

COVER STORY

# Development During Crisis

Promoting Asset-Building in  
Protracted Refugee Situations

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- The predicament of the refugee speaks to the complex intersection between humanitarianism and development.
- Most refugees spend years in protracted limbos, neither able to return home nor able to build a livelihood in their country of asylum.
- To promote asset-building among exiled communities requires that development practitioners see refugees as viable economic actors in their own right.
- A new form of property tenure, based on community land trusts, may help refugees to accrue returns on their investments and create future housing for urbanizing local populations.

**O**ne day in September 2006, Astride arrived alone in Saclepea refugee camp from her home near Toulepleu, Côte d'Ivoire. She was fleeing a civil war that had sundered the government-controlled South from the rebel-controlled North and turned the buffer areas in between into a war zone. She had lost her husband and son when her village was attacked, and knew no one in the camp. She registered her name and those of her husband and son with the camp's United Nations staff, and spent her nights outside as she waited her turn for more blue tarpaulin emergency shelters to be erected. This was the first time Astride lost everything—but likely not the last.

Located a couple of kilometers from Saclepea in the far-flung northern county of Nimba, Liberia, near the borders of Côte d'Ivoire and Guinea, Saclepea camp finds itself at the crossroads of several exoduses—stemming from the various humanitarian crises that have plagued the Mano River Basin states (Côte d'Ivoire, Guinea, Liberia, and Sierra Leone) over the past two decades. Given that Ivorians have been fleeing over the border

from the 18 Mountains region of Côte d'Ivoire sporadically over the course of the past five years, any given Ivorian refugee in Liberia may turn out to be long-settled or newly-arrived. Saclepea camp exhibits a corresponding cross-section of refugee investment strategies, ranging from small investments with extremely short time horizons to long-term investments in houses, animal sheds, cultivated fields, and so forth. The former strategy is commonly seen among those refugees who have only recently fled their homes or who have been migrating in search of a safe place to land. The latter strategy is observed most among those who have been encamped for a prolonged period, and who consider it likely that they will remain there for at least a few more years.

Astride was concerned about her next move: Should she spend what little money she had to search for her family in Monrovia, or should she stay put and await their potential arrival? And if she stayed, how much money should she invest in a new home, a business, or crops? These questions would bear heavily on her paltry finances. She emphasized the fact that when she returns home, whether in six months or ten years, she will lose her home and fixed assets all over again. She will be allowed to bring only 30 kilograms of personal effects back home to Toulepleu.

Astride's dilemma speaks to the complex intersection between humanitarianism and development. One central question stems from this inter-

Tents cover the mountainside in the Kurdish refugee camp of Yekmel in 1991.

U.S. NAVY PHOTO BY PH2(AC) MARK KETTENHOFEN. RELEASED TO PUBLIC.



section: How can the period of exile for a refugee be transformed from treading water into an asset-building period yielding tangible benefits? Each year, the United Nations High Commissioner for Refugees (UNHCR) accords *prima facie* refugee status to hundreds of thousands of people who, like Astride, are fleeing across international borders. Most of these refugees spend years in protracted limbos, neither able to return home nor able to make a new home for themselves in their country of asylum. They often arrive in the host country stripped of assets after a desperate flight to safety. Furthermore, upon eventual repatriation, refugees may again find themselves in a position of starting over. In the best circumstances, returning refugees may have a supportive UNHCR advocating for the restitution of their original land and property from squatters or hostile usurpers. Scott Leckie, a researcher at the Centre on Housing Rights and Evictions, notes that in less ideal circumstances they will find themselves with little or no UNHCR support, or even without any property at all. In either case, the refugee's exile investments—time, labor, and capital—have evaporated. This makes the returning population more vulnerable to small economic shocks. Furthermore, in those cases in which conflict precipitated the exodus, it could perpetuate a cycle where poverty feeds into violence, and violence into further poverty.

Two recent developments in the field of emergency management bode well for the international community's ability to break this cycle. First, academic experts and policymakers increasingly recognize displaced people as economic actors in their own right. Second, camp planners increasingly highlight the importance of locating camps near urban areas to facilitate market transactions. Building on these developments, the next logical advance will be a mechanism for enabling the transfer of asset values generated in a protracted refugee situation back into "normal" life upon returning home. In certain situations, a hypothetical form of property tenure inspired by a particular

mechanism pioneered in the developed world, the community land trust (CLT), could grant refugees some form of saleable, transferable right to the equity investments that they make in their homes. This model would entail the added benefit of increasing the housing stock in rapidly urbanizing cities. Where appropriate, it would motivate a rethinking of current refugee planning strategies.

## THE MAGNITUDE OF THE REFUGEE POPULATION PROBLEM

Astride's situation is heartbreakingly common in the developing world, and the need for innovations allowing refugees to build their assets is increasingly obvious. Dr. Jennifer Leaning, an expert of humanitarian emergencies at the Harvard Humanitarian Initiative, observes that the last decade of the 20th century witnessed not only a decline in inter-state conflicts, but also, dismayingly, a countervailing "proliferation of complicated intra-state disputes, conflicts, and emergencies." In 2004, UNHCR reported 232,000 new refugee arrivals around the world. Despite the immense scale of the global refugee flux, well-founded concerns about the accuracy of refugee statistics, and some misinformed claims of a growing number of refugees, the global refugee population seems to be decreasing slightly right now. 2004 saw the total number of refugees around the world drop for the fourth consecutive year from a high in 2001 of around 12.2 million to 9.2 million. While the reduction in total refugee populations could simply mean that there are fewer refugees, it could also imply that refugees are either being repatriated or resettled in a third country. Both of these latter options entail stripping refugees of their accumulated assets, since refugees do not technically own their homes and thus cannot sell them prior to departure.

Any innovation in transferable property rights for refugees will face numerous legal and economic barriers peculiar to refugees. UNHCR tracks many other categories of migrants, so it is necessary to clarify the terminology. The term refugee is de-

defined by the 1951 Geneva Convention (in part) as any person who

owing to well-founded fear of being persecuted for reasons of race, religion, nationality, membership of a particular social group or political opinion, is outside the country of his nationality and is unable or, owing to such fear, is unwilling to avail himself of the protection of that country...

While parts of the discussion may pertain tangentially to internally displaced persons (i.e., those who have fled their homes but, unlike refugees, have not crossed an international border) or to asylum-seekers (i.e., those who have crossed an international border seeking refugee status but who have not yet received it), their legal status significantly differs from that of refugees. Therefore, despite the growing importance of these populations (the number of persons of concern to UNHCR, including internally displaced persons and asylum-seekers, increased during 2004 by 10%), the recommendations presented here do not directly apply to them.

### LIVELIHOODS, ASSET-BUILDING AND DEVELOPMENT

A focus on transferability of refugee assets would significantly complement current policies in refugee settings. Academics and policymakers increasingly regard protracted refugee situations through the lens of economic livelihoods. They claim that refugees are economic actors in their own right, not merely people with lives on hold. Karen Jacobsen, an authority on refugee economics at Tufts University's Fletcher School, notes that UNHCR demonstrates a lack of creativity in formulating refugee solutions. She argues that the agency should go beyond just lodging refugees. Instead, she argues, UNHCR should reconsider the option of resettlement in countries of first asylum, depending on their respective levels of stability and security. The most vulnerable refugees most often inhabit the (usually isolated) camps, whereas the more economically opportunistic tend to prefer



Belongings of a Kurdish refugee family left behind in deserted barracks which they used as a shelter while fleeing the forces of Saddam Hussein in northern Iraq in 1991. DOD PHOTO BY JOC MARJIE SHAW. RELEASED TO PUBLIC.

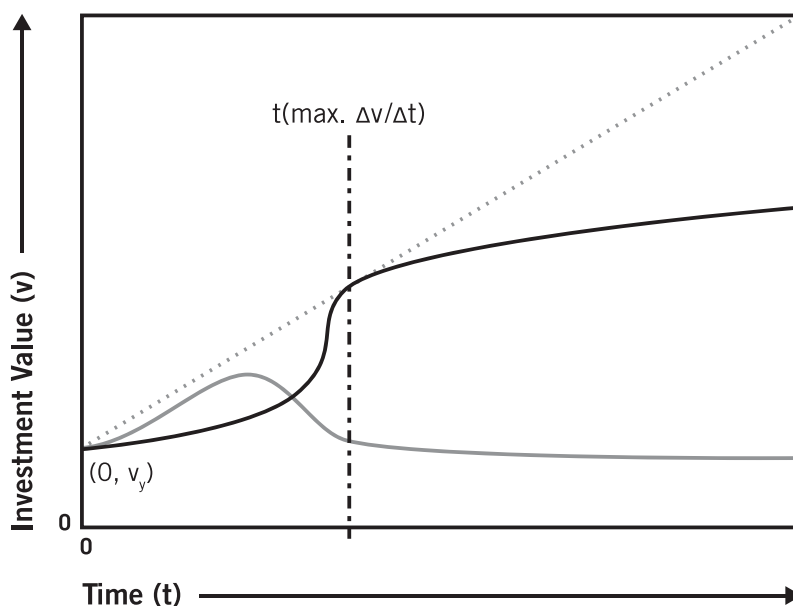
self-settlement around market towns. This is an indication that refugees constantly weigh the potential benefits and risks associated with their location. In step with academia, many agencies and international nongovernmental organizations have adopted policy directives that promote livelihoods and income generation in refugee camps. The focus on livelihoods (for example, growing crops or producing saleable goods) concerns itself with the promotion of economic self-reliance until exile comes to an end. As such, while it is an enormous step forward, it does not go far enough. Fostering the asset-building process would prove a more far-sighted policy.

While it is often argued that development cannot begin without the prior establishment of security, causality may run in both directions. A flexible mechanism for building refugee assets in times of flux might, in fact, bolster regional stability. Consider that developing countries produce the vast majority of refugees. The UNHCR-designated regions of CASWANAME (Central Asia, South-West Asia, North Africa and Middle East) and Africa jointly accounted for 87% of total refugee generation in 2004.

One possible explanation for this phenomenon lies in the link between conflict and natural resource dependence. Paul Collier and Anke Hoefler, Professors of Economics at Oxford University, posit that opportunities for resource usurpation primarily catalyze internal conflict and civil war. In a parallel with the “resource curse” theory, they postulate that less-developed countries provide fuel to the fire of conflict. This is because their economies largely depend on easily extracted natural resources, in contrast to the complex value-adding mechanisms (for example, manufacturing, research and development, marketing, and so forth) of developed economies. Consequently, the violent are able to co-opt these natural resources. Furthermore, by their nature, developing countries have low governmental capacity to help their citizens recover from shocks, whether stemming from conflict or natural disaster. Finally, refugee camps themselves are notorious targets for the recruitment of militia soldiers, as they contain large vulnerable populations with few economic opportunities. The recruitment of additional soldiers prolongs conflict and creates more refugees, thus completing a positive feedback loop. For all of these reasons, development of a decentralized refugee property market may help to forestall future conflict.

Against the post-conflict backdrop of so many protracted refugee situations, asset-stripping constitutes one of the gravest threats to refugee economic development. Some migration literature has focused on losses from transaction costs for remittances from economic migrants, and some has centered on asset-stripping among, for example, Sudanese refugees at the hands of militias. But little work has been done on the systemic asset-stripping that characterizes even institutionally facilitated repatriations, whereby refugees are parted from the plots they have cultivated and houses they have either built or improved. Indeed, land policy in post-conflict situations has generally attracted little interest.

The asset-stripping process may lead to serious declines in human security and greater vulnerability to shocks. This vulnerability is precisely what Astride fretted over when considering whether to invest in a home for an uncertain term. In economic terms, it may also translate into an elevated discount rate, discouraging longer-term investments such as some forms of agriculture. Given



**FIGURE 1.** Two hypothetical investment options maturing over time in present value. The black line represents an investment with a relatively long time horizon, while the gray line represents a project with a more rapid payback schedule. The point where the dotted line meets the black line [ $t(\max. \Delta v/\Delta t)$ ] represents the maximum average return on investment over time.

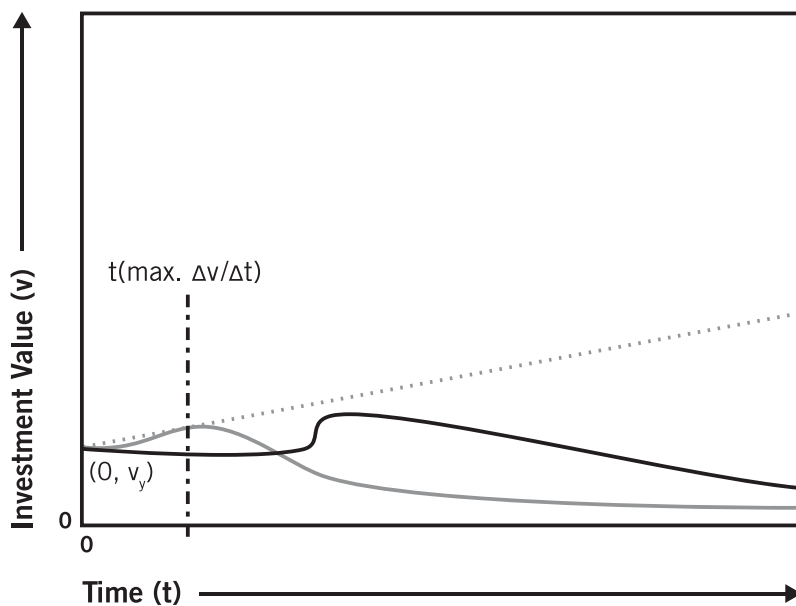
the options, further conflict, potentially yielding immediate high returns, may begin to appear an attractive alternative to the plodding development process. For instance, much of the success of West African militia recruitment in refugee camps (performed by, for instance, the National Patriotic Front of Liberia (NPFL), the United Liberation Movement of Liberia for Democracy (ULIMO), Liberians United for Reconciliation and Democracy (LURD), the Sierra Leonean Revolutionary United Front (RUF), the Sierra Leonean Army (SLA), the Sierra Leonean Civil Defense Force militias (CDF), the Ivorian Patriotic Movement of the Far West (MPIGO) and the Ivorian Movement for Justice and Peace (MJP)) can be traced not to ideological fervor but to promises of payment in the form of wages and loot.

A less dramatic manifestation of this phenomenon is seen in refugees' choices of crops. For instance, rice may be harvested up to four times per year, and so may be preferred to, say, cultivation of an orange grove, which will yield higher returns but take a few years to develop. Figure 1 depicts two hy-

pothetical investment scenarios: One matures more slowly than the other but ultimately yields greater returns in terms of average revenue generated per unit of time (say, years). The maximum average returns are symbolized by the line beginning at the initial investment amount ( $t = 0$ ) and running along the steepest tangential revenue curve. One might consider the preferred investment in this case to represent an orange grove that takes a while to mature but continues to gain in value, and the suboptimal choice to represent a rice paddy, which matures quickly but diminishes in value as the crop wilts. However, heightened risk of further displacement at an unspecified future time, combined with the inability to sell the investment for its net present value, increases the effective discount rate, as illustrated in Figure 2. Under these circumstances, the quick payoff may now be preferable to the long-term investment, and the development process is forgone in favor of "just getting by."

## URBANIZATION AND PROPERTY

Establishing refugee settlements near urban areas might benefit refugees by giving them access to local markets and increasing the value of their property (if they possessed it). It could benefit the local city by supplying housing for future demand. According to the United Nations Populations Fund, migration to urban areas dwarfs migration to other countries in numerical terms. To varying extents, the developing world has been experiencing a well-documented process of urbanization over the past 50 years. According to Martin Brokerhoff, who researches urban growth trends in the developing world at the Population Council, an international nonprofit organization, more than half of the growth of African cities was due to rural-urban migration during the 1950s and 1960s,



**FIGURE 2.** Two hypothetical investment options maturing over time, as in Figure 1, only discounted to present value by an increase  $r$  ( $r = 20\%$  for example). In this scenario, the short-term investment is considered to have the maximum average return on investment over time.



and averaged 25% during the 1980s and 1990s.

Studies have demonstrated both “push” and “pull” factors associated with this phenomenon, such as conflict and declining rural earnings on the one hand, and economic opportunity and amenities on the other. In Puntland, Somalia, for example, conflict and economic factors have combined to produce a steady stream of internally displaced persons into the urban areas of Bossaso and Garowe. Such rural-urban migration blurs the lines between economic and humanitarian migration. Considering the urbanization trend, Chuck Setchell, a planner of settlements for internally displaced persons with the United States Agency for International Development, now favors more permanent shelters in urban or near-urban locations over temporary emergency shelters in isolated communities, claiming that this strategy anticipates increasing market demand for such locations. While it is true that camps develop their own markets and internal trade economies, the benefits of access to host economy markets can be significant.

Substantial barriers exist to policies that would allow refugees to build assets in exile, especially near urban centers. Indeed, the issue is often written off entirely as a moot point. Most work done on the tenure security of displaced persons has concentrated on the restitution of past property rights to returning populations, whether those displaced are refugees or internally displaced persons. Certainly, the possibilities for refugee integration into local legal and institutional frameworks have receded greatly in the past decades, as governments grow increasingly leery of the supposed adverse economic impacts of refugees on national security, local labor markets, and public service provision. Sierra Leonean and Ivorian refugees in Liberia, for instance, are interdicted from real property ownership, as “[e]very person shall have the right to own property alone as well as in association with others; provided that only Liberian citizens shall have the right to own real property within the Republic.” Furthermore, international institutions including

UNHCR have historically been desperate to ensure that sovereign states show a continued willingness to permit refugee flows over their borders, and have therefore avoided suggesting solutions that would seem to give refugees economic power and a reason to stay. Thus, while the phrase “IDP [internally displaced person] property” may not be oxymoronic per se, “refugee property” certainly remains so.

## VARIATION ON A THEME: COMMUNITY LAND TRUSTS

The property tenure instrument capable of transforming refugees’ exile into an asset-building period would have to meet certain pragmatic criteria to effectively confer the intended benefits. It would have to find a way of bestowing or imitating the bundle of four traits classically attributed to private property: excludability, use privilege, controllability, and transferability (see Table 1). These are the traits that make private property private and encourage efficient investment. Owing to the unusual challenge at hand, however, any instrument adopted to promote fixed asset-building among refugees will also require qualities enabling it to contend with a number of issues peculiar to protracted refugee situations. These qualities would include maintaining low housing costs, allowing for piecemeal investments, bolstering refugees’ faith in the future and (intra- and inter-) community bonds, and ensuring compatibility with host country laws, contextual appropriateness, and the ability to encourage local economic growth (see Table 2).

In the United States, one instrument, the community land trust (CLT), is a promising mechanism for satisfying some of the listed criteria. It has known success in meeting the basic criteria (Table 1: 1-4) while also keeping property prices low (its original goal). In theory at least, it may also accommodate piecemeal investments, bolster faith in the future, and strengthen community bonds (Table 2: 1-4). CLTs are mechanisms that allow homebuyers to purchase a house without having to own the land

**TABLE 1.**  
**THE FOUR CHARACTERISTICS CLASSICALLY ASCRIBED TO PRIVATE PROPERTY**

- 1. Excludability:** This attribute implies that the owner of a certain property may bar others from trespassing on it at his or her discretion. It is also one of the primary attributes of private goods in general in economic theory, which holds that a good is excludable if one can prevent another from benefiting from it. In economists' jargon, the test is one of limiting spillover effects.
  - 2. Use Privilege:** This attribute stresses that one should receive the benefits (and costs) generated by one's own property. In economic theory, this attribute is echoed by the idea of "rivalness," meaning that the enjoyment of a certain good's benefits effectively limits the benefit that others may derive from it. For example, if one person harvests corn from a particular parcel of land, another person may no longer find any corn left to harvest for him/herself. The enjoyment of non-rival goods, by contrast, does not limit others' enjoyment. Non-rival goods are usually either plentiful (for example, the air that we breathe) or non-material (for example, a view of the mountains).
  - 3. Controllability:** This attribute confers upon the owner the right to control, manipulate, improve upon, or otherwise invest in his or her property. It allows the owner to participate effectively in the free market by weighing the imagined costs and benefits of various options and choosing the one that seems best.
  - 4. Transferability:** This attribute implies that the owner of property may sell, lease, or otherwise transfer some or all of the bundle of rights associated with it.
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**TABLE 2.**  
**THE SEVEN ADDITIONAL REQUIREMENTS OF A LAND TENURE INSTRUMENT IN PROTRACTED REFUGEE SITUATIONS**

- 1. Low Housing Costs:** Refugees often have very few resources from which to draw, and, as such, any way to keep the cost of housing to a minimum is helpful.
- 2. Piecemeal Investment:** Large, "lumpy" investments may be unrealistic among refugees since they have little in the way of cash or capital reserves, and often do not have access to reasonable or substantial credit. Therefore, any property tenure instrument chosen must allow for refugees to make small, gradual investments whose sum total value is ultimately recognized.
- 3. Faith in the Future:** Refugees most often do not know how long they will have to remain in exile. This uncertainty has appreciable effects on their psychological well-being, as well as on their long-term investments ranging from education to environmental stewardship.
- 4. Strengthen Community Bonds:** Professor Leaning of the Harvard Humanitarian Initiative stresses that physical assets are not by any means the only "resource materials" that help people in refugee situations to cope with their plight. In addition, there are social and psychological resources that serve as preconditions for human development—for example, attachments to home, community, and the future.
- 5. Interface with Local Laws:** As discussed above, domestic laws often bar refugees from land and real estate ownership. Any successful property tenure mechanism should then somehow serve as a proxy for direct property ownership.
- 6. Contextual Appropriateness:** The chosen mechanism would have to prove versatile enough to adapt to a wide variety of physical and socioeconomic contexts.
- 7. Local Economic Growth:** As noted earlier, local governments often see refugees as an economic liability. Therefore, the feasibility of any mechanism's implementation will depend to a large extent on its benefit to the host economy.



underneath. Instead, buyers sign a lease for an extended term. Since the value of land typically rises much more quickly than does that of the house itself, the homeowners will not be taxed out of the neighborhood, and future leaseholders need not pay prices based on land speculation. In Astride's case, the fact that she would not be buying the land makes property investment a much less daunting prospect. Furthermore, any improvements the leaseholder makes are rightfully his or her own. This implies the possibility of piecemeal investments reminiscent of the self-improving, spontaneous settlements described by Charles Abrams, the late Professor of Urban Studies at the Massachusetts Institute of Technology. It also nurtures a positive view of future returns on investment.

CLTs are cooperatively managed by a board composed of the leaseholders, members of the local community, and local government officials—a platform that has the potential to generate cooperation among residents, and between residents and locals. The non-profit CLT body retains the right to purchase any improvements upon the lease before they are offered for sale to other potential buyers (this is the so-called right of first refusal). This right also implies the CLT's abiding interest in the market viability of the enterprise as a whole. Thus, like a condominium association, the CLT retains the right to mandate any maintenance or upkeep deemed necessary. The lease agreement further stipulates a resale formula that balances the CLT's interest in keeping the property affordable with the lessee's interest in profiting from improvements.

The criteria of legal compatibility, contextual appropriateness and economic benefits (Table 2: 5, 6, 7) may require that the CLT be adapted to the peculiar exigencies common to most refugee situations. For convenience, we may call the modified instrument a humanitarian community land trust, or HCLT. While the 1951 Geneva Refugee Convention declares that “[e]xcept where this Convention contains more favorable provisions, a Contracting State shall accord to refugees the same treatment as

is accorded to aliens generally,” as discussed above, this is no guarantee that refugees with the means shall be allowed to own land or fixed property, such as a house. Legal barriers to non-citizen property ownership are not uncommon in the developed world, either, and it is conceivable that HCLTs could be employed in third countries of resettlement.

One possible way of meeting the criterion of legal compatibility then, would be to extend the leasing mechanism to cover not just the land itself, but also the fixed assets located on it. That is, the HCLT would legally own the improvements while mandatorily leasing certain rights in the “property rights bundle” freely and for an extended period. The length of lease could be modified to fit a given policy goal (for example, to stabilize land prices or encourage business investments). Another possibility would be to establish refugee ownership equity in the HCLT. The ownership equity belonging to a leaseholder would be calculated as the market value of the total property, minus the value of the land and the debt represented in the tenant's improvements. Entering into contract with the HCLT could grant certain exclusive rights to a specific parcel, and one's ownership equity value would grow as one invests capital, labor equity, materials, or any other form of added value. Under such an arrangement, Astride would own a saleable stake in the HCLT, the size of which would correspond to the value of the improvements she made to the land and structures on the land.

The physical layout of the HCLT could, in theory, be tailored to local land availability, physical constraints, and social concerns. Parcels owned by the HCLT need not necessarily be contiguous. It is conceivable that there may arise situations in which the security of a given group lies in relative dispersion, in which case the HCLT could own fragmented parcels. That said, disaggregation is considered highly undesirable, as it hinders the monitoring of public health, human security and migration.

Finally, a major selling point of HCLTs is that

there is no theoretical limitation on who can become a leaseholder. A preference might be set initially for refugees, but 1) might be in the form of a quota or a refugee right of first refusal instead of a rigid rule, thereby appealing to local sentiment and sense of inclusion, and 2) could be lifted as refugees begin to leave. As a member of an HCLT in northern Liberia, Astride might then sell her HCLT share and rights to a Liberian citizen when she decides that Toulepleu is safe enough to return. Such local inclusion would go a long way toward winning over public opinion in the host population, and may even be necessary to maintain a certain legal threshold of local ownership in the corporate body. The value of the land remains with the HCLT itself and not with the returning refugees (though they may sell their improvements). Thus the net effect of the HCLT is to leverage resources usually excluded from the housing market to help install infrastructure and housing in an area where neither the local private market nor the public sector are able to keep pace with urbanizing housing demand.

### FURTHER COMPLICATIONS

There are numerous possible complications and unintended adverse effects associated with implementing an HCLT in an actual protracted refugee situation. A few of the most obvious include funding, security, logistics of asset transfer, host government support, and local sentiment:

**FUNDING:** The most pressing question, from a financial point of view, is: Where does the HCLT obtain its capital to buy land? Secondly, how do refugees, who have so few resources, begin to make “investments?” By way of addressing the second question, it may be helpful to recall some of Astride’s new neighbors in Saclepea who have established elaborate new lives for themselves. Depending on their future outlook, refugees already make investments in their houses, livestock sheds, fences, garden plots, and fields. Over the course of a protracted refugee situation, the blue tarpaulin

tents give way to waddle houses, often more and more resembling a village in layout and construction. Perhaps an HCLT could use collective bargaining powers to obtain lower interest rates on micro-finance for members’ business enterprises or construction loans. But the essential benefit has already accrued to the refugee. With a lease or share title in hand, the refugee may recoup some or all of his or her capital, material, and labor equity investments upon departure, thereby increasing the likelihood of investing in the first place. As for the HCLT funding question, many possible answers can be postulated. One is that UNHCR and other organizations spend a considerable amount of money on program-related costs already. These costs include sums for camp materials, labor, and the rental of camp lands from local governments. Just as an apartment renter might consider buying a condominium depending on her expected length of stay in that town, UNHCR would assess the likely length of the crisis (admittedly difficult or impossible to do with any precision, but rough estimates are all that are required) and weigh the cumulative rental fees of a multi-year lease versus the purchase of HCLT lands. Another method of finding initial funding for the HCLT sidesteps the issue. Land readjustment is a method of funding development when upfront capital is lacking. In the classic land readjustment model, the local government exercises its power of eminent domain in an area that is (in many cases) sparsely settled. The local government then rezones the land according to the redevelopment program, usually from “rural” to “urban.” It then returns much smaller parcels back to the original owners as recompense. The size returned is determined by the difference in value per area. If, after redevelopment and installation of infrastructure, the land is expected to be worth ten times the original price on a per hectare basis, then a parcel at least one-tenth the size of the original would be returned. A developer then retains a proportion of the remaining land for the installation of public infrastructure, and pays for its

installation through the sale of the remaining land, now parceled out according to the new land use. Accordingly, an HCLT or partner developer might choose to develop and sell off contiguous parcels near an urban area immediately after infrastructure installation, or over time as they rise in value. The private sector may perceive a low-risk investment as government is providing land, the market, and possibly a guarantee of housing buyback. One possible factor limiting the effectiveness of land readjustment in a developing country is the potential lack of zoning and eminent domain enforceability (even where it is enforceable, it has the potential to stir up animosity toward refugees).

**THE SECURITY CONTEXT:** The establishment of any legal entity such as an HCLT will be contingent upon an environment in which the rule of law is established. It is clearly unreasonable to suppose that an HCLT may be created in a country currently experiencing a civil war or other humanitarian emergency in which the usual regulatory mechanisms have of necessity been suspended. This point pertains especially to complex, interlinked crises that may ignite one another across borders and have broad, regional impacts. Many Sierra Leoneans, for example, fled their country's civil war in the 1990s by crossing the border into Liberia, which was then experiencing a similar level of chaos.

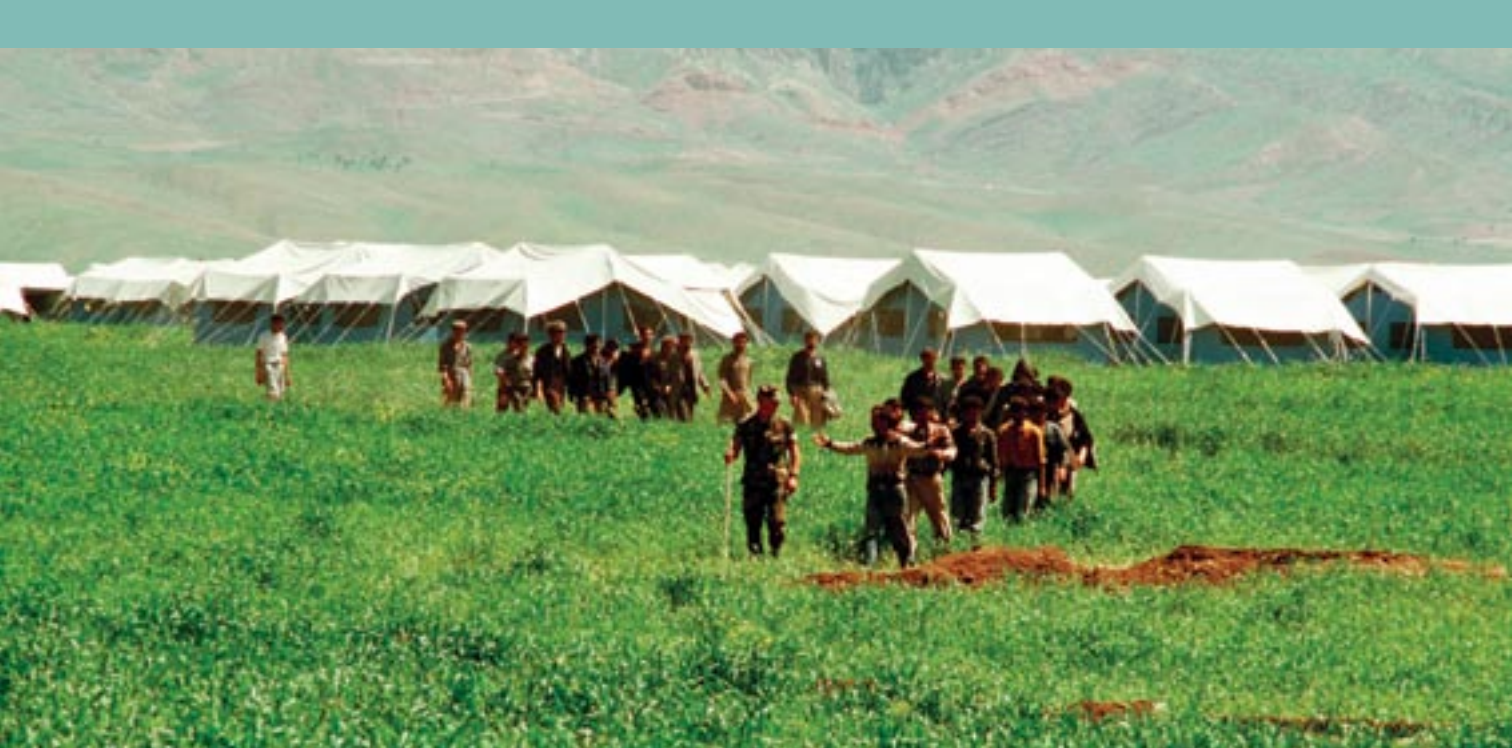
**LOGISTICS OF ASSET TRANSFER:** The physical transfer of capital from the host country back to a refugee's country of origin presents a major hurdle at the time of repatriation. For instance, transporting the value as cash in strong foreign currency (for example, dollars or euros) would pose unnecessary risks to the carrier. As most refugees do not have access to banks, part of the HCLT's functionality may be to arrange group financial packages and credit-building possibilities for its members with national or international financial institutions. In circumstances of mass repatriation, when the local housing market is temporarily overstocked, it might act in effect as a land bank, buying property improvements from departing refugees at a dis-

count rate and selling them to urbanizing populations at the rate of market uptake. As refugee camps tend to be the size of small towns, an HCLT of similar proportions might economically make its members' accounts accessible in the country of origin through a local financial institution or another "sister" HCLT.

**POLITICAL INCENTIVES:** Local governments may be willing to cooperate in an HCLT scheme as a means of cheaply investing in future housing needs, especially if there is the possibility of gaining income via property taxes. As Yu-Hung Hong, a public finance specialist at MIT, notes, leaseholds do not necessarily imply the absence of a property tax, though leaseholders are only paying tax on the rental value of the real property they lease. Indeed, if the HCLT builds up sufficient economic momentum over the period of a Protracted Refugee Situation, and if leaseholds for parcels had originally been offered freely in the immediate wake of refugee flight, it may eventually be reasonable to ask refugees to begin paying taxes to the host government. This could be especially helpful in maintaining good relations with the host community in those common cases where refugees inside the camp have free access to better services than locals do outside. Because of its institutional interest in market viability of constituent parcels, the HCLT will theoretically police its own land use, lessening the need for local government enforcement expenditures.

**LOCAL SUPPORT:** The approval of an asset transfer mechanism such as an HCLT will need to garner political support. One point of possible contention: locals often resent high quality services in refugee camps, a sentiment that may be inflamed if HCLTs prove effective in leveraging infrastructure installation. Locals may also view refugees near urban areas as competitors for scarce jobs. From the government's viewpoint, however, refugees who are allowed to search for jobs from "designated zones of residence" are less likely to self-settle, making it easier and cheaper to monitor them. They are also





A U.S. Marine leads a group of Kurdish men on a tour of a refugee camp near Zakhu, Iraq. U.S. and allied troops established the camp as part of Operation Provide Comfort in 1991.

DOD PHOTO BY PHAN HATTON. RELEASED TO PUBLIC.

more likely to work in the formal sector and pay income taxes. Moreover, Professor Jacobsen suggests that urban refugee entrepreneurship may *create* jobs. Another local concern is the “magnet argument,” which portrays sanctioned urban refugee settlements as drawing in more economic migrants under the guise of asylum-seekers. Conversely, such a magnet could prove an instrument for processing the many existing semi-legal asylum-seekers, ending their anonymity and increasing tax revenues.

## A STRATEGY FOR EMPOWERING REFUGEES

Emergency planners have come a long way in recognizing refugees as economic actors in their own right by pushing for settlement near urban areas and designing programs that support livelihoods and income generation. The next logical step is to link humanitarian emergency responses with sustained human development. While this link is about more than just fixed (or physical) assets, refugees necessarily invest in these assets, often heavily, only to abandon them upon repatriation. The invention of a mechanism allowing for asset

transferability is a crucial component in enabling refugees to transform a time of vulnerability into an economic legacy. It will signal refugees’ more complete accession into the market economy. There is one possible mechanism to accomplish this objective: namely, the Humanitarian Community Land Trust (HCLT). Many issues must be resolved before judging the viability of the HCLT, including legal feasibility in various, idiosyncratic regulatory contexts; assessing appropriate security contexts; funding mechanisms; predictions of the length of the refugee situation; internal institutional structure; methods of evaluating market value and ownership equity; and the all-important political will, among others. Consequently, the HCLT idea will function as more than a specific policy proposal. It will hopefully catalyze a broader discussion on flexible development mechanisms that can function even during times of crisis, with the potential of helping hundreds of thousands every year to move beyond treading water. [IR](#)

*Topher McDougal’s piece was awarded First Place in the MITIR Writing Contest.*