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Economic development interventions in humanitarian settings: a promising approach but more evidence is needed

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Summary

- Conflict and environmental crises are responsible for over 80 million displaced people around the world. Many will remain displaced for years.
- Economic development interventions in humanitarian settings provide a livelihood for displaced people giving them a better standard of living, as well as independence and dignity. Interventions may be in the host community, which may improve relationships with the refugee population.
- Economic development interventions have positive impacts on economic outcomes, food security and nutrition, and psychosocial and mental health. There are insufficient studies to perform an analysis for health outcomes.
- However, there is high variability impact between studies. Randomised studies find a much smaller effect, suggesting bias in the non-experimental studies.
- Implementation matters. Many of the same factors may either help or hinder successful implementation, for example addressing gender norms can help, but these norms may be a barrier if they are not addressed.

What is this brief about?

Humanitarian crises caused by political events and environmental catastrophes forcibly displaced 82.4 million people around the world at the end of 2020.

Many conflicts continue for several years, reconstruction can take a long time, and people may anyway be unwilling to return to hazardous environments. Displaced people may remain in their new locations for months or even years, not days or weeks. In response, economic development interventions for displaced populations have become more popular. This includes interventions that invest in the economic development of the host community, and so provide opportunities for those living in nearby camps.

Economic development interventions provide a livelihood for displaced people and so reduce reliance on their external support, build or utilise their skills, and so reduce the chances of a culture of dependency and preserve the dignity of the displaced population. Investments in the host population can provide economic opportunities for displaced people and reduce the resentment which may arise if local people see substantial relief aid going into the camp and they get nothing.

Examples of economic development interventions are (i) agricultural training programmes; (ii) microcredit schemes and asset (e.g., livestock) transfers; (iii) employment promotion and skills development schemes; (iv) support to cooperatives and collective action groups; (v) construction and rebuilding of physical and environmental infrastructure; and (vi) market systems development.

This brief summarises findings from a systematic review of economic development interventions in humanitarian settings.

What evidence is in the review?

The review summarises evidence from 84 studies, of which 36 were effectiveness studies, 17 mixed methods, and 31 process evaluations.

Most of the studies are from Sub-Saharan Africa (16 studies) and South Asia (9 studies), followed by Middle East and North Africa (4 studies) and East Asia and the Pacific (3 studies). There are very few studies from Latin America and the Caribbean (1 study) and Europe and Central Asia (1 study).

The most common interventions are livelihood programmes (28 studies), followed by local area development interventions which support economic development (6 studies), women's empowerment programmes (including microcredit and savings clubs) (8 studies) and market support (2 studies).

Most projects had multiple components such as skill training, agricultural and market support. Livelihood programmes targeted mainly skills development such as agricultural training programmes; business skill training; training on numeracy; business skills; social empowerment topics; hands-on training in a chosen vocational skill; and life skills training.



In the large majority of cases the studies were of the displaced population, with just three studies also considering the host population.

The evidence base is still limited, with a need for studies with stronger study designs. There is especially a lack of studies of interventions in host communities and their effects on the host.

Do the interventions work?

Economic development interventions have positive effects on economic outcomes, food security and nutrition, and psychosocial and mental health. There are insufficient studies to perform an analysis for health outcomes.

However, there is high variability in effect sizes between studies. One factor behind this variability is that randomised evaluations find an effect roughly half that of non-experimental studies, suggesting that the average effect is inflated by risk of bias. Another factor is that the effect of interventions is less in higher-income settings.

What factors affect implementation?

A range of factors affect implementation, several of which appear as both barriers and facilitators. The fact that the same factor may be both a barrier and facilitator helps explain the variability in study findings. There will be a positive impact when the factor is a facilitator and little or no impact when it is a barrier.

The evidence base provides support for governments and donors to support economic development interventions in economic settings. However, effects may vary greatly, so interventions should be accompanied by formative research to identify possible barriers. Implementation matters.

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Figure 1 Barriers and facilitators to implementation

Facilitators Identified	Barriers Identified
Structured livelihood support programme	Quality and level of the support
Use of Innovations	Lack of Motivation
Change in gender norms and support from family members	Gender based discrimination/ Gender Norms
Capacity Building	Lack of Skills and Trainings
Other Facilitators (Home- based and In- Kind support)	Lack of access to services and markets

About this brief

This brief is based on the following syntheses working paper: Kapoor Malhotra, S., Vigneri, M., Dela Cruz, N., Hou, L. and White, H. (2023). Systematic Review: Effectiveness of economic development interventions in humanitarian settings in low- and middle-income countries: a mixed-methods systematic review, CEDIL Syntheses Working Paper 9. London and Oxford: Centre of Excellence for Development Impact and Learning. <https://doi.org/10.51744/CSWP9>

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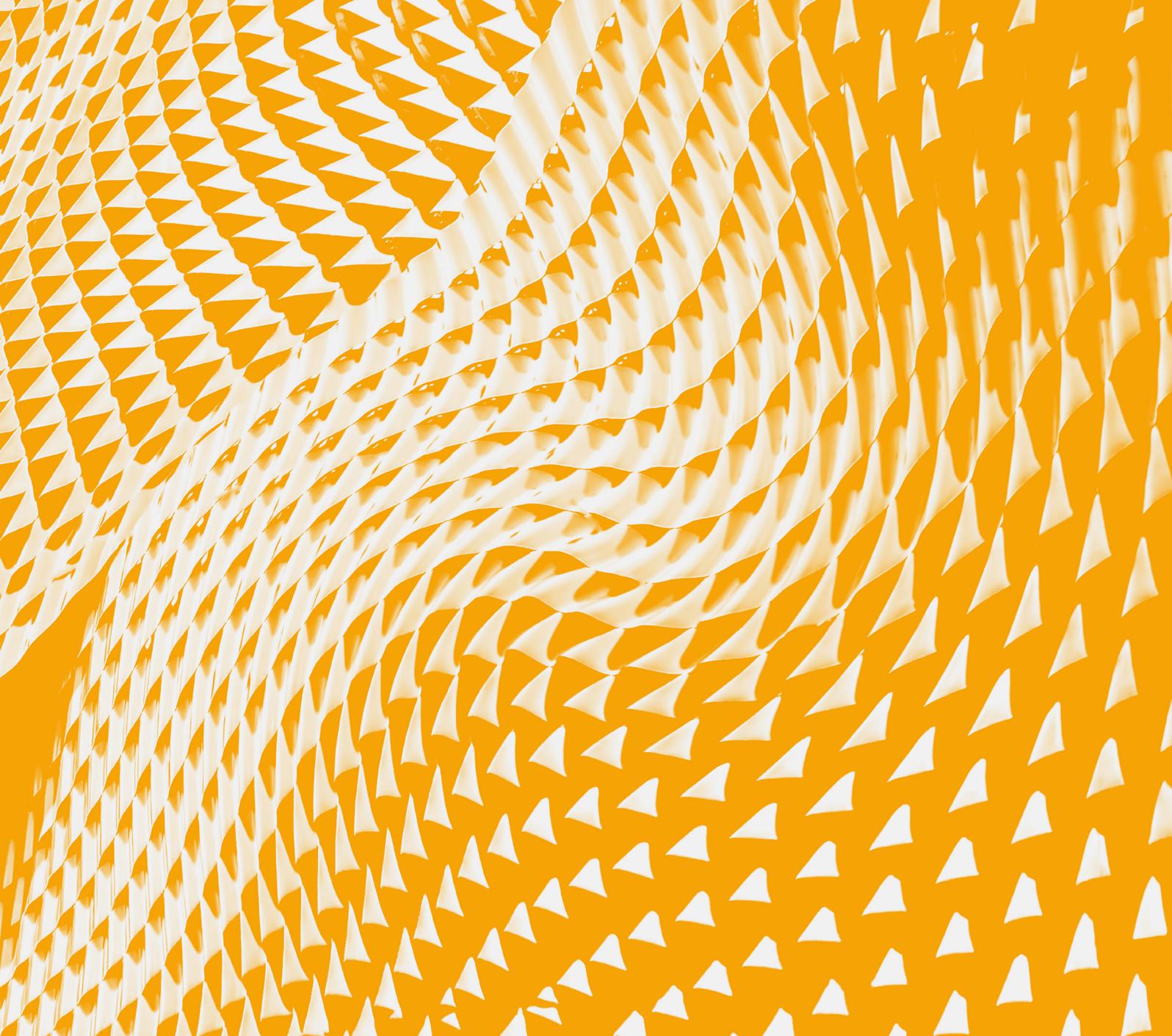
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