



TOWARDS DEVELOPING AN INTEGRATED CASH-  
WAQF MICROENTERPRISE SUPPORT FOR REFUGEES  
MODEL TO ENHANCE THEIR LIVELIHOOD AND  
SELF-RELIANCE

BY

OMAR KACHKAR

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## ABSTRACT

The plight of refugees forms an important focus of current international discourse. The solutions proposed by UNHCR to address the unfortunate circumstances of refugees have been proven ineffective, insufficient and inaccessible for the majority of refugees. The alternative solution of economic engaging refugees is also beyond the reach for the vast majority of refugees. Cash *waqf* has gained a great deal of interest among academics and practitioners in the field of socio-economic development. This increasing interest in cash *waqf* is due to its various advantages in resource mobilisation. This research has developed an Integrated Cash *Waqf* Micro Enterprise Support for Refugees (CWMES-R) Model to address challenges of supporting microenterprises for refugees. In addition to the proposed training and marketing assistance, the model has incorporated interest free modes of financing to comply with the religious beliefs of Muslim refugees. This study has used the mixed-method approach (interview and survey) to answer the research questions. Accordingly, six experts from humanitarian and relief NGOs have been interviewed, and over 400 refugees from the refugee camps in Turkey have been surveyed. The results of the interviews were consistent with the main challenges of supporting microenterprises (MEs) among refugees. Some minor challenges have also been raised by the experts including the lack of access to markets, the uncertainty associated with being displaced, language barrier, lack of experienced institutions, lack of human capital and the high credit risk related to micro-financing projects. The CWMES-R Model has received positive feedback from the interviewed experts as a potential model to assist in addressing the key challenges, particular by providing an affordable interest free financing and marketing assistance. Similar acceptability is found in the survey findings as reflected in the high score of attitude towards the proposed model and intention of the refugees to participate and support the model; both scored four out of five. Additionally, the survey showed the untapped potential of refugee micro-entrepreneurs and their willingness to engage in microenterprises. In regard to the theory of planned behaviour (TPB) that has been used to anticipate the intentional behaviour of refugees to participate and support the CWMES-R Model, the survey has shown a significant and positive relationship between the refugees' attitude towards the CWMES-R Model and their behavioural intention to interact and participate. Likewise the findings of the survey have shown a similar positive relationship between the refugees (perceived control (PC)) ability to participate in CWMES-R Model and their behavioural intention to interact and participate. However, the results of this survey have failed to support the third hypothesis concerning the relationship between subjective norms of refugees and their behavioural intention to participate in the CWMES-R Model which suggests that unlike populations in normal situations, refugees give little concern to social pressure groups including family members, relatives, friends, neighbours and co-workers. This finding could be attributed to the special situation of refugees, particularly in refugee camps.

## خلاصة البحث

أصبحت أزمة اللاجئين مؤخراً محط الاهتمام الدولي. وقد أثبتت الحلول الدائمة المقترحة من قبل المفوضية العليا للاجئين (UNHCR) لمعالجة الأوضاع المأساوية للاجئين عدم فعاليتها وعدم كفايتها، وكذلك الحال بالنسبة للبدائل المقترحة للمشاركة الاقتصادية للاجئين أيضاً بعيداً عن متناول الغالبية العظمى من اللاجئين. يواجه اللاجئون وكذلك المنظمات الإنسانية العديد من التحديات لتطوير المشاريع الصغيرة للاجئين ودعم أنشطة تحسين الدخل. فإلى جانب القيود القانونية والسياسات غير المشجعة للبلدان المضيفة، يعد نقص الموارد المالية وعدم المقدرة على الحصول على التمويل، وإيجاد الأسواق بالنسبة للاجئين أصحاب المشاريع الصغيرة من أهم التحديات. اكتسب الوقف النقدي في الآونة الأخيرة قدراً كبيراً من الاهتمام في أوساط الأكاديميين والعاملين في مجال التنمية الاجتماعية والاقتصادية. ويرجع ذلك إلى مزايا مختلفة يتمتع بها الوقف النقدي في تعبئة الموارد المالية. طورت هذه الدراسة نموذجاً متكاملًا لدعم المشاريع الصغيرة للاجئين معتمداً على الوقف النقدي (CWMES-R). بالإضافة لاحتواء النموذج المقترح للتدريب والمساعدة في التسويق، تقترح الدراسة استخدام بعض أدوات التمويل بدون فائدة ليتوافق مع المعتقدات الدينية للاجئين المسلمين. وقد استخدمت هذه الدراسة منهج البحث الثنائي mixed-method approach الذي يشمل المقابلات والاستبانة من أجل الإجابة على أسئلة البحث. وقد أظهرت نتائج المقابلات تطابق آراء الخبراء بما يتعلق بالتحديات التي يواجهونها مع الكتابات المنشورة عن الموضوع. بشكل خاص التحديات القانونية ونقص الموارد المالية. وهناك أيضاً بعض التحديات الثانوية الأخرى التي أثارها الخبراء في المقابلات تتعلق بحالة عدم اليقين المتأصلة في أزمة اللاجئين، وأيضاً عائق اللغة وقلة المؤسسات الخبيرة بتقديم الخدمات المالية للاجئين، وقلة الخبرات والكفاءات بين اللاجئين وأخيراً المخاطرة الائتمانية الكبيرة لبرامج الإقراض للاجئين. وفيما يتعلق بالنموذج المقترح فقد عبر الخبراء عن أهمية النموذج في معالجة التحديات المذكورة آنفاً. وقد أظهرت نتائج الاستبانة، الذي استخدمت فيه نظرية السلوك المخطط (Theory of Planned Behaviour (TPB) أن هناك علاقة إيجابية بين موقف اللاجئين من النموذج المقترح وبين نيتهم السلوكية (behavioural intention) بالمشاركة والتفاعل مع النموذج. والعلاقة الإيجابية نفسها أيضاً وجدت بين التحكم المتوقع (Perceived Control (PC) للاجئين وقدرتهم المتوقعة للمشاركة بالنموذج وبين نيتهم السلوكية. ولكن نتائج البحث فشلت في إثبات الفرضية الثالثة للبحث في إيجاد أي علاقة إيجابية بين قواعد السلوك الشخصي (Subjective Norms) للاجئين بالمشاركة

والتفاعل مع النموذج. وهذا يعني أن اللاجئين، بخلاف الناس في الحالات العادية، يعطون أهمية قليلة لمجموعات الضغط الاجتماعي والمتمثلة بأفراد العائلة والأقارب والأصدقاء والجيران وزملاء العمل. ويمكن تفسير هذه النتائج بالحالة الخاصة التي يعيشها اللاجئون في مخيمات اللجوء.

## APPROVAL PAGE

The thesis of Omar Kachkar has been approved by the following:

---

Saim Kayadibi  
Supervisor

---

Norma Md. Saad  
Co-Supervisor

---

Mustafa Omar Mohammed  
Co-Supervisor

---

Salina Kassim  
Internal Examiner

---

Magda Abdul Mohsin  
External Examiner

---

Amir Shaharuddin  
External Examiner

---

Wababuddin Ra'ees  
Chairman

## DECLARATION

I hereby declare that this dissertation is the result of my own investigations, except where otherwise stated. I also declare that it has not been previously or concurrently submitted as a whole for any other degrees at IIUM or other institutions.

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*I dedicate this thesis to My Parents Ahmad Kachkar and Azimah Jil Ali  
and  
My Wife Marwa Alfares*



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# **CHAPTER ONE**

## **INTRODUCTION**

### **1.0 INTRODUCTION**

This chapter is divided into seven sections. The first section will introduce the background of the study followed by section two which specifies the problem statement. The third section will discuss the research objectives. The research questions are presented in the fourth section. The fifth section discusses the research significance, and contribution and the sixth section underscores the scope of the study while the last section focuses on the plan of the study.

### **1.1 BACKGROUND OF STUDY**

“...in the midst of migrants in search of a better life there are people in need of protection: refugees and asylum seekers, women and children victims of trafficking...Many move simply to avoid dying of hunger. When leaving is not an option but a necessity, this is more than poverty.”

Antonio Guterres, UN High Commissioner for Refugees

This quote presents a typical portrait of not thousands but millions of people who are called refugees. The recent years have witnessed a remarkable increase in the number of registered new refugees as shown in Figure 1.1.

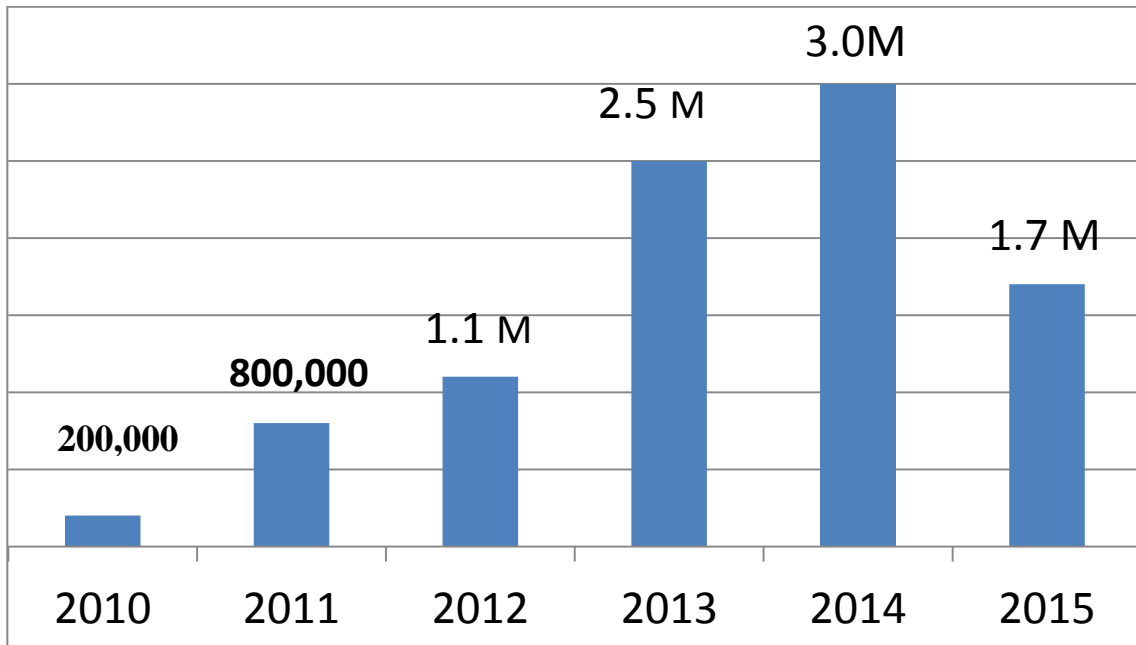


Figure 0.1 Trend of New Refugees Registered in Recent Years  
 Source: UNHCR Annual Reports, 2010-2015.

In 2010, approximately 200, 000 new refugees were registered by the UNHCR. The number quadrupled in 2011 to reach 800, 000 new refugees. In 2012, the number reached 1.1 million which is 38 per cent higher than the previous year. In 2013, the number of new refugees reached 2.5 million which is ten times more than the figures of 2010. On daily basis calculations, in 2010 only about 547 people were made refugees every day. While in 2013 it is estimated that about 7000 new refugees were registered every single day. That means a small city of a population of 200, 000 people every month (UNHCR Annual Reports 2010-2013). In 2014, about 14 million new individuals were made displaced including three million new refugees (UNHCR, 2015b). Furthermore, a recent report of UNHCR (2015c) asserts that in the first six months of 2015, the number of forcibly displaced people is likely to surpass 60 million. These figures indicate that one person in every 122 has been forced to flee their home (UNHCR, 2015d). About five

million individuals have been made displaced by mid-year 2015 among them about one million had to seek refuge outside their countries. For the first time since 1992, the number of refugees passed the 20 million threshold (20.2 million) (UNHCR, 2015d).

A valid question may be raised here is ‘what if this disastrous trend of refugees continues at the same high level of increase for the next ten or twenty years? Moreover, what catastrophic implications would such a scenario have on the world?

Unfortunately, the pessimistic outlook of refugees does is not projected to change anytime soon. This is due to continuous conflicts, particularly in Africa and the Middle East. The examination of these large numbers of refugees reveals that a considerable portion do not return home. They spend many years in exile and become stuck in what is called ‘a protracted situation’. This term refers to refugees who cannot return to their homeland, mostly because it is not safe, while at the same time they cannot settle permanently in the country of first asylum. Host countries usually refuse to accept these refugees to remain indefinitely in their territories. “Their lives may not be at risk, but their basic rights and essential economic, social and psychological needs remain unfulfilled after years in exile” (UNHCR, 2004).

Accordingly, it is estimated that three-quarters (12 million) of the number of refugees are considered in a protracted situation. By the end of 2013, it was estimated that about 26 countries were hosting these refugees. The UNHCR reported an overall total of 33 protracted situations globally (UNHCR, 2015b).

In view of this, three solutions have been proposed as durable solutions. These solutions are voluntary repatriation, local integration in the country of first asylum and resettlement in a third country (UNHCR 2006). Although being a preferable solution,

repatriation for many refugees seems impossible due to the ongoing conflict in the country of origin or due to the loss of homes, livelihood and basic services (UNHCR, 2012).

As for integration in host countries, many countries have resisted this solution for various political, economic and social considerations to the extent that some commentators have called this solution as a “forgotten solution” or a “non-solution” that may have been used in the past but rarely put into practice nowadays (Jacobsen, 2001).

The third durable solution proposed by the international community was ‘resettlement of refugees in a third country’. This solution has been ineffective for a number of reasons including the high costs of processing, transporting and integrating refugees (UNHCR, 2008). Additionally, the limited number of resettlement places offered by a third country can by no means solve the plight of millions of refugees in protracted situations. For instance, in 2011, UNHCR estimated that out of 805,000 refugees in need of third country resettlement, only about 10 per cent were offered resettlement (<http://www.unhcr.org>, 2015). By the same token, the latest report of Amnesty International affirmed that only about 104 resettlement offers had been received to resettle Syrian refugees. This number is about 2.6 per cent of the total refugees (Amnesty, 2015)

Against this background, durable solutions for the majority of refugees remain a dream (Slaughter and Crisp, 2009). UNHCR has acknowledged that “Securing sustainable durable solutions is a long-term undertaking that exceeds the mandate and resources of UNHCR” (2004a: 1-7).

Nonetheless, in its non-stop endeavour to find effective solutions for refugees' sufferings, UNHCR has realised the ineffectiveness and insufficiency of these durable solutions to address the problems of refugees. Hence it decided to move to the idea of the economic engagement of refugees and supporting their livelihood. This new strategy will be discussed in the following section.

### **1.1.1 Economic Engagement of Refugees**

The economic engagement of refugees refers to the efforts of making use of the labour, skills, talents and experience of refugees to improve their livelihood and to enhance their socio-economic status. It has been proposed as an alternative until a durable solution is found. The notion of economic engagement of refugees developed, on the one hand, as a result of the realisation of UNHCR and other humanitarian organisations of the ineffectiveness, insufficiency and impracticality of the three aforesaid durable solutions. On the other hand, economic engagement is promoted due to the multiple advantages of the economic engagement of refugees.

As such, in the early 1980s the International Conference on Assistance to Refugees in Africa (ICARA) I and II were organised by UNHCR and UNDP with slogans such as "Time for Solutions" and "refugee aid and development." ICARA I aimed at rising funding from donor states for the emergency relief. Similarly, the ACARA II was organised with the objective of implementing development-oriented activities in refugee-populated areas, which may benefit both refugees and local populations. Unfortunately, ICARA I failed because it did not meet the expectations of host countries to collect

reasonable funding, whereas the ACARA II strategy met with little success. That was seemingly due to some fundamental contradictions in the way that refugee-hosting countries and donor states perceived the objectives of the strategy and because of the large-scale famine that occurred in the Horn of Africa in 1984-5. This shifted the priorities of international agencies from self-reliance to emergency relief (Crisp, 2003; Vriese, 2006).

Many explanations have been given to the failure of ACARA II. Betts (2004) assumes that it was “a north-south polarisation in expectations and interests and a lack of commitment on the part of both donors and recipient states” that led to failure in ACARA II.

Efforts for the economic engagement of refugees, in particular, those in protracted situations, revived again at the beginning of this century. Several factors motivated UNHCR to reconsider new durable solutions including the economic engagement of refugees. In addition to the increasing number of refugees in protracted situations, UNHCR has been able to focus more attention on other activities of the organisations. This attention was due to the absence of emergency situations and repatriations programs. Second, the financial support was considerably declining and budgetary shortfalls are mounting with the increasing number of refugees. Thirdly, donor and other actors have become more interested in long-term strategies to decrease the relief expenses. Fourth, the increasing impacts of refugees on host countries have caused the organisation to leverage on the productive potential of refugees. Fifth, security concerns resulted from the loss of