HPG policy brief

Supporting livelihoods in displacement

Four recommendations for donors, policymakers and practitioners

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April 2024

Recommendations

Support for **establishing and continuing sustainable livelihoods** is a priority for forcibly displaced people. This support is essential due to the myriad challenges faced by forcibly displaced people, including broken social networks, restrictive legal and policy environments, discrimination and trauma.

Donors, policymakers and practitioners seeking to support the livelihoods of displaced people should ensure they **understand the economic and policy environment** they are working in, and actively strive to improve it. Solutions that strengthen the 'scaffolding' that allows people to find and sustain their own livelihoods – such as housing, transportation and childcare – should be championed as viable livelihood programmes that create a foundation for future self-reliance.

Within these interventions from funders, graduation approaches have shown to be effective, but they can be expensive and difficult to scale. An easier and cheaper way to support livelihoods in displacement can be with **cash transfers**.

Meeting people where they are is important, so **area-based approaches in urban areas** should be invested in as a priority. Most displaced people are already living in urban areas, within economic environments that are already more conducive to supporting livelihoods than more remote, impoverished or economically underdeveloped areas.

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Acknowledgements

The authors would like to thank the IKEA Foundation for generously funding this research. The authors are grateful to Evan Easton-Calabria, Caitlin Sturridge and several others for peer reviewing this study. The study could not have been completed without the support of Clem Bruce for project management and Sara Hussain and Jessica Rennoldson for editing, design and production.

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IKEA Foundation

How to cite: Crawford, N. and Holloway, K. (2024) 'Supporting livelihoods in displacement: four recommendations for donors, policymakers and practitioners'. HPG policy brief. London: ODI (www.odi.org/en/publications/supporting-livelihoods-in-displacement-four-recommendations-for-donors-policymakers-and-practitioners).

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Introduction

Livelihoods are vital for everyone. Encompassing 'the capabilities, assets (stores, resources, claims and access) and activities required for a means of living', livelihoods are a necessary part of self-reliance[1] (Chambers and Conway, 1992: 6). Livelihoods are consistently mentioned by displaced people as one of their top priorities (e.g. Barbelet and Wake, 2017; Wake et al., 2019; Muhumed et al., 2021; Glendinning, 2022; Sida et al., 2024). At the same time, establishing and maintaining a sustainable livelihood in displacement can be challenging. Shattered social networks, restrictive legal and policy environments, discrimination, the trauma of forced displacement and other obstacles confront displaced people who are seeking to build a life for themselves and their families.

Ongoing efforts to find new and innovative ways to support the livelihoods of forcibly displaced persons (FDPs) – refugees, internally displaced persons (IDPs), asylum seekers, returnees and people displaced directly or indirectly due to climate change – highlight the numerous barriers to establishing sustainable livelihoods in displacement. Many of these are legal or structural – policy and economic environments that are not conducive to livelihoods in the areas that host FDPs, which are often remote or marginalised. Yet, the 'solutions' often proposed for supporting livelihoods for displaced people – particularly within humanitarian responses – remain individualised: skills training, microfinance, cash transfers, etc. (Easton-Calabria, 2022; Crawford and Holloway, 2024). While development programmes often go further and deeper into the root issues confronting societies as a whole, they often do not extend to displaced populations. In all contexts, humanitarians and development actors should work more closely together to provide better livelihoods for displaced and host communities alike.

This policy brief is one component of a three-part research project undertaken by the Humanitarian Policy Group (HPG) on behalf of the IKEA Foundation. The project delves into the state of displacement around the world, with a particular focus on the types of investment that have been effective in building sustainable livelihoods for FDPs. This policy brief aims to build on the evidence collected, including in the *Global evidence review* and the Mogadishu case study with IDPs and returnees, to offer practical and realistic recommendations to humanitarian and development donors, both traditional donors and the private sector, policymakers and practitioners who are seeking to fund and implement livelihoods interventions for FDPs. While each intervention will inherently look different, based on the type of FDP it is targeting and the country in which it is being implemented, this policy brief offers four overarching recommendations that should be tailored and adjusted for each context.

1 Self-reliance is used here to encompass not only the ability to provide for oneself economically, but also agency and control over decision-making.

Recommendation 1: Understand the economic and policy environment, and actively strive to improve it.

A key factor affecting FDPs' ability to access viable livelihoods is the economic and policy environment in which they live. While market analysis has long been acknowledged to be part of successful livelihood interventions, it has not always been implemented effectively or at all (Mercy Corps et al., 2016; Nutz, 2017; Manji and de Berry, 2019). It is not enough to assume that 'the liberalisation of markets can address the challenges of precarious livelihoods' (Zaman, 2018: 9). Instead, prior to beginning any interventions, a full assessment should be undertaken of not only the markets available in an area, but also which markets have capacity and potential for growth, alongside assessments of the skills and work experiences that are prevalent in the displaced community and the rules and regulations in place in the country (Nutz, 2017).

FDPs – particularly refugees, but sometimes IDPs and returnees – often do not enjoy the right to work (or access to the appropriate documentation/recognition of credentials) or the right to move (to find work and access opportunities). Access to financial services, the ability to register businesses and SIM cards for mobile phones, and the opportunity to pursue higher education also help contribute to FDPs' self-reliance. Setting up livelihood interventions in which FDPs are given capital to start their own businesses but where they do not have the right to work, access to financial services or the ability to register a business is unlikely to create a lasting impact.

Humanitarian and development donors, policymakers and practitioners should invest in cities, countries and regions with policy environments that support the rights of FDPs. For some refugee-hosing countries, progress stemming from the Global Compact on Refugees (GCR) on policy frameworks supportive of livelihoods has been remarkable, but there are still hosting countries without a favourable policy environment and others where there are still barriers to implementation (UNHCR, 2023). For countries with the largest numbers of IDPs, the United Nations Secretary-General's Action Agenda on Internal Displacement and the *Independent review of the humanitarian response to internal displacement,* supported by the Inter-Agency Standing Committee (IASC), provide updated guidance on how to better respond to and resolve situations of protracted internal displacement (UN, 2022; Sida et al., 2024). Advocacy efforts of donors, policymakers and practitioners should continue to align with the recommendations from these processes. In particular, this includes commitments and recommendations:

- to 'contribute resources and expertise to promote economic opportunities, decent work, job creation and entrepreneurship programmes for host community members and refugees' in the GCR (UN, 2018: 27);
- to 'prioritise livelihoods … earlier in the humanitarian response, and with adequate resources', with respect to IDPs (Sida et al., 2024: 62).

Some low- and middle-income countries may have permissive policy environments, but the overall economic environment may be unable to support the dynamic job growth necessary to provide

livelihoods for its displaced population. Creating enough jobs for their own growing and rapidly urbanising populations is already a major challenge. Alongside investing time and resources in these contexts, advocating for legal migration and resettlement pathways to countries with higher labour demands should also be considered.

Recommendation 2: Invest in and pioneer solutions that strengthen the 'scaffolding' that allows people to find and sustain their own livelihoods.

Funding and implementing a 'livelihood intervention' need not be restricted to income-generating activities. The Somalia case study undertaken for this project revealed that many FDPs wished their livelihoods were supported through structural supports – such as safe and affordable housing and transport as well as childcare – that would allow them to seek their own livelihoods (Crawford et al., 2024). Working with national and municipal governments to integrate FDPs into state service systems, improve transport networks, provide vouchers for childcare services, or support schools in areas hosting FDPs can be essential support to people's livelihoods. Co-designing interventions with FDPs and listening to their priorities – as opposed to turning up with preconceived menus of aid interventions – can reveal unexpected barriers and solutions to livelihood challenges. Partnering with refugee-led or IDP-led organisations would ensure meaningful participation in both the design and implementation phases.

Livelihoods programmes often seek end goals of 'self-sufficiency'[2] or 'sustainable livelihoods'. Yet, programmes that set people on a pathway towards self-reliance, even if their self-reliance is not fully realised through that particular project, should still be championed as realistic contributions – another piece of the scaffolding necessary for future outcomes. For example, a project might simply improve household consumption or food security, or lower indebtedness to allow families to invest in education or a productive asset. Findings of evaluations have also demonstrated positive effects of psychosocial interventions on livelihoods, and vice versa, particularly for populations who have been forcibly displaced, often in ways that have led to traumatic experiences (Schininá et al., 2016; Schuettler and Caron, 2020). These types of programme should not be discounted when it comes to creating a foundation for the future ability to become self-reliant.

Recommendation 3: Consider integrated or graduation approaches to livelihoods – or just give cash.

Evaluations have shown, time and time again, that the most effective way to support people's livelihoods is by integrating interventions into fuller packages that consider individual needs and realistic market opportunities, rather than funding stand-alone discrete interventions, often without market links or enough capital to sustain the endeavours long term (Crawford and Holloway, 2024). Graduation approaches that combine financial capital or other assets with other

2 Self-sufficiency is used here, in contrast with self-reliance, to denote the sole aim of no longer requiring humanitarian assistance.

initiatives, such as training, mentoring or financial inclusion, have also proven effective in low- and middle-income countries, including in fragile contexts (Banerjee et al., 2015; Schuettler and Caron, 2020; Abdullahi et al., 2023).

While learning on graduation approaches for FDPs is ongoing, there are some reasons to be optimistic, as they have shown promise. For example, a graduation programme in Uganda showed significant improvements in food security, nutrition and self-reliance early in its implementation, but whether and how much components beyond cash contributed to successful outcomes was unclear (Technical and Operational Performance Support (TOPS) Uganda Graduation Randomized Control Trial Associate Award, 2022).

On the downside, graduation approaches can include the same elements of poor design often found in individualised approaches, where markets and policy environments are not fully considered (Benrey and Kenny, 2023). For example, programmes undertaken in remote rural areas where FDPs are encamped or living in settlements may be problematic if displaced people do not have access to land (e.g. in the case of livestock or agricultural production) and the markets in the region are underdeveloped. They can also be difficult to scale and expensive to fund due to their multi-layered components and the amount of time needed to implement them correctly.

An easier and cheaper, though slightly less effective, way to support the livelihoods of FDPs is through unconditional cash. Although evidence is incomplete and learning is ongoing, there are few downsides to providing unconditional cash. Unconditional cash transfers improve consumption and food security and contribute to the productivity of household livelihood activities in the short term (Schuettler and Caron, 2020; Kenny and Lawton, 2023). One frequently documented use of these kinds of cash transfer is for children's education, which itself is a determinant factor in future earnings (Crawford et al., 2015; Schuettler and Caron, 2020; Ngabire et al., 2021; Kahura et al., 2022).

Providing an adequate cash transfer to affect livelihoods positively may require larger grants to fewer participants, rather than assuming it will be better to help a greater number of people with smaller transfer amounts. Several studies have shown that, in order to impact livelihoods, transfers must be large enough to meet recipients' basic needs and have money left over (Esper et al., 2022; Kahura et al., 2022; Abdullahi et al., 2023). For donors, policymakers and practitioners seeking to begin implementing unconditional cash transfers to improve livelihoods, careful analysis of the context, economic environment and appropriate transfer amount necessary to ensure money is available for livelihoods should be done from the outset.

Recommendation 4: Commit to area-based approaches in urban areas, where most displaced people live and where economic environments are more conducive to supporting livelihoods.

Area-based – or 'settlement-based' – approaches recognise the complex interplay of economic conditions and social interactions within a particular geographic area by going beyond the individual or household level to target an entire population with multi-sector assistance in a participatory way (Parker and Maynard, 2015). Yet donors, policymakers and practitioners should be cautious about whether and how larger, area-based approaches can support the livelihoods of FDPs when implemented in remote, impoverished or economically underdeveloped areas. Initial evidence suggests that the efforts needed to jumpstart markets in remote areas (as opposed to markets developing more organically) to create opportunities for sustainable livelihoods may not be able to overcome the structural factors that have kept these areas underdeveloped over decades – and where it has not been by chance that some FDPs have been forced to settle (Betts et al., 2019; 2020; Earle, 2023). Targeted approaches for specific industries in particular regions might be worthwhile in the future when the efforts of various private investment mechanisms (e.g. challenge funds, private capital incentives, market development initiatives) have created a more conducive economic environment.

Instead, area-based approaches should be encouraged and supported in urban areas, where most FDPs live and where there are pre-existing, more dynamic markets and partnership opportunities with local and municipal authorities, as well as with development actors and the private sector. This aligns with the recommendation to 'better address the humanitarian needs of urban IDPs' through a 'focus on municipalities and area-based approaches' that came out of the *Independent review of the humanitarian response to internal displacement* (Sida et al., 2024: 61). As a holistic and integrated approach, it is imperative that humanitarian and development donors, policymakers and practitioners who wish to work on area-based approaches in urban areas partner together to ensure synergies and prevent a duplication of efforts. These schemes should approach migration and urbanisation holistically, working on land and property rights, urban planning, social services, transportation, healthcare and education simultaneously, in which livelihoods initiatives could find a place.

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