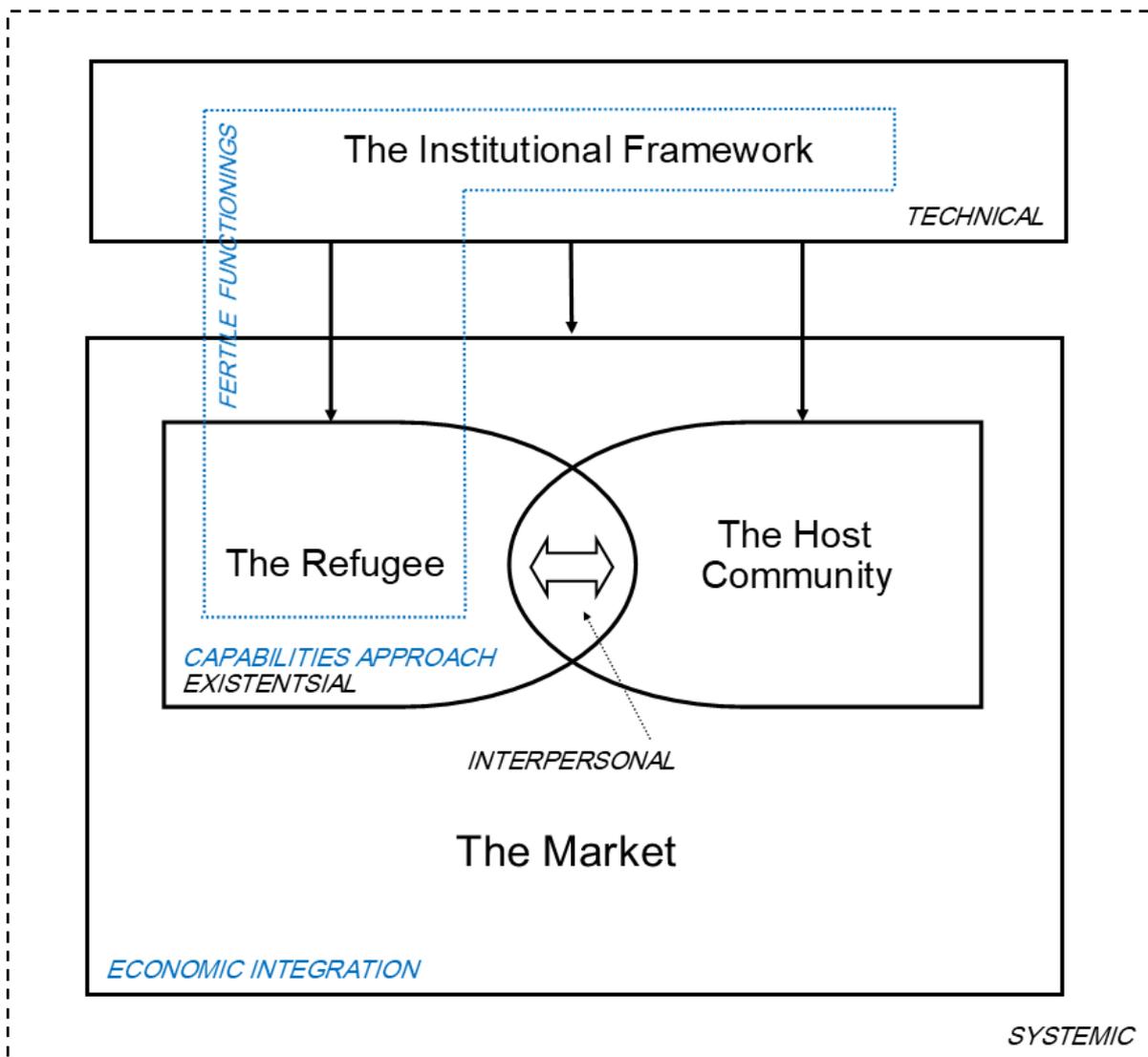
The dimension of existentialism or spirituality emphasizes inner drives and beliefs of the individual. By introducing human feelings related to meaning, dreams and dignity into the problem-solving equation we can better understand what makes some solutions are more adequate than others. This dimension transcends both the refugee and the host community (Mitroff, 1998). In particular, I argue that the private sector needs to approach the abilities and capabilities of the refugee with the aim of restoring their human dignity and enabling them to reach for their aspirations.

The interpersonal or social dimension acknowledges that problems exist within a social context where people and societies affect one another. Social relations exist on many levels; family, group, community, country, often intertwined with one another. Not to mention intertwined with the problem itself. Within my proposed model, the interpersonal dimension manifests itself in the relationship between the refugee and the host community (Mitroff, 1998). This relationship is clearly linked to the problems of sustainable solutions, a poor relationship makes it virtually impossible to create solution for the community as a whole.

Furthermore, there are social aspects within the institutional framework and the market. The institutional framework essentially reflects the nature of the relationship between the refugee population and its host government, which in theory should represent the opinion of the host population. Whereas the market, as mentioned before, is one of the most important platforms for interaction between the parties at hand. All in all, meaning that the private sector cannot ignore the social dimension of displacement crises.

The fourth and last dimension is the all-encompassing systemic perspective. Based on the assumption that everything is connected, it draws together the different perspectives and takes into consideration the long-term consequences of potential solutions. This dimension stretches across time and geographic borders by considering the implications for future generations and those in the other end of the solution (Mitroff, 1998). Ultimately, this dimension confirms that the refugee, the host community, the institutional framework and the market are interconnected and depend on one another. Any potential solution needs to establish balance between the four aspects and build bridges where there are gaps.

## LOCAL INTEGRATION OF REFUGEES IN DEVELOPING COUNTRIES



**Figure 4:** Proposed model of local integration of refugees in developing countries.

## 5. Methodology

This chapter concerns the methodological approach to the problem statement, by presenting the research design, including approach and method, followed by a discussion on collection, structure and analysis of data.

Though the main lines of methodology have been clear throughout the research process, there were several alterations in the strategy along the way, reflecting the flexible nature of the exploratory study. It is worth mentioning that my personal situation as a full-time employee throughout the duration of this thesis put constraints on my time schedule and ability to submerge in my research. This manifested itself in the methodological approaches. Throughout this section, I will therefore reflect the main challenges encountered and adjustments made along the way.

### 5.1 Research design

The research design outlines how one collects and analyses data to answer a problem statement. There are three main forms of designs, namely exploratory, descriptive and explanatory. Choosing the right design means aligning it with the nature of the problem statement (Saunders et al., 2016). My problem statement coincides with Saunders et al.'s description of an exploratory study, as it seeks to discover and gain insights about a topic of interest. In this case, the potential role of the private sector in durable solutions for refugees in developing countries.

Exploratory studies are a good match for emerging topics of research as this design offers a great deal of flexibility and adaptability (Saunders et al., 2016). This is of high importance for the topic of private sector engagement in durable solutions for refugees, as it is rather unexplored terrain that requires adjustments along the way in the research process.

Flexibility and adaptability are the main features of an exploratory study, which can be adjusted along the way according to new information and insights (Saunders et al., 2016). This makes a good fit for a complex topic such as durable solutions for refugees, that undoubtedly involves a wide range of factors, that may not be as evident at the start of the

research process. I made use of the flexibility of an exploratory study several times, as relevant research and examples of private sector practices emerged through my research period.

### **5.1.1 Research approach**

The thesis seeks to enhance current knowledge on private sector engagement within the topic of durable solutions for refugees by analyzing emerging research and theory through pre-existing frameworks. This indicates that the research approach is a combination of both inductive and deductive approach, which according to Saunders et al. (2016) offers advantages for exploratory studies.

The inductive approach of this thesis is grounded the intention to develop more elaborate knowledge of the topic as the data is collected and analyzed. My framework of reference reflects this by expand existing theories and providing building blocks for new theoretical foundations. I also apply the deductive approach, which entails testing data using pre-existing theories, for example through the Capabilities Approach. According to Saunders et al. (2016), the deductive approach helps structure the research process and provides guidance within complex fields (Saunders et al., 2016). This has been true in the case of this thesis, where the existing and emerging literature helps frame the topic in a way that has allowed me to detect gaps and needs which I have built my research on.

### **5.1.2 Research method**

Based on the design and approach of this study, a qualitative, rather than quantitative, research method is most beneficial. The key strength of the qualitative method is that it allows for in depth examination of the topic, helping to bring forward a more realistic picture of the issue at hand. In addition, the method is more flexible in terms of adjustments of the problem statement as new discoveries emerge, and therefore beneficial in exploratory settings (Saunders et al., 2016).

However, the drawbacks of a qualitative method is the complexity of the data, which can make data collection and systematization a time consuming and complex process. It is

important to be attentive to this as not to overlook any important aspects within the data (Saunders et al., 2016). This has been a particular focus point throughout my data systematization.

Considering that the potential role the private sector has received relatively little attention from all holds, there is a need for such an open-ended deep dive into the topic. To explore and map the largely uncharted territory, I thereby adopted a qualitative approach to my research. The approach allowed me to gather a varied set of data, providing several different perspectives on the topic. Furthermore, it allowed me to adopt my research strategy along the way, elaborated below.

### **5.1.3 Research strategy**

The strategy outlines how the researcher intends to answer the problem statement through the research (Saunders et al., 2016). A common research strategy for qualitative method within an explorative design is a case study. According to Yin (2013), case studies make it possible to study topics in a real context, based on multiple sources. This in turn allows for greater understanding of the interaction between the topic and the reality it exists within (Yin, 2013).

Consequently, the case study approach is an integral part of my research strategy. There are three different case studies in this thesis presenting three different perspectives of the topic. The private sector perspective is presented through the Mastercard Case, which contains two different examples of engagement from the company. Furthermore, there are two country cases, namely Serbia and Jordan, which present two different approaches to local integration. Combined, the three cases are able to provide contrasts and a comprehensive picture of the private sector's role in local integration and self-reliance.

However, the study started out with a pure case study strategy. I aimed to take the perspective of the private sector through case studies of three to four companies, looking at what and how was being done, to map out where more work was needed. However, this proved to be difficult. Firstly due to the complexity of the topic of refugees, secondly due the many intricate layers of the current refugee regime. Forced to take a few steps back, I took a

more broad, fundamental approach to the topic, putting with the refugee and the current refugee regime in focus. In this respect, through my three cases, I am able to present a holistic pictures of the challenges and opportunities with regards to the role of the private sector.

#### **5.1.4 Data collection**

Throughout the research period, I collected both secondary and primary data. However, there were several challenges with regards the collection process. First and foremost, the availability of literature and secondary data when I started working on the topic in mid-2017 was quite limited. Some of my most relevant literature (e.g. Betts et al. (2017), Huang (2017)) was only published in the last quarter of 2017, commencing a more fruitful research period. When it comes to collection of primary data, I encountered challenges with regards to establishing contact with relevant interviewees. As I started identifying individual firms and initiatives working with refugees, I struggled to break beyond their walls. Alternatively, I could have turned to the wide array of international and non-governmental organizations as potential interviewees. However, their perspectives have been well represented in previous research.

##### *Secondary data*

Saunders et al. (2016) categorize secondary data as any information that was not gathered for the purpose of the given study it is applied in. Secondary data can pose several challenges such as reliability of the source, degree of relevancy and whether the data is understood correctly. Nevertheless, when applied for a new purpose, the data can offer new insights, interpretations and conclusions (Saunders et al., 2016).

The secondary data that I collected comes from multiple sources such as peer-reviewed journals, publications by research institutes and think tank, reports from organizations and businesses. Furthermore, to capture the current day debate on refugee issues, I collected information from online newspaper articles. All the sources were carefully assessed to ensure the credibility of the data.

These multiple sources were consolidated to bridge the gap between the research on economic lives of refugees, local integration and the role of the private sector. By building on existing knowledge based on different perspectives, the results provide a broader understanding of where and how the private sector can engage to create durable solutions.

The book “Refugee Economies” by Betts et al. (2017) became an important baseline in my research. Its extensive overview of the rather limited and fragmented research on the private sector and refugees, helped guide my own literature review and get a comprehensive picture of the field. Furthermore, the findings of Crawford et al (2015) have been crucial in the process of setting the priorities of this thesis, due to their proposed theories of change for improvement of durable solutions. Huang (2017), on the other hand, though her detailed outline of refugee related business opportunities, has helped me to concretize the market-based role of the private sector. Which in turn has enabled me to focus on platforms of engagement beyond the market space.

### *Primary data*

The collection of primary data was conducted through semi-structured interviews, meaning a combination of open conversation and prearranged questions. More specifically, semi-structured interviews have predetermined topics and area of discussion that provide an overall frame for the interview. They are beneficial as they allow the interviewees to speak quite freely, exploring concepts and topics that might be known to the interviewer. At the same time, the interviewer has greater flexibility to ask follow-up questions and adapt the interview to the background of the given interviewee (Saunders et al., 2016).

The characteristics of semi-structured interviews fit well with the interviewees as they were from widely different contexts and countries. This made it necessary to adapt the approach of the different interviews and allow for open discussion to a greater extent. The interviews were centered around the key elements of this study; refugees as economic actors, local integration and the potential role of the private sector, with a few questions to guide me through the landscape as the interviewer. This ensured consistency throughout the interview process.

In total I conducted three interviews; one interview with two representatives from MasterCard, one interview with a representative from the NGO Group 484 operating in

Serbia, and one interview with an anonymous interviewee working in the international development sector. With only three interviews, the sampling is quite small and limited. The primary data through interviews can therefore primarily be regarded as a supplement to the extensive secondary data.

The interview with MasterCard was conducted over Skype, and the only interview that was recorded and transcribed. Due to time constraints and nature of the other interviews, I refrained from recording; they were both face to face discussion based interviews. For example, the interview with Group 484 was conducted in Serbian language and would have been demanding to transcribe and translate. As an alternative method, I took continuous notes on a computer during the two remaining interviews, while ensuring my own presence as interviewer, listener and discussion partner.

Though limited in scope, the first-hand data from practitioners and experts on global refugee issues allowed depth through a more concise and comprehensive understanding of the topic. I was able to gain insight in the challenges and opportunities businesses might face within in the refugee context, and how these best can be mitigated and exploited. Engaging directly with the private sector provided a more comprehensive understanding of its motives and approaches to refugee response, as well as unique perspectives on challenges in the field.

### **5.1.5 Data analysis**

Overall, the analysis of secondary data was an extensive process that required several rounds of filtering to draw out the most relevant information. At times, additional research was required to ensure my own adequate understanding of the data and its context.

Forced displacement is a very large and evolving area of study, which, until recently, had very few connections to business studies. As a student of economics and business, it therefore proved challenging to navigate in the sphere of forced displacement and locate the gaps the private sector could potentially fill. An extensive period of research was needed to establish a sound foundation of understanding of the challenges to sustainable refugee solutions, and where the private sector could fit. Overall, my understanding of the topic of

forced displacement has developed along with the arrival of relevant literature, consequently affecting the way I viewed and analyzed data.

When processing the data, I applied thematic analysis, where I identified themes and patterns across the different data sources and topics. According to Saunders et al. (2016), this approach provides a systematic, yet flexible path to understanding, descriptions and development of theories (Saunders et al., 2016). During several rounds of data analysis, I gradually built a more comprehensive and systemized data presentation. I also revisited my literature review parallel to analyzing my findings, to gain a better understanding of the research gaps. This allowed me to build enough understanding to develop my own model as presented in section 4.

## **6. Results**

### **6.1 Private sector engagement**

Over the recent years, private sector engagement in global issues has evolved from philanthropy to corporate social responsibility, and is now re-emerging as a part of the core business. Corporations are now looking at creative and sustainable ways of supporting refugees, including innovative business models, venture capital and social enterprise. The crucial factor of modern private sector engagement has been grounding the work in the existing business expertise of the company while collaborating with key experts (CGPI, 2017).

The role of the private sector is still in its infancy. We can, however, learn from the front running companies who are exploring the opportunities to reach displaced populations as new customers and markets (Huang, 2017). We are seeing global market leaders like IKEA, MasterCard, Google and Uniqlo acting through foundations that allow them to target efforts and build tailored responses to specific problems. Corporate foundations are interconnected with their companies, following their mandate, meaning that they can act more freely, beyond humanitarian aims (CDPI, 2017).

Further on in this segment I will present the case of MasterCard, a leading company on refugee issues. Two of their innovative and collaborative initiatives will be showcased in detail.

#### **6.1.1 The case of MasterCard**

MasterCard is a technology company that operates in the global payments industry. Its products and solutions are directed towards commerce activities, from everyday shopping to running a business and managing finances. Their payment processing network is at the fingertips of most people, connecting consumers, financial institutions, merchants, governments and businesses in more than 210 countries and territories (MasterCard, 2015).

The main pillar of MasterCard's commitment to global development is creating financial inclusion that generates more just and sustainable economic growth. MasterCard does this by engaging with both governmental and non-governmental partners to create programs that effectively address barriers to inclusive growth and innovate electronic payments solutions that transform lives (MasterCard, 2018d). This involves social innovation within financial technology and digital solutions to create public financial and retail infrastructure in underdeveloped communities. Through their global partnerships, MasterCard is generating impact on several holds, from providing digital identities for citizens to helping digitalize supply chain tools for small farmers (Utley, 2017).

MasterCard's efforts to generate more financial inclusion have been especially significant during the recent surge of displacements globally. The company leveraged their competence in technology and partnered up with several key organizations to create more effective aid; A digital food program was launched with The World Food Programme in Lebanon and Jordan including electronic cards containing e-vouchers. Prepaid debit cards have been the core of the partnership with Mercy Corps, especially in Greece and Serbia, allowing beneficiaries of cash support be more independent (Utley, 2017).

MasterCard Aid Network, a digital voucher system launched in 2015, has been the core of the company's refugee assistance. It uses chip cards to distribute aid more securely and efficiently. The card can be loaded with points that function as currency for pre-selected goods at local merchants, creating a more efficient and secure ways to distribute humanitarian aid, as opposed to cash, in-kind goods and paper vouchers. It is also designed to work offline and in absence of infrastructure for payments or telecommunications, meaning that it can function in the most impoverished and conflict or disaster affected areas. For refugees this digital voucher platform means empowerment, dignity and choice. The humanitarian agencies implementing the platform, on the other hand, gain access to records of transactions which generates more understanding of the needs of the people (MasterCard, 2015).

The two next segments present MasterCard's most comprehensive approaches for tackling refugee issues; Their collaboration with Western Union, aiming to establish a digital banking system, and its successor the Smart Communities Coalition, a public-private partnership aiming to create long-term economic growth.

### *Digital solutions for financial inclusion*

Through a partnership with Western Union, MasterCard exemplified how private sector cooperation can bring new solutions to advanced, long-term problems. When a company representative first visited Kakuma Camp in Kenya in early 2016, he discovered a vibrant environment with a lot of interesting activity and commerce: “People living their everyday life, they’re not helpless, they’re quite entrepreneurial.” (S. Kapadia, personal communication, 5 May 2018). Following that, MasterCard began to explore how it can help empower refugees.

Along with Western Union, they conducted in-depth research in the camps Kakuma and Kalobeyi in Kenya. The aim was to understand the economies of the camps; Firstly, what kind of money is coming in, whether is it remittances, salary or humanitarian assistance. Secondly, how people spend their money, on which services and the quality of these services (S. Kapadia, personal communication, 5 May 2018). They revealed the need to reinvent the existing model in order for refugee populations to achieve self-sufficiency, and started developing a digital model for greater economic empowerment in refugee camps (MasterCard, 2017a).

The study concludes that residents can be divided into three segments according to the duration of their stay. New arrivals are impoverished with limited access to funds. After some time of residence, they achieve an intermediate level with a small network and social support, over time becoming economically active residents who trade within and outside the camp. At this point, both refugees and locals interact with a diverse set of stakeholder for their daily needs. For refugees this means leading complex financial lives by using several tools to access goods and services, all this despite lack of adequate formal options (MasterCard, 2017a).

Furthermore, the study outlines a complex web of needs within the camps and their host communities. One of the most primary needs for advanced economic activity is a bank account, which refugees in Kenya are able to open due to a document issued upon arrival to the country. Furthermore, communication with the outside world is critical necessity for the refugees in the camps. Particularly because it is crucial for remittances from their loved ones

either in other countries. In fact, remittances constitute a major source of income within the camps. However, receiving remittances within a limited banking infrastructure with a small number of bank branches and banking agents can slow down the potential for economic activity of the refugees. Remittances can be withdrawn in form of cash or on mobile accounts, through the Western Union agent, or number of hawala agents, an informal money transfer system (MasterCard, 2017a).

Based on these discoveries, MasterCard and Western Union saw the following opportunities for their joint engagement: The importance of remittances for the refugees alongside mobile phones, and the limited banking infrastructure, could be solved through a digital infrastructure model that incorporates multiple factors. In cooperation with Western Union, which allows remittances to be sent directly to a mobile wallet called M-Pesa, MasterCard found a way to take advantage of a tool that is already at hands of receivers. By tailoring platforms that encompass all stakeholders, optimized for low or no infrastructure areas, it is possible to establish an ecosystem of digital payments and transaction (MasterCard, 2017a).

MasterCard and Western Union thus proposed a digital infrastructure model based on the strengths of both companies and the needs of the refugee settlements. By focusing on solutions such as mobile money, digital vouchers and pre-loaded cards, and encouraging the use of such digital funds, it is possible to promote self-reliance of refugees and host communities. The adaptation of digital payments is thus an entry path for the refugees into the formal financial system. The digital infrastructure can gradually be extended to multipurpose tool, by incorporating other digital tools, services and entrants to the market. Refugees and residents can thus progress economically by using dynamic tools optimized for their conditions (MasterCard, 2017a).

Incorporating these solutions into an infrastructure that facilitates non-payment transaction, as well as delivery and use of cash aid and income, can advance the economic systems of refugee camps and their local communities. Such a digital infrastructure allows for more equitable delivery of services and goods, thus giving greater access to markets, encouraging the growth of an integrated and sustainable local economy benefiting all stakeholders. The critical aspect for long-term impacts of a digital infrastructure, is cooperation with stakeholders such as local governments, donor governments, UN agencies, NGOs and local markets (MasterCard, 2017a) .

As the MasterCard Aid Network demonstrates, the digital voucher system can be utilized on the same infrastructure by humanitarian organizations to enable greater effectiveness in service delivery. In terms of advancing the infrastructure it is necessary to leverage products and services from a variety of private sector firms and encourage participation from local technology players. Generating long-term growth will therefore depend on the interaction between multiple stakeholders. Furthermore, MasterCard and Western Union focused on developing a scalable blueprint for digital infrastructure, in order to make formal financial services available to all underserved populations (MasterCard, 2017a). This has materialized in the form of the Smart Communities Coalition, elaborated below.

### *Smart Communities Coalition*

At the beginning of 2018 MasterCard, along with U.S. Agency for International Development (USAID), launched yet another step in their commitment to refugee empowerment; The Smart Communities Coalition. This public-private coalition consists of around 30 companies and organizations and aims to improve the delivery of essentials services to refugees in Kenya (S. Kapadia, personal communication, 5 May 2018)

The members of the Coalition will bring together technology and expertise from different sectors and tailor their solutions to meet the needs of refugees and their host communities. More specifically, they will work to turn refugee settlements into digitally connected communities through a multiple-needs approach. The work will have three main focus areas of connectivity, energy access and digital tools. The latter would serve as a “glue” and enabler of different products and services (S. Kapadia, personal communication, 5 May 2018).

The collaboration with Western Union was a precursor to the launch of The Smart Communities Coalition. Based on the research outlined in the previous section, MasterCard was able to attain better understanding of the critical needs refugees in camps and settlements and started laying the foundation for more comprehensive private sector refugee response. The specific focus ideas and concepts of the Coalition were however developed in a workshop with members. The pilot ideas are being refined in working groups, with the

aims of consulting the governments and ensure their buy in during mid 2018 (S. Kapadia, personal communication, 5 May 2018).

MasterCard's experience is that the traditional management model of refugee assistance in camps and settlements means that needs are managed by different implementing partners that all have different approaches, processes and technology. This traditional model has failed to address what people need and want, which is the ability to have normal lives (S. Kapadia, personal communication, 5 May 2018).

The focus areas of the Coalition reflect the needs refugees themselves have reported. For example, the need for connectivity through mobile usage and internet access is something they value as critical for their safety and security. Acknowledging that basic needs of refugees have expanded much like for the rest of the world, the coalition offers a vision of growth through mobile connectivity and innovative solutions for financial and energy related needs (MasterCard, 2018c).

The connectivity platforms that the Coalition will provide are to be accessible and resilient. Enabling refugees and host communities to receive and send vital information will provide more opportunities and increase efficiency of settlement management and operations. Furthermore, members aim to design digital tools that improve the delivery of essential services, as exemplified through the cooperation between MasterCard and Western Union. To enable the delivery of connectivity and digital tools, the Smart Communities Coalition seek to provide energy solutions that are more efficient, reliable and environmentally friendly (MasterCard, 2018c).

The members' core business areas range from financial solutions to electronic medical record systems and solar home systems, providing a holistic approach to the needs of refugees and their hosts. As for the public and non-profit members, they provide essential expertise on vulnerabilities of the populations, the fragile contexts in which they live, and their fight for self-reliant, dignified lives. The collective knowledge and strength of the coalition provides an enforced platform for empowerment of communities in a way that is more dignified, accountable and transparent (MasterCard, 2018c).

Kapadia (2018) argues that one of the strengths that MasterCard brings into the Coalition is the nature of their business. As a network that enables movement of funds through building digital infrastructure, they have the capability to mobilize expertise and technology in new and dynamic ways. In developing countries, they apply their technology in diverse ways; transforming the way farmers access markets, the way schools operationalize micro payment of school fees, how small merchants manage their suppliers, and how aid agencies deliver assistance. Overall, their work on financial inclusion for the bottom of the pyramid benefits the work with refugees and vice versa. It is about building business models that ensure the sustainability of the solutions they provide, and help communities grow (S. Kapadia, personal communication, 5 May 2018).

Another key strength of MasterCard is the extensive support at the highest levels of the company. The work is done through MasterCard Foundation that is completely independent, and has the mandate and resources to do what is needed. This deliberate and thoughtful way of facilitating from the side of the leadership allows the company to build its credibility and turn solutions into actions. Kapadia (2018) explains that MasterCard has taken a step away from corporate philanthropy and embraced shared value approach; building technology in areas where it can provide value to the end consumers and communities (S. Kapadia, personal communication, 5 May 2018).

## 6.2 Local integration in retrospect - The case of Serbia

*“We are losing sight of the factor of positive influence. We are speaking of human potential, humanity.” (V. Petronijević, personal communication, November 30 2017).*

Following the fall of Yugoslavia, Serbia was the country in Europe with the largest refugee population for over a decade. Nearly 40% of the 500,000 refugees integrated locally, attaining a Serbian citizenship (Commissioner for Refugees of The Republic of Serbia, 2008). Nonetheless, the country has been striving for durable solutions for its refugee populations for 20 years, and still is to some degree. A closer look at this country’s approach to displacement crises can thereby provide insight of the challenges and opportunities in hosting large refugee populations under strained economic conditions.

In 2009, the commissariat for Refugees in Serbia conducted an analysis of Serbia's search for durable solutions for refugees from former Yugoslavia. It concluded that local integration is the most realistic and desirable solution, but that Serbia needed to look beyond citizenship and housing schemes, namely legal and employment assistance. They pointed out high unemployment rate as the key indicator for the vulnerability of a refugee population (CRRS, 2008).

Serbia has been challenged with an unstable economy, and is still considered an emerging and developing economy (IMF, 2017). Refugees have consequently faced difficulties in finding jobs locally due to the high unemployment rates, while lack of adequate skills kept many from conducting their own income-generating activities (Terzan & Kladarin, 2009). For example, at the time of Terzan & Kladarin's study (2009), the unemployment rate in Serbia was 20%, whereas it was more than 30% for the refugee population and over 60% for refugees in refugee centers (Terzan & Kladarin, 2009).

Much indicates that economic integration and private sector engagement is still far out of reach for Serbia. In 2016, Center of Applied Social Research (CASR, 2016) conducted a study on refugees in Serbia. They mapped the perceptions of the host nationals, showing that nearly 70% believe that the local population should have priority in employment. CASR (2016) pinpoints that a situation with persistently high rate of unemployment requires economic integration of refugees that takes into account the possible resistance from the host population. They conclude that a fundamental step is to raise awareness among citizens, showing positive effects of local integration of refugees and mitigating the negative role of the media. Furthermore, any strategy for economic integration needs to involve the local population, e.g. a development of the local community as a whole. This is essential for minimizing ethnic competition and thus easing cultural and social integration (CASR, 2016).

Group 484 argues that the refugee crisis of the 90s is widely considered to be solved, but in reality, many social and economic issues are yet to be solved. According to Petronijevic (2017), the refugee crisis is in one of its final and most critical stages, where full economic integration is an important factor. He confirms that the state of the economy persists as a big issue for economic integration of refugees. He elaborates that the country lacks a developmental approach, particularly when it comes to regional economic development. Without a structured and targeted approach to economic advancement, "we won't know what

we need to do in order to develop our economy and how to strategically integrate refugees and migrants” (V. Petronijević, personal communication, November 30 2017).

When going into depths of how refugees from former Yugoslavia were integrated into the economy, Petronijević states that “They managed on their own”. Refugees from Croatia and Bosnia-Herzegovina in average had higher education, and were younger people in their prime employment years. Even though the majority of the refugees came with virtually nothing, they found their own solutions. The majority found employment in the informal economy (V. Petronijević, personal communication, November 30 2017).

During the peak of the European refugee crisis in 2015 and 2016, nearly one million refugees passed through Serbia. Commenting on this recent event, Petronijević explains that Serbia still has an ad-hoc approach to forced migration, lacking strategic long-term thinking for integration and durable solutions. This results in loss of opportunities from retaining and integrating highly qualified professions, which would help solve some of the “brain drain” that is currently happening. In fact, Serbia does not conduct mapping of the refugees, “We dont know of their potential, let alone where to use it.” (V. Petronijević, personal communication, November 30 2017).

The case of Serbia proves that de jure local integration and the rights that follow are not enough to provide durable solutions for refugees and their host society. Lack of a strategic development approach and economic interventions have contributed to protracting the displacement crisis.

### 6.3 The compact experiments - The case of Jordan

The compacts in Jordan and Lebanon are agreements between donors and host governments with the objective of improving the lives of both refugees and host population through infrastructure projects, employment opportunities and provision of basic services (Howden, Patchett and Alfred, 2017). The relevance of the compacts for this thesis lies in their focus on economic opportunities and development.

The Jordan Compact promises to create jobs for 200,000 Syrian refugees, one fourth in sectors undesirable for Jordanians, and the rest in Jordan's Special Economic Zones (SEZs) (Howden et. al, 2017) SEZs operate under special economic regulations to attract foreign direct investment. Crawley (2017) explains that companies who offer employment opportunities for refugees are rewarded with tax incentives and trade agreements (Crawley, 2017). The commitment to integrate refugees through a development approach is financed by grants and concessional loans, in the case of Jordan also providing a favorable export agreement with the EU. The combination of multiyear planning and financing brings together a wide set of stakeholders (Howden et. al, 2017).

Ultimately, the Jordan compact also reflect an international incentive system used to tackle the political and economic challenges of the current refugee regime. Anonymous (2018) states that the biggest challenge to tackling refugee crisis is lack of political willingness from the side of governments and lack of financial ability to absorb refugee populations. Either way, it could mean that the host country's willingness and ability to handle the influx of refugees is negotiable. One approach would be saying that finances from the international community would flow into host countries if their governments showed the willingness and ability make change. The other would be using international monetary aid an incentive for countries to accept refugees, as we see in the case of the Jordan and Lebanon Compacts, as well as the Turkey-EU deal (Anonymous, personal communication, 26 April 2018).

Nevertheless, it can be argued that the compacts represent a promising, innovative approach to refugee response, one that favors sustainable solutions by enabling refugees to contribute in the host economy. However, the compacts show signs of shortcomings, a crooked refugee system and slow progress (Howard et. al, 2017), which will be presented in detail in the following paragraphs.

Huang and Ash (2018) highlight that jobs in SEZs have proved to worsen pre-existing inequalities, as many sectors are off limits for Syrian refugees in Jordan. At the same time, evidence indicates that financial assistance to home-based businesses would generate results at a faster pace and grater scale for both refugees and host communities. Additionally, some refugees are reluctant to work in SEZs due to conflicting responsibility such as child care, and poor transportation opportunities to the workplace (Huang & Ash, 2018). Crawley (2017) clarifies that such conflicting priorities might outweigh the benefits of working,

especially since jobs often are low skilled with long hours. Additionally, some fear that employment will deprive them of financial assistance or the chance of reunification with family on other countries (Crawley, 2017)

Though still insufficient, small changes in policies have provided hope for the future. The government of Jordan has provided portable working permits in some sectors, meaning that the individual refugee is not tied to one employer and is free to move in search of employment. Howden et al. (2017) however highlight that unintended consequences still occur; some refugees obtain portable permits to be able to move and seek employment in other, more favorable sectors, or in the informal economy (Howden et. al, 2017).

Huang and Ash (2018) argue that the challenge to success of the compact lies in the brutal obstacles to creating livelihood opportunities. At a macro level, the dire state of the host economy is challenge in itself, with large informal sectors. At a micro level, the refugees, even when allowed to work legally, face discrimination and extensive procedures for obtaining working-permits, while some are not able to access information on available jobs (Huang and Ash, 2018).

Crawley (2017) states that problem with the Jordan Compact is its negligence of the refugees' needs and negligence of the reality of Jordan's economy and labor market. She points to the fact that the country has a high portion of migrant labor, which exposes refugees to a competitive environment with less favorable working conditions and possibly exploitation. Refugees are also banned from any professions where they are considered a threat to the Jordanian workforce, such as doctors, engineers and teachers. Consequently, refugees have a rather rigid selection of work opportunities, that do not necessarily coincide with their wider needs and aspirations. Crawley (2017) elaborates that the heart of the problem lies in at the international level, due to a refugee system that continues to fail protecting refugees and addressing their pressing needs. Inevitably, "employment is not the same as protection" (Crawley, 2017).

One can also question whether the Jordan compact is neglecting market opportunities that could help ease the country's political and economic situation. According to Earth Security Group (2016), Jordan is exhausting many of its natural resources as a result of the large proportion of refugees it hosts. Refugee influx has contributed to great pressure on housing,

water and energy supplies, making it one of the world's most water and energy poor countries. ESG (2016) suggest that such challenges embody opportunities for innovation and sustainable business models; green and sustainable solutions such as solar power, water saving technologies and sustainable housing. Essentially, Jordan's resource constraints provide a variety of strategic business investment opportunities (ESG, 2016), that are yet to be captured by a comprehensive programme such as the Compact.

Huang and Ash (2018) conclude the compact experiments should not be abandoned but improved. Inevitably, the progress is slow and the problems are many due to the complexity of the situation in Jordan. They place importance on lessons from early implementation as means of improving a promising and innovative approach to durable solutions. Additionally, they give priority to flexibility and inclusion of refugees in the design process. These factors are critical due to the ever-changing context of displacement crisis, as well as the evident need for giving greater attention to the needs and constraints of refugees (Huang and Ash, 2018).

## 6.4 Defining the role of the private sector

Research on the economic lives of displaced people demonstrates the potential of the displaced person as an economic actor, and thus signalizes the potential role of the private sector as facilitator and integrator. Whether the economic lives of displaced groups occur in formal markets, or go by undetected in the informal sector, they constitute opportunities for businesses to identify new markets, create jobs and solutions for refugees, and make profits on the way (Boyer & DuPont, 2016).

Unlocking the untapped, perhaps even neglected, potential of private sector furthermore means acknowledging its substantial and influential role in the overall economy and society. The private sector exists in most levels of the society: individual, local, national, transnational and global, and can thus create impact for individual refugees, their host communities and countries, as well as on a broad international level (Betts et al., 2014).

The following sections will present the potential role of the private sector through four components proposed in the model in section 4; the refugee, the the market, the host community and the institutional framework.

### 6.4.1 The Refugee

*“For most refugees, self-reliance is merely a description of reality, if more of necessity than by aspiration.” (Gordon, 2018).*

A range of different research going further into depth of the lives and livelihood strategies of refugees, shows that displaced people are independently pursuing a variety of economic strategies as a means to sustain themselves. As a result, they integrate into the economic sphere of their current place of residence, engaging as consumers, producers, distributors, employees and entrepreneurs (Betts et al., 2014). Based on the data and discussions provided by Betts et al. (2017), Betts et al. (2014), Werker (2007), Zetter (2014&2016), as well as interviews with S. Kapadia (2018) and V. Petronijević (2017), some conclusions can be drawn about refugees as economic actors:

First and foremost, refugees are often **self-driven and forward looking**, reflected by their persistence and success regardless of the level of assistance or interventions they receive from from NGOs and governments.

Refugees are **independent economic actors**, that adapt according to the level of aid and assistance from the national and international humanitarian actors. Still, they are **not economically isolated** from the wider economic structures of their host country. Whether it be in the formal or informal sectors, refugee communities are often integrated within vibrant and complex economic systems. In fact, refugees in Uganda take part in a wider economic system locally, nationally and transnationally.

They are **economically heterogeneous**, their economic activities are not restricted to basic livelihood strategies, but involve consumption, production, exchange and finance. More specifically, they engage as consumers, producers, distributors, employees and entrepreneurs.

The accumulation of their activities makes **positive contribution to the host state economy** through extensive exchange between national and refugees, and creation of opportunities of employment for both parties.

Most of all, the research shows that when the necessary macro-level measures are present, e.g. policies and rights for refugees, the micro economies of refugees thrive into complex, interconnect systems that integrate in the greater macro-economy of the society. This proves to show that enabling refugees through rights and political inclusion is a foundation to self-reliance, as discussed by Long and Hovil. Furthermore, it indicates that displaced people play a more significant role in the private sector than common ideas would suggest, placing a spotlight on the role of this sector in the chase for durable solutions to displacement, to be addressed later on (Betts et al., 2014).

The following sub-categories discuss key factors that distinguish refugees from other economic actors.

### *Non-economic factors*

Easton-Calabria and Mookherjee (2017) affirm that self-reliance in the eyes of refugees is more than just economic activity. Non-economic and cultural factors such as mental health, education and the difference between collectivistic and individualistic cultures can be just as critical as access to markets. For example, livelihoods programmes that push forward an individualistic entrepreneurial approach, might be contradicting to the collectivistic culture and nature of the refugees and their communities. The foundation for durable solutions is thus multi-dimensional. It needs to take into account cultural understandings and non-economic factors considered to be critical by the refugees themselves (Easton-Calabria & Mookherjee, 2017). This underlines the importance of multi-stakeholder engagement and

The research of Betts et al. (2017) on refugee economies in Uganda, a country known for its welcoming refugee policies, shows the complexity and variety of refugees' economic lives. Whether in urban areas or refugee camps and settlements, refugees seek strategies to overcome constraints and make the most use of opportunities. By leveraging their skills, assets and networks, they are able to engage in both formal and informal economic spaces, and take part in wider economic networks both nationally and abroad (Betts et al., 2017).

Overall, Betts et al. (2017) suggest that the success of the economic activities of the individual refugee is connected to their social and human capital. The social capital refers to social networks which often are connected to nationality or ethnicity, for example, Somali refugees seem to excel compared to other nationalities. Betts et al. attribute to the vast local, national and transnational networks attributed to the nomadic history of Somalis. Human capital refers to the capabilities of individuals, and the skills and abilities they bring forward as economic actors in various settings (Betts et al., 2017).

Another important aspect is understanding the drive of refugees as economic actors. Studies show that the majority of refugees do not solely depend on aid, but rather incorporate it as a part of a wider survival strategy (Betts et al. 2017, Werker, 2007). Werker's findings interestingly show that the most significant factor influencing market outcomes in refugee camps is the *need* for generating income, e.g. the need for engaging in economic activity to sustain oneself (Werker, 2007). These findings on refugee's relation to humanitarian and development aid prove to be contradicting to the assumptions that the current day refugee regime runs on.

Werker (2007) elaborates that need is determined by the degree of humanitarian assistance in the camp along in interplay with the demographic composition of the refugee population, which influence the camp economy by generating varieties in demand and economic activity. Composition of the population also seems to be influential; if there is a disproportion of single, unmarried men, we witness a lot of economic activity outside of the camp, as these individuals have more freedom to move around in search of employment opportunities. On the other hand, a large number of vulnerable individuals such as unaccompanied minors, children, women or elderly leans towards more humanitarian aid, which lessens the need to pursue income-generating activities for the camp as a whole (Werker, 2007). These factors show the complexity of how economic lives unfold on the basis of need.

Kapadia (2018) points to the cycle of dependency pushed upon refugees by the refugee system, as a critical constraint. She argues that people who have fled their homes for safe harbor are neither hopeless or helpless. They are inherently resilient, and at the end of the day just want the ability to provide for themselves and their families. However, the current

refugee regime puts them in a cycle of dependency where they queue for hours to get food, water and shelter materials. This cycle needs to be broken by providing them tools and skills to feel empowered (S. Kapadia, personal communication, 5 May 2018).

### *Innovation*

Betts et al. (2017) put emphasis on the opportunities that seem to grow out of the constraints faced by refugees. These opportunities take the form of “...adaptation, entrepreneurship, and innovation.” This is further elaborated through the notion of structuration, whereby individuals have the possibility of affecting and changing the structural environment that shape their opportunities. In other words, we as agents in different contexts are able to generate and restructure our own opportunities (Betts et al., 2017).

For Betts et al (2017) this becomes particularly evident in the case of refugee innovation, where we see that refugee economies are made possible through refugee innovators that break structural constraints and open the economic space for the rest. Betts et al (2017) identify two types of refugee innovators; supporting other refugees through social innovation, or creating businesses that expand the refugee economies. They also note that, the bigger the constraints, the more disruptive the innovation. In emerging displacement contexts, refugee economies gain their footing via refugee innovators that serve as catalysts for establishment and growth of economic activity (Betts et al., 2017).

According to Weaver and Russell’s (2017) findings, refugee’s abilities and innovative nature are not reflected in current self-reliance programming. The focus on low-skilled, low-education labor opportunities undermine refugee’s skills. However, the lack of ambition and imagination in programming has provided limited economic opportunities for refugees, mainly in agriculture and craftsmanship, failing to align the supply of labor to the demand in the broader economy. For refugees, these schemes have meant less dependence on aid, but have failed to build a path to economic autonomy (Weaver & Russell, 2017).

Easton-Calabria (2014) blames the lack of innovation in livelihood assistance. According to him, there has been no substantial change since the 1920s. Agricultural production in settlements, vocational training and microfinance have persisted as core practices for livelihood assistance (Easton-Calabria, 2014). Abild (2014) counter argues saying that development of new methods and approaches has been integral to the sector; the shift from

donations of in-kind goods and services to cash and market-based assistance is a demonstration of that (Abil, 2014). Nevertheless, Easton-Calabria along with Weaver and Russell make it evident that the current refugee assistance is a limited framework. This presents an opportunity for the private sector to help put the capabilities of the refugee at the center of market oriented, innovative solutions.

### *Place of residence*

In order to draw a more comprehensive picture of the economic lives of forcibly displaced people it is necessary to compare the research of the topic for refugees in and outside of camps. This section discusses urban settings and protracted refugee settlements and camps, as these are more relevant to durable solutions, than emergency camp settings.

Urban areas offer better socio-economic opportunities, employment, higher education, better health care, which has led the majority of refugees to look beyond camps and self-settle. The flipside of settling outside of camps is losing nearly all access to humanitarian assistance, regardless, urban refugees are “doing it for themselves” (Werker, 2007). The absence of humanitarian support means that refugees have an inherent need to pursue income-generating activities and need to do so in an independent and self-driven way.

Werkers (2007) inputs on the relation between need and economic activity in camp settings provides an important comparison. It is important to keep in mind that while refugees in camps have access to assistance, they also often face more extensive constraints than urban refugees, such as restrictions on movement and work. Meaning that access to working rights, freedom of movement or degree of isolation of the camp could be deal breakers for the economic prosperity of the camp. Notably, refugees in cities face the similar constraints and problems as impoverished urban nationals, and are present in both formal in informal markets. Betts et al (2017) indicate that refugees face different constraints depending on their mode of habitation, but nevertheless seem to exert the similar kind of ability to adapt and work around these constraints (Betts et al. 2017).

Since urban settings offer more economic opportunities than rural areas and camps, urban refugees are an integrated part of the markets and economy of the local population. Betts et al (2017) argue that refugees in urban settings develop survival strategies that leverage a wide spectrum of their skills and the opportunities present. Consequently, they also take part

in both formal and informal economic spaces. Refugees in urban areas are exposed to a wider set of economic opportunities attributed to geographic, demographic and network related components, amongst other things. The nature of their economic activities is therefore more varied and extensive than those seen in refugee camps. As a contrast, for example, refugee innovation in urban settings is more incremental than seen in refugee camps, as it leverages existing economic opportunities (Betts et al., 2017).

Observations from Jordan, and in particular the capital Amman, see that richer refugees in urban settings easily find a way into the private sector. This is to a great extent due to the urban economy being an engine with jobs and opportunities present in the market (Anonymous, personal communication, 26 April 2018). Anonymous (2018) however claims that the likelihood of the private sector getting engaged within camp settlements is low, due to lack of market mechanisms and incentives to do so (Anonymous, personal communication, 26 April 2018).

Both Werker's (2007) and Betts et al. (2017) research however proves that isolation of camps does not withhold refugees from the host community. There will still be traffic of goods, capital and people between the two entities. The two markets are most often connected through refugee and national traders, and might extend to the refugee's home country and even international markets (Werker, 2007, Betts, 2017). However, Werker (2007) argues that market outcomes in a camp economy are still dictated by the institutional environment, as set by the host-country refugee policy, as well as the geographical location of the camp (Werker, 2007).

### **6.4.2 The market**

Research shows that displaced people, like any economic actor in society, have the potential to affect and be affected by all aspects of the private sector; as employees, employers, producers, consumers, lenders, borrowers, entrepreneurs and beneficiaries (Betts et al., 2014).

### *Points of entry*

Huang (2017) provides an overview of the challenges and opportunities of global business engagement. Based on an initial market review of 20 of the top refugee-hosting countries, she identifies “promising entry points” for engagement, such as; including refugees in hiring and supply chains, developing goods and services to meet refugee needs, as well as investing in impactful refugee livelihoods initiatives. However, all approaches need to be grounded in the core capacities and comparative advantages of individual companies, to ensure the viability of engagement and quality of impact (Huang, 2017).

Huang (2017) affirms that global businesses can include refugees by hiring them directly or through subsidiaries and franchises, or include refugees in supply chains by sourcing from refugee-owned businesses or businesses that employ refugees (Huang, 2017). The Tent Foundation adds that many global companies have long supply chains that touch base with the developing countries taking in the majority of the world’s refugees, and could incentivize their suppliers to include refugees in their workforce: “For example, major clothing brands source from Turkey, Bangladesh, Jordan, and Ethiopia – all countries with significant refugee populations.” (Trahan, n.d.).

Several types of companies that have particularly advantageous opportunities for engaging refugees through employment and supply chains. According to Huang (2017), these include consumer product companies, agribusiness, retailers, ICT-companies and various franchises. For example, retailers and consumer product companies can both employ refugees directly and source from refugee-employing or refugee-owned businesses, owing to their extensive supply and distribution networks. There are also possibilities of engaging refugees remotely, whether gig-based, part-time or full-time. Huang (2017) also points to country specific entry points such as extractive industries, construction and manufacturing, based on resource and market opportunities available (Huang, 2017).

When it comes to developing goods and services, Huang (2017) emphasizes that refugees are a relatively specific and small target market with many additional barriers, compared to the general market. Their complex needs and policy related barriers make them a tricky entry point into the base of the pyramid segment. Betts et al. (2017) argue differently, based on the innovative nature of both refugees and the private sector. Between the two, Innovation could

be capitalized for developing goods and services that meet the needs of refugee populations. According to Betts et al. (2017) such innovations have great potential for scaling, as there are two billion people living under the extreme poverty line that could benefit such products and services (Betts et al., 2017).

Huang (2017) identifies some specific areas that provide promising opportunities for private sector refugee innovation; particularly financial products and services, and telecommunication and connectivity services. For example: mobile phones, and especially smartphones, are pathways to anything from communication to knowledge, connection to markets and access to financial services (Huang, 2017).

The Tent Foundation pinpoints access to financial services as a priority need for many refugees. They are often unable to access these services due to missing documents and lack of funding history, in addition to the perceived risk associated with refugees from the side of service providers (Trahan, n.d.). Huang (2017) adds that financial services are essential to overcoming barriers to wider financial inclusion, providing more safe and stable management of finances, for example by opening opportunities for micro credits (Huang, 2017). The private sector could thus potentially serve as institutional leaders by tailoring their procedures and services to serve the unique needs of refugees (Trahan, n.d.).

Access to finance for business development is another promising point for private sector engagement. Huang (2017) states that refugees can be assisted through financial investment either indirectly by investing in companies that employ refugees, or investing directly in refugee-led businesses. When engaging as an investor, the private sector can contribute in all stages of business development. In early stages, it can offer its expertise to help identify and shape ideas. Furthermore, it can incubate and scale promising business ideas to ensure sustainability and growth of the investments (Huang, 2017).

Zetter and Ruaudel (2016) argue that the private sector also has a significant role to play when it comes to pulling refugees out of informal labour markets. He concludes that access to formal employment is very limited for the refugee population, even when the institutional environment and policies allow them to work in their host country. Employers are in some cases reluctant to provide work contracts, and the benefits that follow, as they perceive refugees as a temporary labour force in their host country. This makes refugees a highly

vulnerable workforce, with lack of rights and security. In many cases, they work in less satisfactory working environments and under exploitative conditions, compared to host country national (Zetter & Ruauadel 2016). To change the tendencies of informal employment of refugees, the private sector would first and foremost need to acknowledge the fact that temporary displacement situations are a rarity rather than the norm.

Nevertheless, Kapadia (2018) pinpoints that we are in a political landscape where people have lower tolerance of others than they maybe one had, which in turn is connected to economic opportunities. Meaning that the private sector continues to experiences challenges from side of policy and public opinion when trying to provide economic opportunities to refugees. However, there are examples of creative approaches from the side of the private sector, for example skills forums that allow refugees to work as freelancers (S. Kapadia, personal communication, 5 May 2018).

### *Host country economy*

When engaging in market related solutions, the state of host economies needs to be accounted for. Boyer and DuPont (2016) describe host economies as over-saturated with high levels of informal economic activities, including unskilled local labour markets and unreliable sourcing of material (Boyer & DuPont, 2016). Anonymous (2018), however, pinpoints the host economy's absorptive capacity to accomodate refugees as a major constraint. Low to middle income countries are not financially capable to take on the cost of hosting refugees. Essentially, this is can be viewed as an issue of public goods, where the host government would need to bare the financial costs of basic services and a safety net for the refugees (Anonymous, personal communication, 26 April 2018).

Jordan, for example, who's financial resources are stretched, depends on international aid to accommodate all the refugees. This can be regarded as an international public good, which allows the government to finance the increase in services it provides. At the same time, the substantial increase in funding allows for greater investment in development of skills, which help refugees get integrated or resettled in the long run (Anonymous, personal communication, 26 April 2018). On the other hand, as pointed out in 2.4, it can be argued that refugee assistance is a joint or mixed good (Betts et al., 2017), in which case the private sector could have a more substantial role in host economies and markets than the current refugee regime allows for.

On the whole, Boyer and DuPont (2016) explain that local governments and international organizations would need to come together to create enabling environments for businesses. At the same time, businesses themselves would need to learn more about the long-term needs of refugees and their hosts, and how to best manage the risks and costs of working in displacement contexts (Boyer & DuPont, 2016). The next segment goes further into detail how the private sector could engage to overcome the challenges in host country economies, and design durable solutions for both refugees host populations.

### *Managing risk*

CDPI (2017) establishes that the ability to make profit and minimize risk needs to be taken into consideration in order for the private sector to invest and stay invested in developing and underdeveloped host countries (CDPI, 2017). For example, a drawback of a development-led approach involving the private sector could be the pressure for the private sector to generate livelihoods opportunities. Zetter (2014) underlines that many developing host countries have a large public sector, which leaves less space for the private sector to get engaged and generate results. Unless the given governments acknowledge the importance of the private sector for economic development, in which case the private sector would have more room to flourish (Zetter, 2014).

An optimal solution would involve institutional conditions that allow companies to realize opportunities while risk is effectively mitigated. Suggestions for such solutions include various “risk pooling” mechanisms, or investment banks dedicated to facilitation of private sector involvement. Instruments such as derivatives, securitizations and political risk insurance could potentially be used to provide greater risk management for private sector investors. Such incentives would need to be coordinated with governments and international financial institutions, especially in terms of ensuring compliance, anti-corruption and transparency. This is a significant challenge as governments in developing countries can be characterized with instability support is (CDPI, 2017).

Minimizing risk also involves more research, analysis and knowledge on refugees and alternatives to durable solutions. Going deeper into the economic activities of refugees means gaining comprehensive understanding on existing markets and the role of the private sector. Furthermore, it is critical to untangle the political aspect of refugee economies in

terms of host-country policies and their implications on the economic lives of refugees. The private business sector, as the primary witness of existing market forces, has the potential to contribute with sound analysis and extensive knowledge of how refugees interact with their host societies through trade, employment, and entrepreneurship. This foundation can be crucial for the implementation of any market-based development intervention or economic integration scheme for displaced people and their host societies (Betts et al., 2014).

### **6.4.3 The host community**

Host communities see refugees as rivals or opportunity costs. Without refugees the locals would get more, whether it be basic services from their government or development aid (Anonymous, personal communication, 26 April 2018).

#### *The needs of the locals*

As outlined in the literature review, Zetter (2014) claims that a development led approach to displacement crisis should maximize development and economic opportunities, while minimizing the negative externalities. When it comes to externalities he emphasizes that constraints on host country resources affects both refugees and hosts. Most notably, it causes distributional imbalances at the expense of the most vulnerable groups. For example, through less access to public goods, or price shocks in the housing market, which have the hardest impact on the poorest (Zetter, 2014). This indicates that solutions should take into consideration the needs of the most disadvantaged.

Mastercard sees the need to think of both the host community and the refugees in Kenya, where there are many disparities. Some locals are living under worse conditions than the refugees. For example, there are locals receiving food assistance as well. Friction between the two communities occurs when assistance is provided only refugees. This makes it necessary to use the influx of refugees as a development impetus to create a win-win situation for everyone. create an environment where you create more balance between the two communities (S. Kapadia, personal communication, 5 May 2018).

Furthermore, according to MasterCard, the foundation to ensuring that both the refugees and locals grow together is understanding the journeys and lives of an average person in each community. Identifying the needs and touch points, as well as which organizations are working in which context, what works and what does not. Based upon that you need to ensure equitable access to products and services. trainings, services, technology. However, refugees have some specific constraints, for example accessing the health care or education system. To overcome such challenges and reach out to the locals at the same time, it is essential to integrate refugees into existing systems instead of creating parallel systems (S. Kapadia, personal communication, 5 May 2018).

### *Partnering for development*

There are several reasons as to why the private sector could be a valuable player in a multi-stakeholder development approach. CDPI (2017) argues that it often has more room to act than the host governments, and private-public partnerships thus can function as growth catalysts for entire communities, not just the refugee population. Building upon their core business in partnership with the nonprofit sector, companies have the power and expertise to drive innovation and foster new modes of assistance, expanding the reach of both parties (CDPI, 2017).

According to Kapadia (2018) from MasterCard, it can be difficult to navigate the sphere of refugee assistance as a private sector company. Especially knowing which stakeholders to consult with, where to access the right information and understand how to operate most effectively. MasterCard describes the refugee assistance sector as a fragmented and somewhat competitive space. Humanitarian and development organizations can be quite protective of their information on the population. There can be reluctance to share the information, due to the competition for funds (S. Kapadia, personal communication, 5 May 2018). This creates a contradicting atmosphere as the needs of refugees require partnerships between actors.

Omata (2012) states that most studies on refugee livelihoods build upon the assumption that host governments and humanitarian organizations are responsible for refugees' economic opportunities. Overall, it can be said that "...the private sector is not considered a solution provider in the field of refugee assistance." (Omata, 2012).

Abild (2014) points to several needs and obstacles within the development sector, that could potentially benefit from impulses from the business world. A big obstacle is the humanitarian organisations are their hierarchical systems, rigid procedures and lack of cross-sector cooperation. This creates needs for greater innovation, openness and willingness to learn. If not dealt with, these factors could mean overlooking realities and opportunities, not to mention learn from previous experience (Abild, 2014). Koser (2017) claims that the private sector could enable development actors to better harness resources for responses, as well as bridge a path to economic development. He further emphasizes that businesses are organized to move quickly and adapt in accordance with market opportunities, which is important in dynamic contexts such as forced displacement. It is also beneficial to overcome bureaucratic constraints that have tendencies to slow down INGOs and governments (Koser, 2017).

The efficiency of such partnerships for development lies in the complementary roles of the parties. Humanitarian actors and NGOs have in-depth knowledge of refugee populations due to their presence in displacement situations, but they often lack the finances to act adequately, in addition to rigorous bureaucratic hurdles. The private sector on the other hand, lacks on-the-ground expertise with refugees, but makes up for it with creativity, funds, speed and executional power (CDPI, 2017). These distinctive capabilities and competencies are often non-existent within the traditional humanitarian and development community.

In order for the complementarity to be realized, both the private sector and development actors would need to focus on adaptability and flexibility. The private sector would need to be sensitized to humanitarian values, while their humanitarian counterparts would have to undergo monetization (Zetter, 2014). Most of all, MasterCard pinpoints that we need to deconstructing notions of who does good and who does bad in order for the private sector and development sector to join forces. There is a certain idea that some organizations have a monopoly to protect. A shift is needed where businesses are acknowledged as corporate citizens and humanitarians, with a desire to good in the world (S. Kapadia, personal communication, 5 May 2018).

Anonymous (2018) states that market-led or neoliberal development means trade over aid; companies would need the right incentive to engage in development. Likewise, it could be translated to countries, who's incentive could be international funds. However, the expectation that refugees will evolve into economic actors that are able to give back to the host country could also be regarded an incentive (Anonymous, personal communication, 26 April 2018). Zetter (2014) argues that refugees as economic actors should be at the core of a market-led development praxis. For it to materialize it needs to see the displaced persons as agents of their own economic well-being, not as dependent victims, and would frame necessary interventions around securing livelihoods. This would build foundation for increasing resilience and make them economic actors engaged in sustainable and self-reliant development (Zetter, 2014).

#### **6.4.4 The institutional framework**

*“Uganda’s Self-Reliance Strategy has played an important role in enabling these economic structures to emerge in the refugee settlements, particularly by allowing refugees to work and to move relatively freely.” (Betts et al. 2017)*

Kapadia (2018) claims that the biggest challenge for the private sector is the refugee system as it is today (S. Kapadia, personal communication, 5 May 2018). This section therefore raises the issue of why and how the private sector could get engaged in the discussion on refugee regime, by addressing rights and policies.

##### *Access to rights*

Rights are perhaps the most important vehicle for the displaced for many reasons, most significantly in order to gain protection, livelihood and justice. Access to rights and the ability to enjoy them in host communities influences livelihood security and overall well-being of refugees. Displaced people therefore engage in a range of strategies to access rights and expand their individual freedoms (Kibreab, 2008). Supporting this would not only mean new opportunities for refugees, but also open new modes of private sector engagement such as employment (Boyer and DuPont, 2016).

Zetter and Ruaudel (2016) showcase that the institutional framework does not withhold refugees from economic activity. They argue that the economic lives of refugees are not necessarily more developed in countries like Uganda, than those of refugees in countries who make it illegal for refugees to work. Regardless of the host country welcoming refugees into their labor markets or not, the informal labor markets are the most significant. Zetter and Ruaudel researched refugee's right to work and their access to labor markets in 20 different countries, which are hosting 70% of the world's refugees. They find that the majority of refugees work in the informal sector, which could be due to the economic state of the host countries, which have fragile and problematic economies and extensive informal labor markets (Zetter & Ruaudel 2016). Their findings solidify that refugees are able to make most out of opportunities even in constraining contexts.

However, Crawford et al. (2015) argue that policy needs to take steps in the direction of making markets also legally available to displaced people, such as providing rights of freedom of movement, residency and especially working rights (Crawford et al, 2015). They elaborate that the wider institutional framework of the host community, such as the refugee policy framework, determines the degree of legal integration possible, and in that sense, the attainable livelihoods opportunities. More livelihoods opportunities would accommodate de facto local integration. Crawford et al. also stress this work needs to be addresses parallelly to the economic and resource related capacity constraints faced by host countries (Crawford et al, 2015).

Kapadia (2018) solidifies the refugee crisis as a political issue that needs a political resolution to primarily conflict and war. Unfortunately, the willingness to create political resolution has not been borne out by the global leaders. She continues that the private sector has a role to play in that by alleviating some of the suffering the displaced people are going through (S. Kapadia, personal communication, 5 May 2018).

### *The voice of the private sector*

Betts et al. (2017) point out the widely-documented role of the private sector in terms of advancements within global issues such as environment and health. The private sector has demonstrated its ability to positively impact global issues on different levels, such as negotiations, agenda-setting, legislation, monitoring and enforcement. Modes of engagement

include lobbying, voluntary codes of conduct, public-private partnerships and innovation. Currently, there is no research that directly assesses the ability of the private sector in impacting forced migration policies, but its successful role elsewhere is a promising outlook for advocacy on this issue as well (Betts et al, 2017).

Huang (2017) argues that the private sector holds high credibility and value within host governments and the international community. The voice of the private sector counts, not only due to its contributions for local, national and global economies, but for their expertise and experience. When loud and persistent enough, this voice can bring attention to the barriers between them and the refugees, and potentially liberate refugee policies, such as easier access to working permits (Huang, 2017).

Moreover, multinational companies hold an important position globally as market leaders, innovators and drivers of growth and change. They have the capacity to influence policy, create new solutions and stimulate economic development. For example, they have the potential to influence the economic inclusion of refugees within host communities. They can incentivize competing businesses to follow suit, not to mention collaborate with host governments to address barriers and challenges, and accommodate a business environment that allows for greater integration of refugees. Likewise, market leaders on global or national markets have a unique position to engage with refugees by testing and innovating different modes for engagement, for example by interacting with refugees through their extensive supply chains (Huang, 2017).

### *Global commitments and frameworks*

Whichever role the private sector takes, it will inevitably be partially dictated by the global institutional framework on refugee issues. As outlined in section 2.2, The UN New York Declaration for Refugees and Migrants (NYD), the Global Compact on Refugees (CGR) and the Comprehensive Refugee Response Framework (CRRF) will determine the future regime of global refugee response. It therefore important to raise the question of where the private sector stands within these commitments, and which implications this has?

One of the key strengths of the NYD is its acknowledgment of the potential of the human capital in refugees, in terms of skills and capacities that are critical for self-reliance and

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sustainable long-term solutions. By empowering refugees to enable their skills, they are given the tools to contribute to their own well-being, as well as the well-being and development of their host communities; *“When refugees gain access to education and labor markets, they can build their skills and become self-reliant, contributing to local economies and fueling the development of the communities hosting them.”* (UNGA, 2016).

Through this reaffirmation of refugees as active participants, and not just beneficiaries, the NYD positions the economic dimension as an integral part of durable solutions; *“The Declaration recognizes that when refugees are given the chance, they can support themselves and their families, and make positive contributions to the communities hosting them. In this virtuous cycle, refugees and host communities mutually empower each other, socially and economically.”*(UNGA, 2016).

The NYD furthermore acknowledges that the private sector engagement is one of the key tools for improving current refugee response, envisioned through diverse forms of innovation and investments (UNHCR, 2018a). Both in the NYD and CRRF, the private sector is considered a crucial source of much needed funding, but also an important key for resilience and self-reliance for both refugees and their hosts.

The CRRF puts priority to providing livelihood opportunities and access to labor markets for refugees through a development led approach that gives refugees access to rights and local communities. This includes; integrating refugees into national and local development plans, investing in resilience of both refugees and local communities, supporting local service provision in host communities, and engaging authorities, civil society, and the private sector. Likewise, host communities need to be assisted and strengthened to successfully integrate refugees, *“...for example, with employment creation and income generation schemes.”* (UNHCR, 2018b).

Uganda has been one of the main testing grounds for the CRRF. Gouby (2017) present the shadow side of Uganda’s exemplary model of open refugee policies. It is not the model itself that is problematic, but the lack of adequate resources to implement it in a way that creates sustainable solutions for both refugees and host communities. Uganda, being one of the poorest countries in the world, with a highly corrupt political leadership, is dependent on external funding to respond to its large refugee influx. The country has unfortunately failed

to receive enough funds, resulting in scarcity of resources for both refugees and the impoverished hosts. The consequences of this have started to manifest through tensions between the two groups (Gouby, 2017). Gouby (2017) exemplifies that even the most promising model of local integration needs more than just policies.

The GCR, on the other hand, goes a long way to recognize the significance of economic development for both refugees and their hosts, and thus sets a foundation for private sector engagement. Primarily, it sets socio-economic conditions of refugees and their host communities as one of the key success factors for the compact. It furthermore focuses on two aspect of private sector engagement; the first being job creation in refugee-hosting areas and the second being public-private partnerships for greater private sector investments in refugee-hosting areas (UNHCR, 2018c).

Public-private partnerships as envisioned in the GCR, are aimed at generating commercially sustainable investment environments in refugee hosting areas. Financial and commercial businesses and instruments are to be given greater opportunity for engagement and investment through innovative arrangements and conditions. In addition to creation of new jobs, venture and infrastructure investments could yield benefits for the development of host communities (UNHCR, 2018c).

However, the GCR also pinpoints that potential obstacles for private sector engagement need to be addressed, including policies and laws. Furthermore, accommodating measures also need to focus on de-risking arrangements for investments, and ensuring priority on commercial investments that serve the public interest (UNHCR, 2018c).

The compact's take on private sector engagement is a definite step in the right direction, however, there are a few weaknesses to its approach. Gordon (2018) reveals critical gaps in the proposed solutions to integrating refugees in the global economy as stated in the draft version of the GCR states that refugees should be employed in global value chains "where practicable", meaning production lower in the supply chains. It also suggests temporary labor migration as a part of a "fourth durable solutions", when no other solutions are available. Gordon questions whether it is wise to encourage the shift to low-wage labor migration, as it is likely to cause tension and competition with already marginalized ordinary labor migrants. Such an approach would put both groups at greater risk of exploitation,

especially refugees due to their already high vulnerability. Gordon (2018) argues that the GCR needs include basic labor rights ensuring equal treatment of refugees alongside other employees.

Overall, the somewhat ambiguous global commitments strengthen the case for a sound analysis of the many ways the private sector could get engaged to provide more durable solutions for forcibly displaced people.

## 7. Discussion

This section seeks to combine the diverse results into one understanding of private sector engagement. By applying the proposed model from section 4, I will discuss how the private sector can contribute in terms of the refugee, the host community, the institutional framework and the market, in order to generate durable solutions for refugees.

I will first address the refugee by applying the capabilities approach, to set a foundation for the rest of the discussion. After all, the refugee lies at the core of any solution. More specifically I will go deeper into how the private sector can understand and facilitate the refugees' ability to engage in economic activity and generate utility in form of employment, income, trade, entrepreneurship etc., and ultimately self-reliance. The discussion on the refugees will be linked with the institutional framework, to untangle the interconnectedness between refugee's capabilities and the external factors they face.

Furthermore, I will focus on the development approach to outline how the private sector can create durable solutions for both refugees and the host community. This will also mean looking closer at the interaction between refugees and their hosts, and the implications it has for design of solutions.

The final step will be to evaluate how the private sector can use the market to help refugees integrate locally. The market, as place of interaction between refugees, hosts, governments, developing agents and the private sector, is a platform where all factors comprise into day to day living within refugee hosting countries.

### 7.1 The refugee

For a long time a common idea has dominated; refugees have been viewed as “aid recipients” or “beneficiaries”, seemingly unable to fully realize immaterial resources given to them. The diverse population of refugees has been victim of generalization assuming that similar constraints of skills, language and education apply to them all. Mitroff is right to claim that the existential aspects are often overlooked and under prioritized. In the case of refugees, their capabilities and humanity have been sidelined for far too long.

Early lessons from the Jordan Compact emphasize the importance of listening to the needs and concerns of refugees. The Compact was designed to align with present market needs for labor, which in the case of Jordan primarily means low skilled labor alongside migrant workers. This approach shows the same tendencies as many of the livelihoods interventions criticized by researchers for confining refugees into specific categories of the work force; low skills, handicraft and agriculture. The problem with such approaches is that they suppress the potential of refugees, their capabilities, creativity and ability to fully contribute to host economies.

It cannot be stressed enough that the capabilities of refugees are an active part of durable solutions. Firstly, their internal capabilities, that make them equally deserving, worthy and economically capable human beings. Secondly, the external environment, which may or may not enable them to realize their internal capabilities.

According to Sen's basic ideas on capabilities, refugees in countries that don't permit them to work are deprived of critical external factors needed to utilize their internal capabilities to get a job and begin a path to self-reliance. Hence, the capability for employment as a refugee requires a right to work legally, meaning access to a work permit, but also factors such as language skills, and in some cases additional training or education.

As suggested by Wolff and De-Shalit, refugee's disadvantages seem to appear in clusters. Using their approach, we can identify the corrosive disadvantage of the refugee. On the basis of the results presented in the previous segment, the lack of rights and a turbulent host country economy can be highlighted as the biggest obstacles for refugee integration. However, according to Wolff and De-Shalit, corrosive disadvantages can be turned into fertile functionings. This means that access to rights and attentiveness to economic development of the host nation could facilitate more functionings for refugees.

However, based on the capabilities approach, it could be argued that refugees would not benefit from neither freedoms or rights unless they have adequate "utilization functions"; abilities to convert their given resources into livelihood or self-reliance. Contrary to these common assumptions and the theory of capabilities approach, the results section

demonstrates that the absence of rights does not put a stop on the economic activity of displaced persons. They engage in a range of strategies to access informal rights and expand their individual freedoms in order to ensure self-reliance. Despite rights being perhaps the most important vehicle for durable solutions for displaced people for many reasons, refugees seem to have the ability to make the most of very little, e.g. with limited rights.

The categorization of internal capabilities and the external environment allows for greater understanding of what exactly “enables” refugees. As results indicate, constraints in the external environment is not enough to keep the refugees from attempting to advance their quality of life. It seems that their internal capabilities are strong enough to outweigh the disabilities posed on them by the external environment.

We can thereby argue that refugees have remarkable personal utilization functions. They have a wider set of capabilities than previously assumed, meaning that they can realize more well-being on their own than common ideas suggest. Their overall presence in the informal economy, regardless of the policies of their host country, is proof of their ability to overcome legal and practical constraints when it comes to employment. One also has to shed light on their drive and perseverance to find alternate solutions when faced with a limitation of resources, e.g. legal frameworks.

It could be argued that the nature of forced displacement possibly enhances the capabilities of refugees. Constantly changing contexts with new environments, markets and social networks bring with them flexibility and adaptability. The dire state of refugeehood, with limited rights, limited access to humanitarian assistance and sustained uncertainty of the future, brings about an inherent need for self-sufficiency. The ability to attain self-sufficiency seems to be comprised of several dimensions, which grow and expand throughout the course of displacement; such as urgency, adaptability, drive, capabilities.

Following this, it might be useful to understand what drives the refugee’s utilization functions to this extent. As some researchers indicate, refugees act out of urgency and lack of other options. Werker (2007) points out that the more humanitarian aid is available, the less economic activity prevails within a refugee camp. This can be interpreted in two ways; urgency unleashes the economic abilities of refugees, or that living the notion of a “aid recipient” manifests itself within each individual as a self-fulfilling prophecy. We can only

speculate of the true fuel behind the capabilities of refugees, whether they are survival instincts or hard-earned lessons of displacement. However, we can conclude that the internal capabilities of refugees pose an opportunity for private sector engagement.

The private sector could help advance the capabilities of refugees in two ways; by helping them develop their internal capabilities and by facilitating a better external environment;

The private sector holds substantial expertise in terms of making the best out of human resources, therefore contributions to refugee response have great potential once the refugees are viewed as more than aid recipients, but rather as employees, customers, producers, investors or entrepreneurs (Huang, 2017). Business will need to empower refugees to help themselves, looking beyond the stereotype of refugees as beneficiaries, but rather people with skills, talent and capabilities.

The private sector can directly and indirectly enable refugees to use and grow their capabilities. For example, by offering training, language classes, skills development and internships. Indirectly they can through microcredit, technological connectivity and business incubation, essentially giving refugees the resources to develop themselves. Ultimately, companies can facilitate long-term capability expansion with the aim of permanent employment or business development.

Furthermore, the private sector could enable fertile functions by addressing the institutional framework faced by the refugees. Research shows strong indications of the power of adequate access to rights. When given the right platforms, refugees gradually expand their capabilities to their own benefit and the benefit of their host societies. By promoting access to basic human rights, the private sector could enable functionings that bring about other capabilities. This would generate utility and wellbeing of the refugees by giving greater protection and justice, as well as enable them to contribute to host societies and better coexist with their host communities.

The MasterCard case exemplifies how the private sector can empower refugees directly: Providing products and services that not just meet the most pressing needs, but also function as tools to incapacitate refugees to meet other needs. By prioritizing financial inclusion, MasterCard functions as a provider of primary financial and digital tools, that function as a

stepping stone for refugees into further economic and financial opportunities. For example, through access to microfinance or safe management of incoming remittances. By providing versatile and scalable tools, MasterCard also empowers refugees indirectly when other companies or organizations apply their tools in their own solutions and products.

Nonetheless, Zetter (2016) confirms that not even countries with accommodating policies hinder refugees from ending up in informal markets. This exposes the refugee population to additional vulnerability, that the private sector can influence in two ways; formal employment of refugees and stabilization of the general economy. Much is in the hands of the employers choosing to prioritize host nationals, or exclude refugees on the assumption that they are not a viable long-term investment, due to repatriation or resettlement, according to Zetter. Without going into detail on the social aspect, it is evident that refugees are discriminated for various reasons. In addition, the macroeconomic conditions need promote the formal economy and minimize informal, exploitative working conditions for all workers. Summed up, the private sector holds much power and responsibility within the economic lives of refugees.

One aspect of helping refugees at an individual level is gaining in-depth knowledge of the economic activities of refugees that would allow for companies to better meet the needs of refugees. The collaboration between MasterCard and Western Union aimed at creating financial inclusion in refugee camps is a great example of that. The two companies conducted research on the ground in order to identify which of the refugee's needs they can meet and how.

## 7.2 The host community

Kuhlman specifies that economic integration of refugees has an impact on both the refugees and the host population. Consequently, one of his main conditions for economic integration is that the economic activity of the hosting community should not be affected negatively by the economic integration of refugees. As long as the hosts feel that their own livelihood opportunities are threatened by the presence of refugees, it will be hard to push for inclusive employment and refugee friendly policies.

As Kapadia (2018) rightfully points out, refugee assistance can widen the disparities in the local community, and create tensions from the side of impoverished locals who might also be in need of humanitarian aid. A development-focused approach would enable a simultaneous response to the needs of both displaced and host communities. Primarily by mitigating negative impacts of displacement on host communities and maximizing the developmental opportunities of the host community and the displaced alike. The private sector would put economic development at the core of its business model, opting for sustainable solutions that enrich, not deprive communities.

MasterCard's Smart Communities Coalition is a good example of a development led approach that can solve the needs of both refugee and host populations. The Coalition's focus on connectivity, digital tools and energy amount to products and services that can easily be scaled for the whole community. For example, access to internet and sustainable energy could function as public goods providing equal opportunities for both refugees and hosts.

Smart Communities and MasterCard's digital banking initiative with Western Union show that induction of development of the host communities requires a broad socio-economic perspective. By designing products and services that can serve the community as a whole, MasterCard contributes to equalize the differences between the locals and the refugees. It proves that more systematic, targeted interaction between the private sector and displaced populations could, fill in gaps for both basic and advanced needs, enhance the productive capacity and generate more innovation in the host economy as a whole. In order to achieve such targeted engagement, policies and programmes need to be established in the intersection of the government, development actors and the private sector, such as the Coalition members.

On another note, recent research stresses the non-economic aspects of integration and self-reliance. According to Kuhlman, the non-economic dimension can consist of objective and subjective factors, which are interconnected. The objective factors have already been discussed in terms of host country policies. The subjective factors however, refer to the personal feelings and relations of refugees and their host nationals. Kuhlman's categorization coincides with Mitroff's interpersonal dimension and indicates that we cannot put aside the

personal aspect of either the refugee population or their host community if we aim to generate successful economic integration.

The example of Serbia shows how host populations grow negative attitudes towards refugee employment, feeling they as host nationals should be prioritized in an economy that does not have enough employment opportunities for all. This indicates that Mitroff's interpersonal dimension is overlooked. It tends to be neglected in developing host countries that do not have the means to address the tensions between refugees and the host nationals. As mentioned before, this is a major challenge in developing host countries, that most often, prior to hosting refugees, already had limited economic opportunities. Ultimately, this means that there are no shortcuts, hiring refugees will leave host nationals unemployed. The private sector cannot create durable solutions unless it helps the whole community.

Furthermore, the tensions present in Serbia is an example of subjective factors that comprise the foundation for social coexistence, that transcends to objective factors like the economic and political interaction between host and refugee. How the two sides subjectively experience one another will ultimately manifest itself in all aspects of society. Discrimination of refugees in terms of employment is an example of that. Co-existence between refugees and hosts depends on tolerance and acceptance of each other. Which in turn largely depends on how host nationals feel about their own situation post arrival of refugees. Whether they feel that their conditions have worsened or not will have a great impact on their willingness to help integrate refugees into their societies. Even the mere threat or possibility of their conditions worsening, for example by refugees entering the job market, is enough to create tension.

The private sector can deal with these issues from several angles. First of all, it strengthens the argument for development-led approaches that seek to mitigate the negative effects of refugee influx, and generate positive outcomes also for the host community. The private sector can contribute directly to the social dimension within economies by facilitating the interaction between refugees and hosts and welcoming refugees into the society through employment. As proposed by Mitroff (1998), this involves an emphasis on the existential side of each refugee, as a human with dignity and worth. In practice, individual companies need to consider the social dimension in processes of hiring, training, at the workplace, sale and purchase from refugees. The private sector can help refugees adapt to their host culture,

while allowing them the right to keep some of their own identity and cultural belonging. This entails that companies are open to some degree of cultural and societal change resulting from the participation of new country members.

Nevertheless, the private sector cannot succeed on its own, as there are several economic, non-economic and social factors that need to be accounted for. Some of these factors could be managed more effectively by experienced humanitarian and development actors, while others require a multi-stakeholder approach. However, one cannot disregard the challenges when it comes to integrating businesses into the traditional refugee response systems. As MasterCard has experienced, the interplay within the sector and between development organizations is somewhat competitive. Additionally, the private sector is yet to be regarded as a fellow humanitarian and solutions provider. This entails that there is extensive work to be done in terms of perceptions and openness to change. Luckily, the private sector can leverage particular capabilities which do not exist within the humanitarian and development sector. By bringing something new to the table, that complements the existing gaps and challenges, the private sector can win ground amongst other actors in the refugee response system.

### 7.3 The market

As previously discussed, the social aspect of the economic dimension implies interaction between different agents. The nature of interaction between refugees and their hosts is a determining factor for the success of durable solutions; the two parties should have access to the same kind of economic opportunities. Otherwise, tensions will grow between the groups that can manifest themselves in social and political ways, through discrimination and policy change. Interventions therefore need to provide integrated solutions for refugees and their hosts. These complex economic, political and social aspects are critical for a well-functioning market where refugees and hosts can be served side by side. This exemplifies the need to do ground work in terms of the needs of the host community, as a prerequisite for market solutions.

MasterCard and their initiatives demonstrate how an integrated approach can provide market based solutions for both refugees and their host society:

MasterCard's and Western Union's market based intervention for digital payments portrays understanding of the needs of the communities. By doing research on site, the two companies unraveled the needs present and detected opportunities for engagement: digital banking infrastructure that leverages the strengths of both companies to meet the need for digital payments. Their approach has furthermore two strong aspects. The first one being the long-term perspective of integrate refugees into the formal financial and banking system. The second one being promotion of self-reliance of both refugees and host communities. The adaptability and scalability of the product helps advance the economic system and bring both refugees and hosts on a path of economic advancement. A multipurpose tool that can be applied by humanitarian actors and other business sectors multiplies the opportunities present.

The Smart Communities Coalition is an example of public-private partnership that can be described as a multi-needs development approach. Innovating for the bottom of the pyramid means listening to their needs and aspirations. It seeks to fill a broad set of interconnected gaps in the community as a whole. For example, the gap between safety and connectivity through digital tools and more reliable access to energy. A key element to the Coalition's approach, is collaboration across sectors and business areas. Companies and organizations alike work together to complement each other's weaknesses and strengths, in order to generate strong and durable solutions.

A unique aspect of MasterCard's approach is that they alongside their partners have conducted their own research within refugee settlements and communities. This firsthand knowledge has enabled them to establish direct contact with the population and the market. The outcome is comprehensive understanding of the needs from the perspective of the end user, not the perspective of humanitarian and development actors.

It is also important to note MasterCard's core strengths as a company and organization. Its ability to leverage its core business activities through innovation and adaptability, allows it to explore new opportunities and markets. Also, MasterCard uniquely aspires to develop its business model in a way that allows it to address comprehensive economic and developmental issues. Additionally, the support and encouragement from the company's leaders allows MasterCard to act in an independent and progressive way.

The state of the economies of refugee hosting nations pose several challenges for durable solutions for refugees. Large informal sectors in combination with high unemployment rates warn of economies in distress. Economies with underutilized market opportunities and unmet needs. Hosting refugees adds additional strain to these economies, especially on resources, public goods and labor markets. Design of intervention needs to take into account such interconnected factors. First and foremost, by addressing market failures and imperfections, and advocating for micro- and macro-economic changes.

Nevertheless, the private sector needs to manage the risks associated with of engaging and investing in refugee hosting countries. For example, the GCR indicates several ideas for risk related instruments and tools. It is necessary for the private sector to gain deeper understanding of mitigation mechanisms and get involved in the brainstorming and development process at national and international level. Initiatives such as the Smart Communities Coalition offer fertile grounds for knowledge sharing and discussions on these matters.

The political environment of host nations poses a different set of challenges. Institutional frameworks built to keep refugees isolated and marginalized without basic human rights hinder progress for both the refugees and the host population. Nonetheless, as lack of rights does not keep refugees from engaging in economic activity, and thus rather contributes to the growth of the informal economy. The case of Serbia, and recent findings from Uganda, also prove to show that access to rights and de jure local integration alone cannot generate durable solutions. It can be argued that the economic aspect of local integration needs to be facilitated by institutional frameworks that seek to include refugees in host societies.

As ESG (2016) points out, the long-term political and economic challenges of host countries can bring great opportunities for transformative business investment and improvement of host-country conditions. Jordan is a great example of the potential for impact, where the private sector has substantial weight to address resource constraints and the macroeconomic situation and. For example, the country's dependency on energy imports could be reduced by making use of the country's solar power potential, which in turn could provide opportunities for business development and employment. This demonstrates the need to look for long-term opportunities and solutions within the scope of forced displacement, especially from the standpoint of the private sector. Arguably, the private sector is the most, if not the most,

able actor in a host country to make impact on how resources are allocated and used, and generating better macroeconomic conditions for the society as a whole.

## 7.4 The institutional framework

The fact that refugees are deprived of some of the most basic human rights such as freedom to move and work is the pitfall of the global refugee regime. Global commitments have long simply failed to realize the full potential of refugees as human beings. Expanding the idea of the refugee beyond the aid recipient helps rebuild their worth as functional, capable human beings. It means acknowledging their potential and abilities, welcoming them into the society as contributors and not burdens. One can argue that this brings some dignity back into a rather undignified life stripped of rights, protection and security.

The draft of the Global Compact for Refugees confirms that the international community is far from recognizing the full potential of refugees as economic actors and their relation with the private sector. The paradox of both NYD, CRRF and GCR is that they recognize the economic capabilities of refugees, but fail to propose solutions that allow them to fully materialize themselves as independent economic actors. Including the fact that refugees are an integral part of the private sector, which offers a fertile ground for the market based development approaches.

According to Mitroff, the technical dimension bears the status of over-prioritization in any complex problem solving. Paradoxically, refugees are yet to receive much needed prioritization within the technical field of politics and policies. As discussed, local integration as a sustainable solution depends on the right institutional framework, alongside macro and micro economic interventions. Unfortunately, host countries and the international community seem to overlook the technical dimension, aiming to exclude the refugee population until their return or resettlement to a third country.

However, rights are not just critical for the refugees, as discussed in section 7.1, the rights of refugees also determining for the private sector. Before refugees are legally recognized as economic actors with a right to work in their host country, the private sector cannot engage in a sustainable way. In order to engage in a truly impactful way, the private sector needs to

stand up for the refugees, recognize their capabilities and support their fight for basic human rights.

As suggested by Huang (2017), businesses have a loud voice that can be impactful when used for policy and rights advocacy. This would entail that business embrace a corporate responsibility that seeks to shed light and create positive change. It is necessary to focus on the role of the private sector as policy influencer. Large companies are of high importance for host governments. As businesses continue to explore inclusion of refugees we might witness the rise of the private sector voice on matters such as right to work, work permit processes, rights to property, freedom of movement and access to financial services.

Private sector entities engaged or looking to engage with refugees seem to have a perception of refugees as economic actors that is aligned with research. This indicates that the xenophobic political stamps that refugees have received, as being burdens and dependent on aid, are fueled by agendas that do not coincide with real life. The fact that the private sector sees through the misleading agendas provides a very promising entry point for a paradigm shift in the global refugee regime.

Overall, the private sector seems to be held back by traditional ideas of the role of business as merely a profit generating actor, much like refugees have been held back by disbeliefs in their abilities as independent economic actors. This could be due to the controversial nature of refugee work, either related to restrictive policies or high unemployment among host nationals in host countries. The results, however, argue differently. It seems that the mentality of the international community and the corresponding humanitarian and development agencies, is the biggest hurdle.

Uganda's lack of financial resources to implement its refugee policies and the CRRF proves that also the private sector neglects its own potential to make an impact. Uganda, as one of the most progressive refugee policies, has a vacuum of investment and resources needed that is overlooked by potential donors and investors. It proves to show that the private sector has much to learn about the current state of the global refugee regime, and lacks the overview of what could be fertile grounds for the private sector engagement.

Overall, the NYD, CRRF and CGR identify important aspects of the economic lives of refugees and their hosts, but seem to fall short in understanding the full width of private sector engagement. The biggest gap seems to be lack of acknowledgement of the private sector as a significant counterpart in a multi-sectoral approach, that has the potential to engage in new solution in a proactive way.

The current global commitments to solving refugee issues pose a real concern for the role of the private sector. Despite the focus on the economic dimension through self-reliance and integration in host communities, there is a lack of acknowledgment of the responsibility of the private sector, which can have a devastating effect. Ultimately, it could mean that even though a cure has been discovered, it is not being made available to those who need it; economic activity provides a path to self-sufficiency, but needs a proactive presence of the private sector to fully materialize. This fact needs to be acknowledged and accepted by the international community and the actors within the refugee response system.

## 8. Conclusion

This thesis concludes that there are two persistent paradoxes with regards to global approaches to sustainable solutions; the lack of belief in the economic capacity of the refugee and the impact of the private sector. As migration and forced displacement continues to grow and be an integral part of our existence, the urgency for a paradigm shift is more real than ever.

The circumstances under which the private sector contribute to sustainable local integration of refugees in developing host countries can be comprised into four interconnected entities; the refugee, the host community, the institutional framework and the market.

When it comes to the refugee as an entity on its own, the private sector can help enable and develop their capabilities as economic actors. This entails shredding the ideas of refugees as aid-recipients and pushing for a paradigm that restores their sense of dignity and choice. Furthermore, the private sector should empower refugees with the mandate to rebuilding their lives.

With the refugee at the core, the private sector should orient itself to the surrounding layers comprising of the host community, the institutional framework and the market. Once the immediate needs of the refugees are met, the needs of the locals need to be prioritized on the same level as the refugees. Essentially, the relationship between the two entities needs to be nurtured. The quality of the relationship between will make or break any efforts to create sustainable solutions. However, the private sector cannot stand alone in this, and needs to adopt a development approach vis-a-vis fellow humanitarian and development actors and governments.

The private sector needs to engage in policy advocacy to facilitate an institutional framework that welcomes, not hinders, the participation and integration of refugees in the host countries. This is the foundation of the interaction between refugees and the private sector. It is utmost critical for both entities that refugees are legally enabled to become economic contributors to their host societies. Furthermore, the private sector needs to make its voice heard by the global leaders with the aims of further integrating its role into global institutional frameworks and commitments. Better yet, it can become a global voice of its own, pushing for greater international commitment and responsibility sharing for refugees.

On its home turf, the market, the private sector should seek to build inclusive economic opportunities. It can leverage its core competencies and business models to solve problems at the level of the individuals, the local communities and the nations. Most notably, it can seek points of interaction at different levels that can serve as catalysts for growth and development of host countries.

The findings of this thesis could have several major implications. First and foremost, on the account of refugees' undeniable participation in the economy, they solidify the need for the private sector to take an active role in generating sustainable solutions for refugees. Secondly, the findings provide the private sector with a systematic understanding of what constitutes a sustainable solution in refugee hosting countries. This can allow the private sector to emerge in a variety of strategies that take into account the four components of the refugee, the host community, the institutional framework and the market, and their effects on one another.

Ultimately, the thesis pinpoints that the private sector needs to get engaged on all levels, ranging from the individual refugee, to communities, organizations and international institutions. Most of all, it urges the private sector to rise up as humanitarian and as a fellow human being. The private sector, and its counterparts in the refugee response system, need to leverage its uniquely impactful position to bury the notions of the refugee as a burden, and realize the refugee as an economic opportunity.

## 8.1 Limitations

Several limitations to this thesis are identified and discussed in this section. Some of these limitations make up the foundation for further research, as will be presented in the section that follows.

The main limitation of this thesis is its width. By seeking a comprehensive understanding of the topic, the thesis can be said to have a superficial approach that provides a general overview with glimpses into specific examples. It cannot be disregarded that the four key pillars of the thesis; the refugee, the host community, the institutional framework and the market, are all extensive and complex dimensions that require further research. We can also raise the question of whether any of these dimensions are more important than others. For example whether the profitability of the private sector deserves more attention in this context, or if the human rights of refugees preside above everything.

Another important limitation is the research approach, particularly data collection. The dependency on secondary sources contrary to first hand sources means that the data is highly varied and fragmented. The data required some level of adaptation to the scope of the thesis, which entails a risk of losing key information and reproducing biased information. My original approach was to conduct case studies of leading private sector initiatives, collecting the data through interviews. Unfortunately, establishing contact with companies, in particular the right resource persons, proved to be difficult. Consequently, the collection of first hand data was constrained. The relatively limited direct interaction with the private sector therefore impacts the depth of understanding that can be achieved in the analysis.

It is also necessary to note that the interviewees in this thesis, despite having some experience in the field, still have a certain distance to refugee's lives in developing countries. This has implications for how they perceive the context of refugees and how the private sector can engage with them. Ultimately, there is a great deal of information lost and altered between the refugees in question and the agents representing them.

At the whole, it could be discussed whether the thesis takes on a too optimistic approach. The complexity of the global refugee regime has not seen much change for decades. It has been weighed down by the struggle to attain global commitment and accountability on the account of nations sovereignty. At the same time we have observed refugee friendly closing down, as exemplified by the growing xenophobia in certain European countries. Nonetheless,

this thesis builds on the assumption that the global community will continue to move in the right direction - fighting for universal protection of refugees and greater global responsibility sharing. The many challenges along the way need to be carefully considered and evaluated.

Furthermore, there are limitations to the assumption that local integration in developing host countries is the most viable option for the majority of refugees. While based on facts of the status quo, the assumption does not reflect the implications of the new refugee paradigm it advocates for. Local integration requires extensive global efforts in terms of protection, policy, responsibility sharing and multi-sectoral collaboration. Ultimately, the effects of such efforts could make the other durable options, meaning resettlement and repatriation more plausible. For example, greater responsibility sharing amongst nations entails that resource rich countries embrace a larger share of the world's refugees, relieving some of the pressure on the largest refugee hosting nations. Needless to say, while positive, this development would need to be taken into account when discussing the notion of durable solutions.

Furthermore, the term developing country, as applied in this thesis to reflect the state of top refugee hosting nations, is at risk of generating a 'one size fits all' solution. Implying that local integration is achievable within all developing host countries is misleading. Let alone the assumption that the private sector can operate within all developing countries. Crawley (2017) points to conflicts and crimes against humanity within certain refugee hosting nations, such as Islamic Republic of Iran, Chad and Sudan. These factors could make it difficult to support local integration from an ethical perspective, if this solutions exposes the refugee population to more human rights abuses and traumas. Likewise, extensive corruption and political instability could make it extremely difficult for the private sector to get engaged in refugee crises.

## 8.2 Further reserach

Based on the theoretical foundation established by this thesis, it is possible to continue with a wide range of research. As concluded, this thesis primarily contributes by proposing theories and interconnection between critical factors for sustainable solutions for refugees. These factors and the connections between them need to be further examined. It is necessary to go in depth to understand the underlying mechanisms, current practices and potential future practices that can emerge from new knowledge. Priority should be put on each of the four key pillars of the proposed model, to gain deeper understanding of the mechanisms that are present.

Further research could be conducted from several perspectives; the perspective of the refugees, the host countries/governments, the host communities, and the private sector itself. It can be done at a individual level, organization level, a community level, a national level, and comparing within and between these. The next paragraphs seeks to propose different paths for further research and discuss their implications.

The starting point of this thesis was the private, with aims of comparing several corporate approaches and detecting different modes of engagement. My initial research phase showed rather limited understanding of the potential role of the private sector, reflecting lack of knowledge of the underlying issues in displacement crisis. Apart from Huang's (2017) contributions, much of the discussion on the private sector was centered on ad hoc approaches. Consequently, there was considerable lack of literature and research complicating the design of a private sector case study approach. By taking on a wider spectrum, the thesis helps establish theoretical ideas that can now be fertile grounds for a more comprehensive assessment of ongoing private sector engagement. Further research could thereby build on the understanding presented in thesis to detect gaps and opportunities in present corporate efforts within refugee issues.

Private sector case studies would need to take on a variety of forms, researching different types of companies at different levels. For example differences between small, medium and big companies, as well as entrepreneurship. Not to mention assessing the impact local community based companies can have contrary to national or transnational corporations. Furthermore, it would be necessary to gain a greater understanding of refugee run companies, and what their role is in host country economies.

In the case of local integration, research could for example focus on how the private sector operates in local communities; how it functions in relations to both the refugee and the host community, and whether it contributes to local integration as a sustainable solution. The focus on sustenance of the solution makes it necessary to consider longitudinal studies that follow the subject over time. Furthermore, it would be useful to compare not only different businesses, but also how the engagement differs between host countries.

Nonetheless, greater understanding of the economic lives of refugees is a critical foundation for any further research. The ongoing work of the Refugee Economies research programme is an important platform for deeper investigation on the perspective of the refugee. It could however benefit from incorporating a wider understanding of the potential role of the private sector. This would enable the refugees view of the private sector to come through more clearly. How refugees take part in and engage with the private sector will ultimately evolve with the role of the private sector. Therefore it might be useful to follow the development of refugee populations alongside the efforts of the private sector.

Another aspect is understanding the relation between the refugee population and the host community on economic, political and social terms. Research has already established how the refugees pose a threat to hosts by limiting already scarce opportunities for livelihoods. Further research on the host community should be focused on understanding which conditions, in the eyes of the hosts, need to be present for this threat to be turned into an opportunity for both parties. And which circumstances will enable the host community to embrace and contribute to refugee integration and coexists with them economically.

The combined understanding of the needs of the refugee and the host community is an important foundation for design of development schemes in host countries. However, research also needs to assess the role of the private sector in such schemes, for example by looking into public-private partnerships. In this respect it would be necessary to gain a better understanding of the perspectives of humanitarian and development actors; how they view the role of the private sector and how collaboration can best be configured.

There already exists a great deal of research on the impact of refugees on host countries and their economies. I however suggest that this line of research could take a more proactive approach to assess the role of the private sector beyond just absorbing the shock of refugee influx, but how it can react to it in the most productive and resourceful way. This sort of

research would be highly interconnected with the institutional framework and host country development. In particular, it would be interesting to examine how varieties in institutional framework affects the private sectors ability to mitigate negative impacts of refugee influx.

In the longer term, further research can also focus on the role of the private sector for other groups of forcibly displaced people. First and foremost the vast number of Internally Displaced People (IDPs), and the growing number of people displaced for environmental reasons. Regardless of the type of displacement, reestablishment of human life and dignity inevitably involves active participation from the side of the private sector.

Ultimately, this variety of possible further research shows the potential of the topic. This thesis is a promising entry point for a doctors dissertation, that could allow for submersion into several of the aspects outlined above.

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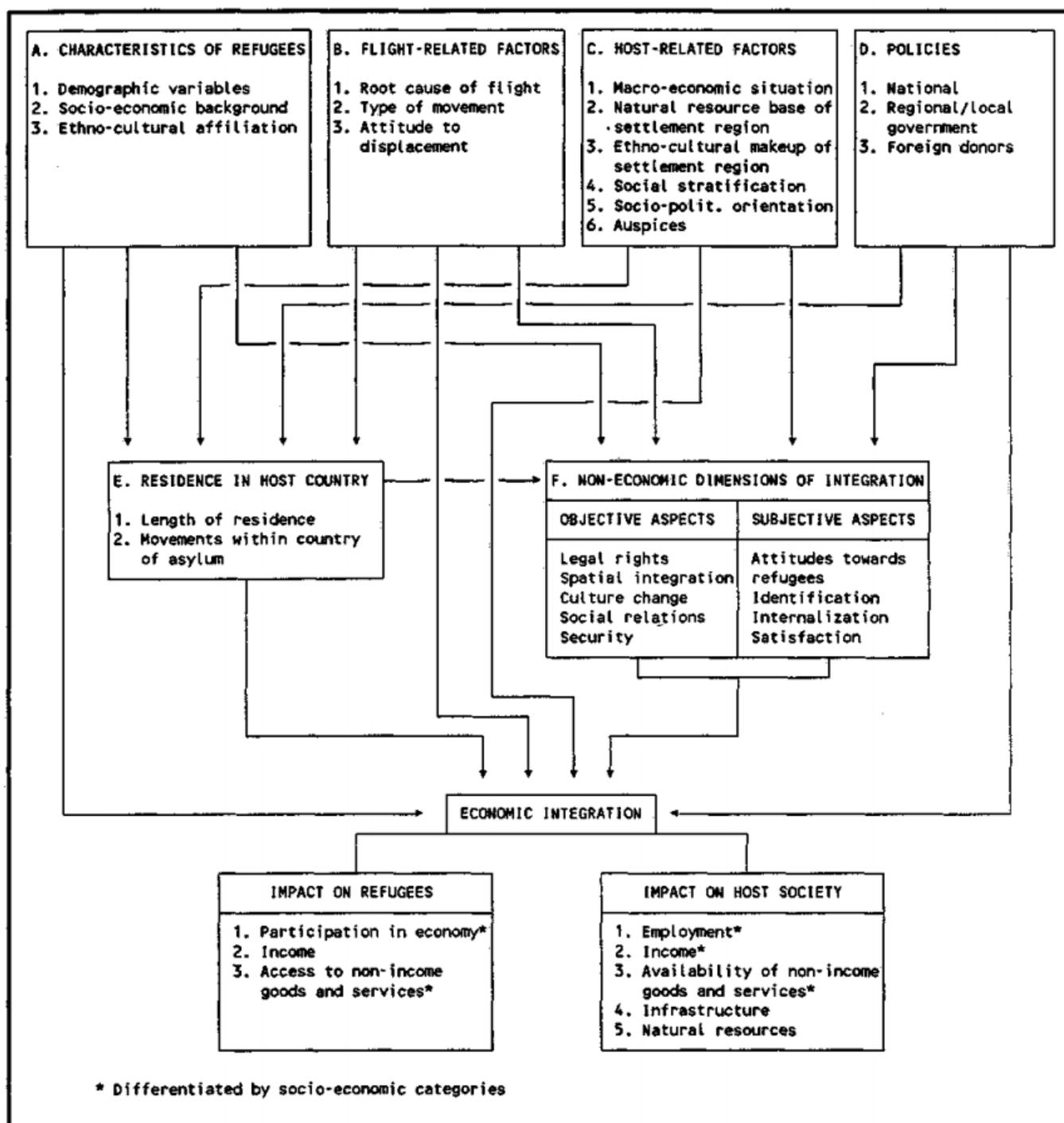
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## 10. Appendix

### Appendix 1: Khulman's original mode (Khulman, 1990)

Figure 6. A model for the economic dimension of refugee integration



## *Appendix 2: Interview Guide*

### **The role of the private sector in creating durable solutions for refugees in developing countries - The case of local integration**

Many refugees end up integrating in their local host communities due to protraction of their displacement and the absence of adequate alternatives - the majority of them in developing countries. Whether de facto or de jure, local integration is the solution most opted for by the refugees themselves. Access to the local community and its economy brings opportunities for livelihoods and a path to self-reliance. What is the potential role of the private sector in facilitating long lasting solutions for refugees on the basis of local integration?

Key questions/themes I would like to touch up on:

- How do you perceive the current global response to refugee crises?
- How do you perceive today's role of the private sector in global refugee issues?
- What are your thoughts on refugees as economic actors/the economic lives of refugees?
- Based on your experience and/or previous research - Where/how can the private sector create the most impact in terms of refugee issues?
- How do you perceive the potential of the private sector in helping provide sustainable solutions for refugees in developing countries?
- How do you consider the potential role of the private sector in host countries with restrictive refugee policies? (eg. encampment and lack of working permit)
- Local integration in developing countries is often a strain on the capacity and resources of the host nation - How can the private sector contribute to overcome such challenges?

- What characterizes global businesses that are engaging in refugee issues in developing countries?
- How can global businesses leverage the characteristics/abilities of refugees in order to facilitate more sustainable solutions for them?
- What is the biggest challenge for businesses seeking to engage with refugees in developing countries?
- How can they work to overcome these challenges?
- How can the private sector ensure sustainability/long-lasting impact of their engagement with and for refugees in developing countries?
- How can the private sector ensure that both refugees and their impoverished host communities grow get equal opportunities for growth?