

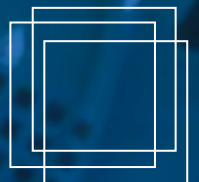



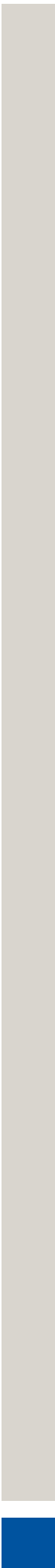
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A GUIDE TO MARKET-BASED LIVELIHOOD INTERVENTIONS FOR REFUGEES





**A GUIDE TO
MARKET-BASED
LIVELIHOOD
INTERVENTIONS
FOR REFUGEES**

Nadja Nutz

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Dear Reader,

Refugees are people with marketable skills and abilities, and a strong motivation to build their own livelihoods. Governments play a critical role in creating an enabling environment, by allowing freedom of movement and the right to work, giving access to markets and public services, and ensuring financial inclusion. To support the fulfilment of this role, we need to build the evidence base to demonstrate that allowing refugees to participate in the economy can benefit both refugees and their hosts.

Strong engagement by donors, multilateral financial institutions, the private sector, refugees and host communities is also required to build an economy that can absorb additional labour and create greater opportunities for all. This collaboration and complementarity were clearly reflected in the UN's New York Declaration on Refugees and Migrants, adopted in September 2016. This Declaration was based on the recognition that the world is facing an unprecedented level of human mobility and acknowledged the need for comprehensive responses that engage all stakeholders not only in emergency phases but also in making the transition to sustainable development approaches.

One important step in this direction was the adoption of the Guiding Principles on the Access of Refugees and other Forcibly Displaced Persons to the Labour Market by the ILO Governing Body in November 2016. While voluntary and non-binding, the guiding principles provide an important framework for governments to promote refugees' full enjoyment of the right to work. Within this framework, there is a need to identify and promote programmatic examples of good practice that will help humanitarian and development practitioners in developing interventions that lead to an improvement in refugees' livelihoods while also developing host communities' economies.

UNHCR's Global Strategy for Livelihoods 2014–2018 has contributed to transforming the way the organization is working through the introduction of professionalized, data-driven, market-oriented approaches that strengthen linkages with the private sector and development actors. UNHCR and the ILO in partnership have carried out market and value-chain analyses at the country level in Costa Rica, Egypt, Mexico, Pakistan, South Africa and Zambia. This guide is based on the results of that work,

and is written with the aim of providing a new way of looking at refugee livelihoods that combines a market system approach with more traditional livelihood interventions.

There is no one-size-fits-all approach to refugee livelihoods. Interventions must be adapted to the local context. Factors such as whether refugees reside among the local population or stay in camps, whether they live in urban centres or rural areas, fundamentally change the way livelihood interventions should be designed. This guide provides a framework for assessment to help practitioners determine the right combination of interventions to arrive at a holistic approach that is well adapted to the local context and labour market.

In doing so, it applies the “Making Markets Work for the Poor” approach (also known as M4P or market systems development) to the specific context of refugees. Some limitations exist on the applicability of an M4P approach in cases where refugees are dependent on the delivery of necessary goods and services. Nevertheless, M4P provides a useful framework for understanding market systems in which refugees can make a living and offers guidance for identifying interventions aimed at strengthening these systems.

This guide was written by Nadja Nutz. Several people contributed comments and helpful guidance, including Laura Brewer, Simel Esim, Markus Pilgrim, Virginia Rose Losada, Merten Sievers, Guy Tchami and Judith Van Doorn from the ILO, and Ziad Ayoubi, H el ene Harroff Atrafi, Betsy Lippman, Fabien Pommelet, Arifur Rahman, Regina Saavedra and Joanna Zaremba from UNHCR.

We hope this guide provides a programmatic example of how to build the nexus between humanitarian and development actions, and paves the way for more market-oriented approaches to refugee livelihood programmes which ultimately will contribute to the development of the comprehensive refugee response approach, the global compact for refugees, and the achievement of UN Sustainable Development Goal 8 on decent work and economic growth.

Sincerely,

Vic van Vuuren
Director
Enterprise Department
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Chief
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UNHCR Geneva





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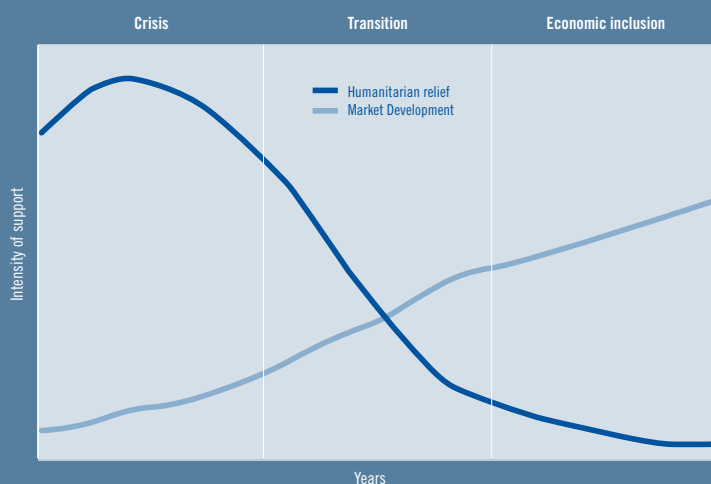
INTRODUCTION

The number of forcibly displaced persons worldwide has been rising continuously in recent years. By the end of 2015, 65.3 million individuals had been driven from their homes as a result of persecution, conflict, generalized violence or human rights violations. Of these, 21.3 million were refugees¹, 40.8 million internally displaced persons (IDPs) and 3.2 million asylum-seekers (UNHCR, 2015a). While new conflicts erupt, existing conflicts linger and root causes of forced displacement show no signs of being addressed. The scale and complexity of the challenge of responding to the needs of refugees and other forcibly displaced people for protection and assistance have increased as displacement persists over time. Prolonged periods of displacement, often for more than a generation, have a devastating impact on the lives of communities of concern and result in grave losses of human potential.

The lack of economic and educational opportunities, the isolation of forcibly displaced communities, and increasingly restrictive policies that lead to growing hopelessness among many seeking refuge outside their own countries have been highlighted as particular obstacles preventing refugees from becoming self-reliant, independent and hopeful about their future. Many displaced people have risked their lives and depleted what little resources they may have in their search for a better protection environment. Others have found themselves in situations of destitution and exploitation, facing ever more serious risks.

The magnitude and protracted character of many of today's displacement situations are leading States to engage with a wider range of partners in a growing recognition of the imperative need, on both humanitarian and development grounds, to secure sustainable solutions for refugees, IDPs, stateless people and returned refugees. Progress is best achieved where enabling public policies are combined with close cooperation between humanitarian and development organizations working in support of governments and helping local communities to address development issues, strengthen social protection and support the forcibly displaced to be free to move and find jobs and employment legally. Preserving dignity, reducing dependence on humanitarian aid and achieving economic inclusion are goals that all stakeholders can pursue jointly to good effect.

Figure 1: The transition from humanitarian relief to market development



Source: ILO and UNHCR market analysis and value-chain analysis (VCA) for refugees in Zambia

Joint efforts have therefore to be made to find new ways to reduce dependence on humanitarian assistance by developing interventions that promote the economic inclusion and self-dependence of refugees (see figure 1). Of fundamental importance to this endeavour is the fact that forced displacement primarily affects developing countries. The same 14 countries have hosted the majority of the world's refugees², among them several of the world's least developed countries with populations that are themselves suffering from high unemployment and a lack of economic opportunities. Inter-

ventions therefore need to focus on promoting the economic inclusion of displaced persons while at the same time also engaging in development efforts that aim to create employment opportunities for both refugees and the host community.

1 Of that total of 21.3 million, 16.1 million fell under UNHCR's mandate and 5.2 million were Palestinian refugees registered by UN-RWA. For simplicity's sake, the term "refugees" is used throughout this document to describe the main target group, which depending on context can encompass any category of UNHCR persons of concern: refugees, asylum-seekers, IDPs, returnees or stateless persons.

2 These are: Cameroon, Chad, the Democratic Republic of the Congo, Ethiopia, Iran, Iraq, Jordan, Kenya, Lebanon, Pakistan, the Russian Federation, South Sudan, Turkey and Uganda.



1

MARKET-BASED LIVELIHOOD INTERVENTIONS FOR REFUGEES

1.1 The Challenge

Traditional approaches to improving livelihoods for refugees usually focus on strengthening the supply side of the labour market, i.e. improving the employability, skill sets and know-how of refugees. The idea is that entrepreneurship training, financial education and vocational training will enable refugees to start micro-enterprises or small income-generating activities that will provide a means of livelihood and lead to self-reliance. While these approaches can succeed in promoting short-term income-

earning opportunities for refugees, they often run into significant problems in the long term, particularly when implemented on a large scale. For instance, several people may start up the same “traditional” income-generating activities, such as selling vegetables or hairdressing, in locations where market demand for these products and services is already satisfied. This may result in negative spillover effects on members of the host community who are already operating in these traditional sectors.

Sustainable Livelihoods

BOX 1

The term “sustainable livelihood” is used here to refer to an income-generating activity that results in a positive return on investments sufficient to provide an income and fund the further investments necessary to continue that activity.

Interventions to foster sustainable livelihoods should therefore provide support to refugees to help them start activities in sectors that have market potential beyond the assistance period. As outlined in the SEEP Network’s Minimum economic recovery standards, “Shrinking or non-competitive markets are ultimately not viable. Assistance that allows people to stay in these markets will undermine their livelihoods in the long run” (SEEP Network, 2010).

Therefore, to achieve economic inclusion in a sustainable way (see box 1), interventions should be based on a thorough analysis of the existing demand for labour, products and services, and of market systems in which refugees could make a living. This is confirmed by a study on refugee economies, which concludes that: “Interventions that aim to promote refugees’ sustainable livelihoods must be based on a sound and comprehensive understanding of existing markets and the private business sectors within which refugees are making a living” (Betts et al., 2014). Moreover, interventions should benefit both refugees and host communities, especially in view of the fact that many host communities are themselves suffering from unemployment and poverty. Interventions that target refugees exclusively might be perceived as discriminatory by host communities and create or exacerbate tensions. With xenophobic fears and tensions on the rise in many countries, support given to refugees exclusively might fuel a perception that refugees are “stealing” local jobs.

Interventions should be aimed at combining “push” and “pull” factors. “Push” factors aim at building the capacities of the target group to engage with the market, for instance through skills development, transfer of assets and/or strengthening social networks, while “pull” factors focus on developing market systems in such a way as to expand and diversify the market opportunities available to both the target group and the host community. While “push” interventions usually focus on working with the target group directly, “pull” interventions tend to work with a wide range of market actors. It is important to note that while push and

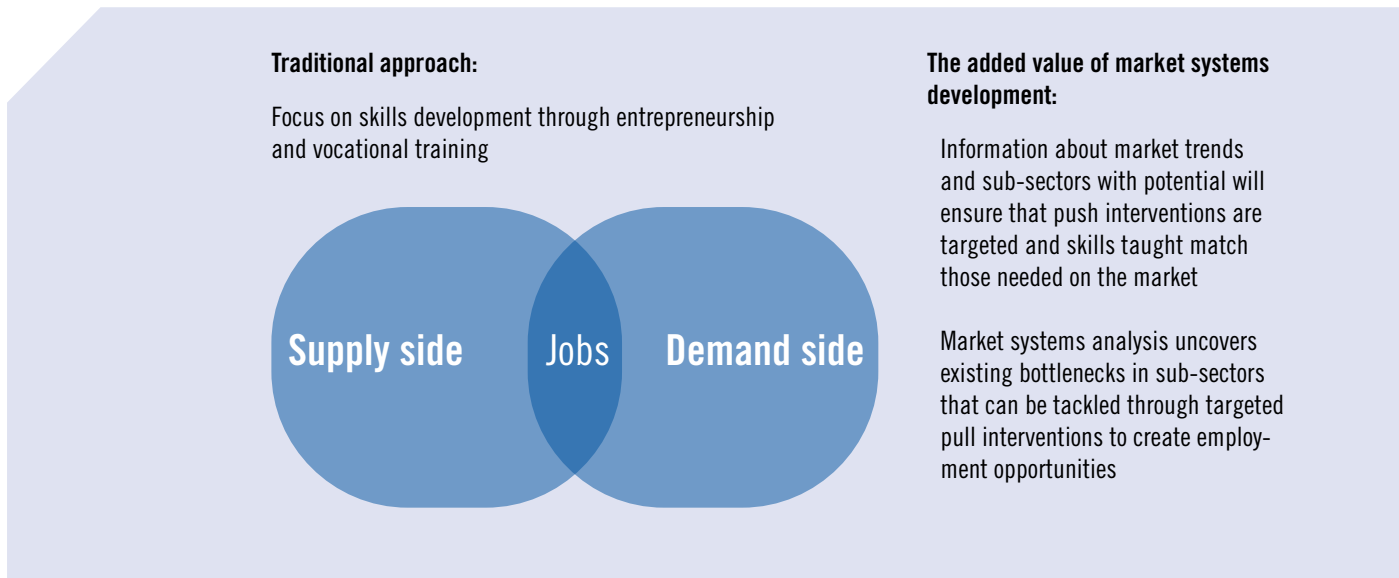
pull interventions work from different angles and potentially with different actors, they should be linked and complementary in a holistic approach that is founded on a thorough understanding not only of the needs and protection challenges of the target group but also of market realities and trends (USAID, 2015).

It is crucial to take a closer look at market trends and demand, and more specifically at subsectors and value chains with potential for employment creation, in order (a) to better target any “push” interventions, in particular those aimed at skills development, to ensure that these match the capacities and skills needed on the market, and (b) to identify possible constraints and bottlenecks in these subsectors and design appropriate “pull” interventions to create additional employment. Projects aimed at integrating refugees into the labour market will therefore continue to work on increasing the employability, skill sets and capacity of refugees (the “push” factors), and in parallel will concentrate on demand-side interventions to develop market systems in such a way as to benefit both refugees and host communities (the “pull” factors).

What is proposed here, then, is not a new approach, but rather a framework for applying market systems assessments that makes it possible to identify sectors with potential economic opportunities for the refugee target group while at the same time also paving the way for demand-side labour market interventions. In doing so, the framework should ultimately enable project teams to design targeted push and pull interventions that respond to local market realities and challenges.



Figure 2: The added value of market assessments for refugee livelihoods interventions

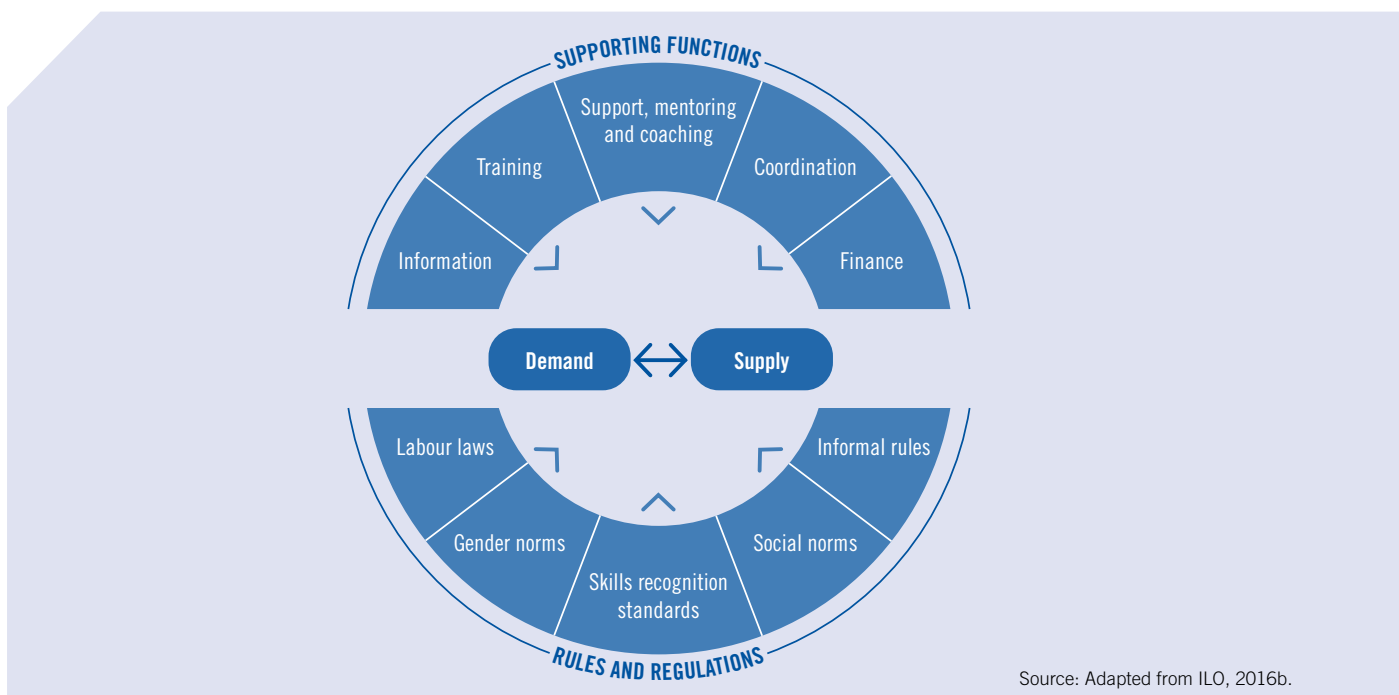


1.2 A framework for market systems analyses

The framework for market systems analyses targeting refugees proposed here is by no means a rigid model. It envisages different combinations of elements and tools depending on the specific country context and labour market situation. The framework can therefore be adapted to the specific characteristics of the target group as well as to the political, social, legal and economic contexts in which they are settled.

It is, however, in all cases important to start by gaining a thorough understanding of the environment in which refugees are trying to make a living. Integrating refugees sustainably into markets means helping them to be part of effective market systems, as producers, workers and consumers. Market systems consist of the market core function as well as supporting functions and rules and regulations, as illustrated in figure 3.

Figure 3: The market systems framework adapted to refugee livelihoods



Source: Adapted from ILO, 2016b.

The core function, that is, the market itself, is an arrangement through which buyers and sellers exchange goods and/or services. Supporting functions are all the elements people need to be part of that market. These can include information about markets, training, coaching, finance and any other forms of support. Rules and regulations influence the way markets work. Next to formal rules, these also include informal rules and prevailing social and cultural norms.

Figure 3 illustrates how market systems govern refugees' access to markets:

- **“Demand” and “supply”** in the middle of the figure denote the core function of the market, referring here to demand for and supply of refugees' products, services or labour. These factors should be thoroughly analysed, taking into account which sectors have most potential for new activity and are most relevant to refugees' skill sets.
- **“Supporting functions”** in the upper part of the figure refer to the goods and services that support refugees' access to markets, including different types of training, credit and other financial services, business development services (BDS), information, social capital and moral support.
- **“Rules and regulations”** in the lower part of the figure refer to the formal and/or informal rules and norms that govern refugees' access to markets. These may include legal frameworks governing refugees' right to work and related issues, but also prevailing cultural, social or political norms or attitudes towards refugees.

Whenever market systems do not function properly, so that certain groups, such as refugees, are excluded, this is often because of ineffective supporting functions or inappropriate rules and regulations. Therefore, as well as analysing the core functions of markets, it is crucial to look closely at the accessibility and effectiveness of supporting functions for refugees, and at the relevant rules and regulations, both formal and informal. Understanding these market systems and the reasons why, in some cases, they fail to work well for refugees is key to developing interventions capable of promoting refugee livelihoods in a sustainable and effective manner.

Any assessment should therefore start with four elements that will in turn determine the next steps:

1. **Assessment of rules and regulations**, including challenges for refugees pertaining to the legal status and the right to work, and the general political, social and economic situation in the country.
2. **Assessment of access to general supporting functions** for refugees, including access to information, training, financial services and BDS.
3. **Target group assessment** to gain a good profile of refugees in the country and their skills, protection needs, education and work experience.
4. **Market analysis** to gain an overview of sectors and subsectors with relevance to the target group and potential for growth and employment creation.

On the basis of the results of these initial assessments, and particularly of target group and market analysis, a decision can be made to “zoom in” on specific sectors or even value chains that are relevant to the target group and show potential for growth and employment creation. For instance, in countries where the majority of refugees have a background and experience in farming, and where unsatisfied demand for certain crops exists, it might be beneficial to focus detailed analysis on certain promising and safe agricultural value chains. In other countries, and particularly those that host large number of refugees with diverse skill sets and educational backgrounds, it might be more promising to conduct rapid market appraisals (RMAs) in a range of sectors and subsectors with potential. The decision of how much “zooming in” is required depends therefore on the results of the initial assessments of target group and market opportunities. (For more on this “zooming in” process, see section 2, subsection 4 below.)

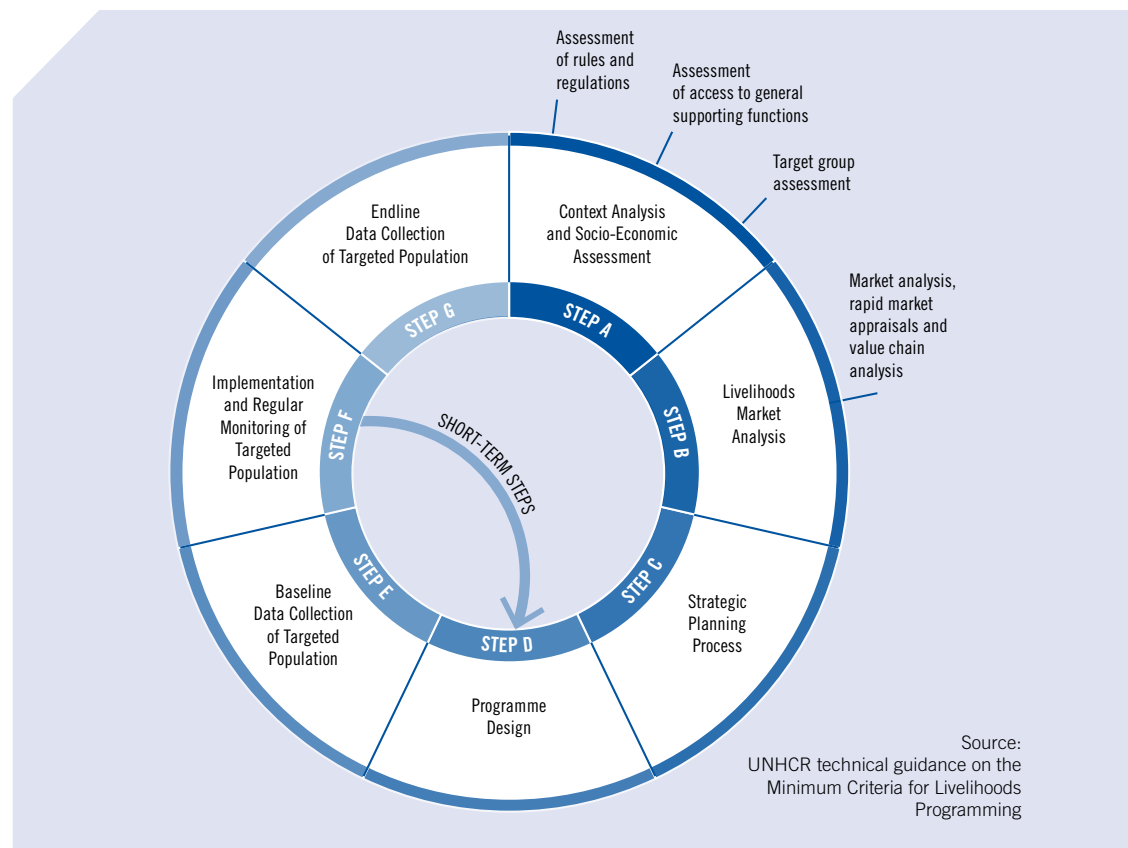
Where the decision has been made to focus on particular promising sectors and value chains, it is crucial to keep the market systems framework in mind. Assessments of specific sectors and value chains should not be limited to analysing processes and actors in the core function, that is, supply and demand in the particular market, but should also take into account the associated sup-

porting functions, and rules and regulations. For instance, as well as general supporting functions that help refugees cope in their daily lives (e.g. language and entrepreneurial skills development, treatment for trauma, day care centres, family support and social networks), refugees wanting to create income-generating activities in a specific sector might be in need of sector-specific supporting functions such as technical skills training or BDS. The market systems framework illustrated in figure 3 should therefore be taken into account for every specific sector and value chain.

Section 2 provides a more detailed description of the different assessments mentioned.

It should be noted at this point that the market systems approach on which the terminology used in this document is based is compatible with technical guidance on the UNHCR Minimum Criteria for Livelihoods Programming, which prescribes a “context analysis and socio-economic assessment” as well as a “livelihoods market analysis” at the outset of livelihoods programming. Figure 4 illustrates the different steps of livelihoods programming in UNHCR (in the segments of the circle) and their relation to the different types of assessments presented in this guide (in the boxes outside the circle).

Figure 4: Comparison of market systems and UNHCR assessment terminology





2

ELEMENTS OF MARKET SYSTEMS ANALYSES FOR REFUGEES

2.1 Assessment of rules and regulations governing refugees

When market systems fail to work properly for certain target groups, it can be due to existing rules and regulations. These, as noted above, can be related to formal rules and regulations (such as laws and decrees) or to informal rules and prevailing social and cultural norms. In many countries refugees are by law prohibited from working, or are allowed to do so only in certain sectors or after a certain time period. Even for those who are allowed to work and possess relevant skills, complicated bureaucratic procedures can impede or delay the recognition of skills necessary to exercise them. So far as constraints related to social and cultural norms are concerned, employers, even where legally allowed to recruit refugees, might be reluctant to do so because of prevailing prejudices and stereotypes about refugees. Also, xenophobic sentiments may lead to random attacks and raids on refugees by civilians or even police forces, posing a threat to the security as well as the livelihoods of refugees.

The legal framework for a specific national or local context can be assessed by examining legal texts and documents, which can be found online or in governmental institutions. However, in some cases it can be difficult to ascertain to what extent the legal framework for refugees is enforced and what additional constraints hinder refugees from accessing work. Some information can usually be obtained through non-governmental organizations (NGOs) and other humanitarian organizations that are working directly with refugee groups and are familiar with the daily challenges they face. But such secondary sources of information cannot replace direct contact with the target group through interviews and focus group discussions to draw on their personal experiences and obtain an accurate picture of the constraints hindering their access to employment. Key questions to be asked assessing rules and regulations are set out in box 2, and one country example is presented in box 3.

Methodology for assessment of rules and regulations

BOX

2

Secondary sources + interviews with target group

Guiding questions for interviews with the target group on rules and regulations:

Legal framework

Do you legally possess the right to work?

If so, did you face any difficulties in exercising that right?

If not, is it possible to engage in informal income-generating activities?

Attitudes of the host community

Do you experience any harassment from population groups or police? In what way?

Do you experience any discrimination? In what way do you feel you are discriminated against?

Rules and regulations governing refugees' right to work in South Africa

BOX

3

An analysis of formal and informal rules and regulations, conducted by UNHCR and the ILO in 2015, showed that a major constraint on access to employment for refugees is that employers are often not aware of the enabling legal framework governing refugees' right to work. Although refugees in South Africa do possess the right to work,* employers often believe that employing refugees would involve complicated and costly administrative procedures or even lead to legal repercussions. The lack of knowledge of the legal framework on the part of employers thus inhibits refugees' access to salaried employment in any sector or value chain, and any sectoral intervention should therefore be complemented by efforts to alleviate this constraint, for instance through information campaigns.

* At the time of the research, both refugees and asylum-seekers in South Africa possessed the right to work. Since then, the South African Department of Internal Affairs has announced plans to withdraw the right to work for asylum-seekers.

2.2 Assessment of access to supporting functions

Supporting functions can be general or sector-specific. For the initial assessment, it is important to have a thorough understanding of the supporting functions on which refugees can or cannot draw to help them create livelihoods, as well as of the different stakeholders providing these functions. Necessary supporting functions might not exist at all on the market, or they might simply be inaccessible to refugees for a variety of reasons. For instance, refugees in many cases may have significant difficulty in accessing finance, as banks might find it too risky to lend to refugees. Also, refugees might be unable to pay for commercially offered training and advice. Similarly, many refugees arriving in a host country lack any existing network of friends and family there, and without social capital of this kind it can be difficult to ac-

cess support, advice and information. Other important supporting services which refugees might need to build livelihoods include language tuition, coaching and mentoring, employment placement services, career advice and guidance, apprenticeships and other work experience opportunities.

When assessing supporting functions, as with rules and regulations, it is important to keep in mind that these can be formal (e.g. training, BDS provision or loans delivered by formal institutions), but might also include informal supporting structures such as social support networks, savings clubs or other associations. Informal supporting structures are often of crucial importance whenever access to formal support is blocked for various reasons. Informal support mechanisms

that help refugees to cope in daily life should be analysed to understand both how they function and what setbacks or obstacles there might be to their effectiveness. This information is crucial for designing interventions, as measures to provide better support for refugees might in some cases be more sustainable when built on existing informal supporting functions, rather than separately in an attempt to replace these.

When researching and analysing access to supporting functions, it is necessary to analyse both supply of and demand for the

functions. On the one hand, interviews with NGOs, ministries, government institutions, training institutes, banks and market actors should provide a good idea of the various support services that are available to refugees. On the other hand, interviews and focus group discussions with refugees should be conducted to identify any difficulties refugees might experience in accessing these services, and what other formal or informal support mechanisms refugees use to cope. Key questions to be asked in assessing supporting functions are set out in box 4.

Methodology for assessment of supporting functions

BOX 4

Secondary sources + interviews with service providers to establish what is available + interviews with target groups to assess access to formal services and existence of informal services.

Guiding questions for interviews with the target group on access to supporting functions

The following checklist is not exhaustive. What are deemed necessary supporting functions will vary depending on the context and target group.

Information

Did you recently obtain any kind of information that helped you generate an income for yourself, for example on possible income-generating activities, what to produce and sell to generate an income, where to obtain necessary services such as finance, training, language classes etc.?

If so, who provided this information? Public institutions, friends, family, community, humanitarian organizations?

Language classes

Do you speak the local language?

Do you feel that your ability to generate an income is hindered by lack of language skills?

Have you had access to language classes? If so, who provided them? Did you have to pay for them?

Access to finance

Have you tried to obtain finance from any source?

Have you been able to obtain finance from any source?

If so, from where? Did you face difficulties?

If not, for what reason? Did you face specific obstacles?

Skills training	Do you feel you require training in any specific area (e.g. technical or entrepreneurial skills)?
	If so, what kind of training do you feel you require?
	Have you tried to obtain skills training?
	Have you been able to obtain skills training? If so, what kind of training did you receive and from which institution/organization? If not, what difficulties did you face in accessing relevant skills training?
Social networks/ coordination	Are there any social networks (associations, cooperatives, savings clubs, friends or family etc.) that support you in generating an income?
	Have you recently received any form of advice or support from any type of social network that helped you generate an income for yourself?
	Can you rely on any friends, family or members of your local community to help you out in times of need?
Coaching/mentoring	Do you feel that you need any form of coaching or mentoring services to start any type of income-generating activity?
	Have you had access to coaching and/or mentoring sessions? If so, who provided these? Were these provided by a formal institution or through informal networks?
	Have you recently received important advice or help from friends, family or members of your community?
Infrastructure/ transportation	Do you face any difficulties with regard to transportation?
	Is your ability to generate an income hindered by a lack of mobility and/or means of transportation? If so, in what way?
Business development services	Are you currently engaged in any income-generating activity? If so, do you feel that you are in need of any type of service or support to develop this business? If so, what kind of support or service would you require?
	Have you tried accessing any type of business development services? If so, have you been able to do so? What was your experience of the services? Were there any difficulties? Who provided these services? Did you have to pay for them?

2.3 Target group assessment

Refugees are people with varying educational backgrounds, levels of literacy and professional experience. In designing interventions to support their livelihoods, it is crucial to have a thorough understanding of the educational background, skill set and work experience of the target group, and also of their aspirations and their current income-generating activities and strategies. More specifically, the assessment should aim at collecting information on nationality, age, sex, educational background, skill sets and previous work experience, current employment or income-generating activity (if any), perceived strengths and weaknesses, and aspirations and preferences in terms of work.

As a first step, data and profiles collected by UNHCR, NGOs and other organizations working with refugees can be scanned. It is, however, indispensable to collect complementary information directly from the target group through questionnaires, interviews and/or focus group discussions, depending on the situation and capacities of the target group and on the time and resources that can be attributed to the assessment. Standardized questionnaires are often less time-consuming than personal interviews. However, in some cases, existing language barriers or widespread illiteracy among the target group make it impossible to use written questionnaires. In that case, focus group discussions can be a good means of obtaining the necessary information.

In many cases, and particularly in urban environments, it can be difficult to gain ac-

cess to the target group to obtain information. In such circumstances it is often useful to contact a wide range of NGOs and other humanitarian organizations that are working with refugees directly and might be able to facilitate introductions. However, one should be aware that contacting refugees through such organizations might introduce a selection bias, as humanitarian organizations tend to work with the most vulnerable groups among refugees. Particularly in urban environments, refugees who have been able to make a living for themselves, for instance through launching income-generating activities or working in the informal sector, might be overlooked as they often do not feel the need to turn to humanitarian organizations for assistance. Looking closely at the coping strategies and supporting functions used by individuals who have succeeded in making a living by themselves can yield important insights that may be useful in designing interventions for those in need of support. It is thus important to make an effort to reach out to all refugees in the target group, including the less vulnerable ones.

Some key questions in assessing the characteristics and needs of the target group are set out in box 5. To simplify the research process, interviews and focus group discussions with refugees can contain questions about skill sets, educational background and current income-generating activities along with those about supporting functions and rules and regulations (see boxes 3 and 4).

Guiding questions for initial target group assessment

BOX 5

Nationality and background

- What is your country of origin and nationality?
- What is your age, sex and marital status?
- What is your native language?
- How long have you been in your current country?
- What is your legal status (refugee, asylum-seeker etc.)?

Education and skills

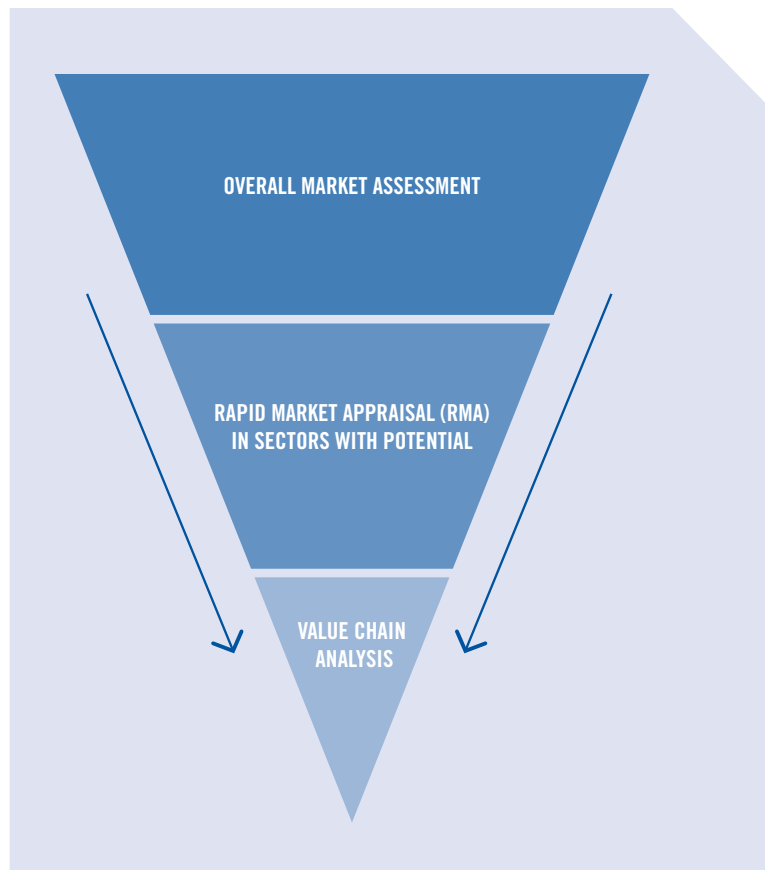
- What is your highest school qualification?
- Do you have a university degree?

	<p>Did you complete any formal technical and vocational training?</p> <p>Do you have any specific skills and strengths?</p> <p>Are you currently engaged in educational or training activities?</p>
Work experience	<p>Are you currently engaged in any income-generating activities? If so, of what kind (sector, salaried or entrepreneurial, formal or informal sector etc.)?</p> <p>Do you have work experience from your country of origin? If so, of what kind have?</p>
Ability to work	<p>Do you have any physical impediments (disability, diseases etc.) that inhibit your ability to work?</p> <p>Are you obliged to care for any dependants such as children, elderly or disabled people in your household? Does this limit your ability to work and generate an income?</p>
Aspirations	<p>What is your current livelihood strategy?</p> <p>Is there any job or sector that you would like to be engaged in?</p>

2.4 Market analysis, rapid market appraisals and value-chain analyses

In order to target livelihood interventions as effectively as possible, it is important to gain a good understanding of the specific economic environment, including current market trends and anticipated developments, as well as sectors and subsectors with potential and possible employment opportunities for refugees for which market demand exists. Beyond providing information about trends and opportunities in the market, the objective of this step is to determine whether it is feasible and beneficial to focus on specific sectors and subsectors and/or safe value chains that show potential for employment creation and are relevant to the target group. In some instances, where refugees are a fairly homogeneous group with similar skill sets and backgrounds, or where a significant proportion of the refugee group is already engaged in income-generating activities in a certain sector or value chain, it can make sense to focus analysis and subsequent interventions on developing a particular value chain to create the maximum number of new jobs and/or improve incomes and employment conditions

Figure 5: How much “zooming in” is required depends on the context



for those already working in it. More often, however, refugees in a particular location are a heterogeneous group with different educational backgrounds and skill sets, so that it is not feasible to integrate a significant percentage of the target group into one single value chain or subsector. In that case, and particularly in instances where budget limitations do not allow for in-depth analysis of several value chains, it is more beneficial to conduct RMAs in several sectors and subsectors with potential for employment creation relevant to the target group. The difference between RMAs and VCAs is not clear-cut but pertains merely to the depth of analysis. For more on the two types of analysis, see box 6.

BOX 6

The difference between RMAs and VCAs

A RMA is a quick, flexible and effective way of collecting, processing and analysing information about a sector in a given region. It helps to give a first look at a sector or value chain to determine the likely relevance to the target group, employment creation potential and feasibility of intervention.

The main objective of an RMA is to determine whether the sector or value chain holds potential for employment creation for the target group. It should also provide an overall idea of the challenges and constraints the sector is likely to present for the target group: for example, lack of information for the target group about opportunities in the sector, poor working conditions or lack of training for entrepreneurs in the sector.

VCAs aim to take the findings further and uncover the underlying reasons for the constraints in order to design interventions that would encourage systemic and sustainable change in the sector.

In order to determine whether “zooming in” on one or several subsectors or value chains is beneficial, it is recommended that a wide range of sectors are scanned and rated according to the following criteria³:

- **Potential for employment creation:** Demand for a certain product or service is key to determining employment creation potential. Unsatisfied demand for a certain product or service usually means that possibilities exist to expand production to create additional employment and/or exploit new economic opportunities in the sector.

- **Relevance to the target group:** The chosen sector or value chain should be relevant to the skill sets and educational background of a significant percentage of the target group. This means that refugees are either already making a living in this sector or have the potential to make a living in this sector in the future, as they possess relevant skills. It should also be safe (see box 7), culturally acceptable to refugees, and feasible in the light of possible family responsibilities.

When assessing the relevance of a certain sector to the target group it is important to look at specific “barriers to entry” for the target group. For instance, sectors where economic activities require large capital investments or land holdings might be unsuitable for refugees, who may find it difficult to access capital and land on a large scale.

Safe value chains

BOX 7

UNHCR promotes the use of safe value chains in livelihoods programming for refugees. A safe value chain does not expose participants to major protection risks to their safety or well-being, and takes into consideration the political, cultural, social and legal dynamics in host communities. Value chains where the entry of refugees would cause tensions with host communities, or where refugees would be exploited or abused, should be avoided.

- **Feasibility of intervention:** Finally, it is important to determine whether interventions in a certain sector are indeed feasible. Feasibility of intervention can be particularly low in the

³ More information on value-chain selection, including methods for weighting and ranking sectors, can be found in GIZ and ILO (2015).

public sector or in sectors that are heavily regulated by the Government. For a country example, see box 8.

BOX

8

Feasibility of intervention in South Africa's health sector

In South Africa, the initial target group assessment pointed to the fact that a significant percentage of the target group had a background in the health sector (as doctors, caretakers, nurses, veterinarians or pharmacists). Secondary research indicated that the sector was suffering from a shortage of skilled medical personnel. The sector was therefore found to hold potential for employment creation for the target group. However, further secondary research and interviews with stakeholders indicated that the South African authorities deliberately exclude foreigners from health-related jobs in the public sector. The sector therefore showed little feasibility for intervention, and it was decided instead to focus on the hospitality sector, which was found to be more open to intervention and showed potential to integrate refugees with a wide range of skills as employees in hotels and guest houses or in small enterprises that supply hotels with necessary goods and services.

For some key questions to be asked in rating sectors according to these criteria, see box 9.

BOX

9

Criteria for selecting sectors or value chains and relevant questions

Potential for growth and employment creation

What is the overall size of the subsector with respect to volume and value of output, and contribution to gross domestic product, foreign direct investment and employment share?

What is the job creation potential, based on industry growth, size, employment elasticity, and number of and relative value added by medium, small and micro-enterprises in the sector?

What is the previous and forecast growth of the sector?

What are the current levels of innovation, productivity and competitiveness and/or collaboration in the sector?

What are the main issues in relation to working conditions and are there opportunities to improve them?

Do refugees face particular barriers to accessing markets in this sector? If so, what are they?

Relevance to the target group

What is the estimated number of refugees already engaged in the sector (gender disaggregated)?

How do refugees participate in the sector (as producers, workers or consumers)?

What are the major problems refugees face in the work they do in this sector?

Is there potential to integrate (more) refugees in the sector?

Do skills needed in the sector correspond to the profile of refugees in the location?

Feasibility of interventions

What is the feasibility of addressing the most significant challenges faced by poor workers, given the current economic and political environment?

What are the relevant government policies and programmes which influence this sector?

Which donor programmes are present, where, and what are they doing/funding?

Are there market players willing to change their business models/adapt new practices?

Are there available training institutions, government ministries or other partner organizations that are willing to take part in and/or take responsibility for some elements of intervention in this sector?

If one or more sectors appear to meet the criteria, it might be worth conducting RMAs in these sectors to analyse them further. RMAs aim to gain a deeper understanding of particular sectors or value chains. Their main objective is to collect sufficient information to enable the project team to make an informed decision about the potential and relevance of a certain sector in relation to the target group, and to judge whether interventions to develop the sector would be feasible. RMAs should also collect information about challenges and constraints that may hinder the participation of the target group in the sector, taking into account prevailing rules and regulations and the availability of supporting functions specific to this sector. The aim is not to analyse in the same depth as a VCA (see below), merely to identify potential areas for further focus.

If one or more safe value chains are found to demonstrate a particular potential for and relevance to the target group, then it is useful to conduct a full-scale VCA. The classical VCA aims to identify bottlenecks and constraints that prevent the value chain from realizing its full potential in terms of employment creation. To do so, the VCA looks at the whole market system, that is, the sequence of processes through which a product or service goes from initiation until it reaches the final customer, and also at the supporting functions and the rules and regulations governing the value chain.

A VCA usually consists of three main components.⁴ These are:

- value-chain mapping, which aims to create a visual representation of the connections between businesses, supporting organizations and other market players in order to gain a better understanding of processes in the value chain and to identify key relevant market players and supporting organizations;

- value-chain research, which consists of interviews and focus group discussions as well as observations and further secondary research to identify bottlenecks and constraints;
- evaluation of findings of the value-chain research, out of which a strategy for value-chain development and specific interventions evolve.

The key to a VCA is to analyse the whole market system of the value chain, including the relevant supporting functions and rules and regulations, while keeping the specific skills and background of the target group in mind. This means:

- **Analysing the value chain**, the processes and key players in the sector and asking: Are there market opportunities that refugees could exploit? Are refugees already working in the value chain, but suffering from decent work deficits or a lack of protection mechanisms? Is there increasing market demand for a certain product that could be satisfied by refugees launching new small enterprises?

- **Analysing supporting functions of the value chain** such as BDS, training providers, research institutions and public employment services, and asking: Are supporting functions specific to this sector tailored to refugees' needs? Are refugees facing specific constraints that block their access to sector-specific supporting services? How can supporting functions be improved and tailored to refugees' particular needs?

- **Analysing rules and regulations governing the value chain** and asking: Are the rules and regulations conducive to refugees' participation in the sector? Are there any sector-specific formal or informal rules that hinder or promote their participation? What can be done to make rules and regulations more responsive to refugees' needs?

⁴ For more in-depth guidance on how to carry out a VCA, see ILO (2015, 2016b).

Key issues and related questions for VCAs are summarized in box 10.

Key issues and corresponding questions for VCAs

BOX

10

End markets

Are there any signs that indicate future increases in demand?

What criteria have to be fulfilled to satisfy consumers, including those related to environmental or working conditions?

Have there been any changes in consumer trends?

Are there specific quality standards or restrictions?

Are there opportunities to expand from local to national markets, for import substitution or export?

Actors and processes

What categories of market actors – such as farmers, collectors and retailers – are involved from the start of the chain to the end market?

What are the different processes – such as production, processing and marketing – which take place in the value chain, before products and/or services reach the final consumer?

What are the different market channels through which products and/or services reach the final customer and the end market?

Location of the target group

How many members of the target group are working at which levels in the value chain?

What are the underlying causes of low participation of target groups in the value chain?

Value added

What proportion of the total value is currently captured by actors at each level in the value chain?

What proportion of the total value is currently captured by the target group at each level in the value chain?

What are the underlying causes of low value added for the target group?

Costs

What are the average costs incurred by businesses at each level of the value chain?

How do the costs for businesses at each level of the value chain compare to those in the value chains of competitors (benchmarking)?

What are the costs for the project's target groups and are these different from the costs for other groups?

What are the underlying causes of any high costs identified?

Firm-level performance

How well are businesses at each level of the value chain performing core business functions?

	<p>What are the firm-level causes of low performance?</p> <p>How well are businesses owned by the target group performing core business functions?</p> <p>What are the underlying causes of any areas of low performance?</p>
Job quality	<p>Are wages sufficient?</p> <p>Is there discrimination, harassment and/or intimidation in the workplace?</p> <p>Are employers respecting relevant labour standards, including minimum age for employment?</p> <p>What levels of occupational health and safety currently exist?</p> <p>What effect is job quality having on business performance?</p> <p>Are there any other decent work deficits?</p> <p>If working conditions are poor, what are the underlying causes?</p>
Links, power relationships and governance	<p>What linkages exist between enterprises at the same level of the value chain?</p> <p>What linkages exist between enterprises at different levels of the value chain?</p> <p>What linkages exist between enterprises within the value chain and actors outside the value chain?</p> <p>Are relationships informal or formalized in contracts?</p> <p>Are relationships stronger between certain social categories? For example, are they stronger between people of a specific gender, ethnicity or nationality?</p> <p>What levels of trust exist between enterprises?</p> <p>Are enterprises organized into cooperatives and associations?</p>
Rules and supporting functions	<p>What rules and supporting functions currently exist, and are they linked to the constraints and features of the value chain identified above?</p> <p>Which market actors perform these rules and supporting functions?</p> <p>How well do they perform these rules and supporting functions?</p> <p>Which rules and supporting functions do not currently exist, but would improve business performance or working conditions in the value chain?</p>

Two examples of VCAs and ensuing livelihood interventions are given in boxes 11 and 12.

The role of Syrian refugees in the food-service value chain in Egypt

BOX

11

A joint ILO–UNHCR project in Egypt aimed at improving overall market access for refugees in urban sectors in greater Cairo, Alexandria and Damietta. An initial sector selection exercise found that the food sector in Egypt showed significant potential for growth and employment promotion. As the Syrian cuisine is increasingly popular in Egypt, significant potential for the inclusion of Syrian refugees into the sector was identified. At the same time, a target group assessment found that approximately 13 per cent of the refugees were already engaged in income-generating activities in the food sector, and that a significant percentage of the remaining refugees, including a large percentage of women, had the right profile to be included in the sector. A detailed analysis was then made of the food sector, including existing constraints and bottlenecks that might inhibit the inclusion of refugees, and following the analysis five initiatives were designed to address the underlying constraints to the creation of employment in the food services sector in Egypt, for both Syrian refugees and the host community. These were: promoting targeted and demand-driven BDS provision; strengthening entrepreneurial skills; promoting home-based enterprises for women; setting up an information database to improve access to information on market trends, suppliers and standards; and setting up food cooperatives to reduce transaction costs and strengthen cooperation among producers. On the basis of this analysis, UNHCR’s livelihoods programme in Egypt provided entrepreneurial training and start-up grants to women to create home-based food micro-businesses.

Integrating former refugees into agricultural value chains in Zambia

BOX

12

Many refugees from Angola now qualify for a local integration programme launched by the Zambian Government. Through this programme, over 1,000 Angolan refugee families from the Meheba refugee camp were given permission to stay and have received land in the areas surrounding the camps. A target group assessment showed that most of these former refugees had little education but had engaged in subsistence farming practically all their lives. At the time, market demand for agricultural products in the region was increasing, fuelled by growing mining activities nearby. Given the expanding market demand for agricultural products, the farming background of the refugees and the recent grant of arable land, the decision to focus on agricultural value chains was an obvious one. VCAs were conducted for the three fastest-growing agricultural products – maize, beans and other vegetables – and “quick win” interventions were proposed to connect the former refugees with market actors such as input dealers and aggregators, and to organize “market days” to help farmers connect with potential customers.

The first step to assess the market is usually through secondary literature. Market trends and growth projections for different sectors should be analyzed. Internet research usually results in a long list of studies that assess the overall market potential or the potential of certain promising sectors in the

country. Additionally, strategic papers and planning documents of governments usually give a good overview of the government’s priorities and plans to push economic development in the near future. Finally, studies and analyses done by different development organizations can be a very good source of

information for rapid market appraisals. In cases where specific additional information is required, targeted interviews with experts, private sector or government stakeholders can be conducted. Potential interview partners could include:

- chambers of commerce or trade and industry, and other business associations;
- government ministries and departments;
- statistical units, research institutes and universities;
- key market actors in sectors estimated to hold potential;

- donor-funded projects working on private sector development and international organizations (UN agencies, World Bank, international financial institutions, NGOs etc.)
- trade unions and community representatives.

More detailed guidance on how to carry out a VCA, including a list of potential interview partners and guiding questions, can be found in the ILO guide to Value Chain Development for Decent Work (ILO, 2016b). For more on the pros and cons of analysis involving stakeholders directly in the research for and design of interventions, see box 13.

The pros and cons of participatory research

BOX 13

Participatory approaches entail actively involving and empowering project stakeholders, e.g. refugees, government authorities, NGOs and other organizations, from the beginning of the process. Participatory approaches can have significant advantages as they create ownership, ensure the relevance of actions to the target group and build the capacity of stakeholders. But they may also have certain disadvantages. Actively involving stakeholders is often time-consuming, and may also be costly, as some stakeholders in some countries may ask for compensation for their involvement. In some cases, it might be difficult to encourage innovative thinking as certain stakeholders may prefer to stick with traditional approaches and sectors. Finally, stakeholders – by definition – have a stake in the process and therefore have personal interests and subjective views, making it difficult to find the “objectively” best solution. Careful consideration should therefore be given to whether a participatory approach is useful in any given situation.

In general, a participatory approach seems to be more appropriate and easier to manage in situations where refugees are living in camps managed and overseen by government representatives and humanitarian organizations. In this case, it is crucial to involve these stakeholders from the beginning to ensure a certain level of coordination among the various initiatives of different governmental and non-governmental bodies, and to motivate stakeholders in and around the camps who will most likely be involved in the implementation of interventions, or even become important drivers of the process.

On the other hand, in cities and other urban areas where refugees are dispersed and humanitarian organizations might have problems reaching out to them, a participatory approach is unlikely to yield greater benefits, as these organizations will not have the capacity to become drivers of the implementation process. This is especially true in cases where governments are reluctant to support refugees.

Deciding against a participatory approach does not mean, however, that stakeholders should not be consulted. Government agencies and humanitarian organizations can be an important source of information, and refugees as the main target group should be consulted as often as possible to ensure that the analysis and the proposed interventions are relevant.



3



DESIGNING TARGETED PUSH AND PULL INTERVENTIONS

Interventions should be designed to respond directly to the results of assessments and to tackle the constraints and bottlenecks identified in the various areas of the market system.

On the **level of core functions**, livelihoods market analysis should in all cases result in a clear picture of economic opportunities and market trends. Furthermore, RMAs and VCAs can pave the way for targeted interventions to promote the sector and create additional employment. Depending on the findings of assessments and the available budget and capacity of the project, sectoral demand-side interventions can either focus on the more rapid implementation of “quick wins” (see boxes 12 and 14) or engage in full-scale value-chain development over several years.

The pros and cons of “quick win” interventions

BOX

14

In some situations, it might be useful to apply the “quick win” approach. Quick wins are interventions that can be implemented with relatively little time and resources. For instance, in Zambia (see box 12) the situation was such that refugees were concentrated in one area and had benefited from land distribution. This allowed for quick win interventions to connect the refugees with input dealers and other actors along the value chain. Quick wins can have significant advantages, particularly when combined with a participatory approach, because they can motivate stakeholders and local teams as first results are visible at an early stage. However, if sufficient budgetary and other resources are available, it is always preferable to focus on long-term sustainable interventions and take time to design and prepare interventions that aim to induce systemic change and have sustainable impact on a large scale.

Assessments on the **level of rules and regulations** should have identified any specific constraints for refugees arising from the legal framework, informal rules or social and cultural norms. Constraints identified on this level are usually hard to tackle and no miracle solution is available. However, if significant constraints were identified, practitioners will have to take these into consideration and think about ways to alleviate them, for instance through lobbying or advocacy campaigns. It is clear that any approach aimed at creating employment for refugees in a certain sector can have only a limited impact if rules and regulations hinder participation of refugees in the labour market overall.

As noted above, failure of market systems to work well for a certain target group is very often related to issues on the **level of supporting functions**. The assessment of general supporting functions should have resulted in a clear idea of which services are weak or missing, and which ones can be accessed through existing channels. Different strategies will need to be explored to improve access to existing resources, strengthen weak ones, and work out how to provide critical missing services.

In order to design targeted interventions, it is useful to think strategically about both the push and the pull required to develop the selected value chains and promote sustainable livelihoods for refugees. As explained above, push interventions aim at equipping refugees and host community members with the necessary skills, capacities and assets, while pull interventions focus on connecting them to markets and increasing the quantity and quality of market opportunities available, to both refugees and host communities. Particularly in cases where refugees are among the extremely poor, interventions might have to focus on the push first, and then reinforce pull factors once refugees have achieved a certain level of market readiness.

However, whether designing push or pull interventions, practitioners should always

think about the sustainability of the interventions. For instance, where analyses have identified a lack of sector-specific training as one of the main constraints, there is a great temptation to hire NGOs or consultants to deliver the necessary training. However, quick fixes will not themselves achieve change in the market system and therefore cannot be sustainable. Instead of providing the necessary training and other services to refugees and host community members directly, options might be available to work with public or private partners that have the capacity and incentive to deliver the needed services in a more financially sustainable way. For more information on how sustainable market development may be achieved in localities with a high degree of dependence on outside aid, see box 15.

Sustainable market development in aid-intensive contexts

BOX

15

The underlying idea of market systems development is to refrain from direct delivery of goods and services that would distort markets, working instead to help market systems to function better for certain target groups through interventions that trigger change in the market systems themselves. However, in environments characterized by large inflows of humanitarian aid, this approach has its limitations. Particularly where refugees are based in camps managed by humanitarian organizations and other NGOs, the economic environment and surrounding markets are often highly distorted by aid flows. Where people are used to food aid and delivery of free services and goods, market demand for these goods and services is usually low.

While there is no magic solution to overcome this dependency, one idea is to use aid flows in a way that supports market development. The increasing shift to cash-based interventions adopted by UNHCR and other humanitarian agencies could be one way to activate markets and create more opportunities for sustainability in aid-intensive settings.

Increasingly, humanitarian aid is provided through market-based mechanisms, where the current market situation is assessed and the response is designed to support local markets. Therefore, in regions where demand for agricultural products is low due to dependency on food aid, organizations delivering food aid such as the World Food Programme might be persuaded to act as purchasers for produced agricultural goods. This way, refugees are partially connected to markets for their goods (even if only temporarily), while food aid can be sourced and channelled to those in need.

Finding ways to improve the required supporting functions for refugees in a sustainable way involves thinking about creative ideas that are adapted to the local context and respond to the findings of assessments. The key to sustainability lies in identifying the right partners, public or private. Ideally, these partners would already have both the incentive and the capacity to deliver the needed services to refugees. Where this is not the case, practitioners need to work with organizations to increase their incentives or develop their capacities. In some instances, that may mean working with local training institutions to develop new training capabilities; in others, it may mean facilitating refugees' access to private BDS or training providers that are already offering the services needed.

In order to identify the right partners for any given intervention, it is helpful to assess the candidate organizations using an institutional mapping tool such as the simple will–skill framework shown in figure 6. Having assessed the incentives (will) and the capacities (skill) of any given organization, it is

possible to decide on appropriate strategies to support these organizations according to their classification.

As figure 6 shows, organizations can be classified into four different categories:

High will, low skill: these organizations already have a strong incentive to deliver services, but need support to develop their capacity further.

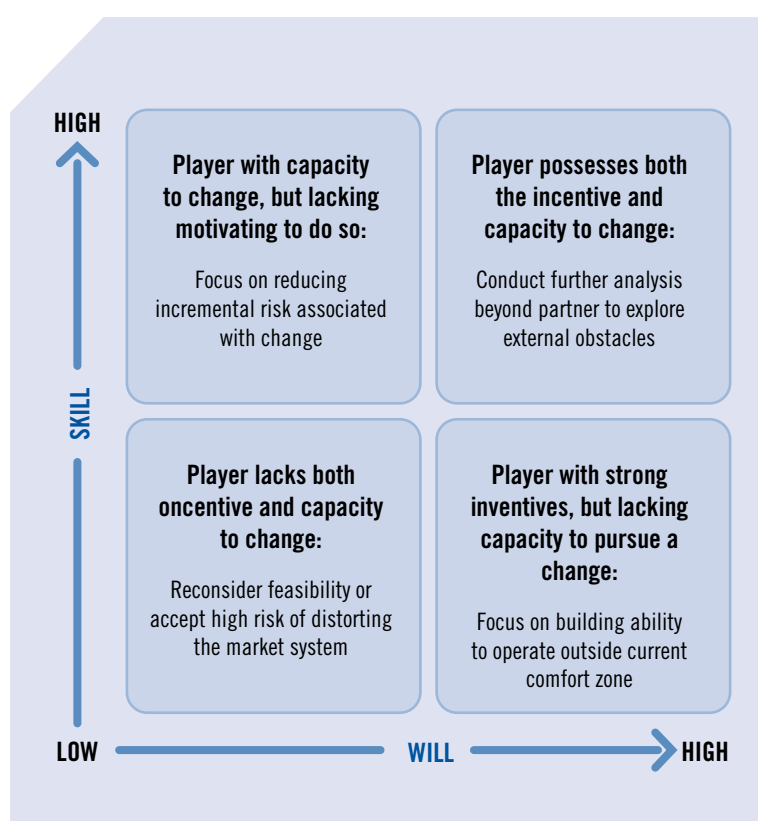
Low will, high skill: for these organizations, support should focus on increasing incentives to deliver certain services. This might in some cases involve sharing of risks, for instance through guarantee schemes or voucher systems.

Low will, low skill: if organizations lack both incentive and capacity to deliver certain services, then ideally practitioners should not work with them.

High will, high skill: these organizations are ideal partners. However, if they possess both incentives and capacity to deliver a certain service but are not doing so yet, practitioners need to ask why that is the case. If certain outside factors, such as the regulatory environment, are holding the organization back, practitioners need to respond accordingly and, if possible tackle the outside factors.

The following paragraphs briefly discuss a range of typical interventions, and recommend resources for further reading (for which details may be found in annex II to this document). The list is neither exhaustive nor exemplary: as emphasized, no one-size-fits-all solution exists, and interventions should always be designed to respond to the specific characteristics, constraints and challenges of the local context.

Figure 6: the Will-Skill Framework



Source: ILO (2016b)

3.1 Strengthening supporting functions for refugees

The findings of assessments will indicate the combination of interventions required in each particular context to tackle constraints on refugees' access to the necessary supporting functions. The supporting functions may be specific to a sector or value chain, or of more general application, and may include (but are not limited to) training and mentoring, BDS, access to finance, information on market demand and trends, language skills, public employment and job placement services, and access to apprenticeships.

A. Access to training and business development services

As stated before, refugees are usually a heterogeneous group with very diverse skill sets and educational backgrounds. For refugees who possess university degrees or diplomas, specific technical skills and/or work experience, the main constraint may be related to skills recognition systems. Others will need to develop skills in order to gain access to economic opportunities, particularly whenever wage employment is lacking and small income-generating activities are therefore the only livelihood option. The skills needed by refugees range widely and may include language and financial literacy, technical and vocational skills, and “soft” skills such as entrepreneurship. Recent ILO impact studies have generated evidence that combining technical and vocational training with training in entrepreneurship and other soft skills can yield better results than one type of training alone. This is particularly relevant in cases where opportunities for enterprise creation identified in selected sectors require a combination of “hard” technical skills and “soft” entrepreneurial skills.

Rather than attempting to offer a one-size-fits-all training programme, then, it is rec-

ommended that refugees and host community members alike be offered access to a diverse range of training programmes, depending on their needs. As emphasized above, such intervention needs to be designed in such a way as to be sustainable. In some cases, possibilities exist for partnership with existing effective public providers. In other cases, working with private training and BDS providers might be a good option. Wherever efficient and capable private training and BDS providers are available, working with them may offer certain advantages, as such bodies usually have both commercial incentive and capacity to deliver effective services that respond to clients' needs. Furthermore, promoting service delivery through local private actors can have the beneficial indirect effect of creating additional employment in that sector for the host community. Where access to private services is hampered through refugees' inability to pay for these services, voucher systems can often be a good way to make services accessible.

B. Access to finance

Refugees may find it difficult to access finance to start and/or develop an enterprise, as they often do not possess the necessary papers, guarantees or legal status to obtain credit from banks and microfinance institutions, and are usually not members of community-based savings and lending groups. If this is the case, ways need to be found to facilitate access to finance for refugees. Depending on the specific situation, this can be done for instance through capacity-building and other forms of support to financial services providers (FSPs), e.g. assistance in reaching out to new geographical areas; through guarantee schemes; or through the development of demand-driven financial services for refugees and their host communities, including

capacity-building support for community-based savings and lending cooperatives. Detailed information and guidance on how to promote access to finance for refugees can be found in the joint UNHCR–ILO publication *Investing in Solutions* (UNHCR and ILO, 2011).

UNHCR is also developing guidelines and case studies to elaborate on best practices for working with refugees, including lessons learned and suggestions for addressing common obstacles to the financial inclusion of refugees. These will be used in training and awareness-raising for FSPs on the viability of a business model that includes products and services for refugees. These guidelines emphasize the importance of launching a dialogue with FSPs at the country level to promote the inclusion of refugees in their programmes. It is also essential to build partnerships with funds that provide guarantee facilities, to reduce the risks for FSPs willing to work with refugees. The spread of guarantee facilities can help to achieve a cultural shift to promote the idea that refugees can be viable clients for FSPs. In the long run, this should facili-

tate refugees' access to finance for sustainable livelihoods.

C. Access to information and support through cooperatives

In some contexts, promoting cooperatives or informal networks of refugees can be a good way to tackle constraints on access to information or services. An ILO study (ILO, 2016a) has shown the significant role cooperatives can play and are already playing in all phases of refugee crisis response. Cooperatives may be set up specifically by refugees, for instance to provide necessary assistance, support or services to other refugees; or refugees might join existing cooperatives, as members or workers, in identified sectors or value chains, to increase cooperation and information exchange among producers. Refugees can also benefit from the services of cooperatives even without being members. More information on tools and approaches to promote cooperatives can be found on the website of the [*ILO's Cooperatives Unit*](#).

3.2 Influencing rules and regulations

For countries where refugees do not possess the right to work, it is all the more important to gather evidence on the possible positive effects of refugees' economic inclusion on the local labour market. The findings of market analysis and VCAs should enable practitioners to promote the economic inclusion of refugees while also suggesting ways of creating employment for the local population. These findings will be valuable for UNHCR, ILO and partners in efforts to raise the awareness of governments about development opportunities that benefit both refugees and host

communities. The outcome of these efforts could be positive on the right to work of refugees in the host country.

In some countries, refugees' access to markets and their ability to build secure livelihoods can be hampered by social norms and prejudices, including xenophobic sentiments. Prevailing cultural attitudes are difficult to influence. However, at the very least practitioners must consider the issues, and think about ways to alleviate constraints, for instance through advocacy and information campaigns.

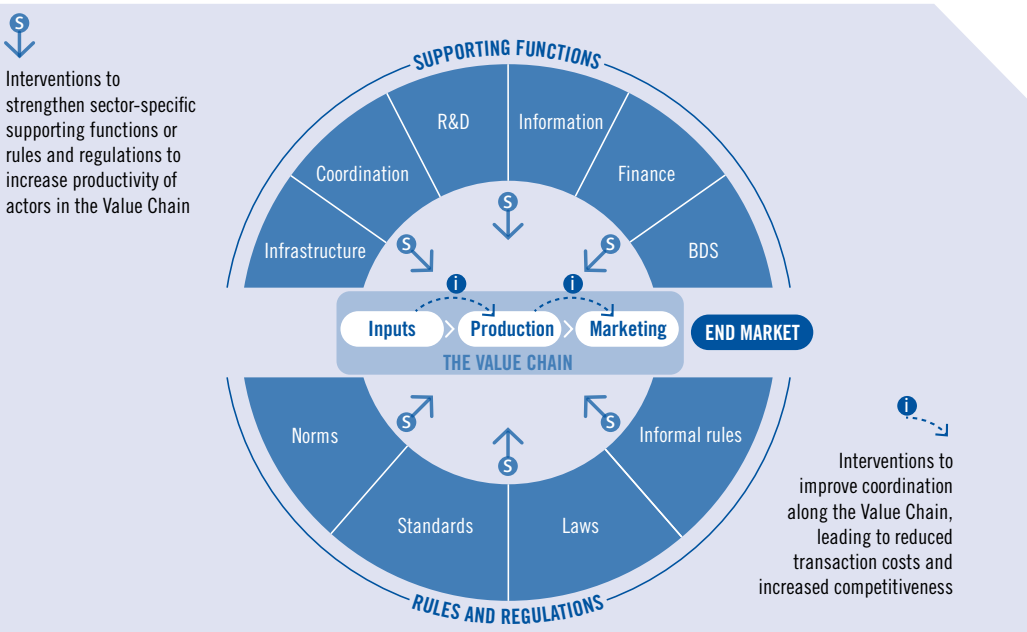
3.3 Value chain development interventions

RMAs and VCAs will provide a clear picture of market dynamics and relationships between the various actors in the sectors examined, and will identify certain constraints and bottlenecks in the chain. On the basis of the findings, targeted pull interventions can be designed to alleviate the constraints, resulting in easier access to markets for the target group and/or increased capacity of the value chain to promote growth and create additional employment.

Interventions that aim at strengthening the chosen sector can be divided into two categories (see figure 7):

ment for Decent Work (ILO, 2016b). If the aim is to better connect the target group to markets, then outgrower schemes can be a good way to do so. Outgrower schemes are systems that link unorganized small producer groups to domestic and international buyers. While buyers profit from a guaranteed supply for sometimes pre-agreed prices, small producers benefit through improved access to markets, often accompanied by technical and financial support and/or pre-financed inputs from the buyer. For an example of an outgrower scheme in practice, see box 16.

Figure 7: Different types of value chain development interventions



1. interventions that aim at improving supporting functions for actors in the value chain or making rules and regulations more conducive to increased productivity, competitiveness and employment creation;
2. interventions that aim at improving linkages along the value chain, for instance between producers and input-suppliers, between producers and buyers or between different producer groups, in order to improve the market access and bargaining power of producers and/or reduce transaction costs and strengthen competitiveness.

For detailed information on value-chain and market systems development, see the newly updated ILO guide on Value Chain Develop-

Connecting refugees to markets through an outgrower scheme in Zambia

BOX 16

Market analysis around the two refugee settlement sites in Zambia identified cassava as one of the crops that holds significant market potential. A UNHCR project launched in 2016 therefore aimed at developing the cassava value chain in Zambia, and launched an outgrower scheme spearheaded by the company Premiercon Starch Ltd and involving over 400 former refugee and local host community farmers in both settlements. The scheme will enable farmers to produce high-yield cassava varieties required by mines and breweries. Farmers will therefore profit from increased productivity and guaranteed markets. Ultimately, the outgrower scheme will benefit both the farmers and private sector companies.

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CONCLUSIONS

This guide outlines a framework for market systems assessments and subsequent intervention design to help humanitarian and development practitioners make livelihood programming for refugees more effective and sustainable. The objective of this framework is to help practitioners design holistic programmes that use a combination of both “push” and “pull” interventions to tackle the particular constraints affecting refugees and their host communities in a specific context. The ultimate goal of is to enhance refugee protection and support refugee households in building a better future, while achieving positive economic development results in the host communities as a whole.

More needs to be done to measure the impact of the proposed market-based livelihoods interventions on the lives of refugees and host communities. This will require both financial resources and patience, since results of interventions have to be monitored over several years before reliable conclusions can be drawn. Therefore, more development funding needs to be made available to globally replicate this experience and allow UNHCR, the ILO and partners to engage in comprehensive long-term projects to reach a greater number of refugees and host community members. Furthermore, there is a crucial need for more humanitarian and development actors to come together and adopt this hybrid approach, which can help them in changing their business models and enhance their collaboration and coordination in providing a comprehensive response to both refugees and host communities.





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ANNEXES



ANNEX I: Glossary

Asylum-seekers	An asylum-seeker is an individual who has sought international protection and whose claim for refugee status has not yet been determined. As part of internationally recognized obligations to protect refugees on their territories, countries are responsible for determining whether an asylum-seeker is a refugee or not. This responsibility is derived from the 1951 Convention Relating to the Status of Refugees and relevant regional instruments, and is often incorporated into national legislation
Business Development Services (BDS)	BDS comprise a wide array of non-financial services critical to the establishment, survival, productivity, competitiveness and growth of enterprises. BDS can include generic services, such as training, information technology, technical assistance, strategic planning and marketing, as well as subsector-specific services in product development, market access, input supply, equipment sale or leasing, and other sector-related technical assistance and/or training (SEEP Network, 2010)
Context analysis and socio-economic assessment	UNHCR's Minimum Criteria for Livelihoods Programming prescribes a context analysis and a socio-economic assessment as the first step of livelihoods programming. The objective is to gain a full picture of the legal, civil-political and socio-cultural context, and to gain an understanding of the socio-economic situation and the livelihoods strategies of persons of concern. For the purpose of this document, the terms "assessment of rules and regulations", "assessment of supporting functions" and "target group assessment" are used. These, taken together, constitute a context analysis and socio-economic assessment in the UNHCR's sense of the term
Core function of the market system	The core function of a market system refers to supply of and demand for a certain good or service. The resulting exchange of goods or services is governed by rules and regulations and influenced by <i>supporting functions of the market system</i> (see below)
Durable solutions	The 1950 Statute of UNHCR provides that UNHCR "shall assume the function of providing international protection, under the auspices of the United Nations, to refugees who fall within the scope of the present Statute and of seeking permanent solutions for the problem of refugees by assisting Governments ... to facilitate the voluntary repatriation of such refugees, or their assimilation within new national communities". The agency has traditionally defined durable solutions as voluntary repatriation, local integration in countries of first asylum or resettlement in third countries
Internally displaced persons (IDPs)	According to the UN's Guiding Principles on Internal Displacement, IDPs are persons or groups of persons who have been forced or obliged to flee or to leave their homes or places of habitual residence, in particular as a result of or in order to avoid the effects of armed conflict, situations of generalized violence, violations of human rights, or natural or human-made disasters, and who have not crossed an internationally recognized border
Labour market	The labour market refers to the supply of and demand for labour, in which workers provide the supply and employers the demand

Livelihoods	A livelihood comprises the capabilities, assets (including material and social resources) and activities required to provide the means of living. A livelihood is sustained when it can last through and recover from various stresses and shocks, and preserve or enhance assets and capabilities, while not undermining the natural resources base (SEEP Network, 2010)
Livelihoods market analysis	The UNHCR's Minimum Criteria for Livelihoods Programming prescribes a livelihoods market analysis as the second step of livelihoods programming. The objective of UNHCR livelihoods market analysis is to determine which markets (or sectors) have potential to grow and to provide real opportunities for economic activity and self-reliance opportunities for persons of concern (see below)
Market analysis	Market analysis is the process of assessing and understanding the key features and characteristics of a market so that predictions can be made about how prices, availability and access will perform in future. For the purpose of this guide, market analysis is taken to mean a first appraisal of local markets to identify sectors with potential for employment creation. The term, as used in this document, is not to be confused with market assessments conducted by humanitarian organizations implementing cash-based interventions to assess the supply of and demand for certain goods used and procured by the target group locally
Market system	A market system is a multi-function, multi-player arrangement comprising the core function of exchange by which goods and services are delivered and the supporting functions and rules and regulations (see below) which are performed and shaped by a variety of market players (private and public) (Springfield Centre, 2015)
Market systems development	Market systems development, also known as "Making Markets Work for the Poor" or "M4P", refers to an approach that seeks to change the way that markets work, so that poor people are included in the benefits of growth and economic development. The aim is to tackle market failures and strengthen the private sector in a way that creates large-scale, lasting benefits for the poor
Persons of concern to UNHCR	Persons of concern is general term used to describe all persons for whom UNHCR is mandated to provide protection and assistance. They include refugees, asylum-seekers, returnees, stateless persons, and, in many situations, internally displaced persons (IDPs). UNHCR's authority to act on behalf of persons of concern other than refugees is based on various UN General Assembly and Economic and Social Council (ECOSOC) resolutions
Push and Pull factors	"Push" strategies often entail working with the target group directly to provide them with the human, financial and social assets they need to be part of market systems, while "pull" strategies usually entail working with other actors in the market system through commercial incentives to facilitate increased and more sustainable participation of the target group in the market

Rapid market appraisals (RMAs)	Rapid market appraisals are market analyses conducted for sectors believed to hold potential for employment creation for refugees, with the aim of quickly coming to understand key features of the market, market trends, relationships among market actors, and any bottlenecks or constraints in these sectors. RMAs also serve to identify suitable sectors for further value-chain analyses, as envisaged in UNHCR's Minimum Criteria for Livelihoods Programming
Refugees	Refugees include all persons who are outside their country of origin or habitual residence due to a well-founded fear of being persecuted for reasons of race, religion, nationality, membership of a particular social group or political opinion, as a result of such events, is unable or, owing to such fear, is unwilling to return to it
Returnees	Returnees should be understood as an individual who was of concern to UNHCR when outside his/her county of origin and who remains so, for a limited period, after returning to the country of origin. The term also applies to internally displaced persons who return to their previous place of residence
Rules and regulations of a market system	Rules and regulations of a market system refer to the formal or informal rules and norms that govern a target group's access to markets within that system. These may be related to legal frameworks that govern labour markets, but also to prevailing cultural, social or political norms or attitudes towards refugees
Supporting functions of the market system	The supporting functions of a market system are the services that the target group needs in order to gain access to markets. These include various types of training, credit and other financial services, <i>business development services</i> (see above), information, social capital and moral support
Value chain	value chain describes the full range of activities that are required to bring a product or service from conception, through the intermediary phases of production, to delivery to the final consumer, and (for physical goods) final disposal after use

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