Refugees’ Right to Work in Host Countries
The Economic Impact

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Abstract

Refugee regimes today suffer from a lack of opportunity to develop their long-term well-being and pathways to self-sufficiency. Traditional models of donor aid and subsequently, donor fatigue, keep refugee populations dependent on external sources in order to fulfill their needs. As the length of time a refugee remains outside his/her home country increases, there needs to be more mechanisms that assist in the establishment of self-sufficiency. A number of case studies have already illustrated that temporary work permits can aid this transition while benefiting host communities as well. This policy paper will argue that a) temporary work permits benefit refugee and host communities and reduce the strain on national governments b) such programs will require the support of the international community and c) such opportunities should not be created at the expense of local nationals. Refugees should not be cast as a burden but rather, be viewed as an opportunity for economic development that uplifts host communities as well.

Introduction

By the end of 2014, there were nearly 20 million refugees in the world. A growing number of refugees today live in cities and urban areas outside of traditional camp settings. It is estimated that a given refugee will remain within host communities and outside of his or her home country for a record high of 20 years. Therefore, the humanitarian model traditionally used to aid refugees, where services are provided via the international and domestic donor communities, is no longer an adequate mechanism to address refugees' needs. Factors such as donor fatigue and the protracted nature of conflict have imbued the “refugee” status with a degree of permanency. Yet far from being a burden, researchers have found that the economic impact of refugees on local communities and host countries is overwhelmingly positive in many cases.

This paper will argue that temporary work permits should be granted to refugees in countries that host the majority of people fleeing neighboring conflicts. First, the paper will highlight the shortcomings of the current system as well as the need for explicit policies that protect and grant refugees the right to work. The second section will present examples of the positive economic impacts of refugees by using different case studies. The third section will take a look at the challenges and obstacles to implementing such a policy and the need for a case-by-case analysis before implementation. Based on the information presented, the last section will offer policy recommendations that argue for temporary work permits for transient refugee populations.

The Case for an Alternative to Camps

Key changes in the experiences of refugees—the protracted longevity of conflict, the unlikelihood of resettlement or repatriation, and the lengthened stay in host countries—have created a need for an alternative to the aid model employed by most humanitarian agencies and host governments. In the traditional model, the U.N. High Commissioner for Refugees (UNHCR) negotiates with host countries in order to set aside land, water, and other resources for the creation of refugee camps. The efficiency and quality of the camps often depend on the amount of time available for planning and organizing before receiving massive influxes of refugees. Understandably, during times of crisis, shelters are constructed to serve immediate and short-term needs. Refugee camps that do last for years and decades, such as those in Jordan that have existed since 1947, often become isolated pockets of poverty. Consequently, the shift to more sustainable models must address how to decrease spatial and social marginalization as well as enabling refugees to gain access to sources of livelihood.

In order to create environments that allow and enable refugees to work, host countries must be willing to allow a certain degree of integration. It is important to note that integration creates benefits for both refugee and local communities. In 2014, UNHCR published its “Policy on Alternatives to Camps,” a paper that outlines why there is a need to shift away from camps and how to do so. Central to this argument is that camps are unsustainable and have...
significant negative impacts in the long term for both refugees and citizens of the host countries. Living in camps with restrictions on freedom of movement and employment can increase dependency and limit refugees’ ability to integrate or achieve security. As a result, many refugees voluntarily choose to settle outside of designated camps. In Jordan, 80 percent of Syrian refugees have settled in local communities. However, when refugees are barred from legal employment, they are vulnerable to exploitation and find it harder to access services and care. Such conditions may also deter refugees from registering with UNHCR altogether.

When refugees are allowed to fully participate in communities and the economy, they are able to become self-reliant. Many refugees have skills and assets that are beneficial to the host communities. Employment with local communities allow for better integration and can also reduce xenophobia and enhance protection for refugees. Furthermore, multiple case studies have shown that although humanitarian agencies pour funding into building camps and improving infrastructure, the isolated nature of these camps often means that local communities do not benefit. If refugees are integrated with their host communities, development aid can be distributed in a manner that benefits both nationals and refugees and has a more lasting impact on the communities.

One of the key points in “Policy on Alternatives to Camps” is the need for humanitarian agencies, host governments, and refugee communities to work together in order to establish these alternatives and offer protection. UNHCR seeks to work within the national and legal frameworks and in a manner that is cognizant and respectful of political and historical contexts. In order to move away from a model of dependency, refugees must be given the opportunity to pursue legitimate pathways to independence and self-reliance. Ultimately, by creating legal and economic frameworks that encourage integration, there are opportunities to benefit both local and refugee populations.

**Refugees’ Legal Right to Work**

Refugees’ need to work and earn meaningful wages is not a new phenomenon. In 1951, Article 18 of the Convention Relating to the Status of Refugees established that refugees who are lawfully staying in a country of asylum must be allowed to earn wages through employment, including self-employment. Article 17 states that refugees must be exempt from having to obtain work permits if the conditions of their status do not allow them to fulfill the requirements. It goes on to state that measures that are enacted to bar refugee employment in order to protect a nation’s domestic labor markets cannot be applied to refugees who have resided in the country for more than three years. Refugees are also entitled to labor protections and social benefits.

The 1951 Refugee Convention, along with the 1967 Protocol which defines a refugee, are not the only documents that recognize refugees’ right to work. The Universal Declaration of Human Rights recognizes the right of everyone to gain a living by working. Furthermore, the following regional conventions all have enumerated the right to work as a universal right:

- European Social Charter
- Charter of Fundamental Rights of the European Union (Article 15)
- The African Charter on Human and Peoples’ Rights (Article 15)
- Charter of the Organization of American States (Article 45)
- The American Declaration on the Rights and Duties of man (Article XIV)
- The Additional Protocol to the American Convention on Human Rights in the Area of Economic, Social and Cultural Rights (Article 6)
- Arab Charter on Human Rights (Article 34)

While the importance of these international agreements cannot be overstated, there are limits to their efficacy. The 1951 Refugee Convention has been ratified by 147 member states and 85 percent have committed to it without reservation. However, even though this commitment exists in theory at the international level, many countries lack the domestic framework that would allow refugees to work. Even fewer countries have courts that would
uphold such frameworks. According to a 2014 report by Asylum Access on Global Refugee Work Rights, the most persistent barriers to refugee employment are a lack of domestic law protecting refugees’ right to wage-earning employment and self-employment and a lack of opportunity for assimilation. This denies refugees a proper legal channel through which to access jobs. Such systemic flaws also leave refugees open to exploitation. With no protection in courts, refugees do not have the ability to seek recourse if they are exploited or violated. This report also found that almost 70 percent of refugees are paid less than nationals for doing the same job.5

Further complicating matters, if a country has not ratified the 1951 Convention or the 1967 Protocol, it is not legally bound to its provisions. International customary law, as well the Convention Against Torture, forbids countries from forcibly sending refugees back into war zones. However, customary law does not have any measures dictating refugee relations within host countries. Furthermore, countries that have signed onto legally binding agreements will often refer to refugees as “migrants” or “temporary guests” in order to absolve themselves of any responsibility.6

With all of these factors in mind, we must examine the economic incentives for refugee employment rights. The following section examines specific case studies and examples to highlight the benefits of refugee work rights and how they boost local and national economies.

**Economic Benefits of Refugee Employment**

The dominant narrative on refugee populations has cast refugees as a burden. Much of the discussion that follows seeks to disprove this narrative by illustrating that labor rights and protections for refugees will serve, not undermine, national economic interests. Refugee populations have been studied through top-down perspectives and cast as isolated recipients of aid. However, a bottom-up approach reveals that refugee camps are sources of dynamic economic activity. Refugees participate in the informal economy, which consists of production, consumption, exchange, entrepreneurship, and the development of financial and capital markets. This entire economy exists outside of the formally recognized institutions that calculate productivity. These activities, much like the length of refugees’ stay, are durable and often last for years. Therefore, responses to the presence of refugee populations should focus on durable solutions. Organizations that conduct ‘livelihood projects’ often disregard the macro-dimensions of refugees’ economic activities because they do not have a thorough understanding of these systems. In order to address the interests of both refugees and host countries, there needs to be a better understanding of how these markets interact.7 The following section examines refugee populations in Uganda, Tanzania, Thailand, Lebanon, and Jordan as well as the benefits and negative economic effects of employing the refugees or denying them the right to work. These countries have all hosted refugee populations of 200,000 or more for more than five years.

**Transnational Networks of Trade and Communication**

Refugees interact with outside goods, peoples, and markets. Some seek self-employment and create job opportunities for other refugees and local nationals. This can expand existing markets and create new ones by introducing new products, techniques, and technology. Refugee entrepreneurs can increase market linkages by acting as suppliers and growing their customer base. In certain cases, this has been shown to create transnational trade connections. Such activities encourage economic participation as refugees fill in labor gaps and contribute to increased productivity. Moreover, an influx of refugees creates an increase in demand—a demand that local merchants are more than willing to satisfy while making profits.

In Kampala, Uganda, the ability to work has transformed relations between host communities and camps. Refugees in Kampala, Uganda, come from 10 different countries. According to national law, they are allowed to work in Uganda and travel outside of camps. Local nationals are also permitted to move freely inside and outside of camps. Such policies have led to the development of informal business districts within camps where agriculture, goods,
and services are traded. Ugandans are important customers for refugees and often visit camps to purchase products and services. A fourth of the businesses within the camps reported that local nationals were the largest buyers. Among Somali communities, small shops and businesses relied on religious and clan-based trade networks to access better goods. These networks and connections are facilitated by policies that allow refugees to have freedom of movement and the right to work. These economic rights have allowed almost 78 percent of urban refugee households in Kampala to survive with no support from UNHCR or other assistance programs.°

Refugee economic activities have had a significant impact on Ugandan businesses. Ugandan businesses rely heavily on refugees as suppliers, customers, distributors, and employees. Refugees contribute to local and national economies by exercising their purchasing power, and vendors make regular trips to settlement markets where there are refugee customers. Refugees also create employment. Refugee business-owners hire Ugandan nationals, most importantly as casual labor in transporting agricultural goods and connecting supply chains. The diversity of livelihoods among refugees creates an economically heterogeneous source of human capital. They are able to work on Ugandan agricultural farms and teach skills to locals. Moreover, most refugees have access to mobile phones and televisions, and 70 percent of refugees use some sort of Information Communications Technology. Some settlements have Internet cafes that generate income by running tech literacy classes. Businesses use technology to support their ventures, communicate, and make money transfers. By utilizing technology and cross-border networks and creating links to the local economies, refugees have proven themselves to be anything but a burden to the host state.€

Tanzania

In the Kagera region of nearby Tanzania, the impact of refugees from Burundi and Rwanda in the local economy shows similar trends. Since its independence in the 1960s, Tanzania had had an Open Door Policy for refugees that welcomed them and encouraged reintegration. Beginning in the early 1990s, Tanzania became the destination of choice for many refugees fleeing conflict in the Eastern African region. In April 1994, 250,000 refugees crossed over into Tanzania in a single day. At its peak in 2000, Tanzania was home to 702,000 refugees. However, a change in leadership and the mass number of refugees from the Rwandan and Burundi civil wars led to more stringent policies and end of Open Door Policy in 1998. Restricted mobility and focus on repatriation prevented refugees from working outside of camps or possessing farms on the campgrounds.\textsuperscript{10}

There are three key characteristics of the refugee situation in Tanzania. First, temporary refugee status became a protracted stay as ongoing conflicts deterred people from returning. Secondly, most of the refugees came all at once, and the high costs of transport did not allow them to settle in different parts of the country. Most settled in city-sized camps. Lastly, the humanitarian pipeline injected massive amounts of money and capital into an otherwise remote and isolated part of the country which affected both the economy and local environment.\textsuperscript{11}

The economic environment of the region changed with the massive influx of refugees into the region. Businesses flourished in refugee-hosting areas and common marketplaces were established around each camp where locals and refugees traded. The influx of aid workers also created an increase in demand from people with much more purchasing power. As commerce and trade grew, nationals from other parts of the country came to the region to establish businesses. In some cases, competition from businesspeople from other parts of Tanzania drove existing petty businesses out of the market. As more businesses came in, the variety of non-agricultural and agricultural goods available within stores increased. Seventy-five percent of the food (maize) given to refugees by UNHCR was traded for more variety in their nutrition.\textsuperscript{12}

\textbf{Impact on Host Environments and Labor Markets}
The influx of people and resources into host economies reshapes labor conditions as well as the physical environment itself. These effects can be positive or negative depending on the policies already in place as well as the protections offered.

In countries where refugees are denied employment rights, they are forced to participate in the informal economy where they are exploited and paid less. This leads to overall wage depression since refugees are usually willing to work for lower wages. And because cheaper labor will always be given preferential treatment in hiring for low-skilled work, nationals are pushed out of the labor market. In Tanzania, refugees were used as a source of cheap labor. By using refugees, the local agricultural production doubled. Cheap labor was also used in construction, housekeeping, and catering. Most of these refugee workers were paid below the minimum wage. As a result, the wage paid to local workers dropped by 50 percent.13

However, the presence of refugees in Tanzania had a positive impact on the infrastructure in this region. The creation of new roads made internal transport easier and cheaper for host communities. Before the influx of refugees, health and sanitation services were generally unavailable for local populations. When UNHCR and implementing partners did start offering these services, almost 30 percent of its beneficiaries were local people. The short-term ecological impact was devastating for the environment as trees were cut down and thousands of people inhabited a previously unpopulated area; however, over time, these conditions did improve. The people closer to the most populated area of the refugee camp were more likely to benefit form the positive external effects of the refugee situation. The sheer amount of economic activity and exchange that occurred within the region highlights the dynamic and integrated nature of refugee and host state relations.14

**Self-Reliance in the Long Term**

Perhaps the most convincing argument for refugee work rights is that refugees cannot rely on humanitarian aid to provide for their basic needs for a protracted length of time. Humanitarian aid is impermanent, unreliable, and subject to donor fatigue. Refugees can rely on UNHCR for food for the first five years during the adjustment period. After that, food rations decrease and refugees must find other means to provide for themselves. However, most refugees try to establish their own survival strategies and sources of income as soon as they arrive in host countries. In Tanzania, many sold food rations and wanted more education and medical care. Within refugee camps in Uganda, the absence of micro-credit and banking institutions led refugees to create community unions and lending institutions that act as a source of informal social protection.15 What is evident in each of these cases is a willingness to be self-reliant and seek long-term, durable sources of income.

**Thailand**

In “Burden or Boon: The Impact of Burmese Refugees on Thailand,” Inge Brees (2010) studies the long-term social economic effects of the Burmese refugee camps established in Thailand thirty years ago in 1985. The Burmese escaped to Thailand mainly because they faced persecution; however, those who were not fleeing conflict but rather human rights abuses were not recognized as refugees. As migrants, they were not allowed to work, and if found outside of camps, could be subjected to deportation. Refugees had a significant impact on the environment because of their need for housing. However, compared to industrial agriculture, Brees remarks that the refugees’ impact was minimal. The camp populations expanded from 6,000 to ultimately 17,000. Most refugees found themselves leaving the camps in order to supplement their rations. During this time, Thailand faced a shortage of labor in the agricultural and tourism sectors; if allowed to work, refugees could have contributed a projected $11 billion to these sectors—almost 6.2 percent of GDP.16

Brees also states that refugees who settled outside of camps had few problems with host communities. In fact, self-settled refugees enlarged the market by consuming local goods and generating demand for Burmese products. Their expenditure in Thailand could increase the Thai GDP by an estimated $2 million. Today, there are networks of shops that buy from larger Thai retailers and sell goods throughout refugee camps.17
Syrian refugees mostly work in the informal economy with less pay and poorer contracts. Child labor is also increasing among Syrian refugees. The influx of refugees into these countries has created a number of issues and challenges.

Lebanon
There are 1.18 million Syrian refugees in Lebanon, and they currently make up nearly 30 percent of the entire country’s population. Lebanon has no formal refugee camps, and 81 percent of refugees rent out living accommodations. This is because Lebanon’s history with Palestinian refugees from the 1948 war—for whom UNHCR did set up formal camps where they live to this day—has made it reluctant to create camps that encourage refugees to stay permanently. There is also a belief that providing camps hinders self-reliance.18

A recent Al Jazeera article noted that in 2014 alone, U.N. agencies spent $92 million to support infrastructure and development in Lebanon. These were welcome investments in already resource-strapped communities. Moreover, Al Jazeera reports that every $1 spent in cash assistance for a household increased GDP by $2.12, demonstrating that the multiplier effect on a host country’s economy can be monumental.19

In its assessment of the economic effect of Syrian refugees in Lebanon the International Labor Organization (ILO) provides a nuanced view. The Lebanese government has an open border policy that allows registered Syrian refugees to live and work in Lebanon. Most refugees live in hard socio-economic conditions. The increases in demand for living accommodations have sent rent skyrocketing and most refugees have to pay high prices for small, cramped, and unsafe apartments. The majority are young and more than half are below the age of 24. Most cannot afford to go to school. Forty-seven percent of working age refugees are economically active, and most work in agriculture, domestic, and personal services that offer little income and no security or protection. The unemployment rate is higher for women, who earn 40 percent less than men on average.

The influx of refugees into poor communities has created enormous competition over jobs. Similar to the Ugandan and Tanzanian situations, Syrian refugees are accepting lower incomes, longer hours, and little to no social benefits. As a result, employers and business owners are benefiting from the cheap labor while locals are being pushed out of the market. A number of small, Syrian-owned businesses have also opened up in the region and begun to sell goods from Syria at a lower price, threatening Lebanese equivalents. Furthermore, the frailty of the Lebanese government and the current political standstill renders it incapable of providing or allocating resources to these communities.20

Jordan
Syria’s neighbor Jordan faces similar problems to Lebanon. Jordan has a history of taking in refugees from both wars in Palestine and from the Iraq War. The high rate of unemployment within Jordan makes it much harder to meet the needs of its 650,000 registered Syrian refugees. Jordan has the highest ratio of refugees to native population in the world and it generally conforms to customary law and global refugee practices. Its constitution states that the right to work in Jordan is reserved for Jordanian citizens, and it has not ratified the 1951 Refugee Convention or the 1967 Protocol. As of December 2015, there are no national processes through which Syrian refugees can obtain work permits, and the bureaucratic and financial requirements for obtaining them are barriers to formal employment.21

The ILO has made a number of recommendations for the Jordanian economy and how the country should respond to the refugees’ presence. Almost 80 percent of Syrian refugees live outside of UNHCR camps in northern Jordan. Fifty-one percent of Syrian men living outside of camps are participating in the Jordanian labor market. Syrians mostly work in the informal economy with less pay and poorer contracts. Child labor is also increasing among Syrian refugees. The share of Syrian refugees in the construction industry in particular has increased substantially.
and may be pushing Jordanian workers out. The ILO’s recommendations target these issues in a number of ways. First, it recommends formalizing the informal economy in order to reduce informal employment. This could lead to better contracts for Syrian workers and offer more protection. Secondly, it recommends that Jordan allow refugees to be employed in sectors that are open to migrant workers. This could lead to a more regulated market without threatening job opportunities for local nationals. The ILO also calls for Jordan to clarify its refugee policies and look for ways to include Syrians in the labor market that are beneficial for Jordan. Lastly, the ILO report says school enrollment should be promoted among Syrian children as a long-term investment.  

Implications for National and International Policies

There is no doubt that the nature of refugee regimes is drastically changing. Refugees are staying in host countries longer, and the established humanitarian models, which were never sustainable, cannot provide for refugees in the long run. Protracted conflicts also do not allow refugees to return to their country of origin. Consequently, refugees seek sources of livelihood within host countries and outside of refugee camps. They are keen to be self-reliant, attain independent sources of income, and establish a sense of normalcy. Work and economic engagement can fulfill all of these goals. However, it is not enough for employment and work rights to exist at a theoretical or legal level. These rights must be actively enforced and protected. Failure to do so leaves refugees vulnerable not just to economic violence but also to violence in the more literal sense of worker abuse and exploitation. While refugees do have the ability to contribute to national GDPs and increase productivity, exposure to violence will limit their development.

In The Locust Effect, Gary A. Haugen and Victor Boutros argue that common, everyday violence in the world’s poorest communities entrenches the members of those communities deeper into poverty and undercuts all methods and sources of development. In 2011, the annual World Development Report by the World Bank examined the impact of violence on development and found that high levels of criminal violence can reduce a nation’s economic productivity by 2–3 full percentage points of GDP. Violence also has a number of other detrimental effects on the economy, such as a lower rate of participation in the labor market, lower on-the-job productivity, increased absenteeism, lower incomes, and lower rates of savings and investment. Cumulatively, these effects can devastate poor communities and have an especially harmful impact on already vulnerable refugee populations. Consequently, any policies that seek to encourage refugee employment must also have enforcement mechanisms that protect these populations from exploitation.

The Case-by-Case Implementation of Refugees’ Rights

Most countries have legitimate concerns and reasons to not grant worker rights. Both Jordan and Turkey have high rates of unemployment (14 percent and 10 percent, respectively). Only recently has a law passed granting refugees the right to work in certain industries in Turkey. For other sectors, the Ministry of Labor deemed it unfair to allow refugees to compete with unemployed Turks in the labor market. Jordan has cited similar reasons and stated that its economy cannot handle such a large influx of refugees entering the labor market. If Jordan were to allow a work permit program, it would need to receive funding and aid from outside sources to sustain itself.

Countries hosting refugees are also concerned that they will attract more refugees who will want to stay permanently—a prospect that is extremely unpalatable for countries that are already operating beyond their capacities. For Jordan, a country where half of its residents are Palestinian refugees from the 1948 and 1967 Israel-Palestine Wars, this is merely history repeating itself. In Turkey, limited access to health care and education as well as limited employment opportunities are the key reasons why many refugees are migrating to Europe. However, given how long refugees are likely to remain within host countries, it is unrealistic to simply deny opportunities because it encourages integration. Even if the Syrian civil war were to cease in 2016, projections by the National
Agenda for the Future of Syria estimate that it will be years, if not decades, before Syria is rebuilt and refugees are able to return: “In terms of sheer devastation, Syria today is worse off than Germany at the end of World War II.”

Denying refugees work and employment rights and leaving this population with no access to opportunities is not only a tremendous waste of human potential but also creates negative ramifications for years to come.

Refugees, namely those who do not have a political agenda or reason to stay in a particular host country, will seek to live in places that offer a higher standard of living as well as access to livelihoods. The overall low quality of life is what triggered refugees to seek a better livelihood in Europe, and once they arrive there, most want to settle in countries such as Germany where the quality of life is expected to be much higher. Toward this end, refugees in Jordan have been doing the unthinkable: returning to war-torn Syria in the hopes of reaching Turkey and, eventually, Europe. After three to five years in Lebanon, Jordan, and Turkey, the stagnant nature of the refugees’ livelihood and the protracted nature of the Syrian conflict highlight the need for more long-term solutions for refugees.

Policy Recommendations

As mentioned before, there are a number of factors to take into consideration when studying refugee economies and establishing employment rights, most importantly, the context of each country and refugee situation. The following policy recommendations are intended to serve as guidelines for different actors seeking to advocate for establishing employment rights:

1) In the case of countries that face massive strains—whether that originates from preexisting conditions of economic hardship (high unemployment rates, high barriers of entry to specific sectors) or a lack of international funds to host refugees—full economic integration is not politically or economically feasible. However, because of the transient nature of these refugees, and the likelihood that they will seek refuge elsewhere, temporary permits may be beneficial for both host countries and refugee populations.

2) For refugees, temporary work permits will allow them to attain some financial stability that will aid their journey to other countries where they may seek resettlement. For host countries, temporary work permits will help in eliminating the negative externalities associated with creating a refugee underclass and informal markets (black markets, labor exploitation, wage depression, inflation of finite resources). This will also reduce permanent dependency on host states and reduce the strain on social services.

3) Most countries that host the majority of refugee populations do not have the financial means to create work opportunities for such large populations. A recent report by the UN found that the poorest communities in the poorest countries in the world host most of the refugee population. Consequently, any work permit program must receive support from the international community.

4) The deliverance and implementation of development and humanitarian aid need to follow a more synergistic model that benefit both host and refugee communities—work permits and jobs should not be created at the expense of the opportunities available to local populations. One way to mitigate this is to better understand how local and refugee populations interact. Furthermore, creating initiatives that seek to incorporate both populations can reduce tensions between communities.

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4 Ibid.