

# THE ROLE OF THE PRIVATE SECTOR IN **ECONOMIC** INTEGRATION OF REFUGEES

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# CHARTER OF GOOD PRACTICE



/ ENTREPRENEURSHIP

/ INVESTMENT

/ EMPLOYMENT

/ SERVICES AND PRODUCTS

## BACKGROUND

Today, according to UNHCR, 70 million people have been forced from their homes worldwide, including 25 million refugees. The topic of empowering refugees as economic actors is thus of crucial global importance and the Charter of Good Practice on the Role of the Private Sector in Economic Integration of Refugees represents a push for global standards that could be applied in a systemic manner by public and private sectors alike.

The Charter offers guidelines on how the private sector can facilitate refugee integration into host community economies, and how policymakers and practitioners can enable the private sector to play a stronger role in Economic Integration of Refugees. The charter is divided in four sections and offers five principles for each:

/ ENTREPRENEURSHIP  
/ INVESTMENT  
/ EMPLOYMENT  
/ SERVICES AND PRODUCTS

The Charter was elaborated collaboratively during the June 2019 Paris Conference by hundreds of practitioners from many companies and institutions under the co-sponsorship of the World Bank Group (WBG), the European Investment Bank (EIB) and the Confederation of Danish Industry (DI) with participation from the International Chamber of Commerce, the UNHCR and the World Economic Forum. Charter and associated knowledge material are on the event's page at: [www.danskindustri.dk/ps4refugees/](http://www.danskindustri.dk/ps4refugees/) Comments to the Charter for further editions can also be left there.

The Charter's principles are meant to be adopted and applied within private sector businesses, public institutions or development projects – making use of global standards that emanate from practitioners and experts within the field. The co-sponsors and partners will be working together to operationalize these principles by exploring how to institutionalize them in strategic documents and through identification of relevant projects where these can be tested.

The conference during which the Charter was elaborated was funded by the co-organisers as well as through generous financing from DANIDA, UK Aid as part of the Jordan UK Initiative, and the World Bank Group SDG Fund.





## PREAMBLE

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The Charter was consolidated during the international conference on the Role of the Private Sector in Economic Integration of Refugees held in Paris on June 11–12, 2019.

**Conscious** that more than 68 million people have been forced from their homes worldwide, including 25 million refugees who are likely to stay in the host countries for multiple years,

**Recognizing** the transition from predominantly humanitarian approaches to complex development responses,

**Observing** that the 2016 New York Declaration on Refugees and Migrants set out key elements of a Comprehensive Refugee Response Framework emphasizing the private sector's contribution as part of the 2018 UN's Global Compact on Refugees,

**Supporting** the principle that better cooperation amongst private sector stakeholders, development actors, government representatives and civil society is helpful to define and deliver a comprehensive response to forced displacement,

**Encouraged** by initiatives mobilizing private sector talent, capital, and innovative solutions in support of refugees and their host populations,

**Aware** of the demand and challenges faced by the private sector to scale refugee-inclusive pilots, and cognizant of the demand that practitioners have voiced for good practice recommendations and baselines for measuring success.

**Now therefore** we, practitioners from the private sector, development intermediaries and public institutions, put forward the following principles – hereby set forth as a Charter of Good Practice on the Role of the Private Sector in Economic Integration of Refugees – which reflect collective experiences of professionals from the private, public and development spheres and lessons learned from research into refugee-inclusive mechanisms and private sector mobilization for the forcibly displaced persons.

## / ENTREPRENEURSHIP

To enable integration, self-reliance, contribution to market development and economic growth through entrepreneurship the private sector and policymakers should consider the following five principles:



### 1. INTEGRATION

**Entrepreneurship is an important mechanism to advance economic integration.**

- Refugee entrepreneurship programs should be customized to the local context, but integrated, in a spirit of inclusion, into broader national-level and regional-level initiatives focused on entrepreneurship and SME development.
- Refugee entrepreneurs should be supported by host community entrepreneurship ecosystems, and refugee businesses ought to be integrated in local value chains to harness the potential of local investors.
- Apart from being a gateway to income and employment, entrepreneurship should foster inclusion of both refugees and local communities, especially through actions of local authorities, to accelerate refugees' insertion by recognizing their contribution as actors of local development.
- Private partners should support and promote women's participation in refugee-driven and refugee-oriented businesses.

### 2. REGULATION

**Entrepreneurship requires a clear, transparent and non-discriminatory legal and regulatory environment, which enables host and refugee businesses to take off quickly and thrive in an inclusive and sustainable fashion.**

- Regulatory framework for enterprise creation, registration and operation needs to be designed in a non-discriminatory manner to ensure fair competition and decent jobs for both the forcibly displaced and host communities. This includes equal rights to access property, to trade, and to benefit from financial services, as well as equal freedom of movement.
- Refugee startup businesses and host entrepreneurs should have equal access to entrepreneurship support programs and self-employment schemes, regardless if these are offered as part of the broad pre-existing entrepreneurship ecosystem, or if they were prompted by the refugee influx.
- Refugee and host entrepreneurs should be able to use digitally-authenticated identification to prove identity, open bank accounts, sign contracts or register new businesses or otherwise facilitate administrative and business procedures.
- Sensitization, outreach and awareness campaigns should be deployed to ensure that displaced persons and host populations alike (including refugee entrepreneurs, host businesses, and counterparts such as banks, institutions, employers, and customers) gain equal knowledge of relevant business-related and refugee-related laws and regulations, and for rules to be applied transparently and equally for the benefit of all.

### 3. CAPACITY BUILDING

**Entrepreneurship support programs inclusive of newcomer and local entrepreneurs alike can help close education and skills gaps as well as address adaptive challenges.**

- Entrepreneurship and business training should be adapted in duration, style, type of instructors and techniques to acknowledge differences in culture, regulations, language or competencies and maximize skills transfer as well as understanding of local (host) context.
- Capacity building should provide continuous capability enhancement and make support available at all stages of the entrepreneurial process.
- Entrepreneurship programs should create spaces & platforms to share and align best practices and evaluation frameworks and should mobilize peer-to-peer support, from groups and individuals, to evaluate newcomer competencies and experience.
- Entrepreneurship practitioners should leverage technology to deliver capacity building activities at large scale, making use of existing high-quality content, and thus gaining in financial and operational efficiency all the while facilitating inclusivity and accessibility for wider impact.
- Capacity building ought to help enhance visibility of entrepreneurial success stories to help deconstruct negative stereotypes in communities and contribute to changing the narrative on refugee entrepreneurship.

### 4. FINANCING

**Refugee-driven and refugee-oriented startups and enterprises require greater access to and promotion among private financiers.**

- Financing of refugee entrepreneurs' ventures should adopt a more flexible approach when it comes to financing instruments – such as microcredits, credit guarantees, or community-based financing and impact-investing programs.
- Financiers of refugee ventures ought to relax and/or adapt their requirements for credentials, including documentation, credit rating, seed funding.
- Financial institutions and private funds should be encouraged and supported by governments and multilateral development banks and development finance institutions to provide the financing needed by refugee entrepreneurs.
- Financial product and service offerings that are inclusive of the forcibly displaced persons ought to receive additional support from the public sector to help crowd in on private partners.

### 5. NETWORKING

**Networks of diverse support partners and functions facilitate business creation and contribution to economic growth of forcibly displaced people and host communities.**

- Entrepreneurship programs should create relevant and effective linkages to the host community, government affiliated organisations, corporate partners, NGOs, financing institutions and intermediaries, and diaspora support networks.
- Public-private dialogue can be useful at gathering sector partners and help discover and solve constraints and opportunities in a collaborative fashion.
- Matchmaking schemes, online e-commerce and transaction platforms or sectoral promotion approaches are essential to build up refugee-related entrepreneurship as an important part of the business-to-business ecosystem.
- Local business associations should be encouraged to reach out to refugee communities and customize programs/discounts/networks to integrate new companies into their organisations.

## / INVESTMENT

To promote and deploy investments that enhance economic integration of refugees, enable inclusive growth of host economies, and benefit investors and target beneficiaries alike, the private sector should consider the following five principles:

### 6. ADDITIONALITY

Refugee-related investment contributes complementary to what is available in the market and crowds in on the private sector.

- Ideally, investments ought to provide both financial and non-financial additionality in terms of (innovative) financing structures, resource mobilization, risk sharing, policy and regulatory change, standard-setting and knowledge-sharing.
- Investments should enhance opportunities for the host community as well as the forcibly displaced.
- Investors should attempt to channel refugee-related funds through local financial institutions before they consider building new mechanisms with additional intermediaries and resources.
- Alternative or new mechanisms are warranted when a lack of flexibility, speed, or competency prevents the mobilization of assets for deployment to the target recipients.

### 7. RESILIENCE

Investments contribute to the host economy's resilience, long-term viability and growth potential through market development to counter shocks, including those caused by forced displacement.

- Investing in alignment with the host countries' priorities and boosting resilience is fundamental to economic integration of refugees and social cohesion with host communities.
- Investors should prioritize sectors most likely to be impacted by a high influx of refugees such as basic services and climate adaptation.
- The private sector ought to work in partnership with public investors, civil society organisations and refugee communities to increase the marketability of the host economy and drive its growth through investments in competitive sectors, business-to-business matchmaking, and integration into global value chains.
- Investors should acknowledge vulnerability factors and support targeted measures such as insurance schemes and innovative technology solutions to address those in order to enhance the resilience of refugees and host communities.
- Investments in resilience require an evidence-based approach as it is vital to carefully assess market failures and investment gaps, and to couple investment with adequate technical assistance and capacity building.

## 8. INCLUSION

**Investment furthering the economic integration of refugees supports financial and social inclusion and benefits both the forcibly displaced and host communities.**

- The private sector should prioritize investment and financial offerings targeting inclusive businesses that expand access to goods, services and livelihood opportunities on a commercially viable basis to people at the Base of the Pyramid (BoP), be they refugees or members of the host communities.
- Investment ought to promote diversity and offer solutions that help reduce compounded inequality and remove barriers related to gender, disability and other vulnerabilities that hamper financial and social inclusion.
- Investment should be designed to extend services to the unbanked, and to enable the formalization of informal businesses, which cannot access investment outside of the world of micro-finance.
- The private sector ought to base its investment strategy upon a consultative process with relevant stakeholders (inclusive of civil society, labour market partners, target beneficiaries, and policy makers) in the host communities.

## 9. INSTRUMENTS

**Solutions for investment, banking and access to finance for refugees and host communities are flexible and agile in order to respond and adapt adequately to the increased demand and risks inherent to a refugee-affected market configuration.**

- Policymakers should seek to create an enabling environment for a variety of funding mechanisms by the public and private sector, including several financial instruments deployed for various return horizons and risk appetites, depending on the needs of the market linked to the situation at hand, including recovery, stabilization and restoration.
- Cooperation between various actors (public-private) is necessary to promote blended finance solutions to derisk investments.
- Instruments ought to be designed with an ambition to collect private finance.
- Innovative financing solutions, including development impact or sustainability awareness bonds and outcome-based instruments, should be sought and promoted.
- Financing instruments should be perceived as part of a larger toolkit and ensure that refugees seeking financing can access the mainstream financial actors and intermediaries.

## 10. IMPACT

**Refugee-related finance and investment delivers long-term impact and is profitable and sustainable for target beneficiaries, investees and investors alike.**

- As global appetite for impact investment is as high as US\$ 26 trillion, the focus should be on how to best measure and track intentional impact via appropriate indicators.
- Capital result frameworks should be linked with those of internationally recognized targets and standards for impact such as the Sustainable Development Goals (SDGs), the Global Compact for Refugees, etc. to avoid “impact washing”.
- Impact ought to be monitored consistently on an ongoing basis to identify and share lessons learned that emerge and develop through your investment cycle.
- It is recommended that a migrant/refugee lens with clear sets of criteria is applied to capture investments’ economic and social impact on both host communities and refugees.
- Investors should complement traditional investment analyses with specific analytics to better understand risks related to investments in/by refugee-owned or refugee-oriented business. For example, productivity and debt repayment risks may not be higher than under comparable non-refugee circumstances.

## / EMPLOYMENT

When considering refugee employment, businesses and their representative organisations should advocate for and consider the following five principles:

### 11. ACCESS

Refugee talent has equitable access to larger societal structures, institutions and resources.

- Social partners and international organisations should work towards raising awareness among policymakers and host communities of the contribution that refugees could make when entering the labour market.
- Refugees should be able to access information to learn about their rights to work and the possibility to join bridging employability programs from day one.
- To minimize the loss of competencies and motivation refugees should be able to undergo skills mapping, skills upgrading and perform temporary jobs while their refugee status is under clarification.
- To ensure alignment and complementarity of support programs employers and their representative organisations should work closely with local employment services, integration support providers and development partners.

### 12. LEGAL FRAMEWORK

The legal framework for employment guarantees refugees' freedom of movement, their right to work and to receive training, to decrease their reliance on aid and help the economy of the host country tap the full potential of their skills and consumption.

- The legal framework needs to be clear, predictable, comprehensive and coherent to create incentives for companies to hire and invest in skills upgrade for refugees.
- Social partners, i.e. employer's representative organisations and trade unions, should advocate to reduce the legal uncertainty and bureaucratic burden that currently hampers employment of refugees.
- Social partners need to engage in public private dialogue with host governments on the economic integration of refugees.
- It is vital for host countries to seek ways to facilitate access to regional labour markets, especially in neighbouring countries and/or markets with many migrant workers.

### 13. INTERMEDIATION

**As social partners the employers' representative organisations, government and trade unions play a unique intermediary role in the economic integration of refugees.**

- Government should facilitate social dialogue with employers and trade unions on employment opportunities for decent work for refugees in accordance with ILO Conventions.
- The employers' representative organisations and trade unions should promote and raise awareness among their members on the possibilities and advantages of allowing refugees to enter the labour market.
- The employer's representative organisations and trade unions ought to help create opportunities for in-work training for refugees and participate in the design and organisation of vocational training modules.
- Trade unions and business associations have an instrumental role to play in matching the skills available in the refugee and host labour pool with demand from employers.
- The social partners should help facilitate the recognition of certifications required for technical and professional trades.

### 14. SKILLS

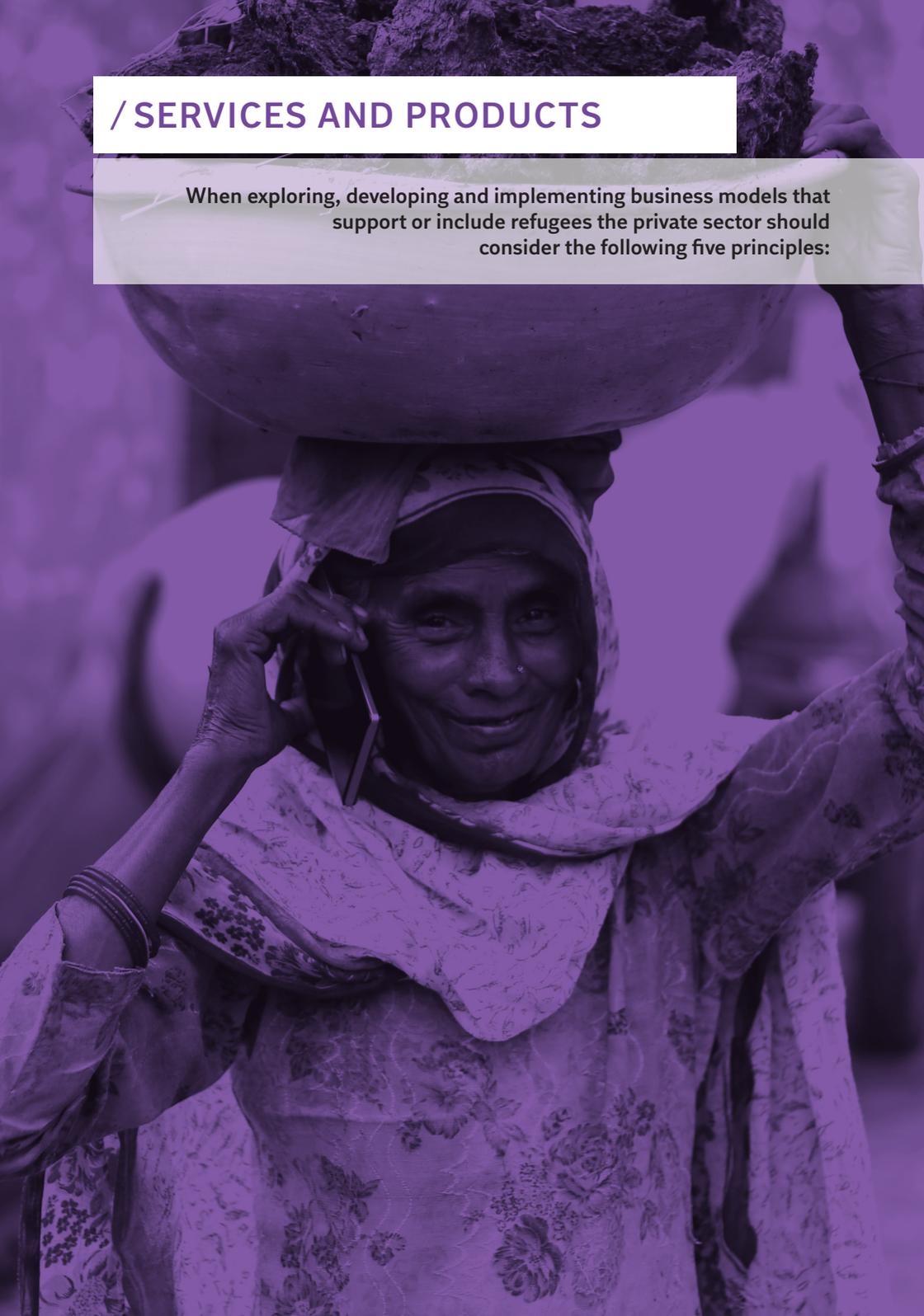
**Foreign qualifications and skills are assessed, recognized and levelled swiftly, efficiently and in an equitable manner.**

- It is imperative to conduct a skills gap analysis to enable long-term evidence-based planning to meet the actual and future needs in the labour market on the private-sector side.
- Matchmaking of aspiration and jobs, soft skills training, mentoring and coaching to provide orientation and sustain motivation need to be available to refugees to pave the way to satisfactory/promising employment. Employers ought to consider the use of prior learning developing bridging programs.
- Initial and continuous training, including language, should respond to labour market needs and be provided by qualified dedicated institutions equipped with relevant facilities and curricula.
- In the absence of official certificates and with respect to different recognition systems it is recommended to develop an approach to assess, validate and certify previously acquired qualification and skills levels. Employers should, where there is no documentary proof of qualifications, consider the use of ad hoc assessment methods.
- To enhance long-term prospects for the highly skilled governments, municipalities, job centres and social partners should enable refugees with these skill sets to resume the original career pathways.

### 15. SOCIALIZATION

**Successful integration of refugees depends on insertion programs based on the local context.**

- Programs addressing challenges such as transport, childcare and language adaptation are paramount to the integration of refugees into the work environment.
- Employers and relevant government entities should design programs catering to refugees who may suffer from mental stress and physical health issues to detect such issues quickly and offer support measures.
- The refugee dimension should be incorporated into diversity management tools for the workplace aiming to enhance more inclusion towards cultural diversity and gender balance.
- Anti-racism and anti-xenophobia sensitization campaigns for the host country workforce and local communities should seek to fight racist and xenophobic attitudes, alleviate social tensions and reduce hostility in the work place, and conflict-resolution mechanisms ought to be envisaged in case tensions arise.
- Employers should support efforts to overcome discriminatory attitudes in the workplace and among employers in supply chains and to enhance understanding and appreciation in teams and between refugee employees and managers.



## / SERVICES AND PRODUCTS

When exploring, developing and implementing business models that support or include refugees the private sector should consider the following five principles:

### 16. ADAPTATION

**Adaptive and flexible responses factor in the complexity of refugee situations and the dynamics of the interactions between the stakeholders engaged.**

- Solutions should be designed based on the realities of displacement and with the understanding that refugees are unique clients. There is no one-size-fits-all and service delivery models require significant tailoring to the local context.
- Businesses should cultivate a willingness to test, learn and adapt based on client feedback and changing contexts on an ongoing basis and beyond crises.
- Service and product providers should acknowledge trade-offs between speed of delivery and long-term relevance and impact.
- Multi-sectoral approaches are required to improve the user experience and enable infrastructure and service delivery that contribute to inclusive growth.

### 17. SUSTAINABILITY & ACCOUNTABILITY

**Services and products are economically and environmentally viable, ‘do no harm’ and actively seek to deliver positive social impacts for refugees.**

- Services and products should be market-based beyond a “refugees as customers” only, but inclusive of refugees as customers and consumers.
- Services and products should be designed with a vision for long-term economic viability beyond a particular crisis response scheme.
- Products and services should be designed in collaboration with refugees to best speak to their needs as customers and consumers in the light of context-specific cultural, social and legal realities.
- Product and service design needs to consider environmental and social impact and avoid aggravating negative impacts, especially those that could perpetuate displacement.
- Services and products should be sourced locally as much as possible to maximize relevance and environmental sustainability.

## 18. PARTNERSHIPS

**Private groups and business affiliates, non-profit organisations, development institutions and government institutions create and sustain a level playing field for partnerships to deliver products and services to refugees.**

- Local authorities, structures and actors should be an integral partner in the design and delivery of products and services to refugees from the outset.
- Risks need to be shared equitably between partners to create mutual interdependence and accountability.
- Successful partnerships require complementary competencies and upstream coordination.
- Stakeholders should identify existing locally proven business models and forge partnerships with them in the refugee space.
- Partnerships should help ensure that products and services for refugees are best fit for purpose and value for money.

## 19. MARKETABILITY

**Commercial viability is a prerequisite to sustain and scale a business that provides services and products to refugees.**

- Financial modelling that accurately projects a break-even point is essential in the development of new business cases.
- In the start-up phase there is a need for prolonged soft funding opportunities as refugee-oriented services and products can take several years to transition from subsidized provision to breaking even on market terms.
- Financing for product and service providers should combine non-profit and profit elements and consider blending grants with commercial revolving instruments.
- Financiers ought to identify and create a market place for alternative revenue stream opportunities, such as carbon credits, water credits etc.
- UNHCR needs to harness its convening power to connect financiers with service and product providers.

## 20. COMMUNICATION

**Provision of adapted services and products that target refugees is communicated openly and carefully to/by all stakeholders (including refugees) to minimize risks and enhance internal and external support.**

- Open, structured and coordinated communication channels should be established to help address weaknesses and challenges faced by the private sector and refugees and to share data and knowledge.
- A coordinated message, vision and approach can facilitate policy dialogue with the host governments to improve the market-enabling environment and remove systemic obstacles that hamper investments.
- Language matters, and businesses addressing refugee integration through their products and services should not hesitate to speak “differently” in the spirit of respect for diversity and inclusion. Business model canvas terms should be adapted to recognize the social dimensions of the refugee market: Customer Segments could be changed to Beneficiaries; Cost Structure to Mission Cost/Budget; Channel to Deployment; Customer Relationships to Buy-in/Support.
- An inclusive approach to communication should help manage expectations of refugees but also perceptions of poor members of host communities (who may feel that they are not benefitting equally).

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**While the 20 points for the Charter were drafted by stakeholders and practitioners gathered at the June 2019 event “The Role of the Private Sector in Economic Integration of Refugees” they also draw on these and other documents and compendium of experiences:**

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