UNHCR The UN Refugee Agency | EMERGENCY HANDBOOK

Livelihoods and Economic Inclusion

29 January 2025

Key points

- Immediate access to livelihoods and economic inclusion contributes in vital ways to stabilization, and ensures food security, resilience and self-reliance for forcibly displaced and stateless populations
- UNHCR recommends that, to improve economic inclusion of forcibly displaced and stateless people in programmes and services, operations should convene and partner with organizations that specialize in livelihood stabilization and economic development, job creation, entrepreneurship support, and financial services from the onset of the emergency
- CBI is the preferred modality of assistance. However, if the market assessment establishes that cash is not feasible, local procurement of necessary items should be prioritized to support local businesses and prevent distortion of local markets
- Displaced and host populations should be contracted to perform necessary services and construction in the emergency response. However, the cash for work modality is a temporary, labor-intensive, short-term intervention which needs to pave the way to formal employment opportunities in collaboration with relevant partners
- According to the RCM, UNHCR will co-coordinate the livelihoods and economic inclusion sector working group with the government

1. Overview

Forcibly displaced and stateless populations can be protected and obtain long-term solutions more successfully when they have livelihoods and inclusion opportunities and participate economically from the onset of an emergency. Economic inclusion implies giving all members of society, including non-citizens and vulnerable and underserved groups, access to labour markets, land, financial services, entrepreneurial expertise, jobs, and economic opportunities. Refugees who enjoy economic inclusion are more likely to be self-reliant and resilient, to meet their needs

in a safe, sustainable and dignified manner, to avoid depletion of their assets and reverting to aid-dependency and negative coping mechanisms, to contribute to their host economies, and to be prepared for the future.

2. Relevance for emergency operations

Economic inclusion starts from the moment a displacement situation begins. If humanitarian assistance, service provision, market linkages and educational services are well-directed from the start, there are better opportunities for economic inclusion in later phases of displacement. Humanitarian assistance, including food and cash, shelter and household items can help forcibly displaced populations meet basic needs and obtain immediate protection. This might limit the need to sell assets or engage in negative coping mechanisms. However, to design a meaningful response, it is essential to engage the affected population in economic activities from the onset, bridging between their skills, experience, assets, preferences and market needs. This includes payment for work conducted in the emergency response, development of market opportunities within or outside the location or camp, linkages with local or regional markets and private sector, facilitating access to resources and infrastructure, etc. To facilitate for this approach, UNHCR or partners must conduct or utilize available relevant (labour) market analysis (rapid assessments can be utilized in the emergency phase) and gather as much information as possible on existing skills and capacities amongst the population. The Minimum Economic Recovery Standards (MERS) are the internationally recognized consensus on best practices for building economic resilience for crisis-affected communities.

It is important to engage the local and displaced population, as well as local government, partners and private sector in defining the most appropriate response for the specific location and in ensuring accountability to affected populations throughout the programme cycle. UNHCR and partners should leverage existing systems and services, and **not create parallel services**, unless necessary, due to non-existent services in the emergency location.

3. Main guidance

Objectives

- To meet food security and basic needs.
- To protect productive capital and diversify income sources.
- To prevent asset depletion and negative coping strategies.
- To protect and build human and social capital and promote decent work strategies.
- To support equal access to services and economic opportunities.
- To support socio-economic inclusion and improved co-existence.
- To facilitate participation in local economies, including tax contribution.
- To support local market systems and economic development.
- To limit negative impact on local markets and environment.
- To facilitate transition to stabilization and pave the way towards durable solutions.

Underlying principles and standards

Key principles:

- Convene internal and external stakeholders to support economic inclusion.
- Strengthen tailored livelihood support based on socio-economic profiling and market needs.
- Assist refugees to contribute to (and be included in) local development plans and processes.
- Avoid the provision or creation of parallel systems and services.

Protection Risks

Protection risks that may need to be addressed include:

- Gender-based violence.
- Sexual exploitation and abuse.
- Risky coping mechanisms (including survival sex, child labour, engagement in illegal activities).
- Obstacles to access and enjoy assistance and other services.
- Lack of access to formal and informal markets and labour opportunities.
- Legal and policy systems may not adequately respect, protect and fulfil rights.
- Racism, xenophobia, discrimination, misinformation, disinformation and hate speech.
- Exploitation, underpayment, poor working conditions, and lack of protection in the workplace.
- Depletion of assets, leaving people vulnerable.
- Restraints on, or prevention of, freedom of movement.
- Child labour and exclusion from education.
- Over indebtedness.

Other risks

- Support programmes may discriminate between refugees and host communities, and lead to rising tensions between communities.
- There may be a shortage of appropriate partners, especially development partners and private sector.
- Programme models may create dependence rather than self-reliance.
- Livelihood programmes may create frustration or protection risks if they have no impact, or their impact is deferred.
- Local people may perceive that refugees are competing with them for jobs, services and resources.
- Overexploitation of natural resources and risk of climate hazards.
- Loss of skills and capacities, if not utilized.
- Lack of support from local government.
- Lack of knowledge about the rights of forcibly displaced and stateless persons.

Key decision points

- Assess existing and potential livelihood opportunities and services. Because they may know the context and have links with the local population, local institutions that are

perhaps not typical UNHCR partners may be well equipped to support and promote livelihoods and economic inclusion interventions. Examples include financial and business development service providers, private sector organizations, public and private training and research institutions, and local development actors. Use market assessments and value chain analysis (where appropriate) to analyze local markets and cross-check the findings against ProGres data or other statistical data (if available) on refugee profiles, to match employment/self-employment opportunities with refugees' skills, knowledge, and experience. Ensure meaningful community engagement, based on age, gender and diversity considerations, and accountability to affected populations. Promote the diversification of livelihoods, build resilience, and consider sustainability, how both refugees and host communities make a living, and the capacity of the area to absorb refugees and the skills and services they bring. Assess how programmes and interventions will affect market systems, people, natural resources, infrastructure and public systems, and foresee measures to reduce the environmental footprint of humanitarian assistance.
- Consider from the outset market access and proximity to markets, jobs and economic opportunity related services for newly arriving displaced populations, particularly in refugee or settlement camp set ups.
- Although some volunteerism is promoted to ensure community engagement and ownership within the displaced population, always aim to ensure refugees and displaced populations are fairly remunerated through contractual arrangements for the work they do for UNHCR and partners inside or outside camps or settlements, based on local rules and regulations. Salaries and incentives should be based on the local context, using minimum salary as generic guidance and local salary scales to define the value of the different types of work.
- Assess the potential impact of bringing in goods and services from the outside and how these will affect local markets and the surrounding economy. According to the UNHCR Policy on Cash-based Interventions - 2022-2026, cash is always the preferred modality of assistance. If for specific reasons CRI/NFI becomes necessary, CRIs and other items may be available locally and local procurement should therefore always be considered the preferred option, to strengthen local markets and businesses or in some cases, reduce carbon footprint.
- Set-up solid monitoring and evaluation systems and evidence-informed decision-making processes.
- Avoid, as much as possible, the creation of parallel services by always seeking inclusion in existing programmes, services, or opportunities before developing new interventions. Operations should seek partners and institutions that can include refugees in their programmes and services, taking into consideration the comparative advantage of development actors, private companies, government, financial services providers, and other stakeholders. Partners can develop joint advocacy plans to improve the economic environment for refugees.

Key management considerations

To strengthen self-reliance successfully, livelihood and economic inclusion interventions need to be supported through an inclusive and integrated area-based development approach by a range of multi-sectoral teams working in education, CBI, protection, programmes, solutions, community services, development, communications, and other disciplines. Success also depends on cooperation with local government, development actors, the private sector, and local partners.

Where local partners lack expertise or capacity, the office may need to bring in technical support to strengthen them.

Resources and partnerships

Staff
UNHCR and partner livelihoods and economic inclusion staff in the field.

Partners
Partners who take a market-oriented approach and are familiar with displacement issues, economic empowerment, and climate resilience.

Operational partners with specific expertise in financial services, technical and vocational training, entrepreneurship, employment services, and agriculture and rural development.

Development actors, private sector, local authorities and government agencies.

Post emergency phase

In the medium and long-term, support should secure, through advocacy and facilitation, the inclusion of refugees in programmes and services offered by development actors, the private sector, and governments. Participation in market systems (through wage- or self-employment, for example) depends not just on access to finance, training, access to education at all levels, coaching, job placement, work permits, and documentation, and a wide range of other support services, but also on the presence of an enabling environment whose rules and regulations protect rights and security. Where refugees have limited access to the right to work and related rights, UNHCR and partners will need to advocate for an environment that encourages the economic inclusion of refugees and enhances their access to livelihoods and decent work. It is important to recognize that positive outcomes in this area require multi-year, multi-partner strategic planning.

Checklist

- Program planning:
    - Analysis of legal framework and enabling environment (utilize existing, if available).
    - Socio-economic profiling of the population.
    - Rapid market assessment, including physical access and opportunities.
    - Secure land for agriculture, access to financial services, and space/infrastructure for markets and/or production.
    - Institutional mapping (who is operating/available in the area?).
    - Assess whether it is viable to include refugees in existing programmes and services.

    - Set-up solid monitoring and evaluation systems and evidence-informed decision-making processes. M&E occurs throughout the programme cycle.

- Partner selection:

  From the institutional mapping, which of the following partners are available?

    - Financial and business development service providers.
    - Private sector (companies, chambers of commerce, employment agencies, business associations).
    - Public and private training institutes.
    - Development actors, including development NGOs.
    - Governments.
    - UN agencies.
    - Academic and research institutions.

  If relevant partners are not available/able to work in the area:

    - Convene and partner with organizations that specialize in livelihoods and economic development. Do they possess the necessary expertise?

4. Standards

The Minimum Economic Recovery Standards (MERS)

The MERS set out the minimum level of activities required to support the economic recovery of vulnerable populations after crises. The MERS handbook offers tools and approaches that help practitioners, multilateral stakeholders, local market actors, governments, and donors to support economic recovery using a market-based response. The standards draw on the accumulated experience of the world's leading humanitarian agencies and economic development practitioners.

The MERS is composed of six sets of standards that can be read in sequence or separately.

- The Core Standards describe approaches and activities that prevent or mitigate physical, social, economic, environmental or other harms, and promote protection in alignment with the Core Humanitarian Standards.
- Assessment and Analysis standards advise on how to design, implement and share assessment results that inform effective and context-appropriate programmatic strategies.
- Asset Distribution standards assist practitioners to apply market-aware thinking to asset distribution, support activities linked to longer term-recovery, and minimize disruption of local market systems.

The MERS also promote livelihoods, financial inclusion, and self-reliance through standards that focus on development of enterprise and market systems, financial services, and employment.

Annexes

UNHCR Guidelines on International Legal Standards Relating to Decent Work for Refugees, 2021

IOM, UNCTAD, UNHCR Policy Guide on entrepreneurship for Migrants and Refugees, 2018

ILO, Employment and decent work in refugee and other forced displacement contexts, 2020

Impact Hub for UNHCR, Global Roadmap for Refugee Entrepreneurship, 2022

5. Links

Refugee Livelihoods and Economic Inclusion: 2019-2023 Global Strategy Concept N... ILO, UNHCR - Guide to Market-Based Livelihoods Interventions for Refugees Minimum Economic Recovery Standards (MERS) UNHCR Global Roadmap for Refugee Entrepreneurship OECD-UNHCR, A 10-point multi-stakeholder action plan for employers, refugees, g... UNCTAD-UNHCR-IOM, Policy Guide on entrepreneurship for Migrants and Refugees Responding to Protracted Displacement Using the Humanitarian-Development-Peace ... Standards for supporting crop-related livelihoods in emergencies Livestock emergency guidelines and standards

6. Main contacts

Contact the Livelihoods and Economic Inclusion Unit, UNHCR Division of Resilience and Solutions (DRS). At: livelihood@unhcr.org.