

## BUSINESS CONSULTATION

# Solutions for Displacement: Towards Business Action

Addressing protracted displacement and preventing displacement situations from becoming protracted require thinking beyond life-saving interventions towards development-oriented solutions that build self-reliance and resilience of displaced persons, communities, service delivery systems and economies.

Trends over the past years point to businesses increasingly moving from purely philanthropy and promotion of responsible business practices to business partnership models implying joint design, financing and implementation of initiatives. This means the roles of businesses have expanded from being donors or service providers to commercial and entrepreneurial actors in responses to disasters or humanitarian crises.

However, businesses have so far mainly addressed short-term life-saving needs of displaced populations rather than provided alternative, durable, community-based solutions for displacement. On the other end of the spectrum, businesses have also participated in more traditional development initiatives and are mobilizing to support the implementation of the Sustainable Development Goals.

The case for more strategic partnerships between ‘solutions for displacement actors’ and companies of all sizes – from small and medium sized enterprises, formal and informal, to large corporations – calls for new, innovative thinking and approaches. The scale and complexity of needs emerging from large influxes of populations into host communities brings opportunities to identify and open up markets, upgrade infrastructure, create jobs and make profits.

Simultaneously, bottlenecks ranging from weaknesses in policy and regulatory frameworks, market failures, restrictions to work imposed on refugees, oversaturated and unskilled labor markets, high levels of informality, unreliable sourcing to simple lack of information have prevented businesses from engaging.

Tackling pressing world challenges is in the mutual interest of public and private actors. The scale, complexity and interconnected nature of the challenge of finding solutions for displacement mean that neither one can tackle them alone. It is therefore important to identify benefits of engaging businesses in solutions for displacement as well as benefits to businesses to engage in solutions for displacement.

## BENEFITS OF ENGAGING BUSINESSES IN SOLUTIONS FOR DISPLACEMENT

*‘Harnessing businesses’ core roles in generating growth, productivity and jobs.’*

- Greater access to products and services that improve the quality of life of displaced populations and host communities through market systems
- Skills upgrading through training, apprenticeships, on-the-job training, etc.
- Opportunities for displaced persons to access job opportunities
- Opportunities for local producers and SMEs to access value chains of more established companies
- Transformative impact of technologies in finding solutions for displacement
- Market driven approaches and solutions to achieve scale and sustain impact of interventions
- New solutions-oriented business and financial models and approaches to achieve solutions for displacement

## BENEFITS TO BUSINESSES IF ENGAGING IN SOLUTIONS FOR DISPLACEMENT

*‘Securing the long-term success of businesses by improving the environment in which businesses operate.’*

- Accessing new producers, consumer and growth markets in displacement contexts
- Gaining knowledge about the long-term needs of displaced persons and host communities as potential consumers and clients
- Achieving shared value – making profit while tackling displacement challenges sustainably
- Increasing value and opportunities for the company and its shareholders in the eyes of more increasingly demanding customers
- Opportunity to innovate, test new products and markets
- Opportunity to increase competitive differentiation
- Mitigating material risks and costs to operate in displacement contexts
- Strengthening relationships and the client portfolio

# A FRAMEWORK FOR BUSINESS ACTION IN SOLUTIONS FOR DISPLACEMENT

There are many ways in which business engagement can be achieved. A practical, simple framework focusing on concrete common challenges and solutions in four inter-connected areas can help jump start collaboration.

## **A) Access to Jobs**

Displaced persons carry with them a multitude of talents, skills and experiences, constituting a great pool of resources. Where displaced persons are wage-employed or self-employed they have the potential to contribute greatly – not only to enhance their dignity by being able to provide for themselves and their families - but also reducing their aid dependence. More importantly, they can also contribute to local economic development as both producers and consumers. However, refugees are often not allowed to work in host countries. Internally displaced persons are often unable to realize their right to work or be self-employed. In such contexts, innovative approaches towards enabling self-reliance interventions can and are being explored, the challenge being to bring these initiatives to scale.

## **B) Integrating SMEs into Value Chains of Larger Companies**

Working with more established, larger companies is considered nowadays as one of the most promising ways to upgrade SMEs in fragile and development contexts. It is now understood that the initial idea of building value chains bottom up is difficult if not impossible to realize in face of the many established global value chains and their coordination by lead firms. Displaced persons also jump-start small and medium (SMEs) enterprises in the formal or informal markets. These incipient SMEs need to be better connected to markets to become viable enterprises. Linking them to value chains of

larger companies will help them access new niche markets, exploit economies of scale, increase volume of transactions and gain technological advances and ultimately also create jobs.

## **C) Skills Updating and Upgrading**

Displaced persons bring skills which may not always be adapted to the needs of companies and lead to long-term employment or self-employment. Experience shows that when displaced persons have the opportunity to update and upgrade their skills by undertaking additional training or education, they are more likely to find suitable and long-term employment matching their skills and qualifications. Refugees in particular face additional challenges related to recognition of their qualifications, training and/or professional experience. Due to recognition problems, high-skilled refugees end up working in low-skilled, temporary or badly paid jobs. This represents a loss for refugees and also host societies and their economies. Skills updating and upgrading is therefore also a way for them to achieve skills recognition in the host countries.

## **D) Products and Services Delivery**

With growing numbers of displaced persons living in towns and cities, there is a need for humanitarian and development actors to rethink the approach to product and service delivery to the urban displaced and their host communities. The sudden arrival and rapid demographic influxes of displaced persons exacerbate vulnerabilities of the already resident urban poor. They cause stresses in often already inadequate water and sanitation, infrastructure, housing, health and education, leading to skyrocketing rental, commodity and service prices. As the urban displaced are often dispersed, tracking, profiling, registering and documenting them with a view to providing such products and services are particularly challenging tasks to accomplish. This context calls for the use of new approach to service provision through national and local systems and/or businesses and market-oriented approaches play a key role.

# KEY QUESTIONS THE BUSINESS CONSULTATION WILL ADDRESS

## ***Making the Business Case***

- Resistance to business engagement exists on both sides – solutions for displacement actors as well as businesses. How can we make better the case for engaging the private sector in solutions for displacement?

## ***Mutual Engagement Benefits***

- What are the benefits of engaging the private sector in solutions for displacement?
- What are the benefits for the private sector in engaging in solutions for displacement?
- What are the existing country/sector examples of private sector engagement in solutions for displacement?
- Which approaches and models could be adapted and replicated from other contexts?

## ***Operational, Result-Oriented Collaboration***

- How can we creatively overcome obstacles to the right to work for refugees? Or the access to jobs by IDPs?
- How can we better integrate displaced persons-owned SMEs in value chains of larger companies?
- How can we update and/or upgrade the skills of displaced persons so they can better access employment and self-employment opportunities?
- How can we meet the product and service needs of displaced persons and host communities more effectively?

## ***Partnership Mechanisms***

- What business engagement mechanisms should be put in place to facilitate follow up and action?