

OF REFUGEES, IDPs and RETURNEES: THE TRICKLE UP EXPERIENCE



Mariatu, with her sister and the bread they bake daily

Mariatu Rashid, a young single mother of two, was leading a poor but peaceful life in Rokupr, a small town in northern Sierra Leone, trying to eke out a living by fetching and selling firewood. In 2000 she and her family were forced to flee the area when rebels attacked. All of a sudden the family found itself in an internally displaced camp in Lungi, near the capital. Here the family was dependent on a (WFP- funded) food aid program administered by a Trickle Up NGO Partner, called Community Action for Progress (CAP). While in the camp, Community Action for Progress selected Ms. Rashid for the Trickle Up Program and provided her with training and a first grant to start a small kerosene business. The earnings enabled the family to survive while living in the camp. After the hostilities ended, Ms. Rashid expressed a desire to return home and since

she was still owed a second grant (Trickle Up seed capital is disbursed in two installments), she used this to top up her savings and start a bread-baking business upon her return. The family has not yet been able to replace the furnishings and housewares lost in the rebel attacks, but the business—their only source of income — earns enough to feed and clothe the family, save with an *usus* (savings group), and send Mariatu’s oldest child to school (the youngest is not yet school age). Mariatu also has plans to finish secondary school and then attend nursing school. Most importantly, the family has regained a positive outlook on life again, and has hope for the future.

What does this story tell us?

Firstly, Mariatu’s story, unfortunately, is not unique. The latest UNHCR global statistics indicate that there are more than 10 million refugees and between 20 to 25 million Internally Displaced Persons¹ (IDPs) worldwide. Most of them can be found in the developing world, especially Asia and Africa. IDPs, in particular, face extraordinary difficulties since, as UNHCR states on their web site “*they fall between the cracks of current humanitarian law and assistance.*” Ms. Rashid’s status changed from first being an IDP to then becoming a returnee. Returnees are yet a separate category; officially there are about 2.5 million returned refugees², but unfortunately there are no official statistics for returned IDPs.

More importantly, Mariatu’s story demonstrates that microenterprise development services can play an important role for refugees, IDPs and returnees, provided they are designed and implemented appropriately and, second, that the target population and context are constantly kept in mind. In other words it is important to operate with flexibility, a requirement that the Trickle Up Program is able to offer. Trickle Up is a NY City-based grassroots NGO engaged in microenterprise development. It offers business training and seed capital in the form of conditional grants (usually given in two installments). The program is implemented in partnership with local organizations, mainly NGOs, such as Community Action for Progress. Trickle Up grants are targeted at those people who don’t qualify for microcredit for various reasons. They may not have social or financial collateral; the type of business they would like to start may not be suited to microcredit (such as agricultural businesses that have a slow turnover), or, finally they are simply too risky for microcredit because of who they are³. Often refugees and IDPs fall in the latter category. Often there are no microcredit institutions to be found in unstable areas, as was the case when Ms. Rashid lived in the camp. Ms. Rashid’s story also illustrates a flexible implementation methodology. While both Trickle Up grants were invested in income-generating activities, the objectives differed slightly. Her first grant installment was to provide her with relief *in the short term*, as the income the family earned helped assure their survival and enable them to meet their basic needs for food, clothing and other essentials. Her second grant installment was used as a sort of *repatriation*

¹ 2003 Statistics from www.unhcr.org

² 2003 Statistics from www.unhcr.org

³ Examples may be youth, and nowadays also People Living With HIV/AIDS who are often excluded from a solidarity group through which microfinance institutions provide loans.

package for the long-term to enable her to return home and help rebuild her local community and economy by supplying them with essential goods and services. A loan program cannot be this flexible since periodic repayment and close proximity to the microcredit provider are essential.

In general, conditional or micro-grants, mounted *as a first rapid response* at the immediate conclusion of conflict, can foster entrepreneurship among the very poorest and ease the transition from relief to rehabilitation. Grants entail lower financial and security risk than loans since no periodic repayments are required. Hyperinflation may also reduce the value of loans, and increase the cost of repayment through burdensome interest rates in post-conflict environments, whereas grants are made at the prevailing exchange rate. Most microfinance organizations with lending programs also require group guarantees of loans, and often in a post-conflict setting trust is lacking for such mechanisms, whereas a grant can be made to a family-run microenterprise. Partner agency staff members working with Trickle Up in Liberia in 2000 stated:

“For a loan you need collateral (even just social) and because of war traumas, people do not have any property nor is there trust among people.”

Grants also have the advantage of lower-cost operations, and are able to reach the poorest and most marginalized refugees and internally displaced people (IDPs), who are often excluded from microcredit due to their poverty. In other words, *“Microgrants provide a safety net and can be the first step in a strategy to graduate the very poor from vulnerability towards economic self-sufficiency.”*⁴

Trickle Up’s support, through its business training component and the social infrastructure provided by local partners, can also pave the way for credit once the entrepreneurs have built their businesses to a more stable and profitable base. This was the case in Liberia, where in 2000 we closed a UNDP-funded program by signing an agreement with a microcredit provider to link eligible Trickle Up entrepreneurs to the lenders credit programs. Currently in rural Sierra Leone, Trickle Up helps to set up local savings and credit schemes for returnees who have joined farmers associations to facilitate continued access to capital after the Trickle Up grant cycle.

One other interesting element in Ms. Rashid’s story that microenterprise practitioners need to keep in mind is mobility. She was forced to flee her home and live in a camp. Then, as soon as the hostilities settled, the young woman returned home, as so many refugees and IDPs desire to do, to rebuild her livelihood. This posed somewhat of a challenge to the implementing partner, Community Action for Progress (CAP), since they are responsible for regular follow-up and monitoring of the entrepreneurs and their businesses. CAP solved this problem by working with people from Rokupr and neighboring villages, since this is CAP’s home base and target area during stable times. Although we recognize there may be potential for preferential treatment and even nepotism, it did facilitate tracking, follow-up and reporting on the entrepreneurs, even when the entrepreneurs returned home. In addition, Trickle Up entrepreneurs were selected from the recipients of the food aid program which CAP was administering in their temporary site in Lungi during the conflict. Since CAP was required to set up a database of basic information on all their recipients, this enabled the organization to track clients’ resettlement patterns.

Strong partnerships with local organizations such as CAP are the final key to the success of microenterprise programs in post-conflict areas. Trickle Up is a train-the-trainer organization that works in partnership with locally based organizations. These local organizations implement the program as an extension of their other development activities in the communities. Most of our partners are national or community-based organizations. Contrary to relief organizations, which may withdraw when violence and instability flare up, local organizations try and operate continuously by supporting their communities. This is what we found when Trickle Up returned to Liberia in 1998 after a two-year hiatus during which there was a full-blown conflict and UNDP temporarily withdrew. Upon Trickle Up’s return, we found that the partner organizations were still operating and had in fact

⁴ Joan Parker & Doug Pearce. "Micro-finance, grants, and non-financial responses to poverty reduction: where does microcredit fit." *CGAP Focus Note 20*.

been able to regularly provide follow-up support to the entrepreneurs, increasing their chances for survival by creating a safety net.

While Trickle Up's microenterprise program in part supports IDPs and refugees who have been able to return home, unfortunately, the reality is that some refugees may never be able to return and have to settle in a new location. While, according to UNHCR statistics⁵ only a small percentage of refugees are officially resettled in a third country, the majority of refugees may become "long-term" displaced especially in areas where there are a lot of unregistered refugees. One example of the latter is Nepal where Trickle Up partners with the Human Rights Organization of Bhutan (HUROB). HUROB focuses on refugees who are not officially registered with UNHCR and therefore do not receive any assistance. These refugees never reached the refugee camps, and live scattered throughout forest areas, occupied land, or illegally on private land and are not able to return home. HUROB uses Trickle Up as an entry strategy to identify new refugees –who may be in hiding- to develop a census on the total refugee population of ethnic Nepalis in Nepal and India. To date HUROB has helped to start 450 businesses.

Even though refugees who have been officially resettled in a third country represent a small percent of the total number of entrepreneurs Trickle Up has assisted over the years, we have had successful programs helping them build a livelihood in their new settlement, especially in the United States. Trickle Up Executive Director, Richenda Van Leeuwen, herself a former UNHCR staff member explains:

"Starting and operating a microenterprise may offer resettled refugees an opportunity to utilize their skills and experience, retain their dignity and become economically self-sufficient at an earlier stage than if they have to rely on public assistance or take a succession of minimum-wage jobs such as cleaning in order to enter the US job market, where they are often extremely hindered initially by their limited English proficiency. Trickle Up works with partner agencies that offer programs designed to be culturally and linguistically appropriate for the refugee populations they serve, focusing on building capital, employment and economic self-sufficiency in their communities."

In the United States, Trickle Up's programming for refugees is concentrated in New York and California. The Worker Ownership Resource Center (WORC), a Trickle Up partner agency, has been resettling refugees in upstate New York and promoting microenterprise development for over a decade. Tailored to meet the often unique educational and financial needs of refugees, WORC's micro-enterprise program provides refugee entrepreneurs with business training, access to start-up capital and technical support. Trickle Up's micro-equity provides the first step for these entrepreneurs to pursue their business interests while WORC's technical assistance and training facilitate access to a continuum of support for the start-ups.

In California, Trickle Up also works with the International Rescue Committee to help resettled refugees in the San Diego area, combining IRC's technical expertise with Trickle Up grants to help start microenterprises. Refugee microenterprises cover a wide variety of goods and services, ranging from selling African art to house cleaning. One interesting story is from Abdul Basir Ali, an Afghan refugee. He and his family had been waiting for ten years in an Egyptian refugee camp when they finally received clearance from the U.S. government to move to the U.S. The Ali's fled Afghanistan after the Soviet Invasion and were not able to return.

Abdul Basir and his family came to San Diego last year with the help of the IRC. The IRC quickly noticed their strong entrepreneurial spirit and encouraged them to apply for a Trickle Up grant. The Trickle Up grant was exactly what the Ali's needed to jumpstart their livelihood. Unlike the IRC's other microfinance partners that offer small loans to the poor, Trickle Up's conditional grant model aligned with the family's religious beliefs. As devout Muslims, the Ali's are prohibited from accepting interest-bearing loans, which increased the difficulty of starting their own business.

⁵ 2003 statistics from UNHCR web site www.unhcr.org

The grant became the catalyst for the family to start three businesses. Limited only by their imagination, the resilient Ali family started their first business, a resale venture in which they combed local garage sales for items they later resold at area swap meets. Soon after, the family made enough profit to purchase materials for a business designing artificial flower arrangements. Finally, with the help of the IRC, one of the family members is completing the licensing requirements for an in-home daycare center they plan to open this year.

The above stories demonstrate that microenterprise services can be a successful tool to help (resettled) refugees, IDPs and returnees rebuild their livelihood, provided an appropriate and flexible implementation strategy is used. Flexibility is a prerequisite to allow quick adaptations to fit the local context. Partnerships with local organizations who know the context and immediate needs of the communities play a critical role in the success of Trickle Up. Most importantly however is that Trickle Up offers the most vulnerable population, such as refugees, IDPs and returnees, who often don't qualify for credit, a very direct route to gaining skills and economic empowerment to pave the way for loans. Like Mariatu who was so successful in her business that she has now joined a local savings group. Trickle Up, through its network of local partners, is a proven way of enabling entrepreneurs to take the first step by learning new skills, building equity in their business, increasing their income, accumulating savings and in-kind assets, developing confidence in their abilities and becoming eligible for microloans. Or as one of our partners reports: *Trickle Up is a trampoline for bigger things!*

Marinke van Riet
Program Officer for Africa
Trickle Up Program, New York
Africa@trickleup.org