

# Opening the global digital economy to refugees

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**As we emerge from a global pandemic, we have seen an evolution of attitudes toward the digital economy and the promises it holds for employment opportunities. What might this frontier space of technology-enabled employment offer for the millions of refugees and forcibly displaced persons looking for livelihoods and prosperity?**

There is no agreed definition of the ‘digital economy’ and the distinction between the digital and traditional economy is becoming increasingly blurred. Broadly speaking, the digital economy can be defined as incorporating all economic activity reliant on digital technology and can include jobs within and outside what we traditionally think of as the tech sector. Digital labour or jobs in the digital economy are wide-ranging, from on-demand logistics services like Uber and Deliveroo, micro-work such as Amazon Mechanical Turk and data tagging, income-generation activities on social media channels, online retail portals devoted to one-click consumption, and high-skilled knowledge workers such as researchers, web developers, virtual assistants, lawyers and accountants.<sup>1</sup>

The digital economy has transformed perceptions of work. With regard to migration, the fact that many jobs in the digital economy are no longer dependent on physical interactions is perhaps the most significant opportunity and biggest divide created by technology. This change has led to the ‘gigification’ of jobs, accelerated by the COVID-19 pandemic. These kinds of jobs – which no longer depend on in-person interactions and which transcend geography, immigration controls and, in some cases, legal status – present an opportunity for refugees, the majority of whom have limited access to employment due to challenges including discrimination in hiring and legal barriers to right to work.

For refugees, access to the gig economy in particular holds much promise. A 2020 study found that 18% of Human Resources Directors in the UK believe that gig workers will make up 75% or more of their workforce over the next five years.<sup>2</sup> The global demand for online freelancing has been growing by 11% annually since 2018, and the global gig economy is expected to grow to \$455 billion by 2023.<sup>3</sup>

Gig work is often done without formal work arrangements, meaning that digital contractors or freelancers are engaged for specific projects and only paid for the work they deliver. Moreover, as a high proportion of gig work is facilitated by freelancing platforms such as Upwork or Fivver, freelancers do not have employment relationships with ‘employers’ (whether a company or an individual). These ‘non-traditional’ employment relationships that exist in the digital economy provide an opportunity for refugees.

According to UNHCR there are 103 million displaced individuals worldwide. Although displaced individuals flee to other countries for better life prospects and work opportunities, the majority of host countries are under-resourced, resulting in a lack of employment opportunities for both the refugee and host communities. Employment is a first step towards financial stability and self-sufficiency. Yet, given their relocation, refugees might face many structural, and systemic barriers when trying to get employed.

The integration of refugees (as well as many other traditionally excluded communities) into the digital economy has therefore expanded employment opportunities in places where local economies are unable to absorb jobseekers. Participation in the digital economy could represent a solution, as it allows for refugees’ economic integration into the global economy, which in turn facilitates their socio-economic integration into local host communities.

## Challenges and opportunities

While the digital economy and specifically remote work could present opportunities for refugees to broaden their access to employment, there are multiple challenges to be faced. **Right to work:** Refugees’ right to work is enshrined in the 1951 Refugee Convention.

The Convention is explicit in stating that refugees should receive the same treatment as any foreign national in the same circumstances. While this does not guarantee equal access to employment, States are encouraged to allow refugees the same rights as nationals. However, many refugee-hosting States, despite being signatories to the Convention, place restrictions on refugee employment.<sup>4</sup> This is perhaps the most significant challenge that refugees face when accessing employment.

**Informality of the digital economy:** Digital remote work seems to overcome the challenges around the right to work as it is often performed in the informal sector, where the right to work is a grey area. In the gig economy, non-traditional employment relationships are almost always informal, meaning that the ‘employer’ is not liable to provide any benefits such as sick or holiday pay. These informal work relationships usually operate across borders with the freelancer responsible for their own taxes and benefits and without being subject to immigration controls. However, although digital work can enable greater access and better opportunities for displaced populations in ways that circumvent local employment regulations, this informality does not allow for formal legal protections for workers, leaving them at risk of exploitation.

**Access to infrastructure:** Even where they have the right to work, refugees often lack access to digital infrastructure and the internet due to economic insecurity or their physical location. Policymakers and legal activists are now developing frameworks that centre digital inclusion as a fundamental human right. The International Telecommunication Union (ITU) stresses that “a safe, satisfying, enriching, productive, and affordable online experience, has become the new imperative for the 2020-2030 decade”. However, only 63% of the world’s population is online, leaving some 2.9 billion people without internet connectivity, with refugees disproportionately impacted.<sup>5</sup> These access challenges prevent refugees from taking advantage of the opportunities presented by the digital economy.

**Financial exclusion:** Almost half of refugees globally live in countries with restricted access to bank accounts.<sup>6</sup> Lack of identification documentation, often due to loss or seizure during the events that forced them to leave their homes, and the cost, complexity and risk involved in replacing identity documentation issued by their country of origin, is perhaps the biggest barrier that refugees face to open bank accounts. This means that refugees are not able to comply with the regulations of financial institutions around proof of identity and limits their ability to access the digital economy.

**Digital skills gap:** Globally, job opportunities increasingly require digital skills but traditional education systems have been slow to integrate Information and Communications Technology (ICT) and digital literacy into their curricula due to lack of qualified educators and technology infrastructure. Refugees, with significantly lower rates of higher education access and often interrupted education, are disproportionately affected by a lack of digital skills. Even if refugees are able to gain digital skills, this is often via informal education programmes or from universities in their country of origin, and there is a universal lack of standardisation and recognition of these qualifications and skills.

### Empowering a digital workforce

There has been a proliferation of training and education initiatives and broad pathways to digital employment for refugees.<sup>7</sup> Post-COVID, this number has significantly increased. The Refugee Action Hub (ReACT) at the Massachusetts Institute of Technology (MIT), which offers a certificate in Computer and Data Science, was established in recognition of the need for high-quality, accredited education programmes for underserved communities such as refugees.<sup>8</sup> In collaboration with MIT ReACT, the social enterprise Na’amal addresses employers’ demand for soft skills in the workplace through its Human Skills for Digital Employment programme. Together, these initiatives aim to demonstrate that, with targeted education that addresses the demands and skills gaps of the digital economy, and

with recognised qualifications, mentoring and links to networks, refugees can successfully join the digital workforce.

Ahmed\* is a refugee in Jordan and a graduate of the MIT ReACT–Na’amal programme. His MIT certificate plus newly acquired networks and skills allowed him to secure remote freelance jobs in website maintenance. With a UNHCR-issued refugee card as his only recognised proof of identity, Ahmed had no bank account but with the support of his networks from MIT ReACT and Na’amal, he was able to open a bank account. He now earns around USD \$1000 a month, and is continuing his education through online certifications.

Pauline\* is a refugee living in South Africa and a learner in the MIT ReACT–Na’amal programme. Through MIT’s collaboration with the global talent organisation Talanta, she has secured an internship at a social enterprise committed to advancing financial inclusion. She is now learning alongside a global team, building the confidence to develop a tech career and expanding her networks, enabling greater socio-economic integration.

### **The role of the private sector: potential and reality**

There has been a growing interest in hiring refugees. Public attention to the role that companies can play began with the commitments of several multinational companies following President Obama’s 2016 Call to Action for private sector engagement on the global refugee crisis. The Tent Partnership for Refugees, a network of over 200 major companies committed to supporting refugees, including in employment, was subsequently established. More recently, Ingka Group, led by IKEA, aims to convince 500 businesses to hire refugees. To date, though, there has been no widespread hiring of refugees in the digital economy.

The interest from employers to include refugees in their workforce, including remotely, is promising and the potential for greater engagement is significant. The fact remains, however, that companies are unable to navigate the cross-border human resources, legal and

financial processes without expert support. Guides to help companies hire displaced tech talent – such as the one published in collaboration between MIT ReACT, Na’amal, Talent Lift, World Education Services and Tent Partnership for Refugees – have begun to address companies’ needs in the hiring process but more support is needed.<sup>9</sup>

Hiring refugees remotely in digital jobs is not only a moral responsibility, for companies to achieve corporate social responsibility targets or to satisfy the conscience of employers that they are doing good. There is also a strong business case, as employers not only need talent but can reap the benefits of getting the right employees, instead of just hiring by location.

### **A call for a multinational agreement**

The digital economy offers greater access to employment and socio-economic integration for refugees who do not have the legal right to work. As concluded in a report published following the 2022 Migration Summit, what is needed urgently is a multinational agreement, advanced by stakeholders including relevant UN agencies and the private sector, to allow refugees legal access to the global digital economy, even if they do not have legal access to work in local labour markets. This would protect refugees from the precarity and risks of informal work, encouraging more individuals who are currently dependent on humanitarian aid to seek employment and gain financial independence. Traditional global agreements of this kind are non-binding, and nation-states are not mandated to comply. The private sector, increasingly demanding access to new talent pools for their growth and profitability, needs to put pressure on governments to provide pathways for the recruitment of global talent, including refugees, to work remotely.

The upcoming Global Refugee Forum in 2023 is an ideal platform to promote the integration of refugees into the digital economy. While a multinational agreement would be only a partial solution toward greater access to employment for refugees, safeguards could be guaranteed and displaced persons could have access to the livelihoods on which their lives – and the lives of their communities – depend.

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