



# Innovative Finance for Refugees? Self-reliance, Resilience and the Humanitarian-Development Nexus

**By:**

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## **Introduction**

Traditionally, the world of international cooperation has been split in a binary, where refugee responses and the creation of the United Nations High Commissioner for Refugees (UNHCR) were [situated in the humanitarian action field](#), with the consequence that help provided to refugees was reduced to specific situations of short-term displacement, assuming that the initial situation would eventually resolve and refugees would be able to go back to their countries of origin. For many crises, however, this has not been the case, given their complexity and scale. These '[protracted](#)' crises, despite the language of urgency, have been at the centre of the humanitarian stage for decades. According to the United Nations High Commissioner for Refugees (UNHCR), the longest protracted situation are the more than 2.4 million Afghan refugees in Iran and Pakistan, but the situation of Syrian, South Sudanese,

Somalis, Sudanese, Congolese or Eritrean refugees also qualifies as 'protracted', according to the [definition that the UNHCR has been employing since 2004](#).

The evidence of this long-term persistence of crises has been the search for durable solutions, which have been [traditionally three](#): resettlement in another country, voluntary repatriation to the countries of origin and local integration. Yet, these solutions [have not been curated by refugees themselves](#), but rather from the interests of the so-called 'developed' nations or the Global North, who have established the policies of the UNHCR through its governing body, the Executive Committee (ExCom).

If the classical tenets of humanitarianism were directed to save lives and to alleviate suffering in the short-term, as refugee crises have become protracted and have increased their complexity, development aid started to be seen as a more adaptative solution, as a better policy to serve towards the 'effective and economic potential of refugees (...) and the potential benefit for the host country'. Thus, we have witnessed the creation of a 'humanitarian-development nexus' (HDP), which promises to bridge the gap between short-term humanitarian policies and long-term development objectives of creating stable and peaceful conditions by applying a set of policies. This set of policies include self-reliance and resilience as the main solutions for refugees, promising to be 'innovative' and to make refugees 'successful'.

In this contribution I disentangle the meaning and objectives of self-reliance and resilience. I will also answer if these policies are 'innovative' at all, by looking at their origins and influences. Lastly, I will conclude by examining how these logics are ultimately transforming refugee responses.

### **Self-reliance and resilience: a neoliberal approach**

As [Nascimento and Pureza explain](#), the humanitarian-development nexus was initially based on the liberal idea that a '[liberal peace](#)' could be achieved by intervening on the countries with an unstable situation that would eventually lead to refugee crisis. This logic followed the triumphalism of economic and political liberalization of the 1990s after the fall of the Soviet Union. In their words, these were 'standardized HDP policies as expressions of a global liberal programme (...) to transform the peripheries'. This was further consolidated by

the [1999 'Brookings Process'](#), according to which the World Bank and UNHCR focused on reconstruction in the countries of origin by linking relief and development in reintegration programmes. Arguably, it was not enough to provide first-aid relief, but to 'make sure' post-conflict or post-catastrophe countries could 'get back on their tracks'.

As the new millennia started, the concept of self-reliance started to appear more and more into the UNHCR's parlance. The first 'seeds' (both metaphorically and practically) were planted in Uganda, that had been receiving people coming from South Sudan and the Democratic Republic of Congo, since the country had a policy of granting land and access to basic social services to refugees. In 1999, a '[Self-Reliance Strategy](#)' was agreed between the government and the UNHCR. In recent years, these policies have only widened, with the adoption of the '[Comprehensive Refugee Response Framework](#)' (adopted in 2016), whose main objective was that 'refugees should be included in the communities from the very beginning' and that refugees should 'thrive, not just survive', as well as the [2018 Global Compact on Refugees](#), that placed self-reliance as one of its main objectives.

In practical terms, this has sparked a series of 'innovative solutions' for refugees, namely '[help refugees help themselves](#)' or '[let refugees be their own solution](#)'. [In connection with resilience](#), 'Self-reliance can lead to resilience, while resilience is necessary to ensure that progress towards self-reliance is not eroded or reversed in the face of sudden-onset shocks and longer-term trends' as written in a UNHCR document of 2017. Resilience, whose the initial understanding pointed towards a stronger refugee-protection system, its mainstream understanding underscores the [abilities of refugees to handle traumatic events](#), thereby displacing the responsibilities to respond to crises to refugees themselves, to be strong in the face of adversity. This has been seen as 'innovative' because, traditionally, refugees have been framed as 'vulnerable' individuals, in need of help.

Linking this to the changes suffered by the HDP, a neoliberal understanding of resilience and self-reliance does not seek anymore to develop the capacities of the systems of refugee protection as whole. Rather, it displaces protection to the level of the individual by creating programmes that focus on 'livelihoods' training or acquiring entrepreneurship abilities and making them as first

responders to crises. An example of this is the [Refugee Livelihoods Impact Bond in Jordan](#), that takes as main measures of self-reliance the development of ‘income-generating activities’ on the base of building a business or finding a ‘formal’ job, despite the difficulties that even locals face to attain any of both options. Therefore, as [Krause and Schmidt explain](#), self-reliance and resilience have acquired neoliberal meanings on the base of the policies that reproduce the ‘existing hierarchies of political and humanitarian actors’. Are they, simply, ‘a way to preserve old ideas with a new name’?

## **Understanding the ‘innovative’ of self-reliance and resilience**

To understand the problem more deeply, it is important that we look not only at concrete institutional changes or at the financialization of refugees’ lives on specific contexts as previous research has done. Instead, I argue that it is time that we look at the origins these policies and their regulatory features. Humanitarian and development aid are experiencing a similar process as climate finance, which has grown to become already a large market since the Kyoto Protocol.

In a seminal article in 2021, Daniela Gabor coined the concept of the ‘[Wall Street Consensus](#)’ (WSC), used to refer to a new phase of global finance according to which development has been reorganized to make it investible for the institutional investors of the global North. The WSC comes hand in hand with ‘[resilience humanitarism](#)’, and its main idea is that the State, through the plans of multilateral development banks, becomes the main guider of investors development. As with the idea of ‘protracted crises’, the larger framework of WSC is that of a ‘[funding gap](#)’ between the major world crises (environmental, energetic, mostly based on the Sustainable Development Goals). There are two reinforcing processes: first, a de-risking strategy, meaning that the public sector is responsible for lowering the risk of investments the private investors would need to assume otherwise. Second, a blending strategy, meaning that public and private funds is mixed so that ‘[organizations with different objectives to invest alongside each other while achieving their own objectives](#)’ (a definition of Convergence, one of the most important coordinators of blended finance worldwide).

Blended finance is not a new term, and it is a well-developed principle on the context of Social Impact Finance. Social Impact Finance is an investment philosophy that claims that private actors can both create economic benefits and positive outcomes for society, in other words: '[doing well while doing good](#)'. The first definitions were provided by [Jed Emerson as soon as in 2003](#), as a reaction to the lack of measurement of social value by investors, and the parallel lack of measurement of their impact by nonprofits. He argued that every enterprise, however, was creating at the same time economic, as well as social value (to which later the 'environmental' was added), and that this did not mean a trade-off. Social Impact Investing differentiates itself from other investing philosophies that preceded it, such as 'responsible investing', 'sustainable investing' or 'ethical investing', but the differences remain unclear, as they are based on the individual interests of each investor and the way they marketize them. Moreover, Social Impact Investment has given rise to a trend of social entrepreneurship, the advent of enterprises to correct '[political failures](#)' (i.e. the lack of 'effective' public sector action).

Concerning the de-risking strategy, it refers to the logic that, if the Sustainable Development Goals are to be attained, some [guarantee](#) needs to be provided to the private sector by the WSC State. These guarantees are most of the times provided by multilateral developments banks, whose capital comes from public budget allocations, but it can come in the form of 'standardizing' practices. The bottom line of de-risking or 'risk-sharing' is to control the risks and losses that private capital may face and to measure them. These can mean economic losses, but given the increasing importance of ESG considerations in private investing, it can also mean avoiding [political](#) or environmental risks. More specifically, these arrangements are contractual and rely on the form of public-private partnerships, effectively transferring risk away from the private investor. As [Arınç Onat Kılıç has pointed out in the case of blue bonds](#) in the climate transition, they push affected governments to choose between indebtedness or adaptation to climate change.

### **Conclusions: how can this transforming the refugee system?**

Self-reliance and resilience are two well-studied terms in refugee studies that are the base of the current policies employed by the UNHCR and international donors and, still, they are two terms that instil debate. In this contribution, I

have highlighted their neoliberal nature, rooted in transformation of the humanitarian-development nexus towards 'resilience humanitarianism' and the search for 'innovative solutions' to protracted refugee crises. Furthermore, I have provided a brief explanation of the origins and precursors of the 'innovative' part of the nexus, which mainly rely on a change from an interventionist state towards a blending and de-risking strategies where private investment becomes the main source to create development initiatives.

Contrary to climate finance, financial solutions and the creation of markets to invest on refugees are still nascent, but the logics of blending and de-risking are similar, since both are rooted in the adopted [strategy to meet the SDGs](#). Yet, the faith in these innovative solutions needs to be toned down. On the one hand, their general framework does not appear to be innovative, but rather rely on the logics of marketization that have gradually been consolidating since the end of the 90s. On the other hand, self-reliance and resilience might be based on the need to overcome a 'funding gap' in refugee responses, but they do so without challenging the financial power balance and, instead, are fostered by Global North donors, which are not willing to allocate more economic resources to refugee responses and seek to make refugees and local communities themselves become the first aid responders. Lastly, it is not enough to argue that self-reliance and resilience are the 'new normal'. There is a need to study more profoundly the contractual and financial nature of these arrangements in terms of the refugee protection system, which can tell us more on what we can expect on the future of refugees as well as the humanitarian-development nexus.

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