

'The private sector' as the new panacea in refugee protection?

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Humanitarian and political actors are currently paying significant attention to the roles of 'the private sector'. In light of difficulties such as limited funding, insufficient aid and the restrictive conditions often faced by refugees in host countries, global policies as well as discussion forums ascribe much potential for improvement to the private sector. But is the private sector really a panacea for issues in refugee aid? By reflecting critically on the current discussion, I question the view of 'the private sector' as one entity and address the potential tensions between economic interests and humanitarian principles, the ethics of funding, and the possible consequences of the focus on 'creating jobs' for refugees.

In recent years, political and humanitarian actors have called for intensified partnerships with 'the private sector' as [a potential donor and an important partner](#) in providing protection and assistance to refugees. While older UNHCR reports prove that this is not a new idea (for reports from the 1970s, see e.g. [A/8412: 228](#); [A/33/12: 258](#)), a prime example of the current prominence is the [Global Compact on Refugees](#) adopted in 2018. The Compact identifies 'the private sector' as one of the "relevant stakeholders" (p. 2) and names it 15 times throughout the text. Concerning funding and the efficient and effective use of resources, the Compact lists "maximizing private sector contributions" as one of three major aspects, for example, to use "opportunities for private sector investment, infrastructure strengthening and job creation in contexts where the business climate is enabling" and to develop "innovative technology" (p. 7). The Compact also notes the relevance of "public-private partnership" in order "to enable greater opportunities for private sector investment" (p. 8).

These are only some examples in the Global Compact on Refugees, which is just one of several topical policies rendering 'the private sector' meaningful. Others include the [Guidance Package for UNHCR's Engagement in Situations of Internal Displacement](#) from 2019, the [Policy on Emergency Preparedness and Response](#) from 2017, the [Comprehensive Refugee Response Framework](#) from 2016, and the strategy on [Promoting Livelihoods and Self-reliance](#) from 2011. While these policies refer to 'the private sector' to varying degrees, the first [Global Refugee Forum](#) held in Geneva in 2019 emphasized it (see also the [agenda](#)).

Without doubt, the trend towards increased partnerships with 'the private sector' is linked to the [wide-ranging global issues](#) in refugee aid. For several years, refugee aid has been chronically underfunded, durable solutions have been insufficiently promoted, and refugees have frequently been confronted with restrictive conditions and long-term encampment. These issues have not only handicapped humanitarian and state actors' scope and ability to provide protection and assistance, but most of all have gravely complicated the lives of the refugees. Humanitarian and state actors are thus pursuing intensified support from and collaboration with 'the private sector' in order to make necessary improvements. Some [scholars](#) have also promoted the idea.

But are partnerships with 'the private sector' really a panacea? I adopt a critical perspective in this text and reflect on four aspects of private sector engagement that I find worrisome: (1) the approach to 'the private sector' as one entity, (2) possible tensions between humanitarian principles and economic interests, (3) the ethics of funding, and (4) the potential effects of the focus on 'creating jobs.' Of course, conditions and

collaborations are complex and cannot be simplified into 'good or bad'; yet I would like to move beyond the 'hype' about 'the private sector' and explore possible difficulties. In doing so I want to raise questions rather than provide answers, and I hope to initiate further discussion.

1. 'The private sector': one particular actor?

From the way 'the private sector' has been referred to recently, it would appear that it was one particular and single institution. However, similarly to the 'international community' which comprises all states and relevant institutions, 'the private sector' is not one homogeneous entity. Instead, the phrase serves as an umbrella term for diverse companies, cooperatives, businesses, and financial and service institutions with local, national or even multinational reach. What binds these institutions together is their non-governmental setup and economic objectives. Private sector institutions are for-profit or profit-oriented and interest-driven, in contrast to the non-profit humanitarian field to which refugee protection and assistance belongs.

It is consequently misleading to refer to 'the private sector' as a stand-alone entity. By instead speaking of 'private sector institutions', 'for-profit actors', 'corporate actors' or similar terms, we bring to light their diversity, aims and potentially various roles in refugees' lives and aid. These diverse roles are important because private sector institutions do not just include large businesses such as [those listed on UNHCR's website](#) (e.g. Ikea or Microsoft). Refugees themselves are also [economically active, build businesses, and cooperate locally, nationally and transnationally](#). And all of these activities on the part of the refugees risk sinking into oblivion if the diversity of private sector institutions is not recognized.

Moreover, my colleague [Hamza Safouane at the IMIS](#) added in a discussion that the label 'the private sector' is deceptive because it is a widespread euphemism that softens the profit-driven ethos of these actors. This may not fit well with the legal and moral imperative of providing protection to refugees, and possible contradictions between humanitarianism and for-profit activities may become less visible or even subsumed in the pursuit of 'efficiency'. He illustrated this tendency with an example from Germany: in 2015, the city of Berlin, among others, entered into partnerships with huge consultancy firms such as [McKinsey](#) to streamline the processing of asylum seekers, to some extent at the cost of these refugees' rights.

These contrasting examples of refugees' own economic activities and the various profit-driven interests and effects of large corporations reveal the necessity to differentiate between such for-profit actors instead of using the blanket 'private sector' label.

2. Humanitarian principles in refugee aid versus economic interests of private sector institutions?

This brings me to the next question about humanitarian values. In line with other [humanitarian fields](#), refugee protection and assistance is guided by the key humanitarian principles of humanity, neutrality, impartiality and independence. Among other things, [UNHCR's Emergency Handbook](#) states: "Because UNHCR's mandate is non-political, humanitarian and social, the organization is guided by humanitarian principles in its response to all humanitarian crises, whether caused by conflict, violence or natural disasters." The handbook goes on to explain that UNHCR adheres to "principled humanitarianism," a "do no harm" approach, and "rights-based and community-based approaches that include efforts to engage and empower persons of concern in decisions that affect their lives."

Private sector institutions are instead likely to focus on their economic interests and gains, which prompt the question of how these interests align with, correspond to, or perhaps even contradict humanitarian principles and values. Can tensions arise when private sector institutions engage in the field of relief work?

While the examples from the Global Compact mentioned above reveal that much attention is currently on the potential of private sector institutions for refugees' livelihoods, these institutions' aspirations and intentions might differ from those of humanitarian agencies. Whereas the latter generally seek to protect refugees and promote their livelihoods to improve living conditions and well-being, the former might engage in the field to

improve their **image** through corporate social responsibility (CRS) campaigns or perhaps to increase their revenue and gain access to 'new markets' in other countries or regions. These different intentions can but do not necessarily have to be opposing aspirations and thus mutually exclusive. On the one hand, a focus on economic interests could capture refugees in a problematic neoliberal frame; the focus would then no longer mainly be their protection but instead their (economic) contribution. The current promotion of **refugees' resilience and self-reliance** shows signs for a move in this direction.

On the other hand, as **Betts noted in 2014**, "[a] key part of UNHCR Innovation's work has been reaching out to private sector actors, drawing upon their ideas, funding and networks, and appealing for their involvement on the grounds of a combination of philanthropy, corporate social responsibility and the desire to innovate." Seeking such partnerships has therefore also been about a learning process for humanitarian agencies intending to improve refugee aid. A third perspective, raised by Hamza Safouane in a discussion, is that private sector institutions have the potential to 'lobby' for increased protection efforts on the part of states. They could use their CRS campaigns to pressure governments, especially in the realm of refugees' access to education, employment and health care. While this may mean more services for refugees, I am critical of the medium- and long-term intentions of these institutions and the subsequent effects on the refugees.

Whether or not, and how, the aspirations of for-profit actors conform with, bypass or contradict humanitarian principles depends on the concrete institutions, collaborations and activities. And while 'more' collaborations are currently being called for, this does not say anything about their quality, about how 'good' they are or might turn out to be. It is up to the political and humanitarian agencies responsible for refugee protection and assistance to ensure that interests align and that collaborations do not cause harm or disadvantage to refugees. By stressing the importance of safeguarding refugees, I do not intend to portray refugees as 'vulnerable and passive victims' nor to demand over-regulation; I am rather highlighting that we should keep the aim — improving refugees' safety and well-being worldwide — in sight and understand collaborations with for-profit actors for what they are: a means to an end. The fact that more work needs to be done in this regard is evident from the 2019 version of the **UNHCR Partnership Handbook**: "It provides information on the policies, principles and collaborative arrangements for partnering with UNHCR to protect, assist and seek solutions for refugees and other Persons of Concern" (p. 3). In its 244 pages, the handbook refers to private sector institutions only 12 times, which indicates that possible partnerships remain insufficiently defined.

3. The ethics of funding: a privatization of humanitarian refugee aid?

Linked to the interest-driven operations of private sector institutions, it is important to reflect not only on these actors' concrete projects, but also on their funding for refugee protection and assistance. For years, humanitarian agencies have struggled to acquire the funds needed to deliver sufficient protection and assistance for refugees. This is why contributions from private sector institutions are thought to be helpful. UNHCR already increased its commitment towards accessing 'private funding' more than a decade ago, for example, by establishing a **Private Sector Fund Raising Section in 2006**. An overview published about "**private sector fundraising and partnerships**" by UNHCR's Executive Committee (ExCom) in **2018** reveals an impressive increase in 'private funds' "from \$34 million to \$400 million" (p. 3) between 2007 and 2017.

However, why are funds lacking in the first place? Where does the problem start? It is widely accepted that refugees should receive access to protection and assistance, something that has traditionally fallen within the scope of responsibilities of the states where refugees are. States are thus the main providers and decision makers regarding refugee aid, and they often work with humanitarian agencies on implementation. Within this state-centered **system**, a problematic global power divide and North-South polarization has evolved. In recent decades, Northern donor states have mainly funded aid in countries in the Global South, where most refugees have been located; durable solutions have been supported **insufficiently**. States are, however, not obliged to provide funds. Instead, such **funding** for humanitarian agencies – most notably UNHCR – comes from **voluntary** national contributions and is frequently earmarked. The consequences are wide-ranging and can be exemplified with a view on **UNHCR's Global Report 2018**. The report clarifies that "the funding gap was 43%" in 2018 (p. 37). Of all voluntary contributions, 76% came from ten donors, most of which were Northern, or in fact, Western countries (see p. 41). Moreover, of the funding made available,

40% was earmarked, 27% tightly earmarked, 18% softly earmarked and only 15% unearmarked (p. 42). This illustrates that funds provided are inflexible and rarely totals the actual amount required for refugee aid. In addition, states can pursue their geopolitical interests through their support and especially through earmarking.

While humanitarian agencies might be able to acquire increased funds by working with private sector institutions as 'new' donors, issues remain. On the one hand, these institutions will then essentially fill the gaps that states leave (similarly to how humanitarian agencies step in to support refugees' protection when states are unable or unwilling to do so). On the other hand, similar concerns to those regarding Northern donor states' gains in political power through funding can be raised with respect to private sector institutions which can also provide earmarked support. [UNHCR's ExCom](#) notes that of the "proportion of the total income, contributions from the private sector have increased from less than 2 per cent in 2007 to 10 per cent in 2017" (p. 3). This trend continued in 2018. According to [UNHCR's Global Report 2018](#), "UNHCR raised \$422.7 million from private donors, with 53% (\$225 million) of this unearmarked. At 10% of voluntary contributions, the private sector represented the third largest source of funding. Around \$293 million (69%) was raised by individuals, and more than \$129 million (31%) from corporations, foundations and high-net-worth individuals" (p. 44). If 53% were unearmarked, 47% were consequently earmarked.

Despite the increase in funds, the earmarking practices leave little flexibility for humanitarian agencies to spend funds as needed locally. Moreover, 'private funding' in general can create dependencies on private sector institutions, which can in turn pursue their strategic interests through their funding. The more funds private sector institutions provide, the more influence they gain — and it is not unlikely that they will use such influence in their own interest. The previously noted example of access to new markets illustrates the issue: if, for example, private sector institutions enter into partnerships with humanitarian agencies to access new markets in other countries, their interests will focus on gains and not primarily on the livelihoods of the people. Moreover, their work with refugees could end as soon as it no longer fits their strategies.

Could an increase in respective partnerships and 'private funding' lead to the 'privatization' of humanitarian aid? The funding statistics above show that most of UNHCR's budget is still publicly funded, but the continuous proliferation of partnerships and 'private funds' as well as the current 'hype' about private sector institutions certainly point to the possibility of such 'privatization.' Through such funding, private sector institutions would be able to extend and leverage their power. This may not only hold opportunities (more money, i.e. more aid for refugees) but could also be problematic for humanitarian agencies and especially refugees: despite additional funding, humanitarian agencies are likely to remain in a difficult position, with inflexible, unreliable and limited funds that are probably not adequate to provide the aid needed by people locally. Moreover, if 'private funds' are earmarked for certain groups as a part of CRS, these people might become 'objects' for large corporations' image campaigns.

4. Jobs for refugees through private sector investments?

Drawing on the fact that states are the main decision makers regarding refugee aid, the question arises as to how much the investments of private sector institutions can actually contribute. Which limitations can occur and for whom? Using the example of job creation highlighted by the Global Compact, I would like to go beyond issues of funding and address direct support. I reflect on these questions from two perspectives, looking at states' authority over regulations on the one hand and the possible effects on refugees on the other.

First, it is not news that private sector institutions are able to offer work opportunities to refugees. In this way, the former can potentially increase their operations, and contribute to the people's self-reliance and (relative) independence from state and humanitarian support. These possible effects of increased investments appear to go hand in hand with the current aspirations of humanitarian agencies and states, which are focused on promoting [refugees' self-reliance and resilience](#). However, it is not that easy. Refugees' access to formal employment depends not only on the pure availability of jobs but also, and especially, on national regulations, and these are made by states. It is states that decide whether or not refugees are allowed to work and take on formal employment within their national territory. Here, I purposefully refer to "formal employment" as there is a great body of literature reflecting refugees' various economic practices, which

extend beyond the formal sector and include informal work and its accompanying risks (see e.g. the special issue on [Urban Refugees](#) in the *JRS*; the issue [Beyond employability: refugees' working lives](#) in *Identities*; [Omata's book The myth of self-reliance](#)).

Second, just because jobs are created for and accessible to refugees on a large(r) scale through private sector institutions, this does not automatically mean that working conditions are acceptable. As various occupational fields in countries all over the world demonstrate, working conditions and workers' rights are at times extremely poor, and states are unable (or perhaps unwilling) to sufficiently protect workers. What could that mean for refugees? If, for example, a state granted refugees the right to work and was interested in investments from private sector institutions in order to offer refugees jobs, then the state would not only be responsible for ensuring protection and proper working conditions for the refugees but would also allocate much power to these institutions to create jobs. While this might take place in the name of 'improving refugees' livelihoods', both the state and the institutions would likely have additional economic interests. Moreover, if this state gave humanitarian agencies control over refugee protection and assistance, it would likely be these agencies that were also made responsible for ensuring refugees' working conditions and rights as workers. In cases of wrongdoing or poor working conditions, this might mean supporting legal battles, which would broaden the mandate and workload of the agencies, again to fill gaps in states' oversight and responsibilities – in the name of refugees' livelihoods in general and refugee protection in particular.

Quo Vadis?

The different perspectives I have discussed on the current 'hype' about the roles of private sector institutions in refugee protection and assistance indicate how complex this subject is. While private sector institutions hold potential, their engagement cannot be understood a panacea. Collaborations must be thought through and well strategized in order to prevent harm and disadvantages for refugees. This means more initial work for humanitarian and political actors (e.g. not only acquiring funds but also negotiating partnerships and ensuring refugees' well-being). It remains to be seen whether these partnerships will then lead to improvements in refugees' situations.

My focus in this text has been private sector institutions that are not run by refugees. Of course, an additional and important perspective is to view refugees as economic actors who do not rely on other institutions to provide economic opportunities for them but who rather develop and use economic capabilities and networks on their own. This perspective is not new and has been addressed in research (see e.g. [Perouse De Montclos/Mwangi Kagwanja 2020](#); [Omata 2018](#); [Schmidt/Krause 2019](#)). Similarly to the discussion above, however, this perspective can also be reflected on from various angles and has certainly made its way into the humanitarian and political narratives about [refugees' self-reliance and resilience](#). In a recent Tweet, [Crisp](#) stresses critically: "In the past 15 years, we seem to have gone from 'refugees being completely dependent on international aid' to 'refugees being resilient entrepreneurs'. Both notions equally unsatisfactory!" I agree that both are unsatisfactory – instead of imposing labels on refugees, it is important to consider the various actors and ensure environments for and with the people that are socially, politically, economically and culturally safe.