

Private Sector Engagement for Internally Displaced Persons

Additional Submission by UNHCR to the UN Secretary-General's
High-Level Panel on Internal Displacement

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At UNHCR, the term **private sector** refers to corporations, foundations, philanthropists, as well as individual donors. For the purposes of this submission, foundations, philanthropists and individual donors are considered to be out of scope, except when it comes to fundraising for IDP situations. Within scope, in addition, are organizations such as social enterprises, chambers of commerce, and business associations.

1. Purpose

This paper is submitted by UNHCR to the High-Level Panel on Internal Displacement (HLP) and focuses on the role of the private sector in situations of internal displacement. It is intended to complement UNHCR's original submission to the HLP dated 8 May 2020. Its specific purpose is to answer the questions, "*what is the relevance of private sector engagement in and for IDP situations, and what are the necessary conditions and concrete opportunities for more impactful and integrated engagement?*"

UNHCR very much welcomes the Panel's inclusion of private sector engagement as an area of attention. We believe that there is untapped potential to mobilize private sector donations for IDP situations, including for emergency situations. Even more crucially, in stabilized and protracted IDP situations in particular, there is ample scope for high-impact, context-specific, cross-sector partnerships. For this to materialize, new frameworks and approaches are required involving IDPs, humanitarian and development actors, governments, and private sector actors. UNHCR stands ready to continue engaging on this topic, and support in taking forward recommendations by the Panel.

Recommendations made in this paper are based on a rapid, limited review of existing literature and a small number of interviews with UNHCR staff as well as examples drawn from UNHCR's engagement with the private sector in both refugee and IDP contexts. It is therefore not at the level of detail to recommend specific policy changes.

2. Introduction

In all economies, a dynamic, legal, well-regulated private sector is the main engine of value creation, innovation and growth. In fragile and conflict settings, this engine may fail to function normally due to interconnected challenges: insecurity, corruption, lack of effective regulation, weak institutions, and poor or damaged infrastructure. Parts of the private sector may have contributed to this problem themselves and profited from war economies. How to ensure the private sector plays a positive and constructive role in fragile and conflict settings is therefore pivotal, and increasingly well understood and documented in a growing body of research¹. The central argument of this paper is that, under certain conditions, the private sector can be more effectively engaged by humanitarian and development actors, as well as governments, in IDP situations. The private sector can play a transversal role across three broad outcome areas: advancing protection, contributing to peace, and achieving prosperity.

The private sector bears a responsibility for doing no harm and advancing protection objectives as well as durable solutions in displacement contexts. As stated in a Note to the UN General Assembly by the Secretary-General in July 2020, ‘companies should take appropriate action in response to adverse human rights impacts with which they are involved, which means that companies should cease or prevent impacts that they cause or contribute to and use their leverage to mitigate any remaining impacts [...] Where businesses have identified that they have caused or contributed to displacement, they should provide for or cooperate in its remediation. This entails engaging with those who have been affected to determine an appropriate remedy, which may include support for protection and assistance efforts and durable solutions, for instance, through funding or by supporting housing solutions for internally displaced persons, food production, and the provision of health care and education².

The private sector can directly and indirectly contribute to peace processes. Businesses with a history of operation in conflict-affected areas not only bear a particular responsibility to help restore peace – they also hold knowledge, assets, capacities and networks that can supplement government capabilities, and be leveraged to help populations transition from a war-based economy to a peace-based one. While this contribution must be nuanced³, there is evidence that the private sector’s participation in government-led programs to create employment and training opportunities for IDPs, to invest in vulnerable areas, has significant positive impacts. In doing this, businesses help restore livelihoods and reduce the likelihood of violence flaring up again.

Finally, private sector actors, especially local actors, are the key to restoring prosperity in affected communities. As noted by the World Economic Forum, ‘at least 70% of jobs globally are generated by small and medium-sized enterprises and these local entities often prove extremely resilient in fragile contexts⁴. Private sector financing should contribute to equitable growth in IDP-hosting areas, benefiting hosts and the displaced alike. This requires conducive policy environments and functioning institutions which will allow businesses to open and operate normally.

¹ Mac Sweeney, Naoise (2009).

² UNGA (2020).

³ DCED Synthesis Note (2018).

⁴ World Economic Forum (2016).

Example: Private sector engagement in Colombia

In Colombia, the process initiated by the Havana Agreement is an example of the role that the private sector may play in contributing to peaceful outcomes⁵. Following the end of hostilities between the Colombian government and the FARC in 2016, a peace agreement was signed whereby private companies were invited to become partners in implementing the peace process. By means of various institutions, incentives and instruments, the government created an enabling environment for the private sector to become involved. A combination of new territorial administrative structures, tax breaks and seed funding created a business case for investment, particularly investment in infrastructure. The Asociación Nacional de Empresarios de Colombia (ANDI), Colombia's main business association, played an important role in driving business engagement.

The private sector's commitment was directly linked to its early and formal inclusion in the peace process, and the establishment of specific policy instruments and incentives that promoted and/or de-risked certain investments. By means of targeted tax breaks and incentives, these investments were directed toward particularly vulnerable areas which companies would not have normally prioritized. A positive collateral effect of these direct investments was the launch of social programs which made full use of companies' convening power – helping bring diverse stakeholders to the table and enhancing companies' reputation by the same token. In the process, the mindset of businesses themselves shifted, from a philanthropic approach to one of co-ownership of the peace process, and mainstreaming of peace activities into core business operations. Multi-stakeholder alliances between companies, NGOs, government authorities and business associations, were essential, ensuring that different actors combined strengths and achieved a critical mass of impact.

The joint UNHCR-UNDP project 'Improving durable solutions and peacebuilding through Human Security Business Partnerships in post-Peace Agreement Colombia' builds on the above thinking⁶. Implemented in 2019-2021, the project aims to increase the participation of the private sector in ZOMAC territories (most affected zones by the armed conflict) as a contribution to durable solutions and peacebuilding processes. It targets both urban and semi-urban zones in the departments of Nariño (Tumaco and El Charco) and Antioquia (Bello, Dabeiba and Ituango). It aims to achieve this through: 1) training communities in how to dialogue with institutions and the private sector, 2) developing and supporting initiatives that improve economic security, 3) strengthening of local institutions, and 4) dissemination of results and knowledge management.

⁵ Martin, Mary (2020).

⁶ UNHCR and UNDP (2021).

3. Roles of the private sector

Humanitarian engagement through procurement and philanthropy

The humanitarian system continues to engage with the private sector mainly through procurement and through philanthropy. UNHCR alone procures over a billion dollars' worth of goods and services annually. This form of engagement remains essential to ensure that the basic needs of displaced persons are met.

Example: UNHCR engagement with Vodacom in the Democratic Republic of the Congo (DRC)

In the DRC, UNHCR partners indirectly (through NGO partners) with Vodacom to deliver cash-based interventions for IDPs. Through M-Pesa, one of the worlds leading mobile payment services, Vodacom offers mobile bank accounts for refugees and IDPs in DRC. The presence of mobile operators providing access to financial services in post-conflict, IDP-hosting areas can be crucial, as security conditions or access issues may deter financial actors such as banks to operate in these areas and offer traditional financial services.

While the use mobile phones for cash assistance can be crucial to reach beneficiaries, it is not without its challenges. A major challenge with this intervention is the lack of civil documentation among the IDP population. Since the last population census in 1984, no administrative census has been carried out, with the consequence that no Congolese today has a national identity card. Those who register to vote in the election receive a voter's registration card, which is the most commonly used documentation to access support and services. However, since the situation of displacement made it difficult for IDPs to register to vote during the voter registration process, many IDPs do not have the voter's registration card.

Another challenge experienced by IDPs is that mobile usage can be infrequent. This can be because of lack of habit of using a mobile phone, inadequate network coverage, lack of access to electricity to charge a mobile phone, or lack of money to buy airtime. IDPs may also not receive a cash transfer for a period of time. As a result, their SIM cards may get deactivated. This causes problems with cash-based interventions reaching intended beneficiaries as well and leads to higher than expected operational costs.

Combining forces among humanitarian actors may be very important in helping resolve these issues. By joining forces, humanitarian actors increase their bargaining power and the flow of business to operators. This can draw in other mobile operators to the area, promote competition, and thereby increase the reliability and quality of services.

With regard to philanthropy, UNHCR has seen a considerable increase in donations from the private sector for its work - from US\$30 million dollars in 2008 to over US\$530 million dollars in 2020, with the bulk of these donations coming from individual donors. Of this amount, donations earmarked for IDP situations totalled US\$32 million dollars in 2020, an increase of 10% from 2019. Cumulatively, over the period 2015-2020, donations for IDP situations were a cumulative US\$97 million dollars. Targeted appeals to private donors for emergency situations, such as UNCHR's appeal for Yemen, can therefore clearly contribute to mobilizing significant cash and in-kind contributions toward the humanitarian response. In addition to mobilizing swift financial support, fundraising activities across multiple channels help build empathy and awareness among individuals, companies and foundations. UNHCR has had success in using Islamic social finance to raise funds for IDP situations and this fundraising approach holds considerable potential, as further described below.

Example: the potential of Islamic Social Finance for IDPs

Background and Rationale:

Of the 45.7 million IDPs worldwide⁷, many originate from and are located in Muslim-majority countries/member states of the Organization for Islamic Cooperation (OIC), including Iraq, Afghanistan, Syria and Yemen. In light of this reality, Islamic social finance tools have great potential for promoting the economic inclusion for IDPs and helping them achieve economic self-sufficiency, as well as providing direct assistance to help them meet a variety of needs, including access to food, water, healthcare, and shelter.

Despite a very small share in the global financial system, Islamic finance attracts all specialists in the field with an average annual growth rate of 20%. It is noteworthy that Islamic finance can be used not only in Muslim-majority countries but also in non-Muslim countries. The global Islamic finance industry is estimated at around \$2.1 trillion: it is not only comprised of Islamic banking and financial instruments such as Sukuk (Sharia-compliant bonds), Islamic microfinance, Takaful (Sharia-compliant insurance), but also of non-commercial tools such as Zakat (obligatory charity), Sadaqah (voluntary charity), Waqf (charitable endowments), Qard al-Hasan (interest-free loans) and purification funds from Islamic financial institutions (profit generated from non-Sharia compliant transactions that must be donated to charity). Indeed, these non-commercial social tools are estimated to form an important share of the overall industry, with the Islamic Development Bank Group (IsDB) estimating the potential of Zakat alone globally in the range of \$550-600 billion.

The use of these social finance tools can be a game changer for IDPs, helping foster economic inclusion within their environment, and leading to important and sustainable improvements in their situation, not to mention helping to achieve Sustainable Development Goals (SDGs). Delving deeper into the potential applications for each tool, we find that they can contribute substantially to the alleviation of the plight of IDPs.

Zakat and Sadaqah:

One of the five pillars of Islam, Zakat is an obligatory tax that is levied on wealth that is in excess of a certain threshold. It is used purely for social welfare and nothing is expected in return in terms of repayment or remuneration. Sadaqah is a voluntary charitable act, often in the form of a one-time or regular cash payment. The Quran identifies eight categories of zakat-eligible beneficiaries, four of which apply to many IDPs (and refugees), namely the poor (*fuqarâ'*), the needy (*masâkîn*), the wayfarers (*abnâ' as-sabîl*) and the debtors (*ghârimûn*). It also aligns with several SDGs, namely No poverty (SDG 1), Zero hunger (SDG 2), Reduced inequalities (SDG 10) and the SDGs' commitment to leave no one behind. Through Zakat and Sadaqah, emergency relief can be provided to IDPs, including via direct cash and in-kind assistance, which gives internally displaced communities similar access to markets and services as local host communities, and allows them to contribute to the local economy. It also provides IDPs and their host community with access to food, water, healthcare and shelter.

Purification Funds:

Certain prohibited types of income in Islam, such as interest or late payment fees, must be 'purified' by donating them to a charity. Purification funds have a great potential to contribute to humanitarian response, and this potential is yet to be fully harnessed. Islamic financial institutions are aspiring to strategically utilize such funds, in order to maximize their social and humanitarian impact.

⁷ UNHCR Global Trends (2019)

Qard al-Hassan and microfinance

Qard al-Hassan is an interest-free loan that is used, among other purposes, to settle short-term funding requirements, the borrower being only required to pay the principal. It is the main tool used for Islamic microfinance and could facilitate access to funds for SMEs run by IDPs, while promoting economic activity and participation. It could allow IDPs greater facility for entrepreneurial endeavors and, subsequently, more financial and business literacy and economic self-sufficiency.

Waqf:

A Waqf is an endowment. It consists of allowing free use of an asset or cash to achieve social objectives, including providing housing, basic services, education, healthcare or access to funds.

One of the main impediments to gaining greater access to Waqf is the absence of proper governance mechanisms within organizations and institutions that aim to make use of these assets, the overwhelming majority of which are administered by government-run agencies or ministries. Empowering the governments of Muslim-majority countries to establish transparent Waqf institutions, setting up Waqf governance boards within NGOs/ INGOs or establishing partnerships with credible Waqf administrators would pave way to a large number of these assets being used for the benefit of people in need of assistance, including IDPs.

Uses of Waqf endowments can include:

- Dedicating endowed land to build affordable education/ health facilities, housing projects or set up temporary settlements for IDPs, or allow use of the land for agricultural or real estate investments, with revenues going to IDPs (some of these projects could employ some IDPs too);
- Allocating cash waqf to be used as loans for IDPs, or towards investments projects, with revenues going to IDPs.

Sukuk:

According to the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), "Sukuk are certificates of equal value representing undivided shares in ownership of tangible assets, usufruct and services or (in the ownership of) the assets of particular projects or special investment activity, however, this is true after receipt of the value of the Sukuk, the closing of subscription and the employment of funds received for the purpose for which the Sukuk were issued."

The issuance of Sukuk, as an instrument in Islamic finance, has been growing in recent years, especially for infrastructure financing in emerging and developing economies. The financial burden of growing infrastructure needs can no longer be assumed solely by governments or by means of conventional lending. As a result, and in response to the need for mobilizing more innovative sources of financing, Sukuk has become one of the most prominent financing instruments used to finance high volume infrastructure projects.

For example, Sukuk can be used to fund environmentally sustainable infrastructure projects (Green Sukuk) such as the construction of renewable energy generation facility, which could appeal to both sukuk investors and conventional environment focused investors. In a similar fashion as Green Sukuk, humanitarian or IDP Sukuk can potentially be issued to help foster economic activity among IDPs. Another relevant example is Vaccine Sukuk which were issued in 2014, 2015 and 2018 by the International Finance Facility for Immunization (IFFIm) to boost immunization programs that save children's lives in the world's poorest countries.

The promise of cross-sector partnerships

Cross-sector, context-specific partnerships between businesses and humanitarian actors tap the private sector's expertise, capacity for innovation, and influence, to achieve positive outcomes for forcibly displaced persons. Both local and multi-national businesses may play important roles in such partnerships, whether to co-create solutions, to direct investments toward areas hosting forcibly displaced persons, or to support individual livelihood opportunities, as part of an integrated response. At the very least, it is in the interest of local businesses to be sensitized to the needs and specific vulnerabilities of IDPs in markets where they operate – in order to offer relevant products and services, and in this way expand their business. Awareness-raising initiatives by government entities, supported by humanitarian actors, development actors, and business associations, can help achieve this aim. Normative frameworks such as the UN Guiding Principles on Business and Human Rights provide frameworks for both States and businesses to dialogue and engage on human rights issues.

As noted by the European Centre for Development Policy Management, private sector actors can play a multitude of roles at different stages of the migration cycle:

- 1) provide goods and services to refugees and migrants
- 2) provide services to governments in support of migration governance and, in some cases, act on behalf of the government
- 3) act as an employer and engaging in job creation for refugees and migrants (including prospective migrants and migrant hosting societies)
- 4) engage in lobbying to influence migration policies and legislation, thus contributing to how the governance of migration and mobility is shaped
- 5) act as a consumer or buyer of goods and services produced by migrants⁸.

A number of formal mechanisms may be considered: employment programs aimed at displaced persons; specific policies that guarantee the rights of displaced persons to be hired if they are the best candidate; employee volunteering programs in support of IDP entrepreneurship projects; inclusion of IDP-led businesses into value chains; participation in as well as funding of reconciliation initiatives that include IDPs; as well as tax incentives and subsidies that will promote investment in IDP-hosting areas. Research, for example by ILO in Ukraine, points to the need for specific government policies and programs to increase IDPs' employability and improve their access to employment⁹. This may include a focus on transferrable skills, flexible working arrangements, tax breaks (or exemptions), compensations or subsidies for salaries and training costs, internship and apprenticeship schemes, and other modalities. As noted elsewhere, "the private sector can provide country-level financing and insurance schemes to support public systems and infrastructure in areas where IDPs are located, as well as micro-level financing targeting IDPs directly, such as through venture capital-like funding for small businesses, start-ups, and social enterprises"¹⁰.

These modalities of engagement have taken on new relevance today as the value of public-private partnerships is more widely acknowledged. Development agencies have recognized the value of collaboration with local private sector actors to achieve development outcomes¹¹. Humanitarian actors are also showing increasing interest. Businesses in many parts of the world find themselves under increased scrutiny from civil society when it comes to the impacts of their operations on individuals, communities, and the environment. Platforms such as the World Economic Forum have called for public-private partnerships and a greater engagement of the business sector in addressing fragility¹². Finally, some governments have created new types of corporations whereby social and environmental

⁸ Bisong, Amanda., and Knoll, Anna. (2020)

⁹ ILO (2016)

¹⁰ Al-Mahaidi, Ala. (2020).

¹¹ USAID (2015).

¹² World Economic Forum (2016).

measures are included alongside revenue and profit generation as legally defined goals¹³. There may therefore be an alignment of interests between public and private actors when it comes to addressing the causes and consequences of displacement. In the refugee space, such partnerships are explicitly encouraged by the Global Compact on Refugees. However, they are still relatively infrequent, unevenly documented, and inadequately funded to achieve sustainability and scale.

Challenges and opportunities

Key challenges hindering deeper engagement by humanitarian actors with the private sector are competing priorities, the need to prioritize urgent unmet needs, and the continued reliance on traditional funding mechanisms. As a result, there are often insufficient resources mobilized toward longer-term programming which requires predictability and visibility on funding flows, as well as firm, multi-year commitments, often at high cost and risk thresholds. A number of multilateral policy frameworks have sought to address these challenges, highlighting the potential role of private sector capital mobilized by IFIs, by international donors, or through collective approaches (e.g. impact investing and blended finance). IFIs may play a fundamental role in mobilizing this capital by providing guarantees or protection against political and credit risks¹⁴. Diaspora investors may also play a role.

It should also be noted that the prevalent discourse around forcibly displaced persons as a 'burden' - the responsibility of which must be 'shared' - unfortunately also continues to frame forcibly displaced persons primarily as beneficiaries of aid and a net cost to national systems, rather than economic agents who are also potential contributors to those same systems over the long term. This narrative is sometimes at odds with a more progressive narrative, espoused by UNHCR among others, which sees forcibly displaced persons as economic agents who are either existing or potential net contributors to local and national economies. UNHCR believes in the importance of adopting this new narrative when engaging with the private sector, to avoid perceptions of victimization, and steer conversations toward the leveraging of core business competencies, rather than philanthropy alone. Moreover, partnerships built on a business case as well a moral case are likely to attract more sizeable financial resources, in the form of investment or financing, than traditional philanthropy.

The need to invest more deliberately and systematically in such partnerships is evidenced by the wishes of IDPs themselves. Indeed, according to the Panel's own recent consultations, "across multiple countries expressed a strong interest in sustainable livelihoods or income generating activities so they can provide for themselves and their families. In some cases, this involved relaunching their former livelihoods, while in other cases, IDPs were interested in new opportunities. IDPs particularly mentioned entrepreneurship and opening small businesses to earn income and were interested in small business loans for capital or classes"¹⁵.

Context-specific private sector engagement by humanitarian actors therefore presents a range of opportunities. Critical to success is an understanding of the private sector's interests and capacities. More sophisticated approaches to partnering are also essential. Businesses must have 'a high degree of situational awareness, sensitivity to the local context, an appetite for risk, and a robust commitment to the highest ethical standards'¹⁶. Lastly, better data, capacity and capabilities are needed to understand the economics of IDP situations and to generate the data that businesses require to invest in affected areas. The support of development actors in this area is fundamental. In the refugee space, studies such as *Kakuma as a Marketplace*, by the IFC, have helped reframe refugee-hosting settlements as dynamic local economies comprised of refugees operating as economic agents – paving the way for new narratives and approaches¹⁷. Replicating this in IDP contexts may require new tools and

¹³ e.g. benefit corporations, flexible purpose corporations and social benefit corporations in the United States, "entreprises à mission" in France.

¹⁴ Al-Mahaidi, Ala (2020).

¹⁵ UN Secretary-General's High-Level Panel on Internal Displacement (2020).

¹⁶ World Economic Forum (2016).

¹⁷ IFC (2018).

technologies to produce actionable data on populations that may be highly mobile, or for which no disaggregated data is collected by governments or humanitarian actors. With all appropriate safeguards in place, private sector actors with operations in IDP-hosting areas may be able to contribute relevant data. This in turn may be instrumental for the elaboration of local development strategies and plans. As in the refugee space however, the fragmentation of actors operating in the IDP space may not lend itself to coherent and sustained action.

In conclusion, broader societal trends affecting businesses, the increased recognition of the private sector's potentially crucial role in displacement contexts, and last but not least IDPs' own wishes, call for new approaches. This requires, first and foremost, a recognition of the potential dividends of context-specific private sector engagement across the three pillars of protection, peace and prosperity. Following which, an increased prioritization of private sector engagement, as part of the humanitarian-development nexus, is called for.

Example: UNHCR Afghanistan's Co-PROSPER program

For many decades, forced displacement has been an enduring characteristic of modern Afghanistan and the wider sub-region. Populations have relied on mobility to meet their needs and seek protection from conflict, insecurity, and socio-economic disruptions. The economic situation throughout Afghanistan continues to be very precarious for displaced populations and host communities alike. Many persons of concern (PoC) face challenges finding employment, or rely on insecure daily-wage labour, particularly within the agriculture and construction sectors. Persistently high rates of youth unemployment remain a significant labour market challenge. Moreover, returnees' and IDPs' presence within the host communities has increased the pressure on shared community resources (e.g., water, health, education, etc.) and competition over livelihood opportunities.

Through its Co-PROSPER program (started in 2018), UNHCR Afghanistan is implementing an area-based approach focused on reducing and mitigating protection risks to PoC (returnees, refugees, and IDPs) while increasing their self-reliance, both at the individual and community level. This is achieved through multisectoral humanitarian-development-peace interventions aimed at creating conducive conditions for sustainable reintegration while fostering social cohesion, community resilience, and local economic development. Program interventions aim to enhance PoC self-reliance through economic inclusion and market-based programming, based on the existing human capital within the targeted communities, and guided by a market systems analysis.

At the core of the program is a multi-stakeholder approach in the form of wide-ranging and inclusive partnerships - with local and national authorities, UN agencies, development actors, community-based organisations (CBOs), and - importantly - the private sector, notably through the Afghanistan Chamber of Commerce and Industries (ACCI). This approach was designed to align with the Global Compact on Refugees (GCR), the Solutions Strategy for Afghan Refugees (SSAR), and the Afghanistan National Peace and Development Framework for 2021-2025 (ANPDF-II).

Within the program, the private sector component (PREPS) plays a crucial role. Thanks to an initial mapping of the private sector (i.e., companies registered with the ACCI), UNHCR, through its partners and with the support from Directorates of Refugees and Repatriations (DoRR) and Labour and Social Affairs (DoLSA), identified sectors and industries where there were human resource needs and gaps. These were then matched with PoC who possessed relevant skills and/or expertise. Thanks to partnerships with the private sector, particularly the ACCI and industrial unions, PoC have access to job placement services, resulting in internship and apprenticeships within target companies, and more stable employment subsequently.

The program is built on an in-depth understanding of the human and social capital that PoC possess (i.e., area/level of education, skill-sets, membership of community groups and

associations, etc.), in addition to a thorough mapping of the labour market, including any market niches. By aligning with national development strategies and private sector development plans, the program contributes to advancing the government's development strategy, while helping ensure that PoC are matched with suitable employment opportunities (or acquire the necessary marketable skills through targeted vocational and technical skills training). Entrepreneurship support, financial literacy training and business development services are also an integral part of the program, helping individuals and families build social and financial capital, particularly entrepreneurs running small or home-based businesses.

A key success factor for PREPS is a paid incentive model aimed at creating incentives for companies to buy into the program¹⁸. For the first three to six months of each internship or apprenticeship (depending on context), UNHCR covers salaries/stipends in full, with businesses incrementally increasing their share after this initial period. These incentives are contingent on the company offering a minimum one-year contract at the end of the internship or apprenticeship period. Since 2018, this resulted in 941 job placements (apprenticeships) with 45 private sector companies, with an additional 1,448 market-based trainings having been provided (e.g. bee keeping, dairy farming and processing, greenhouses, carpet weaving, shoe making, mobile repairs, motor and car mechanics, carpentry, dish antenna services, confectionary, embroidery, handicraft and handloom such as carpet weaving, bag making, and pottery, tailoring and transport services among others). This model was subsequently replicated by UNDP in the context of the SALAM project, which was also carried out in partnership with the private sector (ACCI and Industrial Union), benefiting 1,225 returnees and IDPs, of whom 60% were women, including 308 direct job placements.

There has been increasing interest in apprenticeships both as a route into employment and also in raising the skill levels of the workforce. Apprenticeships and other work-based training opportunities, in coordination with the ACCI and AWCCI, are valuable training pathways for improving the transition from school/university to work. At the local level, apprenticeship programs can contribute to countrywide development objectives and improve local employers with the skilled workforce they require to remain competitive and create jobs while contributing to the private sector development for nation's market building.

¹⁸ Note: the paid incentives for interns or apprentices are not salaries.

4. Reflections for the future

Private sector engagement in IDP contexts is a complex and cross-cutting issue. A multitude of private sector actors operate at a number of levels. Initiating and sustaining partnerships therefore requires differentiated and sophisticated approaches by governments, humanitarian and development actors. Noting this, UNHCR would strongly encourage the Panel to endorse continued research and exploration of this topic by relevant entities within the United Nations system, the Joint Data Centre, and research organizations, with a view to strengthening the evidence base. UNHCR stands ready to continue contributing its expertise and experience in IDP contexts, and with private sector engagement, as part of this process.

The following are key considerations for the High-Level panel, organized by stakeholder type.

All stakeholders:

- Systematic mapping of private sector actors (including private sector umbrella groups such as business associations), and inclusion of relevant actors in participatory, government-led peace processes. This analysis and dialogue should result in the definition of common interests and strategies, and result in long-term, constructive engagement by companies rather than marginal philanthropic initiatives;
- The more systematic application of a Fragility Lens Framework in IDP-hosting contexts¹⁹, as a means to gauge if private sector investments are likely or not to promote resilience and peace while avoiding contributing to the drivers of fragility;
- Direct and indirect support or incentives to businesses to make full use of their knowledge, communication, and logistical capabilities, and to ensure their constructive participation in multi-stakeholder initiatives, ideally government-led;
- The creation of cross-sector data platforms that pull together data on IDPs collected by different actors, including the private sector - with appropriate safeguards (which may be formalized e.g., through data sharing agreements). This data should help public and non-governmental actors generate context-specific development plans and interventions aimed at IDPs;
- The creation of cross-sector crowdfunding and matchmaking platforms to connect humanitarian organizations with businesses interested in contributing goods, services and/or expertise²⁰.
- The more systematic use of value chain assessments when designing social and economic inclusion interventions targeting IDPs, in order to understand how IDPs may be included in these value chains, including any specific policy barriers and practical obstacles they may face. Re-creating some of the value-chains that existed in IDP-hosting locations, and/or which make the most of IDPs' entrepreneurial talents, is preferable to traditional interventions detached from value chains.
- The wider dissemination of relevant research, notably by the Joint Data Center, on private sector engagement in IDP-hosting contexts, so that enabling conditions may be better understood.

¹⁹ "IFC Africa Fragility Lens Factsheet" (2020).

²⁰ See for example the KitaMatch platform which aims to bring together Humanitarian/civil society organisations, NGOs, the private sector and government in Malaysia to respond to humanitarian crises (<https://kitamatch.my/>)

For policy-makers:

- Based on identified needs of IDP populations, consider introducing or revising applicable frameworks regulating how private sector actors engage with IDPs, including standards for treatment and conditions for investment and business activities in areas hosting IDPs, as well as the creation of incentives (through tax breaks, subsidies) for the private sector to engage with IDPs who, lacking this, would be excluded on strict profitability measures, while maintaining a level playing field;
- Work with businesses to embed key normative frameworks in business actions, notably the 2030 Agenda, the OECD's Voluntary Principles on Security and Human Rights, and the UN Guiding Principles on Business and Human Rights;
- Based on documented practices for refugees and IDPs, ensure that IDPs have access to up-to-date labour market information and consider schemes such as flexible working arrangements, tax breaks or exemptions, compensations, subsidies for salaries and training costs, internship and apprenticeship schemes, and other modalities, in order to incentivize companies to employ IDPs, as applicable.
- Mapping of business assets, capabilities and networks, in order to understand the potential contributions that businesses may make to public goods provision, and sharing this information as appropriate with humanitarian and development actors;
- Consideration of the private sector as a co-implementer of programs, projects and government contracts for certain services aimed at IDPs;
- Convening public-private platforms and partnerships.

For bilateral and multilateral donors:

- The expansion of multi-year, flexible funding designed to leverage private sector contributions to achieve long-term, collective outcomes; with additional flexibility when it comes to implementation practices, timeframes, targets, budgetary adjustments, and measurement of results.
- Increased funding for the testing and piloting of models that include the private sector, and learning – to build an evidence base of what works and what doesn't. The five-year Kakuma Kalobeyi Challenge Fund (KKCF)²¹ is an example of such a funding mechanism in a refugee-hosting context;
- Capacitating of reliable intermediaries and umbrella group actors, public or private, such as chambers of commerce and industry bodies, particularly in situations where it would not be cost-effective or feasible for humanitarian and development actors to engage directly with a large number of individual businesses.

For humanitarian actors:

- Where conditions are conducive, more systematic engagement with the private sector beyond traditional modalities of procurement and philanthropy. Due diligence on all collaborations with the private sector in IDP-hosting contexts should be mandatory – encouraging harmonization of due diligence policies and principles across humanitarian actors to the extent possible;

²¹ Implemented with the Africa Enterprise Challenge Fund, the Turkana County Government, and UNHCR, the KKCF is a competitive financing mechanism for disbursing donor funding to incentivize for-profit companies, social enterprises, and local and refugee entrepreneurs to start or scale existing operations in the Kakuma-Kalobeyi area. <https://kkcfke.org/>

- The Panel may wish to contribute to the formulation, formalization and/or dissemination of key principles of engagement by the humanitarian sector with the private sector, to ensure that these are more systematically applied in IDP settings. Generally accepted principles include taking a needs-based approach and engaging in holistic, long-term, evidence-based and evidence-generating collaborations. The Guidelines on a principle-based approach to the Cooperation between the United Nations and the Business Sector²², the UN Guiding Principles on Business and Human Rights²³, and other relevant frameworks, should be more widely disseminated and used, paired with relevant training opportunities if required. Supplementary guidance, addressing the specific needs and rights of the forcibly displaced, could be a worthwhile additional tool for partnership practitioners, building on existing tools on private sector development in conflict-affected situations²⁴. This should include guidance on advocacy. Additionally, the Panel may wish to promote forward-looking principles of sustainability and circularity in all private sector engagement, with a view to ensuring that, inasmuch as possible, partnerships maximize scarce resources and support the 2030 Agenda;
- Fit-for-purpose staffing structures, competencies and resources for private sector engagement should be encouraged across the sector. Depending on the context, and which industries are likely to contribute the most, it may be worthwhile for organizations to recruit staff with specialized sectoral or industry expertise. For example, engagement with remittance providers may be instrumental in identifying technical solutions and funding mechanisms allowing for easier, cheaper, and increased remittances to IDPs originating from diaspora communities, family members, and other concerned individuals (e.g. through discounts on transaction costs and lower taxes). Other key industries in a position to contribute at different stages in the displacement cycle include mobile service providers, financial institutions, transport providers, recruiting agencies, private education and training institutions, housing and real estate companies, as well as hospitality companies.
- The review or creation of partnership policies and processes that will help create more enabling conditions for private sector engagement across a range of outcomes, where and when applicable. Organizations that have not yet done so may wish to develop and share analytical tools and methodologies, as well as good practices, also as a means of maintaining institutional memory, programmatic continuity, and continuous learning, in contexts characterized by frequent staff rotation or turnover;
- The introduction of additional selection criteria in local procurement processes, giving a weighed advantage to companies whose bids not only meet cost and quality requirements, but generate positive impacts for displaced persons directly through their operations – for example by employing them, building their capacities, or including displaced persons in their value chains. Such criteria could be further refined by applying a vulnerability lens, focusing inter alia on women in rural areas, or disabled persons, etc. Additionally, innovative procurement modalities could be explored, with incentives for businesses that make certain commitments.

²² OHCHR (2015)

²³ OHCHR (2011)

²⁴ Donor Committee on Enterprise Development (2010).

5. Recommended Resources for the High-Level Panel

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