

The contribution of the private sector to solutions for displacement

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The Solutions Alliance is exploring ways of better engaging with the private sector – local small and medium-sized enterprises as well as international companies – to harness their capacity to turn displacement challenges into development opportunities.

Over recent years businesses with a social conscience have increasingly been moving from pure philanthropy and promotion of responsible business practices to business partnership models. This means the role of businesses has expanded from being donors or service providers to being commercial and entrepreneurial actors in responses to disasters or humanitarian crises, although so far they have mainly addressed short-term life-saving needs.

The scale and complexity of needs emerging from large flows of populations into host communities bring opportunities to identify and open up markets, upgrade infrastructure, create jobs and make profits. However, weaknesses in policy and regulatory frameworks, restrictions on refugees working, over-saturated and unskilled local labour markets, high levels of informality, unreliability in sourcing

materials and simple lack of information have been reasons for businesses not to take up those opportunities. It is therefore important to identify the benefits **to** businesses in engaging in solutions for displacement as well as the benefits **of** engaging businesses in solutions for displacement before looking into matching the needs of displaced people with economic opportunities.

Benefits of engaging businesses

Beyond undertaking outsourced elements of humanitarian response, arguably the private sector's role in potentially generating growth, wealth and jobs is the main reason for engaging businesses in seeking solutions for displaced people and their host communities. In the Kampala area of Uganda a Somali Ugandan-owned oil company employs nearly 60 Somali refugees as shop keepers, cashiers, security guards and clerks in only one of

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its many franchises.¹ The transformative impact of, for example, mobile phone and money transfer groups holds great potential if applied to finding solutions for displacement.

Specifically, making use of market systems can offer greater access to products and services that improve both the quality of life of displaced populations and host communities. Skills upgrading through training, apprenticeships or on-the-job training that are offered directly or in close collaboration with businesses will better address the market demand and effectively enable displaced persons to access job opportunities.

Opportunities to link small and medium-sized local enterprises (SMEs) owned by displaced persons to value chains of more established companies can also help make the former more viable enterprises, capable of accessing new niche markets and increasing volumes of transactions. Working with larger, more established companies is nowadays considered one of the most promising ways to upgrade SMEs in fragile and development contexts. These market-driven approaches have the potential to 'achieve scale' and sustain the impact of interventions. Finally a major shift can be made through the creation of economic zones, with preferential trade access for refugee-made goods and where domestic as well as foreign investors can relocate supply chains.²

Benefits to businesses

For businesses the gains can be in accessing new producers, consumers and markets in displacement contexts – that is, generating revenues while contributing to tackling displacement challenges. Situations of displacement can provide opportunities to innovate, test new products and enter new markets, leading to increasing value and opportunities for the company and its stakeholders, including the opportunity to increase competitive differentiation. In addition a demonstrable commitment to corporate social responsibility can result in positive public image and brand value.

To make this work, businesses will need to gain knowledge about the long-term needs

of displaced persons and host communities as potential consumers and clients, and work out how to mitigate the risks and costs of operating in displacement contexts. In the long term the aim would be for international organisations and local governments to work to secure the sustainability of businesses by creating the conditions for an enabling environment, which would incentivise and attract new investments.

Hygiene specialist Saraya Co., for example, decided to expand the manufacture and distribution of its range of health-related products and services into Uganda, with long-term benefits of their activities to both Uganda and their market share. Opportunities to expand their work into the displaced-affected areas of Uganda could be a concrete contribution to the Solutions Alliance Uganda National Group's efforts to finding solutions for refugees and their host communities.³

"Displaced persons, in particular refugees, should not be singled out for business interventions, but instead be seen as the wider potential labour force, entrepreneurs and consumers."

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The way forward: a platform for interaction

A shift towards building resilience in displacement contexts requires genuine leadership in businesses, new thinking about what generates value and innovative ways of connecting with societies. The question is what actors working on displacement issues and businesses interested in contributing solutions for displacement should do differently to ensure that 'offer meets demand'. Conversations between and among the two communities invariably point to the need to explore the creation of a platform for interaction, where 'matchmaking' opportunities could be created in displacement contexts and business commitments consolidated and disseminated widely.

It could be a multi-stakeholder virtual platform and occasionally materialise in the form of 'solutions for displacement business fairs' as well as concrete on-the-ground collaboration. It could be a 'displacement



UNDP/ Dalia Kitarnissy

Syrian refugees' tented settlement in the village of Gaza, in the Bekaa Valley, east of Lebanon, 2014.

chapter' within the Connecting Business Initiative (CBI) being launched at the World Humanitarian Summit in May 2016. It should also interact with the Business Mechanism established by the Global Forum for Migration and Development⁴ and ensure interconnectedness with the existing UN Global Compact⁵ and Business Call to Action⁶ platforms. It should support the Solutions Alliance Private Sector Group to work with the National Groups to connect them to businesses of all sizes. Finally, it should be user-friendly for businesses and articulate the 'ecosystem' of support for businesses to engage in displacement solutions.

Although this platform for interaction will address practical challenges such as simple lack of information on needs and opportunities, there are other related obstacles to be worked out, whose implications stretch further than the role of the private sector. These include dealing with over-saturated or unskilled local labour markets and finding creative ways to overcome obstacles to the right of refugees to work.

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The authors are the co-chairs of the Solutions Alliance Thematic Group on Engaging the Private Sector and have consolidated this piece on behalf of the members and the Group, which explores ways to better engage the private sector and apply its strengths to turn displacement challenges into development opportunities.

See www.solutionsalliance.org/thematic-groups/engaging-the-private-sector-in-finding-solutions-for-displacement/ for the members of the Group.

1. Betts A, Bloom L, Kaplan J and Omata N (2014) *Refugee Economies: Rethinking Popular Assumptions* Humanitarian Innovation Project, Refugee Studies Centre www.oxhip.org/resources/refugee-economies-rethinking-popular-assumptions/
2. <http://tinyurl.com/WEF-EconomicZones>
3. See article by Alexander Betts, pp74-5.
4. <http://tinyurl.com/GFMD-BusinessMechanism>
5. www.unglobalcompact.org/
6. www.businesscalltoaction.org/