



# LABOR MARKET ACCESS IN FORCED DISPLACEMENT CONTEXTS

Photo by Mahfuzul Hasan Rana

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## Considerations and Recommendations for the World Bank Group and Other Investors

### Executive Summary

Refugee populations often lack legal and/or practical access to labor markets. As a result, refugees are excluded from formal, semi-formal or de facto regularized informal work. This pushes them into exploitative and illicit employment and livelihoods options—and depresses wages, working conditions, and other labor standards for all workers. A growing body of evidence demonstrates that economies suffer when refugees cannot fairly and equitably access labor markets.

As an expert agency trusted by governments, the WBG has a unique and vital role to play in strengthening institutional responses and engaging in policy dialogue to address the challenges the forcibly displaced face in fair and equitable access to labor markets. Ensuring refugees' equal rights as workers is an important component of economic growth and development: it improves national economic outcomes in refugee-hosting countries, reduces corruption and other crime, and safeguards all workers against exploitation. Advancing refugees' fair and equitable access to labor markets is critical to achieving the WBG's mission to end poverty and boost shared prosperity.

The WBG should prioritize refugees' fair and equitable labor market participation as a desired goal in all countries hosting significant numbers of refugees (e.g., 25,000 or more). Specifically, the WBG should:

- ▶ Examine barriers to refugees' labor market access when developing Country Plans and consider including projects that address those barriers.
- ▶ Draw on the technical knowledge and resources of the WBG's Fragility, Conflict and Violence (FCV) team at key moments, such as negotiation of country plans or project plans.
- ▶ Ensure refugees' international human rights and unique needs are addressed in Project Plans, including through direct consultation with refugee communities during development and implementation.
- ▶ Promote implementation of the International Labor Organization's (ILO) core labor standards and implementation of worker rights legal aid for all workers, with a focus on refugees and other marginalized workers.

## THE ISSUE:

### Labor market access requires removing barriers and enforcing rights

#### State Policies Impede Refugees' Labor Market Participation

In the context of refugee populations, labor market access often requires significant reforms to government policy and practice. Unlike nationals, refugees do not have automatic access to livelihood options in the country where they reside. The current policies of some countries outright prohibit refugees from working; others impose steep bureaucratic or financial requirements for refugees to obtain work permits or require them to reside in camps or settlements far from employment opportunities, creating barriers that are insurmountable.

Some countries have implemented sector-specific work schemes, in which they allow refugees to work only in a few specific sectors (often in a designated economic-benefit zone). The WBG has engaged with government counterparts to design and implement these initiatives but experience has shown that these schemes have a high incidence of failure. Such approaches often fail to attract refugee workers, who are rarely consulted in the development of these plans yet are central stakeholders in these schemes. For instance, in **Ethiopia** and **Jordan**, refugees, NGOs and the broader civil society were not meaningfully consulted in the design of the sector-specific programs in which the WBG was/is involved. Without proper engagement, consultation and respect for refugee agency in the development and implementation of such programs, and disseminating information about these plans in ways that will reach these groups at the global and country level, the WBG and government partners risk limited success when implementing programs to boost economic growth and generate jobs for refugees.<sup>2</sup> **Sector-specific plans** can also undermine local labor laws, and may pit groups of workers (nationals, migrants, refugees, and others) against each other to the detriment of all.

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<sup>2</sup> For an overview on the implementation of the Jordan and Ethiopia Job Compacts which were supported financially by the World Bank, see Jennifer Gordon's **Refugees and Decent Work: Lessons learned from Refugee Jobs Compact** (2019).

Even where countries do not explicitly restrict refugees from working, their policies often are silent about refugees' right to participate in the labor market and their protections while doing so, which leaves employers, refugees, and host communities uncertain about refugees' rights as workers. Other policies not explicitly related to work, such as movement restrictions on refugees and asylum-seekers, can also impede access to labor markets.

## State Practices Impede Refugees' Labor Market Participation

Policies are not the only barrier to refugees' labor market access. Lax enforcement of labor rights or discriminatory practices that focus on criminalizing refugee workers instead of protecting them against labor violations can keep refugees out of formal, semi-formal or *de facto* regularized informal work, pushing them instead into exploitative and illicit employment and livelihood options. For example, in Jordan, the local NGO Tamkeen has documented insufficient labor enforcement because of inadequate staffing, training, and technological tools. This, in turn, drives down wages, working conditions, and other labor standards for all workers. As with policies, state practices not explicitly related to work, such as detention or deportation of refugees and asylum-seekers, can prevent refugees from leaving exploitative labor situations, thus impeding the ability of all workers—refugees, nationals, and others—to access the labor market on fair and equitable terms.

## State Policy and Practice Exacerbates Other Barriers to Labor Market Access

These problems are exacerbated by other factors that are affected by state action or inaction, both on policy and on implementation. Refugees often lack the social networks and informal protections available to nationals, which makes it harder for them to resist exploitative labor practices. Discrimination and xenophobia may also limit refugees' labor market access and encourage exploitation. Refugee workers may struggle to have professional credentials recognized across national borders. For refugee entrepreneurs, obtaining financing or owning assets may be difficult or impossible, due to policy barriers, lack of enforcement of rights, and confusion about the law (e.g., banks may not know whether and under what circumstances they are allowed to make loans to refugees).

While many workers may lack information, resources, support and/or power to effectively assert their labor rights, [research](#) has found that refugees overall tend to have less access to information, fewer resources and support, less access to collective agency (sometimes including exclusion from unions), and less power to meaningfully exercise their rights as workers. With humanitarian aid unsustainable, unavailable in some areas and chronically underfunded, refugees often have [no way to survive](#) other than to accept underpaid, unsafe, or abusive work environments—which in turn pits them against nationals and diminishes labor standards for everyone, impeding poverty reduction and increasing social conflict.

By contrast, if a state establishes strong labor rights policies, prohibits discrimination in the application of labor standards, enforces labor standards rigorously and fairly, and provides or allows provision of legal support so refugees can assert their labor rights directly, refugees are far more likely to have fair, equitable access to the labor market. Increasingly, states from Ecuador to Ethiopia are making strides in this direction—one that aligns with and should be encouraged by the WBG as a means to achieve inclusive development in line with the Sustainable Development Goals (SDGs). With fair and equitable access, refugees can participate in labor markets in ways that contribute to economic well-being for everyone.

## CONSIDERATIONS:

### WBG can identify barriers, dispel myths, and advance solutions

#### The Refugee Policy Review Framework: A Tool to Identify Barriers

The WBG's own research demonstrates that refugee labor market participation, conducted on fair and equitable terms, can bolster economies.<sup>3</sup> However, most states impose barriers that hinder refugees' labor market access and limit their rights as workers. These barriers can significantly undermine efforts by the WBG and others to reduce poverty, lessen corruption, and build markets.<sup>4</sup> When considering how a refugee-hosting state can achieve its economic growth goals, an examination of refugee labor market access and participation is an important first step.

The recently developed Refugee Policy Review Framework (RPRF, created by the World Bank's FCV team) is a helpful and comprehensive tool for understanding the policy barriers and state practices that impede refugee access to labor markets.<sup>5</sup> Data collected through this framework can support WBG-government dialogue and inform policy shifts to create enabling institutional environments. At a minimum, state policies regarding refugees' access to labor markets, freedom of movement and residence, and the rights of refugee workers must be examined. Additionally, the administrative systems related to legal status and identification, work and business permits, movement control, and access to legal support to address and prevent rights violations should be evaluated for their inclusion of and impact on refugees, using dual lenses of efficiency and equity. Finally, state enforcement of labor protections and workers' rights, as well as other state practices that impact refugees' access to fair and equitable labor market participation, should be reviewed.

#### WBG Projects Can Promote Positive Changes

Through institutional strengthening and coordination, the WBG can support states to catalyze changes that would benefit its citizens, refugees, and other residents, as well as improve the long-term economic outlook for the country as a whole.<sup>6</sup> These changes may be embedded in other WBG efforts, such as

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3 The World Bank's 2018 study, "Moving for Prosperity", concludes that allowing refugees to work formally contributes to the public finances of the host country. See Global World Bank Group. 2018. Moving for Prosperity: Global Migration and Labor Markets. Other studies also illustrate the economic benefits of including refugees in the labor market (see, e.g., Asylum Access. 2014. Global Refugee Work Rights Report; Legrain P. 2016. "Refugees Work: A Humanitarian Investment That Yields Economic Dividends". Tent Foundation and Open Network; Clemens M., Huang C., Graham J. 2018. "The Economic and Fiscal Effects of Granting Refugees Formal Labor Market Access." Center for Global Development).

4 A 2014 study in Lebanon concluded that Lebanon's failure to include Syrian refugees in the formal labor market had dire repercussions for the overall national economy, including expansion of the informal sector, reduction in wages and worsening working conditions. These consequences affected not only refugees, but also the Lebanese community. Marsi, S. and Srour, I. 2014. "Assessment of the Impact of Syrian Refugees in Lebanon and Their Employment Profile", International Labor Organization.

5 Huang, C. and Post, L. 9 September 2020. World Bank's refugee policy review framework brings greater understanding and mutual accountability. Available at: <https://reliefweb.int/report/world/world-bank-s-refugee-policy-review-framework-brings-greater-understanding-and-mutual>

6 Countries who have undertaken reforms to facilitate greater labor market access for refugees may provide useful models for their peers. Some examples are discussed in Arnold-Fernández E. E. and Pollock S. 2013. "Refugees' rights to work". Forced Migration Review 44; and Betts A., Bloom L., Kaplan, J. D. and Omata, N. 2014. "Refugee economies: Rethinking popular assumptions." University of Oxford, Refugee Studies Centre, among other works.

standardization of identity documents (a current priority for WBG in Mexico) or reforms that promote financial inclusion (a priority for WBG in Jordan and Egypt), or may stand alone, particularly in countries hosting the largest numbers of refugees (for example, the Prospects project in Ethiopia, in which World Bank is involved).

Through its deep expertise, the WBG has successfully influenced the policies and practices a national government considers or implements. For example, under the RSW the WBG facilitated the economic inclusion of refugees in **Ethiopia** through the **Economic Opportunities Program**, which includes supporting policy reforms meant to enable refugees' access to labor markets by aligning goals and results that can lead to greater and more inclusive development. While there is **room for improvement**, similar pilots like the one in Ethiopia have led to breakthrough policy reforms for refugee rights and self-reliance in Jordan, Turkey, Kenya, Somalia, and Uganda, among other countries. However, research indicates there are practical lessons learned from this compact model for how to better support refugees' access to labor markets under decent conditions.

As an expert advisor trusted by national governments and well informed about the impact of national policies on economic growth, the WBG is in a unique position to dispel myths and misinformation that often pervade government officials' understanding of refugee situations. While the WBG's role is to support priorities identified by governments, it also has a critical role in ensuring they are accurately informed and aware of the myriad risks of attempting to exclude refugees from the labor market—or failing to redress impediments to fair and equitable participation—and conversely the potential benefits of facilitating refugees' fair and equitable labor market inclusion.

## **WBG Resources Can Support Sound Labor Market Access Programs**

The WBG has internal resources that can assist other parts of the WBG in advising governments on the intersection of refugees, economic growth, and advancing inclusive development. Among others, the WBG's KNOMAD group has done extensive research into refugee labor market participation, and its FCV Group has deep expertise on refugee issues broadly, including their economic participation.<sup>7</sup> The WBG's partnerships with U.N. agencies, such as its KNOMAD partnership with the ILO, can provide access to outside expertise and resources as well. These ongoing efforts illustrate the depth of knowledge and analytical capabilities the WBG has that can support existing and new efforts to safeguard refugees' equal access to decent work either through direct project implementation or partnerships.

## **RECOMMENDATIONS:**

### **Address labor market access barriers**

To advance its mission of ending poverty, the WBG should prioritize refugees' access to decent work as a desired goal in all countries hosting significant numbers of refugees (e.g., 25,000 or more). Specifically, the WBG should:

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<sup>7</sup> See Refugees' Right to Work and Access to Labor Markets, Note 2.

## Analysis

- ▶ **Examine barriers to refugees' labor market access when developing Country Plans and consider including projects that address those barriers.** Refugee communities should be consulted in developing projects to address those barriers; experience has shown that consultation is important for maximizing the success of such projects.
- ▶ **Ensure refugees' equitable economic inclusion is addressed in Project Plans, including their human rights and unique needs** related to identity documentation or legal status; migration and internal movement, both at and within national borders; market development or expansion; and justice or legal system improvements—all of which affect refugees' fair and equitable access to national labor markets and thus contribute to lifting both refugees and others out of poverty. Consult with refugee communities as Project Plans are developed and implemented.

## Coordination and Knowledge Sharing

- ▶ **Draw on the technical knowledge and resources of the FCV team, NGOs, unions and U.N. agencies,** frequently when engaging or preparing to engage with the government of a refugee-hosting state, particularly **at the following key moments:**
  - ▷ When preparing for negotiations on Country Plans or Project Plans;
  - ▷ When a Project Plan addresses an issue that impacts refugees' fair and equitable labor market participation—for example, documentation, legal status, border control, permission to work, business permits, worker rights and protections, labor enforcement, legal or justice system reforms, or market development;
  - ▷ When evaluating the impact of a Country Plan or Project Plan.

## Promote Workers Rights for Refugees

- ▶ **For all refugee labor market access schemes, promote the following safeguards to ensure inclusive development:**
  - ▷ **Implementation of the ILO's core labor standards,** as outlined in the ILO's Fundamental Principles and Rights at work. These core labor standards apply to all States regardless of ratification and all workers regardless of status. They are also well known, understood, and reported on by States.
  - ▷ **Implementation of worker rights legal aid** accessible to all workers, with a particular focus on refugees and other marginalized workers. A variety of well-vetted models exist: Workers' associations, NGOs and states around the world have experience in providing legal aid to workers. The ability of workers to privately enforce their rights is critical to preventing exploitation, preventing a decline in wages and working conditions, and ensuring fair and equitable labor market access for all.