



# WORLD DEVELOPMENT REPORT 2011

## BACKGROUND NOTE

### The Impacts of Refugees on Neighboring Countries: A Development Challenge\*

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*The findings, interpretations, and conclusions expressed in this paper are entirely those of the authors. They do not necessarily represent the views of the World Development Report 2011 team, the World Bank and its affiliated organizations, or those of the Executive Directors of the World Bank or the governments they represent.*

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## **Introduction**

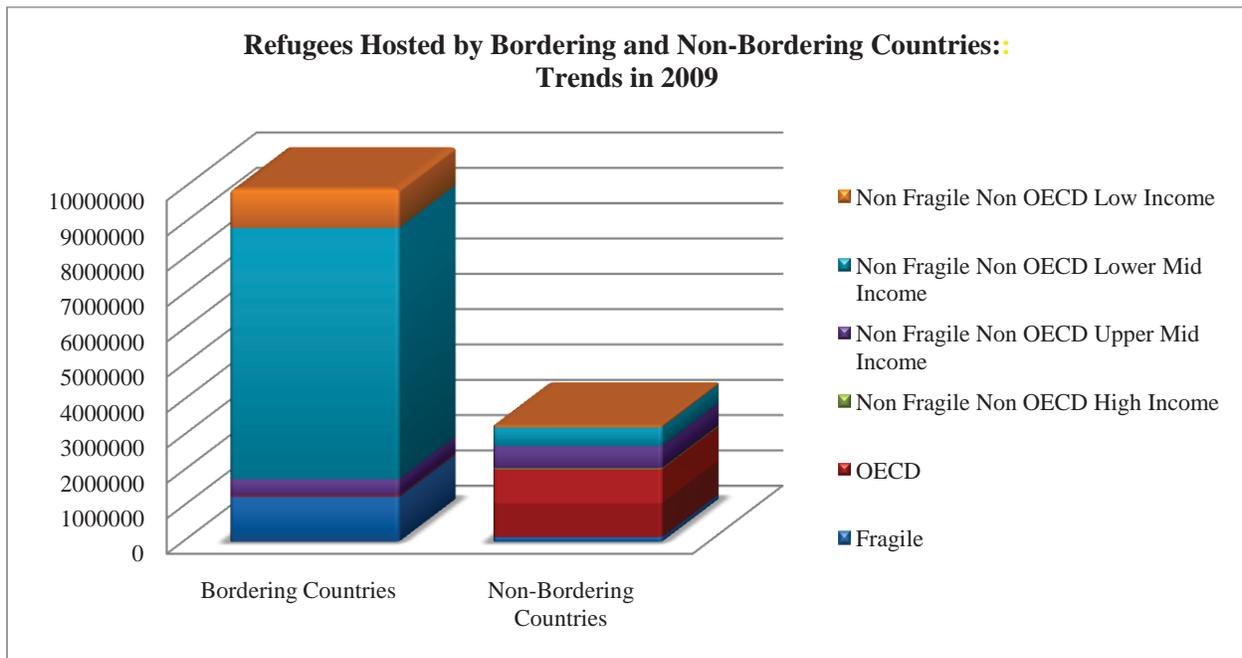
By the end of 2009 there were some 42.3 million people displaced globally as a result of conflict, violence, and human rights violations. Of these, 27.1 million were internally displaced persons (IDPs) while 15.2 million were refugees outside their country of nationality or country of habitual residence, and who were often in protracted displacement situations in the host country. It is generally recognized that there are humanitarian, political, security, and development challenges during the time of displacement and the period after durable solutions have been identified, either in the home country, a neighboring state, or elsewhere. This brief focuses on the period of displacement and seeks to outline the impact of refugees on neighboring countries, including the developmental implications of forced displacement.

The study has two main sections. The first section describes trends in the distribution of refugees in asylum countries. A series of graphs and tables highlights the fact that the largest percentage of refugees is found in countries neighboring their country of origin, most of which are middle-income countries. However, in some of these middle-income host countries, refugees are located in low-income and fragile border regions. The second section discusses how neighboring countries that host refugees for protracted periods experience long-term economic, social, political, and environmental impacts. Given that situations and contexts vary significantly, this brief provides some examples of specific aspects and impacts of forced displacement, which demonstrate that the impacts of refugees on the host country are not invariably negative, and that refugees can make positive contributions to the host society and create opportunities for both the displaced and their hosts. Furthermore, it also shows that in terms of the impacts and the opportunities that the presence of refugees create, there can be winners and losers among both the displaced and their hosts. Finally, this brief presents examples of global experience of development interventions that have focused on mitigating the negative aspects of large-scale and protracted displacement and strengthening the productive capacities of refugees in host countries.

## Refugees in Asylum Countries: Main Trends

Figure 1 shows the spatial breakdown in the distribution of refugees at the end of 2009.<sup>1</sup> It is evident that the majority of the world's refugees (75.19%) are hosted in countries sharing land or maritime borders with the country of origin. Of the bordering countries, the largest percentage of refugees is found in non-fragile, non-OECD lower middle-income countries.<sup>2</sup>

**Figure 1: Refugees Hosted by Bordering and Non-Bordering Countries - 2009**



By contrast, nearly 60% of all non-bordering asylum countries are OECD countries. Furthermore, more than 10% of all refugees live in fragile states or situations (almost all of whom happen to be in bordering countries), and a further 8.75% in low-income countries (again, mostly in bordering countries). There are also cases such as Pakistan and Jordan<sup>3</sup> where a

<sup>1</sup> Figure 1 (and all other figures and tables) are based on UNHCR data on refugee population data by country of origin and country of asylum as of the end of 2009. In addition to UNHCR data, UNRWA data (at the end of 2009) on Palestinian refugees in Jordan, Syria and Lebanon are also included.

<sup>2</sup> Based on 2008 World Bank estimates, high-income countries are those with a per-capita Gross National Income (GNI) of US\$ 11,906, Upper Middle-Income countries with a GNI per capita between US\$ 3,856-11,905, Lower Middle-Income Countries have a GNI between US\$ 976-3855 and Low Income Countries with a GNI per capita of \$975 or less.

The World Bank defines "fragile situations" according to an agreement reached at the beginning of IDA 15 with other multilateral development banks, as having either: a) a harmonized average CPIA (World Bank/ADB/AfDB) rating of 3.2 or less; or b) the presence of a UN and/or regional peace keeping or peace-building mission (e.g. AU, EU, OAS, NATO), with the exclusion of border monitoring operations, during the past three years.

<sup>3</sup> The provinces of Balochistan and North West Frontier Province (NWFP) account for the predominant majority of the estimated 1.8 million Afghan refugees in Pakistan. However, these two provinces (Balochistan in particular) are much poorer than the rest

refugee population in a non-fragile non-OECD lower middle-income country is located within a sub-national region with characteristics of fragility.

**Table 1: Breakdown of Refugees by Bordering and Non-Bordering Countries- 2009**

	Bordering Countries		Non-Bordering Countries	
	Number of Refugees	Percentage of Total Refugees	Number of Refugees	Percentage of Total Refugees
Non-Fragile Non-OECD High Income Countries	1,797	0.01	27,830	0.21
Non-Fragile Non-OECD Upper Mid Income Countries	455,717	3.43	632,409	4.76
Non-Fragile Non-OECD Lower Mid Income Countries	7,115,491	53.59	520,625	3.92
Non-Fragile Non-OECD Low Income Countries	1,101,241	8.29	61,711	0.46
Fragile Countries	1,265,091	9.53	128,512	0.97
OECD Countries	44,006	0.33	1,923,592	14.49
Total	9,983,343	75.19	3,294,679	24.81

Table 2 provides a list of asylum countries hosting more than 100,000 refugees from a single country of origin. Unsurprisingly, the table reveals that almost all of these asylum countries share a border with the country of origin (the exceptions are the Turks and Serbs in Germany and Palestinians in Syria and Lebanon.). Moreover, some of these asylum countries have had to bear the additional responsibility of meeting the needs of a significant number of refugee communities while engaged in sub-national conflicts.<sup>4</sup> However, it is worth mentioning

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of Pakistan. In 2008, the average monthly income in Balochistan was 23% lower than the national average while it was 6% lower in NWFP (source: Department of Statistics, Pakistan). Also, in Jordan, substantial numbers of Palestinian refugees are found in the governorates of Balqa, Zarqa, Mafraq and Irbid where the average annual household income is considerably lower than the national average. For instance, in the governorate of Balqa, average annual household income was 20% lower than the national average in 2009. The corresponding figures for Zarqa, Mafraq and Irbid were 17% lower, 12% lower, and 10% lower respectively (Source: Department of Statistics, Jordan).

<sup>4</sup> These countries are Pakistan, Chad, Yemen, Sudan, Thailand, and India.

that in, only two of the countries with ongoing insurgencies were there any relation between the presence of a large refugee group and the insurgency.<sup>5</sup>

**Table 2: Countries with More than 100,000 Refugees from a Single Country of Origin**

Country of Asylum	Place of Origin	Number of Refugees	Share Borders	Income Category of Asylum Country
Jordan	Palestine	1,983,733	✓	Lower Mid-Income
Pakistan	Afghanistan	1,739,935	✓	Lower Mid-Income
Syria	Iraq	1,050,000	✓	Lower Mid-Income
Iran	Afghanistan	1,022,494	✓	Lower Mid-Income
Syria	Palestine	472,740		Lower Mid-Income
Jordan	Iraq	450,000	✓	Lower Mid-Income
Lebanon	Palestine	425,674		Upper Mid-Income
Kenya	Somalia	310,280	✓	Low Income
China	Vietnam	300,897	✓	Lower Mid-Income
Chad	Sudan	262,194	✓	Low Income
Bangladesh	Myanmar	228,557	✓	Low Income
Venezuela	Colombia	201,244	✓	Upper Mid- Income
Yemen	Somalia	161,468	✓	Low Income
Germany	Serbia	123,700		High Income
Ecuador	Colombia	115,745	✓	Lower Mid-Income
Sudan	Eritrea	113,528	✓	Lower Mid-Income
Thailand	Myanmar	104,107	✓	Lower Mid-Income
Rep. Congo	DR Congo	103,213	✓	Lower Mid-Income
Germany	Turkey	101,068		High Income
India	China	100,000	✓	Lower Mid-Income

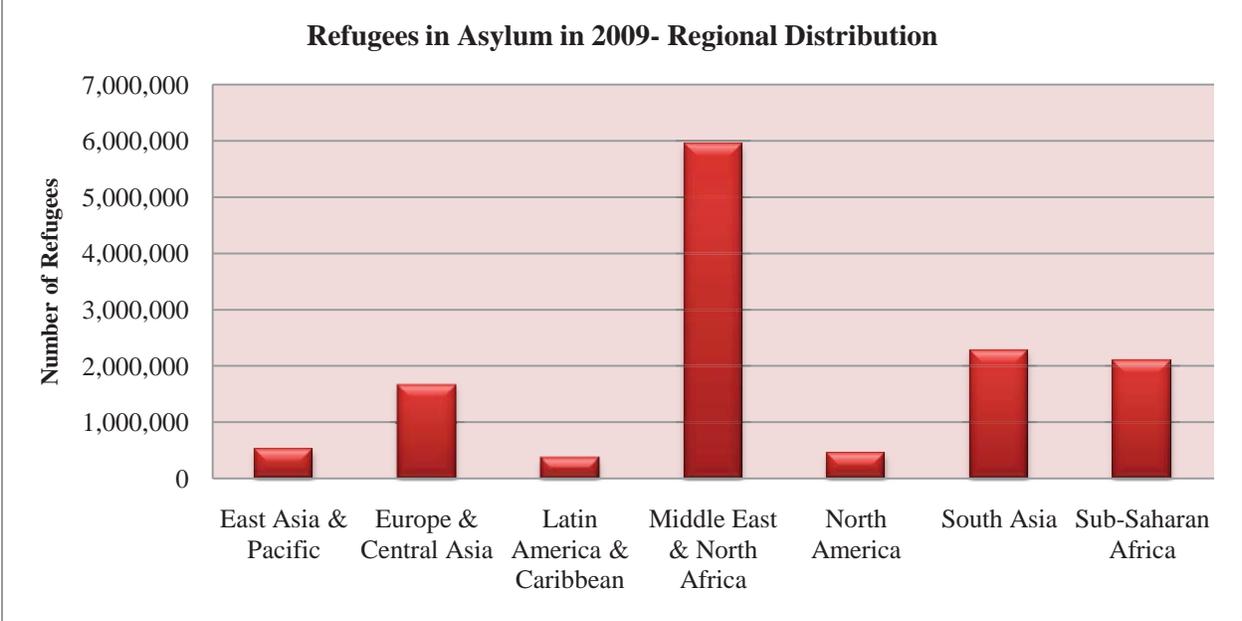
As Figure 3 shows, the largest refugee concentration is found in the Middle East and North Africa regions, and there are also substantial concentrations in South Asia and Sub-Saharan Africa.<sup>6</sup> Most forced displacement in the past decade has been caused by internal armed conflicts rather than international conflicts. According to UNHCR, there is a growing number of

<sup>5</sup> These are Afghan refugees in Pakistan, and refugees from Sudan in Chad.

<sup>6</sup> The number for Middle East and North Africa includes 2,881,482 Palestinian refugees in Jordan, Syria and Lebanon who fall under the jurisdiction of UNRWA.

refugees in protracted displacement situations.<sup>7</sup> By the end of 2006, approximately 56% of the refugee population had been displaced for more than five years. Furthermore, if the 4.7 million Palestinian refugees under the mandate of UNWRA are included, the global estimate of refugees in protracted situations increases to 68%. Finding economically and socially sustainable solutions to such protracted displacement situations therefore constitutes a significant development challenge for the countries affected by it (Christensen and Harild, 2009:4).

**Figure 3: Regional Distribution of Refugee Populations by end 2009**



While the focus of this brief is on the impact of refugees in neighboring countries, it is also important to note that the number of people displaced by conflict, violence, and human rights violations within countries as Internally Displaced Persons (IDPs) far exceeds the number of refugees who have crossed a national border to seek safety. Moreover, the number of IDPs has remained at a high level over the past decade and even increased in recent years. By the end of 2009, there were an estimated 27.1 million IDPs globally who were living in protracted displacement situations in 34 countries (IDMC, 2010). Some of the countries hosting significant refugee populations also have large numbers of IDPs ( Pakistan, Sudan, Kenya, Chad, Yemen),

<sup>7</sup> UNHCR defines a protracted refugee situation as one where 25,000 or more refugees of the same nationality have been in exile for five years or more in a given asylum country, (Global Trends, p.7)

while some of countries from which the largest groups of refugees originate also have a very substantial number of IDPs (Afghanistan, Iraq, Sudan, Somalia, Colombia, Myanmar).

### **The Impact of Refugees on Neighboring Countries**

Developing countries that host refugees for protracted periods experience long-term economic, social, political, and environmental impacts. From the moment of arrival, refugees may compete with local citizens for scarce resources such as water, food, housing, and medical services. Their presence increases the demands for education, health services, infrastructure such as water supply, sanitation, and transportation, and also in some cases, for natural resources such as grazing and firewood. The impacts of the refugee presence are both positive and negative (UNHCR, 2004). The dynamic between positive and negative factors is complex and varies depending on several factors, including the political economy of hosting countries, urban-rural interactions, and the nature of host-refugee relations. Furthermore, even when a refugee situation creates economic opportunities for both the displaced and their hosts, there can be winners and losers in each group.

### **Economic Impacts**

Large-scale and protracted refugee influxes can have macro-economic impacts on the host country economy. Some of these impacts are associated with increased but uncompensated public expenditures related to the care and maintenance of the refugee population. A report concerning the impact of refugees on the national public expenditure in Malawi during the 1990s concluded that significant direct and indirect expenditure related to refugees affected the scale of the government's capital investment in the social and infrastructure sectors. Direct and indirect costs of refugee influxes on public expenditure were estimated at US\$ 9.4 million for 1988 and US\$ 8.4 million for 1989 (GoM et al, 1990). As a result, a UNHCR emergency assistance program was developed to ensure that development projects served the needs of both the displaced and nationals in the refugee hosting areas (Zetter, 1995). This program included a substantial expansion of hospitals, clinics, road networks, and water supply, as well as reforestation plans to alleviate the environmental degradation of fuel wood reserves. Another example of the economic impact of refugees on a host country is the case of Kosovar refugees in Albania and Macedonia. A 1999 report on Kosovar refugees prepared by the International

Monetary Fund and the World Bank asserts that a large influx of refugees strains the social and economic infrastructure of neighboring countries, and therefore emergency financial assistance was needed. Preliminary estimated indicated that for the six countries most affected by the Kosovo refugee crisis in 1999, the direct host country budgetary cost of humanitarian assistance ranged between US\$52 - 188 million (IMF and World Bank, 1999) In the case of Albania, an emergency budget support operation was recommended; for Macedonia, it was suggested that existing operations be revamped to make them more responsive to the needs arising from the refugee presence and that official debt relief for the country be considered. The report concluded that based on the Albanian and Macedonian experience, additional funds through quick-disbursements are essential to effectively address the economic impacts of refugee crises in hosting countries, particularly for poor countries (World Bank, 1999).

In recent decades, several studies have focused on the impact of refugees on the local economies of hosting countries (Chambers 1986, Whitaker 1999, Alix-Garcia 2007). In Tanzania, an assessment was undertaken of the impact of Rwandan refugees on local agricultural prices between 1993 and 1998 (Alix-Garcia, 2007). The study found a significant increase in the prices of some agricultural goods (e.g., cooking bananas, beans and milk) and a decrease in the price of aid-delivered goods (e.g., maize). As a result, many Tanzanian farmers who produced a surplus benefited from an increased demand for their agricultural products in local markets. Anecdotal evidence suggested that on average, farmers doubled the size of their cultivated land and their production of bananas and beans during 1993-1996 (Whitaker, 2002). The increase in the size of the local markets also boosted business and trade activities conducted by both hosts and refugees. At the same time, welfare indicators such as electricity, televisions, and refrigerators increased in host population households near refugee camps (Whitaker, 2002).

A recent impact evaluation of refugee camps in Daadab, Kenya (Nordic Agency for Development and Ecology, 2010),<sup>8</sup> which hosts one of the largest refugee populations in the world, estimates that the total annual direct and indirect benefits of the camp operation for the local host community were around US\$ 82 million in 2009, and is projected to reach US\$ 100

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<sup>8</sup> The study was commissioned by Kenyan Department of Refugee Affairs and the Danish and Norwegian embassies in Nairobi.

million in 2010. Some of the funds for the camp operation are allocated to infrastructure investments that benefit the host community. The impact of the Daadab camps on the local host community are widely felt through trading opportunities and reduced food and commodity prices. Furthermore, refugee camps have developed major local markets with considerable purchasing power in relation to pastoral products such as milk and livestock. However, despite these positive indicators, the presence of refugees is also associated with the depletion of firewood and building materials as well as competition for grazing land in the immediate vicinity of the camps. The assessment concludes that impacts on the host community are complex and have both negative and positive aspects. Depending on the situation of the individual household, the positive and negative impacts of the refugee presence will play out differently, however, on balance, the study found that there were more positive than negative impacts on the host area.

One of the positive contributions that refugees can make to host countries is skills and knowledge that can be utilized for the benefit of local people. In this regard, the multiple ways in which refugees pursue their livelihoods can make significant contributions to the local economy. For instance, in Amman, Jordan, well-educated Iraqi refugees staff hospitals and universities and contribute know-how to local businesses (Crisp et al, 2009).<sup>9</sup> Another important contribution of refugees to local economies is associated with their access to transnational resources provided by other refugees and co-nationals living abroad, including remittances and social networks (Jacobsen, 2002). A study of Somali refugees and remittances explains how cash transfers to refugees have impacts on receiving communities (Horst and Van Hear, 2002). Individual remittances that often go to displaced families and relatives are used to meet basic livelihood needs. Similarly, research on the Somali Diaspora in Canada points out how informal banking systems have facilitated cash transfers to Somali refugees in Ethiopia, Kenya, and Yemen (Hamza, 2006). These resources have contributed not only to the improvement of living conditions at the household level, but also to those in refugee camps, especially in terms of housing, water provision, and telephone services. However, it is important to mention that in general remittances can also enhance inequalities since they are unevenly distributed and poorer households may not have relatives in the Diaspora.<sup>10</sup>

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<sup>9</sup> It is estimated that 35% of Iraqi refugees in Jordan have a university degree (UNHCR, 2009) .

<sup>10</sup> In the case of collective remittances, it has been argued that some transfers have been utilized to finance conflicts and support military operations in receiving countries. A case in point is Eritrea where refugees have played a role in supporting the struggle

Notwithstanding the positive contributions that refugees can make to the economy of host countries, such contributions should be viewed in terms of both winners and losers among refugees as well as host populations. In Tanzania, refugees have provided cheap labor in sectors such as agriculture, construction, housekeeping, and catering. In this regard, the refugee presence has affected the wages of local non-skilled workers and benefited local entrepreneurs (Maystadt and Verwim, 2009). Similarly, an increase in the demand for rental housing from either well-to-do refugees or expatriate aid personnel in Peshawar, Pakistan during the 1980s and 90s, particularly benefitted local property owners and disadvantaged less well-to-do Pakistanis looking for rental housing (Schmeidl, 2002). This illustrates that when refugees arrive, those among the host population who have access to resources, education, or power are better positioned to benefit from the refugee presence, while those who lack these resources in the local context become further marginalized (Maystadt and Verwim, 2009).

While many of the situations described in this brief serve to illustrate the negative and positive economic impacts of refugees in camps, particularly in rural areas, it is important to note that a growing urbanization of refugees has taken place in recent years, mainly in countries where camps do not exist. According to UNHCR, in 2008 almost half of the global refugee population resided in cities and towns, compared to one third who lived in camps (UNHCR, 2009). Urban refugees tend to reside in densely populated and poorly serviced environments. As a result, increasing competition and conflict between communities over limited urban resources such as land and water can aggravate the potential for urban crises (Deikun and Zetter, 2010:6). For example, in Egypt, Cairo and Alexandria host a highly diverse refugee population including Sudanese, Somalis, Eritreans, Ethiopians, and Iraqis, in a very difficult environment with limited resources. High national unemployment rates, government regulations and a large population of unemployed youth restrict refugee access to labor markets. Therefore, most refugees are forced into unregulated work sectors and occupations with limited protection. This includes refugee women who are employed in domestic work in Egyptian households (Buscher and Heller, 2010). Similar social and economic conditions are experienced by Chin refugees from Burma, who live

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for independence, and the same was the case with Tamil refugees who were compelled to contribute financially to the Tamil Tigers.

as urban and undocumented refugees in Kuala Lumpur, Malaysia and New Delhi, India (Alexander, 2010).

## **Social Impacts**

The refugee presence in hosting countries has potential social impacts on the ethnic balance of hosting areas, social conflict, and delivery of social services. The socio-cultural impact of refugees on the host community may occur simply because of their presence. Thus, if traditional animosities exist between cultural or ethnic groups, it may cause problems when one group becomes exposed to another that has been forced to become refugees. For example, in the late 1990s the mere presence of Kosovo-Albanian refugees in Macedonia generated tensions between ethnic Albanians and Serbs in Macedonia (Pini, 2008). However, UNHCR has also found that when refugees are from the same cultural and linguistic group as the local population, there are greater opportunities for peaceful co-existence and interaction among them (UNHCR, 2007). For instance, approximately 25,000 refugees from the Central African Republic were in the Democratic Republic of Congo during the 1990s. Like their Congolese hosts, the refugees belonged to the Yakoma ethnic group, so their integration into the host society was smooth and peaceful. Similarly, 3 million Afghan refugees in Pakistan, mostly ethnic Pashtun resided for more than a decade among fellow Pashtun communities in the North-West Frontier Province (NWFP). During the entire period, relations between refugees and the host population were largely peaceful. The same has been the case with the massive influx of Somali refugees into the Dadaab area in Kenya, which is inhabited by people sharing the same culture and language, and which are often related by clan or tribal ties to the refugee population.

In refugee-affected and hosting areas, there may be inequalities between refugees and non-refugees that give rise to social tension (Betts, 2009). Refugees are frequently viewed as benefitting from privileged access to resources unavailable to the local host population. In this regard, refugee status offers an opportunity for education, literacy, vocational training, health, sanitation, and basic livelihood. However, when social services provided through international funding also target host communities, the likelihood that the local population will have a positive

view of refugees increases significantly.<sup>11</sup> Thus, the Special Program for Refugee Affected Areas (SPRRA) in Tanzania (1997-2003) benefited host communities by promoting farming activities, road construction, and income-generating activities in surrounding areas.

A similar approach is currently being developed by the Government of Lebanon in order to address the protracted situation of Palestinian refugees. In response to the destruction caused to the Nahr-el Bared refugee camp in 2007 by high intensity fighting between the Lebanese Armed Forces and the Palestinian Fatah-al-Islam group, the Government of Lebanon is developing a comprehensive new approach to address the protracted situation of Palestinian refugees in the Nahr-el Bared camp, which seeks to turn the crisis into an opportunity. This approach aims to link relief, recovery, and reconstruction activities through local development in the Nahr-el Bared camp, as well as in the adjacent and surrounding areas (El-Amaout, 2010).

Another observation related to the social impacts of forced displacement is that social problems such as gender-based dominance and/or violence often increase during conflict and in displaced settings. This is particularly the case with regard to women's vulnerability to sexual abuse and exploitation, domestic violence and trafficking. For example, UN data shows that during the first three months of 2010, more than a third of the 1,200 sexual assaults against women in the Democratic Republic of Congo took place in the North and South Kivu provinces. This region is not only the epicenter of constant violence between rebel groups and the military, but also hosts a considerable proportion of IDPs and refugees from neighboring countries (UNHCR, 2010). Issues of gender-based violence have also been examined in the context of livelihood opportunities in situations of displacement. Some studies show that gender relations within households are affected by the increasing participation of women in income-generating activities, which affects not only the distribution of resources within households, but also traditional roles of family structures (Women's Refugee Commission, 2009). For instance, the majority of male Somali refugees in Sanaa in Yemen face serious challenges to access employment opportunities in the city and have to depend on incomes earned by female family members. In a traditionally patriarchal society, this dependency situation can lead to psycho-

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<sup>11</sup> See more examples in the impact evaluation of refugee camps in Daadab, (Nordic Agency for Development and Ecology, 2010)

social disorders, distress, and domestic violence (Morris, 2010). Similar situations have occurred in contexts such as the West Bank and Gaza, where measures that restrict freedom of movement have significantly affected livelihood opportunities for men. As a result, women are increasingly participating in informal activities to support their families, including petty trading in Gaza, management of grocery shops, sewing, etc. (World Bank, 2009).

### **Political and security Impacts**

In most cases, the presence of refugees does not have a significant negative impact on the political and security situation of the host countries. Thus, the first section of this brief notes that out of the seven countries that have experienced some form of internal civil war or insurgency, and that host more than 100,000 refugees from a single country of origin, the presence of these refugees are only linked to the conflict in two cases, namely in Pakistan and in Chad. In the remaining five countries, the presence of refugees is not related to political and security instability.

However, in some circumstances, the presence of refugees can have negative political and security impacts. According to Salehyan and Gleditsch (2006), the influx of refugees from neighboring countries can destabilize neighboring countries in the following ways:

- a) **Expansion of rebel social networks and diffusion of violence.** Refugee camps located close to the boundary of the country of origin can provide sanctuary to rebel organizations, and a base from which to carry out operations and fertile grounds for recruitment. For example, in Pakistan the involvement of Afghan refugees in the resistance against the Communist regime and its Soviet backers in Afghanistan during the 1980s – which took place with direct support from the Pakistani government - created conditions within Pakistan that radicalized sections of the population, led to a proliferation of arms, and in the long run weakened state authority (Rashid, 2008). Another example is the rebel group made up of mainly Uganda-based Tutsi refugees from Rwanda, which in October 1990 formed the Rwandan Patriotic Army (RPA) and invaded northern Rwanda (Lomo et al, 2001).

- b) **Facilitation of transnational spreading of arms, combatants, and ideologies conducive to conflict.** The direct role of the Palestine Liberation Organization (PLO), a government-in-exile formed by Palestinian refugees, in the civil wars both in Jordan (1970) and Lebanon (1975) are examples of refugees as combatants within a host country (Salehyan and Gleditsch, 2006). Another example is the recruitment of Liberian refugees by insurgent movements in Sierra Leone that caused destabilization and violent conflicts during the second half of the 1990s (Hoffman, 2007). Refugees can also serve as domestic opposition groups in the host country with material resources and motivation to wage their own armed battles. For instance, Somali refugees have often worked closely with ethnic Somali separatists in the Ogaden region of Ethiopia.
- c) **Creation of bilateral tensions.** At times, refugees can pose a security and political threat to the host country; and this, in turn can create tensions in bilateral relations between neighboring countries. Examples include the involvement of Sri Lankan Tamil refugees in the assassination of Indian Prime Minister Rajiv Gandhi in 1991 over his perceived accommodation of the Sri Lankan government, and the involvement of Rwandan Tutsi refugees in Uganda in the removal of the Milton Obote administration (1980-1985) (Salehyan and Gleditsch, 2006).

### **Environmental Impacts**

The presence of large influxes of refugees has also been associated with environmental impacts on land, water, natural resources, and slum growth. Various studies provide examples of different types of environmental impacts related to the influx of refugees and their long-term presence (Jacobsen 1997, UNHCR 1998, FAO 2005). The initial arrival phase of refugee influxes may be accompanied by severe environmental impacts when displaced people often move into and through an area to secure their immediate needs (UNHCR/FAO 1994). Some of these immediate effects include fuel wood crises and water pollution in refugee camp areas. As the emergency period passes and refugees become settled, the nature of the environmental impact changes, but can still be significant.

A recent environmental assessment conducted in Sudan highlights that the massive presence of refugees is related to serious environmental damage in hosting areas. Environmental impacts are closely associated with the type of refugee settlements and particularly the concentration of people in large camps. The most evident environmental impacts include: (i) deforestation and firewood depletion, (ii) land degradation, (iii) unsustainable groundwater extraction, and (iv) water pollution. In addition, human waste disposal by displaced persons can contaminate local groundwater and cause the spread of diseases (United Nations Environment Program, 2005). Other impacts from the initial and long-term displacement are related to uncontrolled slum growth.

Another observation is that the type of refugee settlements also affects the access of displaced people to land and natural resources. The assessment of the environmental impacts of refugees in Daadab, Kenya also shows that environmental degradation is a direct consequence of policies aimed at housing refugees in large camps with tight movement restrictions in an area of low productivity (Nordic Agency for Development and Ecology, 2010). Moreover, large camps tend to slow the development of land use practices that are both sustainable and compatible with local practices (Jacobsen, 1997). Such environmental impacts can also affect the long-term livelihood opportunities of both refugees and the host population.

Experiences in countries such as Malawi, Tanzania, Kenya, and Zambia have shown that when refugees have been able to access land or common property resources, their productive capacities tend to increase significantly. Correspondingly, in such cases, the burden of refugee presence on host communities and assistance providers tend to decrease as well. Despite some positive experiences regarding access to land for refugees, shortages of land and natural resources is a critical factor affecting the self-reliance of displaced people during their exile.

### **Mitigation of Negative Impacts and Increasing Positive Impacts of Refugees on Neighboring Host Countries**

As described earlier, the impacts of large influxes of refugees in neighboring countries can be both negative and positive, and the dynamic between positive and negative factors is complex and varies depending on the context. Addressing the impacts of forced displacement therefore requires an understanding of the political economy of the host countries and the development implications of protracted refugee situations in those societies. In this regard, experiences in countries such as Zambia, Tanzania, Pakistan, and Lebanon suggest that development assistance that targets both refugees and their hosts in the areas affected by displacement is an effective approach in mitigating the negative impacts of a long-term refugee presence and to build on the positive contributions of refugees to host communities. Such development programs can improve the daily lives of the displaced and their hosts during the displacement period and perhaps also prepare refugees to find sustainable solutions to displacement.

In recent decades, UNHCR, UNDP, and bilateral and multilateral agencies have implemented initiatives aimed at targeted development assistance (TDA) in order to generate “win-win” solutions for countries and populations affected by forced displacement (UNHCR, 2009). The assumption is that even in a refugee crisis, there are development opportunities that can bring benefits to the refugees and host populations and also prepare the refugees for sustainable solutions, including return, settlement in a country of asylum or in a third country. Detailed below are a few examples of good practices that have linked development assistance to sustainable solutions for refugees and hosting communities. These initiatives include:

- a. International Conference on Central American Refugees (CIREFCA).** It is estimated that during the 1980s, two million people were displaced by the civil conflict in the Central American region. CIREFCA was held in May 1989 with the objective of responding to the regional crisis of refugees, displaced persons, and returnees. Starting as an international conference, CIREFCA evolved as part of an ongoing regional peace process. The initiative put in practice innovative approaches that aimed at closing the gap between relief and development, including quick impact projects (QIPs). By the end of 1992, CIREFCA had facilitated about 126 projects in seven countries with a total investment of US\$365 million. This process contributed to the repatriation of

approximately 27,000 Salvadorans and 62,000 Nicaraguans, as well as the return of 45,000 Guatemalans from Mexico. QIPs also provided social services that benefited both refugees and host communities, such as Campeche in Mexico, and Quintana Roo on the Yucatan Peninsula that hosted Guatemalan refugees. Some of the key factors in the success of the CIREFCA process were associated with the political will of states to address the development challenge of forced displacement, regional ownership in planning and implementation of projects, and strong donor support (UNHCR, 2004). CIREFCA represents an example of an effective comprehensive framework for securing stability and promoting development in conflict-affected environments.

- b. **Income Generating Projects for Refugee Areas (IGPRA).** By the early 1980s more than three million Afghan refugees had entered Pakistan to escape the war in their homeland. Most of them settled outside cities or in rural areas near the border. The main goals of IGPRA were: (i) to create jobs and income, mainly for Afghan refugees but also for the local poor through labor-intensive projects; (ii) to repair some of the physical damage that the refugees and their livestock had caused to infrastructure and the environment; and (iii) to create lasting assets for the host country, including irrigation and flood control works. An evaluation report conducted by the World Bank shows that IGPRA's achievements are impressive in terms of the substantial range of infrastructure assets and the employment opportunities created for refugees and some individuals in host communities. IGPRA provided an estimated 11% of the employment needed by the refugee labor force and improved the skills of Afghan workers. IGPRA I and II also provided formal training in forestry management. Furthermore, the project created sustainable assets for local populations and the host country (World Bank, 2001). Key factors in IGPRA's success included the cultural affinity between Afghan refugees and their hosts as well as the government's policy on refugee employment.
- c. **The Zambia Initiative (ZI).** In 2002 the Zambian government raised several important concerns related to security, infrastructure, environmental and service delivery challenges in western Zambia. Development needs in this area were aggravated as a result of the prolonged presence of more than 100,000 Angolan refugees, some self settled and others

living in camps. The ZI launched in 2003 was designed as a multi-sector rural development program that targeted refugees and their host communities. The main objective of the program was to reduce poverty in areas affected by forced displacement through community-based development projects. Development interventions included various sectors such as education, health, agriculture, infrastructure, forestry, and water resources. An evaluation of the ZI deemed its approach a good practice in supporting constructive roles of refugees in local economies and identifying win-win situations where the burden of governments hosting refugees can be turned into opportunities (UNHCR, 2006).

- d. **Naturalization and local settlement of Burundian refugees in Tanzania.** Tanzania is one of the African countries with the highest influxes of refugees from neighboring states. After decades of hosting Burundians, Congolese, Rwandans, and displaced from other countries, the government is implementing a new approach in order to find long-lasting solutions for refugees. This approach includes a naturalization process of 162,000 refugees who fled from Burundi in 1972 and reside in what is known as the “old settlements,” and is considered a contribution to the peace process in Burundi. The scale of this offer of naturalization is unprecedented in Africa. While the prolonged presence of refugees in the country has resulted in a strain on natural resources, the environment, and social services, refugee hosting areas have also experienced expanded markets, increased services, infrastructure development and other benefits. Currently, the government of Tanzania is discussing a strategy with the UN that is aimed at increasing development assistance programs in the northern region in order to support the implementation of the naturalization process (Milner, 2010). Among other initiatives, these programs include the expansion of social services and infrastructure improvements, which are needed to support the successful local integration of refugees in their new homes.

Most of the initiatives mentioned above were based on the assumption that addressing the needs of displaced people requires additional development resources together with broad-based partnerships between governments, humanitarian organizations, bilateral and multilateral

development agencies (Christensen and Harild, 2009:17). The examples show that for countries hosting large influxes of refugees from neighboring states, addressing forced displacement as a development challenge is an essential element of a broader agenda on security and development. Moreover, the example of CIREFCA highlighted the relevance of a regional approach to effectively address the social, economic, security, and political impacts of large-scale and protracted displacement.

## **Conclusions**

By the end of 2009, 75 % of global refugees were hosted in neighboring countries, often in protracted situations. While 10% of the refugees live in fragile states or situations, about 54% of refugees are hosted in neighboring countries that are non-fragile, non-OECD lower middle-income countries. There are also cases where refugee populations in a non-fragile, non-OECD lower middle-income country settle in low-income, fragile sub-national regions.

Countries that host refugees for protracted periods can experience long-term economic, social, environmental, and political and security impacts. While the impacts of a refugee presence on neighboring countries are complex and context-specific, they are not necessarily only negative. The economic impacts of refugee presence on neighboring countries have been both negative (e.g. uncompensated public expenditure and burden on the economic infrastructure) and positive (e.g. stimulated local economies by increasing the size of local markets and reducing commodity prices). The positive contributions that refugees can make to the economy of host countries should be viewed in terms of winners and losers among both refugees and host populations.

Development assistance targeting areas affected by displacement can play a strategic role in mitigating negative impacts and increasing the positive impacts of a protracted refugee presence on host countries. The social impacts of refugees – also context-specific – include inequalities between refugees and non-refugees and the resulting social tensions, which can be reduced by development projects targeting both refugees and the host communities. The environmental impact of refugees can also be alleviated through a combination of dispersed refugee settlement and targeted area development interventions. Similarly, some of the political

and security impacts associated with the presence of refugees can be mitigated by a comprehensive framework to secure stability and development through sustainable solutions for displaced people. Furthermore, the growing number of refugees in urban settings also requires new approaches to effectively address the needs of the displaced in the context of urban planning and development.

As mentioned earlier, in a number of refugee situations around the world, development interventions have been used to mitigate the negative impacts and increase the positive impacts of the presence of refugees in host countries. CIREFCA's quick impact projects have provided social services that benefited refugees and host communities. This approach also contributed to secure stability and development in the region. Another success story is the IGPR project in Pakistan, which provided employment opportunities for about 11% of the Afghan refugee population as well as local poor through labor-intensive projects. These projects have also compensated some of the physical damage that refugees caused to the infrastructure and environment. In addition, the Zambia Initiative, through its community-based development projects, has been instrumental in addressing the negative economic, social and environmental impacts associated with protracted presence of over 100,000 Angolan refugees. These examples illustrate that even in a refugee crisis, there are development opportunities that may bring benefits to the refugees and host populations, and also prepare the refugees for an eventual return to their home countries. Moreover, when additional resources are channeled through development interventions systematically, they can help to create sustainable solutions for refugees, which can be helpful in stabilizing the region.

These examples are exceptions rather than the rule regarding how protracted refugee situations are addressed. The scope for finding sustainable solutions to displacement is critically influenced by political and economic conditions, which frame the opportunities and constraints for pursuing such solutions.

Finding sustainable solutions to displacement is crucial to the development agenda of countries affected by conflict and displacement. The following key barriers to sustainable solutions for displaced people also represent critical development challenges (Christensen and Harild, 2009: 14):

- *Rights to land, property and houses* that belonged to the displaced are, in many return situations contested, or the assets of the returnees have been taken over by others.
- *Livelihoods* are disrupted or dependent on humanitarian aid, and livelihood rehabilitation is critical if solutions to displacement are to become sustainable, both if the displaced return home or if they have to settle elsewhere.
- *Delivery of services* such as security, education, and health, together with basic infrastructure are frequently inadequate or absent both in places of exile and upon return.
- *Accountable and responsive governance* and the rule of law are often weak, particularly at the local level, government capacity is limited, its legitimacy damaged, and social capital at the community level is impaired.

The international aid architecture has also developed instruments to enable development actors to better address forced displacement as a development challenge. In October 2007, the leaders of the multilateral development banks (MDBs) issued a statement on deepening their collaboration in fragile situations, and in October 2008 the UN and the World Bank agreed on a partnership framework for crisis and post-crisis situations that emphasizes the complementary roles of the two organizations in supporting early and sustainable recovery during and after crises. There are also internationally agreed instruments such as the Post-Conflict Needs Assessment that provide a methodology used by national and international actors as an entry point for conceptualizing, negotiating, and financing a common strategy for recovery and development in fragile and post -conflict settings.

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