



BRIEF

Economic Inclusion of the Poorest Refugees

Photo Credit: Carolina Loza, UNHCR

Building Resilience through the Graduation Approach¹

Three-fourths of the world’s refugees live in protracted situations of five or more years, making most refugees less suited for emergency relief than for longer-term interventions.²

Conventional humanitarian responses focus on providing those fleeing conflict or disaster with food, shelter, and legal, psychosocial or other support, which address their immediate needs. This support is critical in the early days of a crisis but insufficient for long-term displacement, which requires a response that draws on good development practice, builds the self-reliance of refugee households, and improves their economic outcomes. Increasingly, policymakers and donors seek innovative ideas to engage refugees and other displaced populations in economic opportunities. At the same time, governments, the private sector, and key development and refugee actors are utilizing the Graduation Approach to sustainably improve the lives of people displaced from their homes.

Forced displacement affects over 60 million people worldwide, and the demands on humanitarian assistance continue to grow, with a total of 125 million people currently affected by crises brought about by conflict, disease,

Humanitarian and development actors are exploring strategies to build resilience and livelihood opportunities for people who are displaced to enable them to better cope with the economic and social stress over the long term.

The Graduation Approach—a carefully sequenced, multi-sector “big push”—can increase refugees’ ability to earn income and increase their self-reliance and resilience.

Existing UNHCR services are similar to Graduation Approach components, and are combined and carefully sequenced under the Graduation framework to meet the needs of the poorest and most vulnerable refugees.

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² Refugees are persons outside their country of origin due to well-founded fear of persecution for reasons of race, religion, nationality, membership of a particular social group or political opinion. Refugees are also persons who fear return to conflict or generalized violence, or other circumstances that have seriously disturbed public order and who, as a result, require international protection. (UNHCR). There are 33 major refugee situations today which have lasted five years or more (Devictor, 2016).

or natural disasters.³ Rising displacement has increased annual spending on humanitarian assistance to approximately US\$25 billion, twelve-fold growth since 2001. Nonetheless, there still remains a significant funding gap, estimated at US\$15 billion.⁴ In this context, humanitarian and development actors are exploring strategies to build resilience and livelihood opportunities for people who are displaced so that they may better cope with the economic and social stress over the long term: in order not to “leave them behind,” the poorest and the most vulnerable of the people who are displaced need specifically targeted interventions to increase their standard of living and restore their dignity.⁵

Potential of the Graduation Approach to foster Refugee Self-Reliance

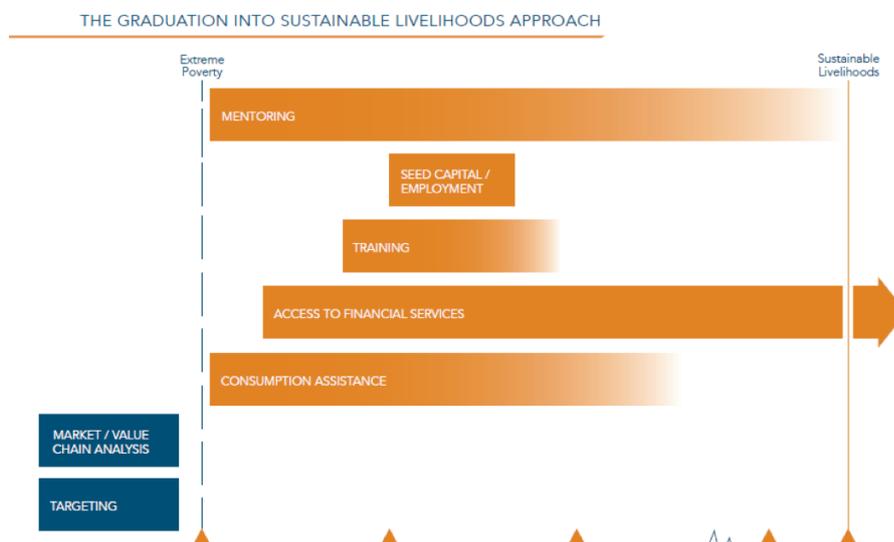
The Graduation Approach is a time-bound, household-level livelihood intervention, which has proven effective in supporting people living in extreme poverty and other vulnerable populations to achieve sustained income and asset gains and begin the journey out of deep poverty (Banerjee et al., 2015). The approach is a carefully sequenced, multi-sector intervention that targets the poorest and most vulnerable households. It provides a package that includes social assistance to ensure basic consumption, skills training, seed capital or employment opportunities to jump-start an economic activity, financial education and access to savings, and mentoring to build confidence and reinforce skills. The intervention is time-bound (generally 24-36 months) to avoid long-term dependence, but activities during the intervention set participants on a positive growth trajectory that continues after program end by ensuring participants have access to and knowledge of markets, a savings buffer to support in case of future shocks, and a support system to ensure a longer term pathway beyond poverty.



Photo Credit: Shailini Mehan, UNHCR

“Refugees deserve sustainable livelihoods. That is why I’m speaking out for their right to access land and financial services.”

Ban Ki Moon, United Nations Secretary General, September 2016



³ Global Trends: Forced Displacement in 2015, UNHCR, 2016.

⁴ Solutions Alliance 2016 Roundtable Report

⁵ UNHCR defines self-reliance as “the ability of an individual, household or community to meet essential needs and to enjoy rights in a sustainable manner and with dignity.”

BRAC pioneered the Graduation Approach in Bangladesh and has served 1.6 million households in extreme poverty since 2002. Beginning in 2006, CGAP and the Ford Foundation supported 10 pilots in eight countries to test the feasibility of this approach in widely varying contexts and assess whether household-level impacts would be as strong as those in Bangladesh. Randomized control trial impact studies, as well as ongoing research on the BRAC program, demonstrated that Graduation reliably leads to successful income gains, increased savings, greater food security, and improved physical and mental health. This intervention package is costly on a per-household basis (average cost of US\$ 1,148 with wide heterogeneity across sites) but is highly cost-effective, with a return-on-investment of 133-433%.⁶ Close to 60 Graduation scale-ups and adaptations are now underway in nearly 40 countries worldwide—including nearly a third implemented by governments, typically through targeted economic-inclusion-focused programs housed within national social protection systems.⁷

UNHCR: Adapting and Innovating for Refugees

While the Graduation Approach was initially designed for the extreme poor living in rural areas, the United Nations High Commissioner for Refugees (UNHCR)—a United Nations agency mandated to protect and support refugees—recognized its potential to help refugees living in rural areas, urban centers, and refugee camps. UNHCR, in partnership with Trickle Up, has been piloting Graduation since 2014 in Burkina Faso, Costa Rica, Ecuador, Egypt, Zambia, and Zimbabwe.⁸ UNHCR has supported refugees who are living in extreme poverty in these six countries and, importantly, has also supported citizens of the host communities, an acknowledgement that refugees are not the only people confronting the challenges of extreme poverty. In Costa Rica, for example, the Government will include the Graduation in the national poverty alleviation efforts with technical support from UNHCR. UNHCR aims to implement an additional 15 Graduation programs by 2018.

UNHCR operations have adopted the Graduation Approach effectively in part because many of the components of the Graduation Approach are already found in UNHCR operations, though typically they are not combined, sequenced or time-limited to meet the needs of the poorest people. Applying a “Graduation lens” to its operations helps UNHCR to carefully sequence its existing interventions so the poorest refugees who qualify for Graduation receive the appropriate support at the appropriate point in their development—cash assistance in the early phase as participants get their footing and participate in skills training activities, seed capital grant or job placement to boost their income, and individualized mentoring throughout.

UNHCR services are brought together and sequenced under the Graduation framework to ensure they better meet the needs of the poorest and most vulnerable refugees. For instance, the Graduation Approach’s consumption assistance component is implemented by using the UNHCR cash or in-kind transfer that is typically issued to refugees upon arrival in the host country to meet their basic needs. Many UNHCR operations also offer vocational training, enterprise development, and job placement, though these services are often focused on more entrepreneurial refugees.⁹ The mentoring part

⁶ Sulaiman, et al; compares the relative cost effectiveness of livelihood development programs, lump-sum cash transfer initiatives, and Graduation programs using the simple indicator of impacts achieved on consumption or income per dollar spent.

⁷ See Hashemi and de Montesquiou, 2016 and Status of Graduation Programs 2016

⁸ UNHCR 2014-2018 Global Strategy for Livelihoods

⁹ See video, The Graduation Approach for Refugees: <https://www.youtube.com/watch?v=e6CudzXSqBk>

of the Graduation Approach builds on UNHCR's existing case management infrastructure, which helps link refugees to legal, psychosocial, or health support. The introduction of the Graduation Approach has enabled operations to introduce strong poverty targeting, and careful and deliberate sequencing of each of the components: cash assistance, savings and financial education, training and business start-up or employment, and close mentoring, with each component carefully calibrated to provide sufficient support for participants to succeed without creating dependence on the program. Given that the Graduation Approach builds on existing services provided and facilitated by UNHCR and partners, the marginal additional cost for adopting the approach is modest.

Who are the poorest and most vulnerable people in a refugee context?

The Graduation Approach is designed for people living in extreme poverty: those who are in the lowest economic tier but are able to engage in an economic activity. Typically in UNHCR operations, refugees are characterized by vulnerability, rather than poverty level, in order to ensure they receive the requisite support to address their specific needs (typical vulnerable categories include female-headed households, people with disabilities, elderly, or unaccompanied minors).

Graduation targets the poorest, but some refugees face specific challenges:

Lacking documentation: Not all refugees register their presence in the country with UNHCR or national authorities, and those who are not registered are often the most vulnerable if they don't have legal status in the country of asylum. Refugees without legal status face risks of deportation and legal and economic exclusion. In addition, those who fled home without bringing proof of their educational level or previous employment records may

face a disadvantage in seeking work. UNHCR in Ecuador reached out into the community to identify refugee families who hadn't previously sought support from UNHCR to ensure they reached the poorest and to determine if they were eligible for Graduation or other services.

Lacking social networks: In Egypt, where the Graduation was first piloted, men fleeing South Sudan, Eritrea and other African countries from the ages of 18-32 were found extremely destitute. They weren't traditionally considered a "vulnerable group" and so did not receive cash or in-kind support from UNHCR. Additionally, they were mistrusted by the host population, and they were passed over for employment. Moreover, the fact that they were "unaffiliated" to any family members in Egypt increased their isolation even within their own population.

Mismatched skills or experience: Some of the poorest refugees find their skills or experience do not fit the context in their host country. Some refugees fled Burundi from urban centers where they worked in government offices, seeking refuge in rural Zambia where agricultural skills are required. Rural Nicaraguan and Salvadorian farmers arrive in Costa Rica unprepared for life in an urban center. Non-Arabic speaking refugees struggle to adjust to life in Egypt, particularly finding work.

UNHCR aims to ensure that all persons of concern are able to make a safe and sustainable living that meets their basic needs, contributes to their dignity, and provides for the full enjoyment of human rights. Socioeconomic assessments enable operations to identify different wealth categories among refugees and effectively target interventions. The full complement of Graduation services is reserved for those who meet two criteria: they are in the lowest economic category and they have a family member who can be economically active. As with other Graduation programs globally, the poorest

households that do not have a family member capable of economic activity will not benefit from a livelihood intervention. For these households, UNHCR provides appropriate protection-oriented services and resources. Operations that have piloted Graduation also make a distinction between Graduation participants and those who are less poor, linking the latter with appropriate referral services and market-opportunity support.

Some Graduation implementers are beginning to assess the livelihood potential of households upon their arrival in the host country: UNHCR staff collect demographic, health, psychosocial, and legal information when they conduct their initial registration. The Graduation experience has helped UNHCR in Egypt and Ecuador to include questions related to livelihoods such

Linking Refugees to Employment Opportunities

Nearly all Graduation programs implemented to date were located in rural areas, where engaging in self-employment was the only option. However, over half of all refugees live in urban areas, and links to wage employment opportunities are possible. Therefore, UNHCR has included an employment option in their Graduation projects, and provides refugees with the appropriate skills training or workplace readiness training to facilitate their inclusion in the labor force. Refugees and displaced populations face a number of challenges in finding suitable jobs, particularly wage employment, including legal barriers, lack of documentation, and discrimination. Employers may be wary of hiring refugees due to uncertainty. In Costa Rica, refugees have the right to work, but their identification cards look very different than Costa Rican cards, causing human resources staff to be hesitant. It is often necessary to raise awareness among employers, employers' unions, Ministries of Labor, and refugees and displaced populations themselves about refugees' rights and the regulations with which the employers must conform. The wage employment path is challenged by high unemployment rates in most host countries and the fact that national legislative frameworks often do not allow refugees to work. However, UNHCR believes that by matching the sectors that have labor gaps with refugees' skills set can help ensure that refugees play a positive economic role in host countries by contributing to economic development.

Graduation programs at UNHCR follow some simple rules for wage employment: (1) Identify employment options through market analysis; (2) Meet with potential employers to better understand their specific needs, including identification and documentation requirements, specific training or skills requirements and necessary certifications (e.g., food safety or cosmetology certification), and general conditions of employment contracts, compensation, benefits, transportation, hours, options for promotion or growth, and training offered; (3) Explore non-traditional vocational training partners that offer flexible training experiences and schedules (night classes, day or weekend classes, intensive training programs), which may be better suited to refugees; and (4) Conduct regular monitoring with refugees and employers to ensure that refugees are not subject to exploitation or abuse. Case workers can accompany persons of concern to interviews to provide support and help assess the conditions of their employment.

Source: Trickle Up, 2016



as poverty level, work experience, language, livelihood skills, and assets as part of the refugee intake process.

Launching an economic activity in a new environment can be daunting, particularly for those without a financial cushion to rely on. The Graduation Approach's focus on case management helps provide strong support to refugee households through regular visits and coaching sessions, particularly in the early months of the new income-earning activity, supporting families when they most need it. Case managers can identify concerns or issues, bring them to the attention of social workers or psychosocial staff, and provide advice and support as refugees navigate business or workplace challenges, negotiate new markets, or seek services from organizations or government. As part of the push towards self-reliance and to minimize the isolation that many refugees face, UNHCR Graduation programs seek to connect refugees to networks that can continue to provide support even after the program ends. In Ecuador, Colombian refugees reported attending church regularly in their home country so case managers shared information with participants about church services available nearby. In Burkina Faso, refugees reported participating in savings and credit groups in Mali so trainings and support was provided to enable groups to start in the refugee camp.



Progress, Remaining Barriers and the Future Graduation Agenda at UNHCR

Results thus far from ongoing monitoring and evaluation of the current UNHCR Graduation pilots are promising. A recent evaluation of the Egypt pilot shows that out of a total of 3,200 participants served between 2013 and 2015, over 636 participants from the refugee and host community have found jobs and over 700 have their own businesses after the program's end. The average income earned per participant per month increased by an estimated 18% in Cairo and 27% in Alexandria. Following promising initial results from a pilot project, UNHCR Ecuador has used a Graduation lens to completely transform planning for its wider refugee response, with Graduation the response of choice for those living in extreme poverty who can pursue

economic activities, ongoing support for those in extreme poverty who cannot work, and referral to government services for those who are better off. As UNHCR seeks to bridge the funding gap that the ongoing displacement crisis has exacerbated, the Graduation Approach seems to offer an opportunity to enable the poorest refugees to move toward self-reliance. Enabling these refugees to engage in sustainable employment activities not only helps put them on a stronger economic footing but may enable many to reduce their reliance on UNHCR for ongoing support, freeing up resources for others.

Some recent changes in national laws and policies in a few countries will contribute to refugees leading more dignified, independent and self-sufficient lives in their countries of asylum. In Turkey, refugees are now allowed to apply for work permits following the adoption of the regulation on work permits for foreigners under temporary protection earlier this year. The Government of Jordan adopted new measures that should enable thousands of Syrians to work legally in the country in the short term and thousands more in the coming years, including a 90-day grace period that allows employers in the informal sector to apply for work permits for Syrian refugees, which regularizes their employment. In Costa Rica, the Government granted access for refugees to national programs on poverty reduction, employability and development and the country's 2015-2018 National Development Plan includes the Graduation Approach. The National Refugee Policy recently adopted in Papua New Guinea supports refugees to become self-reliant. Refugees in Uganda have the right to work and to set up their own businesses, which has led to job creation and increased domestic and cross-border trade.¹⁰

However, the challenges are still daunting. Many refugees live in countries and communities suffering from high unemployment among local people. Available work may be limited to the informal sector, poorly paid and insecure. The international community has a clear responsibility in supporting these host communities as part of a comprehensive response for the refugee crisis. Restrictions in national laws and policy, practical obstacles such as skills gaps and language barriers or discrimination and xenophobia also limit refugees' actual work opportunities.

Moving ahead, UNHCR is eager to test the cost effectiveness of the Graduation Approach versus traditional interventions, to better understand whether and how economic inclusion opportunities can play a transformative role for people affected by prolonged displacement and their host communities. The agency will employ the Graduation Approach in additional country operations, as a way to streamline livelihood strategies and extend to the poorest refugees access to sustainable incomes and greater dignity. The ultimate objective is to provide evidence and success models to Governments and development actors to enhance the inclusion of refugees in poverty alleviation and development efforts such as the Graduation Approach.

Resources

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