

The World Bank Group
**A Response to Global
Forced Displacement**



Staff Working Paper
November 20, 2015

The World Bank Group

A Response to Global Forced Displacement

Staff Working Paper
November 20, 2015



WORLD BANK GROUP

This work is a product of the staff of the World Bank Group. The findings, interpretations, and conclusions expressed in this work do not necessarily reflect the views of the World Bank Group, the Board of Executive Directors of the World Bank, or the governments they represent. The World Bank Group does not guarantee the accuracy of the data included in this note.

Contents

- I. Introduction 1
- II. Challenges of Global Forced Displacement 3
- III. Economic and Social Impacts 5
- IV. World Bank Group Assistance 8
- V. Potential Opportunities and Agenda Going Forward 13
- VI. Conclusions and Next Steps 18

ANNEX I. Macroeconomic and Sectoral Issues and Entry Points 19

- A. Macroeconomic Impact and Fiscal Issues 19
- B. Sectoral and Thematic Perspectives and Issues 20
- C. Entry Points and Options for Intervention 22

ANNEX II. Assistance Provided and Evidence of Impact 26

- A. Middle East and North Africa 27
- B. Africa 28
- C. Europe and Central Asia 30
- D. South Asia Region 31
- E. World Bank Group Financing 32
- F. The Roles of Other Selected Institutions 33
- G. Evidence of Impact 34

ANNEX III. Key Lessons and Future Action Agenda 36

- A. A New Development Diplomacy for Crisis Prevention 36
- B. Support to Domestic Policy Reform and Institutions 37
- C. Innovation for More Financing and New Ways of Delivery 38
- D. Strengthening Social Services for IDPs, Refugees, and Host Communities 38
- E. Building Economic Opportunity 39
- F. Adapting Existing Risk Management Approaches and Tools 39
- G. Project Delivery 40
- H. A Better Knowledge and Evidence Base 40
- I. The Need to Embrace New Technologies and Social Media 42
- J. More Sustained Support for Refugees Wishing to Return 42

ANNEX IV. Potential WBG Support Related to El Niño 44

ANNEX V. Selected Country and Regional Profiles 46

- A. Chad 46
- B. Europe and Central Asia 48
- C. Kenya 51
- D. Lebanon-Jordan 53
- E. Turkey 55
- F. Afghanistan 57

Abstract

At this moment in time, the world faces a combination of serious risks immediately ahead: the worst El Niño since 1997–98 (which we know caused global displacement of 20–30 million people, more than today’s Syrian crisis), climate change, increased food insecurity, escalating conflict in countries like Syria and Afghanistan, violent extremism, a slowing global economy, and a humanitarian system that is stretched beyond its capacity. Any of these factors can contribute to forced displacement; together, they could make current humanitarian crises even worse.

Forced displacement today is a global problem and at present, is being driven mostly by conflict. It causes tremendous human suffering, tends to be protracted and has significant short-term financial costs. However, once it has occurred and under certain circumstances, it can also result in long-term gains to both displaced persons and their hosts. Strong humanitarian-development linkages would help smooth this path, reducing the short-term costs and helping capture the long-term gains. Ideas for strengthening such linkages include:

- up-front collaboration in advanced and integrated risk assessment and preparation;
- a complete rethink of the risks faced by those who are forcibly displaced in middle- and low-income countries—by environmental vulnerabilities, natural disasters, conflict, food price shocks, pandemics, etc.—and

clear assignment of responsibility for owning and financing these risks among the public and private sectors, host governments, and donor agencies;

- reform of peace operations and diplomatic engagement, led by the UN and others, to prevent and resolve conflicts and help sustain peace;
- increasing government leadership where possible, and greater use of national systems for delivery;
- ending the “camp” mentality (i.e., refugees in protracted displacement are not adequately supported because of a “care and maintenance” approach, and the impact on host communities goes unaddressed);
- greater use of cash in places where it can purchase needed goods and services, and is adjusted to reflect inflation; and
- collaborating with the private sector and social entrepreneurs to ensure that most refugees and internally displaced persons (IDPs) have mobile phone and possibly Internet connectivity as platforms for information gathering, service delivery (including mobile cash), and data gathering that gives them greater economic opportunities.

The objective is to adopt reforms that are (a) comprehensive—ranging from prevention and preparedness to timely development response; (b) credible—that is, targeted, evidence-based interventions that produce measurable results and represent value for money;

(c) customized—with appropriate instruments, clear accountabilities and ownership of risks (e.g., between households, governments, private sector, international community), and suitable funding instruments (including

insurance) and burden-sharing (such as financing for host countries providing a global public good); and (d) coherent and coordinated among partners, including the UN and state and non-state actors.

Abbreviations and Acronyms

AFR	Africa Region	KRG	Kurdistan Regional Government
CAR	Central African Republic	M&E	Monitoring and Evaluation
CEB	Council of Europe Development Bank	MIGA	Multilateral Investment Guarantee Agency
DRC	Democratic Republic of Congo	MNA	Middle East and North Africa Region
ECA	Europe and Central Asia Region	NGO	Nongovernmental Organization
EIB	European Investment Bank	PEF	Pandemic Emergency Facility
EU	European Union	PER	Public Expenditure Review
GDP	Gross Domestic Product	PV	Photovoltaic
G7	Group of Seven (industrialized democracies)	OECD	Organisation for Economic Co-operation and Development
IBRD	International Bank for Reconstruction and Development	SAR	South Asia Region
ICT	Information and Communication Technologies	SuTP	Syrians under Temporary Protection
IDA	International Development Association	UN	United Nations
IDP	Internally Displaced Person	UNDP	United Nations Development Programme
IEG	Independent Evaluation Department	UNHCR	United Nations High Commissioner for Refugees
IFAD	International Fund for Agricultural Development	UNOCHA	United Nations Office for the Coordination of Humanitarian Affairs
IFC	International Finance Corporation	UNRHC	United Nations Regional Humanitarian Coordinator
IFI	International Financial Institution	WBG	World Bank Group
IMF	International Monetary Fund		
IOM	International Organization for Migration		

Acknowledgments

This working paper was prepared by the staff of the World Bank Group. The lead authors were Colin Bruce and Andrew James Roberts. The publication was made possible by many rapidly prepared contributions and helpful comments from Aakanksha Pande, Abebe Adugna, Ana Revenga, Anton Baare, Apurva Sanghi, Ayat Soliman, Bella Bird, Benjamin Burckhart, Bernard Harborne, Bianca Adam, Carlos Felipe Jaramillo, Caroline Mary Verney Sergeant, Charles E. Di Leva, Chisako Fukuda, Cordelia Chesnutt, Cristina Otano, Daniel Kull, David Warren, Diarietou Gaye, Dilip Ratha, Eavan O'Halloran, Fionna Douglas, Francis Ghesquiere, Haneen Sayed, Hanspeter Wyss, Holly Benner, Hugh Riddell, Ismail Arslan, Jan Weetjens, Jennings Ray Salvatore, Jeremy Andrew Hillman, Joanna P. De Berry, Joel de Reyes, Johannes Zutt, Juergen Voegel, Julia Nielson, Julie Dana, Kirsten Schuettler, Kostya Atanesyan, Lauren Kelly, Lotte Pang, Maninder S. Gill, Manjula Luthria, Maria A. Gomes, Maria

Dimitriadou, Mariam Sherman, Mark Sundberg, Markus Kostner, Mary Morrison, Maryam Salim, Natalia Cieslik, Nina Bhatt, Oğan Sevimli, Quy-Toan Do, Raja Rehan Arshad, Richard Hogg, Richard Scobey, Robert J. Saum, Roberta V. Gatti, Robin Mearns, Samuel Munzele Maimbo, Shantayanan Devarajan, Sima W. Kanaan, Stephen Hutton, Sumati Rajput, Susanne Holste, Ted Haoquan Chu, Tekabe Belay, Toby Linden, Toshiya Masuoka, Varalakshmi Vemuru, Vikram Raghavan, William F. Maloney, William Wiseman, Xavier Devictor, Xiaoqing Yu, and Yonatan Yehdego Araya, as well as colleagues from the International Monetary Fund. We acknowledge the contribution of the teams that supported the work of these colleagues. The paper benefited from discussions with Yvonne Tsikata, John Donnelly, Ferid Belhaj, Steen Jorgensen, Selina Jackson, and Pilar Maisterra. Thanks also to Patricia Rogers for her help with editing the publication.

I. Introduction

The world may be entering a very challenging phase in which to end extreme poverty and boost shared prosperity. While the Global Monitoring Report¹ forecasts that poverty in 2015 may have dipped below 10 percent for the first time ever, several serious risks (some of which are correlated) seem to be increasing: conflict, violent extremism, climate change, El Niño,² pandemics, and food insecurity. Fragility and conflict are growing in intensity in specific middle-income and low-income countries, and economic growth has been slowing.

These risks, several of which are immediate, are detrimental to the twin goals of the World Bank Group (WBG), and the forced displacement³ they

1. Global Monitoring Report. Development Goals in an Era of Demographic Change. A joint publication of the World Bank Group and the International Monetary Fund, 2015/2016.
2. A mature and strong El Niño is now present in the tropical Pacific Ocean. The majority of international climate outlook models suggest that it is likely to strengthen further before the end of 2015. El Niño probabilities remain over 90 percent into spring 2016, falling rapidly by May–July 2016. It is expected to be among the four strongest El Niño events since 1950 (1972–73, 1982–83, 1997–98). During the 1997–1998 El Niño, which was similar in magnitude to the current one, at least 20–30 million people were displaced by extreme weather events and damages exceeded \$33 billion globally. Discussion of El Niño is beyond the scope of this paper, but Annex IV provides some additional information, including information on the type of support the World Bank Group could provide.
3. While both migration and forced displacement may entail large-scale population flows, it is important to recognize the different character of these movements. Economic migrants voluntarily choose to leave their home areas in search of improved economic opportunities. The forcibly displaced are driven from their homes by critical shortages of life-sustaining resources such as water or food, large-scale conflict, localized violence, persecution, or human rights violations or other well-founded fear of physical harm. When the forcibly displaced cross an international border they become refugees. When they are displaced within their own country they are internally displaced persons (IDPs).

are causing might be just the tip of a potential iceberg. Addressing the humanitarian crises that could result will require much greater collaboration among diplomatic, humanitarian and development actors, and affected governments in an expanded, coordinated, and sustained campaign.

This is an urgent and ambitious call to action. It matches the growing scale of the problem and the increasing risks associated with it, the ambition of the recently adopted Sustainable Development Goals, and recent evidence that as global poverty falls even more of the extremely poor will be concentrated in areas affected by fragility and conflict, and thus vulnerable to forcible displacement.

The WBG is already involved in many areas of work related to these risks, and is scaling up further. For example:

- A recent WBG report entitled “Shock Waves: Managing the Impacts of Climate Change on Poverty”⁴ concludes that climate change represents a significant obstacle to the sustained eradication of poverty. Thus, addressing climate change is a major priority for the WBG and includes mitigation, adaption and disaster risk management. We are working with governments to end harmful fossil fuel subsidies and reinvest the savings in growth producing investments like people’s health

4. Shock Waves. Managing the Impacts of Climate Change on Poverty. A publication of the World Bank, 2015.

and education. In October 2015, the Bank pledged to provide up to \$29 billion dollars annually by 2020 for climate finance to developing countries.

- The WBG is exploring a concept that would rapidly disburse health-related financing called the Pandemic Emergency Facility (PEF). In the event of an outbreak, it would immediately fund national governments and responding agencies to support a surge in health capacity.
- The WBG has been supporting the resettlement of displaced people through Disaster Risk Reduction programs.⁵ Preventive resettlement of populations located in high-risk areas is a corrective measure in which all or part of a community is relocated because of the high risk of disaster. Since the 1990s, the government of Argentina has conducted several programs with support from the World Bank and the Inter-American Development Bank. The largest or most notable has been: (a) the Flood Emergency Rehabilitation Program, a multi-sector emergency loan for reconstructing infrastructure and housing for low-income populations affected by water emergencies; and (b) the Flood Protection Program which was designed to protect the lives and assets of 5.5 million people, guarantee the normal and unrestricted performance of economic activities in the drainage area of the Paraná, Paraguay and Uruguay Rivers, and ensure uninterrupted use of communications and transportation routes.⁶

5. See Annex III, Section F and Annex IV for more information on disaster risk management, including disaster risk financing.

6. See Preventive Resettlement of Populations at Risk of Disaster Experiences from Latin America, a publication of the World Bank, 2011 and Populations at Risk of Disaster. A Resettlement Guide. A publication of the World Bank, 2011.

This paper, however, focuses on the work of the WBG related to forced displacement arising from conflict because it is arguably one of the most difficult and topical, and there's a major opportunity to advance these issues in next year's World Humanitarian Summit (WHS).⁷ It also comes as the institution expands its work programs on the topic. The overarching theme is that forced displacement today is a global problem. It tends to be protracted, causes tremendous human suffering, and has significant short-term financial costs. However, in the months after someone is forcibly displaced, there are known development interventions that can help both those who are displaced and their generous hosts. The role of the WBG and other partners is to use knowledge, financial assistance, convening power, and partnerships to help smooth this path, reducing the short-term costs and helping to capture the long-term gains.

The paper stresses as well that the problem of refugees and other forcibly displaced persons reaches well beyond Europe and the Middle East.

The World Bank, with its development mandate, has been receiving and responding innovatively to requests for technical and financial support from a growing number of affected countries, while piloting large-scale regional and subregional efforts aimed at addressing the root causes of displacement.

7. At its most recent meeting on October 10, 2015, the Joint Ministerial Committee of the Boards of the Governors of the Bank and the Fund on the Transfer of Real Resources to Developing Countries (i.e., the Development Committee) made the following request in its communique: "Given the scale of the current refugee and migrant crisis, we call for targeted support, in collaboration with the UN and other partners, in addressing the challenges for countries and regions in turmoil, especially in the Middle East and North Africa, but also in other fragile and conflict states."

II. Challenges of Global Forced Displacement

Global forced displacement is arguably the defining humanitarian/development challenge of this generation. The number of displaced people is growing: by the end of 2014, wars, conflict, and persecution had forcibly displaced a cumulative total of 59.5 million persons—19.5 million refugees, 38.2 million internally displaced persons (IDPs), and asylum seekers. The total represents the biggest leap ever seen in a single year—there were 51.2 million displaced people at the end of 2013 and 37.5 million a decade ago—and the highest level of forced displacement since the aftermath of WWII.⁸ Only 126,800 refugees were able to return to their home countries in 2014—the lowest number in 31 years.

The global crisis of forced displacement remains largely concentrated in developing countries, especially in Africa, the Middle East, and South Asia.⁹ Although more than 160 countries hosted displaced people in 2014, a small number bear the greatest burden: 52 percent of all IDPs are located in four countries (Colombia, Iraq, Sudan, and Syria), while 50 percent of all refugees are in seven countries in the Middle East (Iran, Jordan, Lebanon, Pakistan, Palestine, Syria, and Turkey). Over half of the refugees

worldwide come from Syria, Afghanistan, and Somalia; other countries that account for large numbers are Sudan, South Sudan, the Democratic Republic of Congo (DRC), Myanmar, Iraq, and Eritrea. Not surprisingly, neighboring countries host the overwhelming majority of the refugees—for example, Turkey, Lebanon, and Jordan, Pakistan and Iran, Ethiopia and Kenya. Recent events in Europe are but the latest manifestation of this global crisis.

Countries in Europe and Central Asia (ECA)¹⁰ currently host 6.1 million people who have been displaced as a result of war and conflict. Of these, 64 percent are IDPs, and the rest are refugees (see Annex V B, Table 1). The largest groups of refugees and IDPs are in Turkey (1.94 million refugees from Syria¹¹), Ukraine (1.46 million IDPs), Azerbaijan (622,892 IDPs), Georgia (262,704 IDPs) and Russia (238,835 refugees). The numbers of displaced people in ECA have doubled over the last five years, largely because of the conflicts in Syria

8. World at War. UNHCR Global Trends. Forced Displacement in 2014.

9. The South Asia Region (SAR) of the World Bank Group comprises Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka.

10. The Europe and Central Asia Region (ECA) of the World Bank Group comprises Albania, Armenia, Azerbaijan, Belarus, Bosnia & Herzegovina, Bulgaria, Croatia, Czech Republic, FYR Macedonia, Georgia, Hungary, Kazakhstan, Kosovo, Kyrgyz Republic, Moldova, Montenegro, Poland, Romania, Serbia, Slovak Republic, Slovenia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan.

11. This refers to the total number of registered Syrian refugees in Turkey. The total number of Syrian refugees is agreed to be much higher, and is estimated by the Government to be 2.2 million. This paper will henceforth refer to Syrian refugees in Turkey by their Turkish legal designation as Syrians under temporary protection (SuTP).

and Ukraine. While conflicts in the Balkans have been stabilized, unresolved issues of displacement and social tensions are still relevant in Bosnia/Herzegovina, Serbia, and Kosovo. The Caucasus is marked by “frozen conflicts,” in which no military and political solution has been agreed. In the absence of formal peace processes, the displaced live in limbo—unable to return home, but without full integration in the places they have settled.

In the first nine months of 2015, approximately 530,000 asylum seekers arrived in the European Union, and according to UNHCR, another 700,000 are expected by the close of the year. This compares to 219,000 in 2014. Since not all migrants and refugees register to claim asylum, and many are still on the move, the total number of new arrivals is likely much higher. Because of the complex interplay of triggers in the decision to move, it is difficult to distinguish how many of the arrivals are migrants and how many are refugees. However, 70 percent of those arriving in the EU are from countries affected by conflict. The arrivals in 2015 so far originate from the following countries (in order of magnitude): Syria, Kosovo, Afghanistan, Albania, Iraq, Pakistan, Eritrea, Serbia, Ukraine, and Nigeria.

Forced displacement is a challenge for all people but particularly for the vulnerable (including extremely poor people), youth, women and children, and transit and host countries. In ECA, there are indications of greater vulnerability among displaced people compared to the non-displaced: in Ukraine, the IDP population includes 60 percent elderly people, 13 percent children, and 4 percent persons with disabilities; in Azerbaijan, the poverty rate among IDPs is around 10 percent¹² or approximately twice the official overall poverty rate; in Bosnia/Herzegovina, 32 percent of refugee and IDP households are single-parent households; and in Turkey, 51 percent of Syrian refugees are under 18 years of age. In Lebanon and Jordan 65 percent of the refugees are younger than 25 years of age, 19 percent are under 4 years old, 50–73 percent are poor, and 80 percent do not have more than a primary education. In Afghanistan, displacement places women at disproportionate risk as they face challenges accessing education, health and employment¹³ and where domestic violence is a reality for many.

12. Most recent government estimates.

13. “Listening to women and girls displaced in urban Afghanistan.” Norwegian Refugee Council / The Liaison Office, 2015.

III. Economic and Social Impacts

A. IMPACT ON THE SENDING COUNTRIES

The refugee crisis implies a dramatic decline in human capital in home countries. Refugee outflows and large numbers of IDPs result in a massive reduction in working-age population, human capital, and therefore potential growth of home countries. For instance, assuming the current crisis comes to an end, at an average growth rate of 3 percent it would take 20 years for Syria, whose population is estimated to have shrunk by 20 percent in addition to the 40 percent internally displaced, to recover to its 2010 GDP level.

B. IMPACT ON RECEIVING COUNTRIES: EMERGING MARKETS AND LOW-INCOME COUNTRIES

Large inflows of refugees are straining public services and affecting labor markets in emerging markets and low-income countries. The size of refugee inflows relative to the total population can be substantial. For example, registered refugees from Syria and Iraq now represent about one-tenth of Jordan's population and one-fourth of Lebanon's. Such massive increases in population size have caused crowding and congestion in public services.

Public schools are running double shifts, with the afternoon shift in Jordan reserved for Syrian students. Across both Lebanon and Jordan, the volume of solid waste has increased—in some cases doubled. Electricity and water shortages are common. In labor markets, the share of informal employment is rising, in particular when refugees are not allowed to work legally, while the additional supply of low-skilled workers exerts downward pressure on wages at the low end of the wage distribution (e.g., in Lebanon and in rural areas in Turkey). Refugee inflows have resulted in upward pressures on food and housing prices (e.g., in Lebanon, Jordan, Pakistan and, to some extent, Chad and Turkey). In Afghanistan, with 76 percent of the population affected by displacement, the economic and social impacts are huge. There are also positive effects: although the economic dimension of returning refugees and IDPs is understudied, many generate remittance flows and cross-border exchanges, and provide a market and a workforce for local economic actors.

Refugees have a macro impact on economic activity, balance of payments, and fiscal accounts. While the increase in consumption brought by refugees has generally contributed positively to economic activity, rising imports to meet the needs of the increasing population have worsened external balances. Although difficult to assess, the fiscal costs of receiving

refugees might be substantial for neighboring countries. For example, the direct budgetary costs associated with spending on health, education, infrastructure, and social programs are estimated at about 1–1.4 percent of GDP for Turkey, Lebanon, and Jordan. Both Jordan and Lebanon are funding these expenditures partly through a decline in access to and quality of public services. In Iraq, the challenge of caring for refugees and IDPs is compounded by the fact that the Government's ability to provide basic public goods and services is already extremely limited. However, net fiscal balances tend to turn positive over the longer term as some refugees arrive with their savings and financial assets, and as the tax base and social contributions increase if they remain and enter the formal labor force.

At the local level, the large influx of refugees into communities that were already vulnerable and marginalized is leading to rising tensions in the hosting countries. In the Northern Jordanian governorates of Irbid and Mafraq, 20 percent of communities reported tensions linked to lack of affordable housing, education, and income-generating opportunities. In Lebanon, the refugee crisis, coupled with the infiltration of militants across the borders, has caused several security incidents; refugees in some towns and villages now outnumber local residents, fueling tensions as they compete for access to basic resources and services such as water, electricity, healthcare and education. The displaced can also face discrimination, particularly if they are perceived to be aligned with a political opposition group, are from a different ethnic group, or are perceived to be in competition for already stretched services and jobs in host communities. IDPs in Georgia and Azerbaijan perceive their lack of social

influence and capital in host communities as a major factor preventing their access to jobs.¹⁴

C. IMPACT ON RECEIVING COUNTRIES: HIGH INCOME COUNTRIES

Despite the rapid increase in refugee flows to Europe, the numbers remain relatively modest in hosting countries.¹⁵ Refugee numbers are small relative to European recipient countries' populations, and especially relative to those of much poorer Middle Eastern countries.

Studies of past immigration in high income countries indicate that the overall effect on the labor market could be relatively minor.

- **Immigrants tend to integrate slowly in the recipient countries' labor markets.** They initially earn lower wages and have lower participation and employment rates than native workers, and these differences tend to decline only slowly over time. This process is likely to take longer if the refugees are equipped with lower skills than past generations of immigrants. High unemployment rates in several countries in Europe at the moment may further slow refugees' absorption into the labor market.
- **The effect on native workers' wages and employment prospects is often marginal.** Some recent studies have found that an

14. Other factors that make it less likely for refugees to integrate successfully include a new context that is vastly different from where they come from, dependency on aid, lack of human capital for their new life (such as language and skills), depleted assets, insecure shelter, physical isolation, limited freedom of movement, and psycho-social trauma.

15. Numbers can be high relative to population size in some European transit countries.

influx of immigrants has prompted native workers (especially those with higher skills) to specialize in more complex occupations, thus raising their productivity and wages. Nonetheless, there can be negative effects on groups of workers who most directly compete with immigrants, particularly in the short run.

The overall net fiscal impact also tends to be small. The OECD has reported that the average net fiscal contribution of immigrants in high income economies tends to be positive, but relatively small, at about +/-1 percent of GDP. The short-term impact from the current wave of refugees is negative, given the cost of receiving, caring for, and integrating them. The longer-term effect on public finances will depend on how many refugees arrive, how long

they stay, and how quickly they integrate into the host country's labor market.

However, refugees could have an important positive demographic impact in the longer term.

Europe's population is expected to age rapidly over the next few decades, as a result of low birthrates and greater longevity. According to UN projections, Europe's dependency ratio—the number of children and retirees per 100 working-age people—will rise steeply from about 50 in 2015 to about 77.5 in 2050, in the absence of any migration. This will lower potential growth and place a large burden on public finances, pensions and benefits schemes, and health care provision. An influx of relatively young refugees, if they stayed for the longer term and were allowed to enter the workforce, could help remedy the situation.

IV. World Bank Group Assistance

In keeping with its mandate, the WBG has been providing support at the global, regional, subregional, and country levels.

- **Global approaches.** The WBG hosts the Global Program on Forced Displacement, which has produced several knowledge products and provides some operational support to country teams. The WBG also chairs the Global Migration Group, an 18-agency coalition that looks at migration and development issues. In addition, the WBG is supporting preparation for the WHS through analytic work (including a planned flagship report on AFR,¹⁶ ECA, and MNA), and it is providing technical assistance to the High Level Panel on Humanitarian Financing, including on innovative financing.

- **Regional approaches.** The Regional strategy recently adopted by the WBG's Middle East and North Africa Region (MNA)¹⁷ is probably the WBG's most comprehensive and ambitious attempt to address the problem of displacement at the source. It explicitly states that the Bank will no longer take conflict as given; instead, it will seek to prevent conflict by supporting the establishment of a new social contract between governments

and citizens, promoting regional cooperation and integration, building resilience (including among refugees and IDPs), and supporting reconstruction and recovery. Given that hosting refugees is a global public good, the strategy also involves innovative financing options: (a) donor guarantees to issue special bonds for large recovery and reconstruction projects or to open up space on the IBRD balance sheet to increase lending; and (b) donor grants to reduce the cost of financing to more concessional levels. The WBG President and the United Nations Secretary General co-hosted a meeting of MNA Stakeholders on October 10, 2015, during the WBG/IMF Annual Meetings. Stakeholders attending, such as the Ministers of Finance from the G7 and the MNA Region or their representatives, gave strong support for implementing the strategy, including developing the financing mechanisms. To identify opportunities for new approaches to return and reintegration, the WBG and UNHCR are undertaking a review to better understand the key data gaps in Afghanistan, Iran, and Pakistan, which are hindering the formulation of durable development solutions.

- **Subregional approaches.** Since 2013, the United Nations Secretary General and the President of the WBG have launched three regional initiatives in Africa—in the Great Lakes, the Sahel, and the Horn—targeting regional drivers of fragility and conflict in

16. The list of countries comprising the AFR region is found at <http://www.worldbank.org/en/region/afr>.

17. The MNA Region of the World Bank Group comprises Algeria, Djibouti, Egypt, Iran, Iraq, Israel, Jordan, Lebanon, Morocco, Syria, Tunisia, West Bank & Gaza, and Yemen.

18 countries with a population of about 463 million people.¹⁸ A similar effort will be made in MNA in 2016. There are also plans to further link the Great Lakes spatially and economically to the Horn of Africa and the Sahel through initiatives for Lake Chad¹⁹ and Niger River Basin that will be proposed for support under the 21st Conference of the Parties to the UN Framework Convention on Climate Change.²⁰

- **Country approaches.** WBG country engagements are customized to fit the country context.
 - Activities in the ECA Region have focused on working with governments to help them plan, implement, and monitor responses to displacement and identify the socioeconomic impacts of displacement. The WBG has used its operations, analytic work, and technical assistance to quantitatively and qualitatively “cost” the impact of refugee crises in socioeconomic terms (for example, in terms of welfare, municipal

18. Activities financed under the initiatives so far include cross-border investments that address “trade for peace,” women’s empowerment and sexual and gender-based violence, health, pastoralism, connectivity, hydroelectricity, agriculture, transportation and capacity building of selected regional institutions. The pipeline includes projects on IDPs and irrigation. The initiatives also triggered innovative analytic work and technical support in areas such as investment conflict sensitization, and indicators and methods for monitoring peace and development on the ground. See also Annex 2 Section B.

19. The World Bank will support climate-resilient development in the Lake Chad basin through technical work, investment financing, policy dialogue, and resource mobilization. The basin is home to approximately 50 million people, among the poorest in the world. Over the past 50 years, the Lake Chad area has experienced significant climate, hydrological, ecological, and social changes.

20. The World Bank will also support climate-resilient development in the Niger River Basin through the preparation of a Climate Resilience Investment Plan and the co-financing of its implementation. The Basin is shared by 10 countries, 7 of which are among the 20 poorest countries in the world. Food security and social well-being depend mostly on unpredictable and extreme rainfall patterns, particularly in the Sahel part of the basin. These challenges are exacerbated by climate change.

services, jobs, education, social cohesion, infrastructure, and business development). Many of the World Bank’s initial responses to assist countries with a humanitarian crisis have important human development components. In Ukraine, for example, the WBG is engaging on health and education. In Western Europe, the WBG is engaging with prominent European foundations and networks, such as the Bertelsmann Foundation, EuroCities, and Cities Alliance, to foster dialogue on city-level initiatives to promote migrant and refugee integration. In Azerbaijan the Bank is carrying out a project designed to improve IDPs’ living conditions and increase their economic self-reliance.

- As early as 2013, the Bank rapidly approved an emergency US\$150 million “cash injection” loan to Jordan to offset the fiscal impact of the crisis on the country’s budget as a result of extending subsidies and health services to refugees. In Lebanon and Jordan, the Bank is using a municipality-based development operation to address the impact of the refugee influx on local service delivery, with two multilateral trust funds that leveraged grant financing from the Bank’s State- and Peace-building Fund. In addition, the Bank is supporting the health, education, and social protection sectors in Lebanon to ensure a balance in the benefits to vulnerable communities of both Syrians and Lebanese.
- In Afghanistan, where the return of some 5 million refugees since 2002 has increased the population by 20 percent, the role of the World Bank has been to both (a) understand and provide critical analysis of the push and pull factors that lie behind migration, and (b) learn lessons from hosting countries on social and economic inclusion, the provision of basic services,

and the impact of refugees and displaced groups on local and country economies. The Bank's perspective is developmental—to balance immediate humanitarian responses with medium- and longer-term development plans and interventions that would include both the private and public sectors in generating jobs, revenues, and growth as well as in delivering services. An example is the service delivery program, a community-driven development initiative financed by the WBG and the National Solidarity Program that is supporting access to primary education and health care for communities, and the returned refugees and IDPs that they host.

- In Pakistan, from 1984–1996 the WBG, on behalf of UNHCR, managed a number of donor-funded projects designed to address the needs of Afghan refugees and their host communities. Within the framework of the regional Solutions Strategy for Afghan Refugees, the projects provided an estimated 11 percent of the employment needed by the refugee labor force and improved skills in areas such as forestry management. They also created sustainable assets for the hosting communities, including irrigation and flood control works.
- In 2011, the Bank financed an emergency project to help the People's Republic of Bangladesh to: (i) repatriate about 30,000 of its migrant workers, who had fled the conflict in Libya ("the emergency"), from refugee camps in neighboring countries in a timely manner; and (ii) provide a one-time cash grant as a transitional safety net measure to help them meet immediate basic needs and commence the process of livelihood restoration. International Organization for Migration (IOM) was the implementing agency.
- As part of the three subregional initiatives in Africa, a growing number of host

countries—Djibouti, DRC, Ethiopia, Tanzania, Uganda, and Zambia—are turning to institutions like the WBG to help them address the problems of protracted displacement, including the impact on host communities. Over the next 10 months, operations totaling about \$270 million that are designed to address protracted displacement in these countries will be sent to the WBG Board for consideration.

Between 1992 and 2014, the Bank undertook in sub-Saharan Africa about 60 activities—including 53 investment operations—that explicitly addressed forced displacement in different ways. These operations have been varied in their objectives and focus: roughly half of the Bank's operations have targeted the needs of IDPs, refugees, and their host communities during displacement, and half have addressed issues of returning IDPs and refugees. Until recently there were no operations focused explicitly on issues of protracted displacement and none that explicitly targeted cross-border drivers.

While much of the immediate response to crises falls in the domain of public support, private sector-driven economic opportunities for both refugees and host populations will help to promote stability in the medium to longer term.

The International Finance Corporation (IFC) is currently addressing the refugee crisis in MNA as part of the joint WBG MNA Strategy through indirect interventions in two ways: (i) indirectly helping host countries build resilience to IDP/refugee shocks by increasing opportunities for jobs and livelihood through infrastructure/ICT development, improving food security, and increasing access to finance for small entrepreneurs—all of which may benefit refugees/IDPs in host countries; and (ii) creating fiscal space for governments in the region to address humanitarian needs by attracting investors

to provide private financing and services that would otherwise need to be financed through public funds. Two examples of IFC's recent projects in Iraq and Jordan illustrate this approach:

- Providing power to people and industries in Iraq—Unit Zahko project: IFC, along with MIGA, is financing the construction of a large greenfield natural gas fired independent power plant which is expected to indirectly benefit the populations affected by ongoing conflict by: (i) minimizing the energy demand and supply gap and increasing access to reliable power supply; (ii) fostering sustained economic growth and job creation by making Iraq's industrial sector more competitive; and (iii) short-term job creation during the construction phase. The number of Syrian refugees and the internally displaced Iraqis reached over 1.5 million in Kurdistan, located in over 20 refugee camps. The Kurdistan Regional Government (KRG) has been providing electricity without any charges to these camps, which has created a great strain on the system. The sudden increase in population due to the influx of refugees and IDPs has widened the electricity gap in KRG, and hence the construction of the Zakho power station with IFC and MIGA assistance is a key strategy of the KRG for addressing the prevailing severe power shortages.
- Private sector financing of solar power to relieve fiscal pressures in Jordan-7-Sisters Solar photovoltaic (PV) renewable energy program. IFC arranged a \$208 million debt financing package to fund construction of 91MWac composed of seven independent PV solar projects that supports the Government of Jordan's first round of PV projects that were awarded Power Purchase Agreements in 2014. While the investment may not benefit refugees directly, it helps create

the fiscal space for providing basic services and humanitarian relief to the influx of refugees.

MIGA has significant exposure in ECA and MNA countries that host large numbers of displaced people, in projects that support jobs and livelihoods to build resilience, and in projects that bring in private funds to free up public resources.

MIGA's outstanding exposure in Turkey is substantial and includes projects in infrastructure, manufacturing and health services. MIGA also has significant exposure in Ukraine, providing support to strengthen its financial sector and to facilitate investments in manufacturing and other projects that create jobs and contribute to local development. MIGA's exposure in Lebanon and Jordan is largely in infrastructure, manufacturing and services. MIGA also provides support to originating countries both by promoting investment and protecting assets on the ground.

The WBG has been strengthening its partnerships around forced displacement. A global partnership with UNHRC has resulted in a number of regional forced displacement studies and technical support to operations in Ethiopia, Kenya, Uganda, Djibouti, DRC, Zambia, and Tanzania. The Bank has been working closely with UNOCHA in the Horn of Africa to pilot innovative risk-based geospatial mapping to facilitate better alignment and priority setting across the humanitarian-development nexus; this effort has particularly focused on remote borderland regions, many of which host significant numbers of refugees. In Jordan the Bank is collaborating with United Nations Development Programme (UNDP) on capacity-building support to municipalities, including by tapping the UN-World Bank Trust Fund; and in the ECA region (Ukraine and Georgia) it is actively collaborating with the EU and UN

agencies on knowledge products and technical assessments. The Afghanistan Reconstruction Trust Fund (over \$8 billion since 2002) continues to enable a joint approach between government and development partners, in addition to being a very tangible way that Bank funding can be leveraged. For the three subregional initiatives in Africa, the WBG and a number of UN agencies broadened the coalition of partners to include the African Union Commission, the African Development Bank, the EU, and the Islamic Development Bank. The World Bank has also partnered with the IOM to do analytic work and plans to explore other such opportunities.

Partnership is a key element of the work of the WBG's Global Program on Forced Displacement.

The program continues to engage with a range of partners—bilaterals, UN agencies, nongovernmental organizations (NGOs), and research institutions—collaborating on (a) developing new operational solutions, (b) mobilizing joint resources for new activities, (c) coordinating strategies and global policy development, and (d) undertaking joint analytical work. Many of the Global Program's bilateral partners

were actively involved in the establishment of the Solutions Alliance in Copenhagen in April 2014 as a coalition of humanitarian actors, development organizations, affected states, donor nations, academics, the private sector, civil society, and others. Chaired by UNHCR, UNDP, International Rescue Committee, and the Danish and Turkish Governments, the Solutions Alliance is working to promote and enable displaced persons' transition away from dependency towards increased resilience, self-reliance, and development.

In keeping with its mandate, the IMF has started to closely monitor the economic impact and spillovers of the crisis for the affected countries. The Fund has been reflecting the impacts of conflicts and refugee crises in program conditionality. In Jordan, for example, in the context of the Stand-by Arrangement that expired in August 2015, fiscal targets in 2013 and 2014 were revised upward by the full direct costs borne by the public sector—including for increased security outlays and health care needs—estimated at about 1 percent of GDP per year.

V. Potential Opportunities and Agenda Going Forward

Forced displacement entails significant human and fiscal costs. However, once it has occurred and refugees stay for the longer term, the WBG and partners should work closely with host countries to help create economic upsides for those who have been forcibly displaced and their new communities. In principle, the successful integration of refugees can benefit the receiving economies—for example by boosting longer-term growth and by filling demographic gaps in aging societies. International experience shows that rapid inclusion in the labor market is critical in this regard. The fiscal net impact of displaced individuals can be positive or negative but tends to be small, in part reflecting the support required during the arrival and initial integration phase.

Better policies, preparedness, and public spending could help countries cope with forced displacement.

- Turkey,²¹ which has the most Syrian refugees, has given those who are registered unlimited stay, protection against forced return, freedom of movement, access to health care, and increasing access to education, social services, and the labor market. Formal access to the labor market via the issuing of work permits is currently under discussion

by the Council of Ministers; however, many Syrians under temporary protection (SuTP) are already working in the informal labor market.

- In the Horn of Africa, many of the displaced are in border areas where poverty rates already exceed 80 percent. A number of governments have approached the WBG for assistance to improve basic services for host communities and stimulate development in these previously neglected regions.
- South Asia has the opportunity to restate the core development dimensions of forced displacement so as to reduce risk and mitigate future crises. This would mean enacting reforms for more private sector job creation, providing access to quality services, launching macro and fiscal reforms that promote the needs of the poorest and most excluded, addressing the drivers of fragility, and carrying out governance reforms to enhance effectiveness and results.
- Forced displacement also presents an opportunity to prepare and rebuild better: in Colombia it triggered better risk assessment, early warning, and emergency response, and reduced mortality rates per natural phenomenon from 4,025 in the 1970s to 2,180 in the 2000s.

The international community must increase its attention to the source of the forced displacement problem by making much bolder diplomatic

21. In 2014, Turkey was the country hosting the largest number of refugees at 1.59 million.

efforts, and by rebalancing and increasing development spending. The changing scale and geography of poverty, disasters, and conflict demand more innovation and risk-taking by both humanitarian and development communities, and much greater collaboration between them. As the number of conflict-caused crises grows and situations become more protracted, there must be a greater focus on prevention and political resolution.²² Thinking on how the international community can better respond to conflict-related crises seems underdeveloped—for example, in Somalia, the international community, including donor partners, spends roughly US\$8.5 billion per year on counterpiracy and counterinsurgency,²³ but only about \$700 million and \$360 million, respectively, in development and humanitarian aid.

Development actors have an increasingly significant role to play in promoting development approaches to the challenge of forced

displacement. Forced displacement raises several development issues—macroeconomic impact, disaster preparedness in the short to medium term, climate change adaptation and mitigation in the longer term, design and sustainability of systems for basic service delivery, and resilience building. Several development institutions are providing support in some of these areas for (a) research and knowledge generation; (b) dialogue, advocacy, and partnerships; and (c) operational interventions such as scalable social safety nets. There is now an urgent need to take this work to scale.

We need better data on the demographics of displaced populations, and on trends, incentives, skills sets, and needs. Partners can work better together to use these data and analytics to deploy humanitarian assistance, development resources, and diplomacy in a more coordinated way to prevent and respond to crises, particularly those related to conflict. Other priorities include issues such as the macroeconomic, social, safety net, and labor market dimensions of the refugee crisis; filling knowledge gaps to help client countries craft better regulations and move toward successful integration; and, given the growing urbanization of displacement, addressing urban aspects such as housing and service provision.

22. UN peacekeeping comprises the deployment of about 106,000 forces (military and police), costing some \$8.3 billion/year to 16 conflict-affected countries (in 2015). Criticism of peacekeeping varies from lack of civilian protection, high cost, predominance of political-economic interests over peacemaking ones, and sexual abuse of citizens. Most research, however, suggests that peacekeeping has a positive impact on reducing violence in conflict-settings—both for the duration of a peace-support mission as well as afterwards (see e.g., Sambanis, 2008. "Short-Term and Long-Term Effects of United Nations Peace Operations" *The World Bank Economic Review* 22:9–32 and Hegre, Hultman and Nygard, "Evaluating the conflict-reducing effect of UN peace-keeping operations," Paper prepared for the European Political Science Association Convention, Berlin, 2012). The High-level Independent Panel on Peacekeeping Operations released its review of UN peacekeeping—*The Challenge of Sustaining Peace*—in June 2015. The report is a call for the UN to move away from a response that assumes that the transition from conflict and fragility is linear and to shift from "peacebuilding" to "sustaining peace," while recognizing that the "UN cannot succeed alone." It also calls for much closer collaboration with institutions like the WBG in prevention and response.

23. Some of the anti-piracy measures are borne by private commercial maritime traffic as well as the public sector naval cordon.

Another area of focus is improving the evidence base on what currently works, what more should be done in this overlooked area, and how to do it cost-effectively. According to recent analytical work, development responses to protracted forced displacement should be led by hosting governments and their partners. Such responses and their delivery mechanisms could range from extending existing social safety net programs and policy changes that allow the displaced to use their skills to boost the local economy, to investing in market infrastructure

that facilitates cross-border trade and builds social cohesion.

Current financing is inadequate to address the displacement crisis. As refugee numbers increase, essential services are being cut because of financing constraints. However, current financing structures do not account for the complex and prolonged nature of today's crises. Domestic resources can be put under strain, at times significantly, by the fiscal demands stemming from the displacement problem. Host countries do not have access to significant grant-based financing from international financing institutions when they face a crisis. Thus they have to rely on the UN humanitarian system, which has significant limitations when crises become prolonged and progressively morph into development crises.²⁴ Traditional development financing mechanisms rely on loans, but for host countries it is politically difficult to take on debt to service the needs of refugees. New, innovative financing mechanisms are needed to address the gap between funding structures for humanitarian and development needs.

Complex and chronic crises require a more diverse and sophisticated set of financial mechanisms than the current process, which relies largely on annual appeals. Over the last decade, the demand for humanitarian aid has risen dramatically. Global humanitarian financing has surged from \$2 billion in 2000 to nearly \$25 billion in 2014, and it continues to rise. UN appeals are underfunded by nearly 40 percent. The programs implemented by UN agencies and NGOs under the Third Regional

Refugees and Resilience Plan require \$4.5 billion (2015–2016 response to the Syria crisis), but only \$1.38 billion had been received by the end of May 2015. The World Food Program halved its support in 2015. With the value of food vouchers reduced, most refugees are now living on around 50 cents a day.

The Bank will continue to support the High Level Panel on Humanitarian Financing. It agrees on the need to (a) identify new and additional sources of humanitarian funding (e.g., the expansion of Sharia-compliant Islamic finance to provide financing for small and medium-sized enterprises; (b) promote stronger engagement with the private sector (e.g., through "green bonds" and the IFC for climate-friendly projects, including those related to resilience); (c) adapt financing instruments to meet protracted crises (examples of past innovations include IDA Crisis Response Window, IDA Immediate Response Mechanism, and the WBG response to Ebola); pioneer risk-financing solutions that help governments access quick liquidity in the immediate aftermath of a disaster (e.g., the Pacific Catastrophe Risk Insurance Facility, the African Risk Capacity, and the new Pandemic Emergency Facility), as well as multiyear financing and innovative aid modalities; (d) promote innovative delivery mechanisms to improve how funding goes from "pocket to person" (e.g., scalable safety nets and mobile payments); and (e) improve data availability.

These issues are being discussed and proposals are being developed as part of a UN-led process leading up to the first World Humanitarian Summit, to be held in Istanbul in May 2016.

The Summit was announced in 2013, well before the current crisis gripped Europe and the Mediterranean, and now assumes added urgency because of it. The WBG, working within its mandate, is assisting in this preparatory

²⁴. In 2014 UN appeals totaled \$18 billion of which \$7.3 billion was unmet requirements. In 2015 \$19.5 billion has been requested of which \$10.5 billion is still needed. Financial Tracking Service, UNOCHA, November 2015.

process. Ideas for transforming humanitarian-development linkages include:

- up-front collaboration in advanced and integrated risk assessment and preparation;
- a complete rethink of the risks faced by those who are forcibly displaced in middle- and low-income countries—by environmental vulnerabilities, natural disasters, conflict, food price shocks, pandemics, and so on—and clear assignment of responsibility for owning and financing these risks among the public and private sector, host governments, and donor agencies;
- reform of peace operations and diplomatic engagement, led by the UN and others, to prevent and resolve conflicts and help sustain peace;
- increasing government leadership where possible, and greater use of national systems for delivery;
- ending the “camp” mentality (i.e., refugees in protracted displacement are not adequately supported because of a “care and maintenance” approach, and the impact on host communities goes unaddressed);
- transferring a significant share of protracted displacement caseload to national social protection systems, if host governments and donors agree;
- greater use of cash in places where it can purchase needed goods and services, and is adjusted to reflect inflation; and
- collaborating with the private sector and social entrepreneurs to ensure that most refugees and IDPs have mobile phone and possibly Internet connectivity as platforms for information gathering, service delivery (including mobile cash) and data gathering.

The objective is to adopt reforms that are (a) comprehensive—ranging from prevention

and preparedness to timely development response; (b) credible—that is, evidence-based interventions that produce measurable results and represent value for money;²⁵ (c) customized—with appropriate instruments, clear accountabilities and ownership of risks (e.g., between households, governments, private sector, international community), and suitable funding instruments (including insurance) and burden-sharing (such as financing for host countries providing a global public good); and (d) coherent and coordinated among partners, including the UN and state and non-state actors.

The IFC will continue to play its role in mitigating risks for private investors with appetite for investing in fragile and conflict countries with large numbers of refugees and IDPs. Advisory work in supporting investment climate and regulatory reforms will be a key ingredient for ensuring commercially viable private investments that will create jobs and livelihood opportunities over the long term in such fragile environments. By helping attract private investment into these countries, IFC may indirectly benefit refugees/IDPs by: (i) facilitating increased employment opportunities for both host country populations and refugees through the private sector in commercially viable operations; and (ii) increasing the fiscal space for host governments to dedicate public resources to dealing with immediate humanitarian needs. Wherever possible, IFC’s engagements in delivering services (especially infrastructure and social services) through the private sector

25. Humanitarian assistance appears not to be covered in standard diagnostic instruments such as public expenditure reviews (PERs) and public expenditure tracking surveys. A PER, for example, typically analyzes government expenditures over a period of years to assess their consistency with policy priorities, and what results were achieved. There is also no evidence that humanitarian agencies routinely conduct such reviews.

could be targeted in regions where there is an adequate mix of host communities and refugees to ensure that the operations will be both commercially viable and inclusive for lasting impact. IFC will use its advisory instruments to help build entrepreneurship/business skills among the communities to support viable job creation, as well as provide greater access to finance for micro, small, and medium enterprises which could be set up by refugees and host communities assuming the legal/

regulatory framework prevails. IFC could also explore opportunities for investing with ICT/telecom companies that might be interested in providing e-services or mobile services to displaced populations. Finally, IFC will leverage its partnerships with large global and regional clients to encourage creative Corporate Social Responsibility engagements that could help alleviate some of the pressures on public financing when addressing the urgent humanitarian issues resulting from the refugee crises.

VI. Conclusions and Next Steps

Durable development solutions to protracted forced displacement will require courageous political decision-making, especially to address the root causes of conflict. While these challenges are worked through, there are multiple entry points for a much stronger collaboration between humanitarian and development actors: supporting policy dialogue with governments; strengthening social safety nets in hosting countries; increasing our knowledge and evidence base; engaging with refugees and host communities on the design and implementation of operational interventions; ramping up engagement with the private sector and civil society; and continuing work on financing and delivery mechanisms.

The WBG, working within its mandate and areas of comparative advantage, is responding with a great sense of urgency and purpose to the crisis of forced displacement, which is being driven by unresolved conflicts, whose reach is extending from the affected regions to Europe and beyond. As the Bank seeks to respond to growing client country demand, it will also continue to work with the rest of the international community, in the context of preparing for the WHS, on broader systematic opportunities to transform and maximize humanitarian-development synergies.

Annex I. Macroeconomic and Sectoral Issues and Entry Points

A. MACROECONOMIC IMPACT AND FISCAL ISSUES

Forced displacement is often a regional phenomenon—the spillovers affect the countries directly neighboring those experiencing conflict and disaster. As a result, assessing the macroeconomic and fiscal costs of displacement is usually complicated by the presence of multiple shocks: the direct effects of disaster and conflict on growth and trade in neighboring countries, and effects attributable to an increased population of displaced individuals. The size of any macroeconomic gains depends on how well the migrants are integrated in the host country; gains tend to be larger if the migrants' skills are complementary to the skills in the host country.

The macroeconomic impacts of refugee inflows depend on a number of factors:

- **Access to host country labor markets.** Large population inflows have affected host country labor markets, increasing the share of informal employment—particularly when refugees are not allowed to work legally—and the supply of low-skilled workers, exerting downward pressure on their wages. In Lebanon, practically all Syrian refugees are informally employed. Turkey passed additional legal guidelines for “Foreigners under Temporary Protection” in October 2014 that guarantees the Syrians under Temporary

Protection (SuTP) access to the labor market. However, the secondary legislation operationalizing formal access to the labor market by issuing work permits is awaiting approval by the Council of Ministers.

- **Access to government transfers and services.** The provision of health care, education, and social services could already be under pressure or deficient, especially in developing countries—and the addition of thousands of refugees only exacerbates the problem.

- **Interaction with goods and housing markets.** As refugees settle in host countries, they affect the costs of housing and goods. Refugee inflows have resulted in upward pressures on food and housing prices (e.g., in Lebanon, Jordan, and, to some extent, Chad and Turkey). While the increase in consumption brought by refugees has generally contributed positively to economic activity, rising imports to meet the needs of the increasing population have worsened external balances. Kenya, Ethiopia, and Djibouti experienced inflation of 16.7 percent, 39.2 percent, and 5.2 percent, respectively, as food prices rose after the large inflows of Somali refugees.

- **Taxation.** Refugees increase the community's tax base by purchasing goods and services from the local community. Refugees' contributions in terms of taxes depend on whether or not they live in a refugee camp (i.e., whether they are in the formal or informal economy).

- **Private assets and remittances.** Refugees may be able to draw on financial assets or mobilize private transfers from their home countries—sources that can help finance spending and bolster output in the host countries.

Preliminary estimates and previous experience provide lessons about what to expect from the current refugee crisis in final destination countries. The OECD has reported that the average net fiscal contribution of immigrants in high income economies, while subject to considerable uncertainty, tends to be positive but small, at about +/-1 percent of GDP.²⁶ The short-term impact from the current wave of refugees is negative—for instance, additional fiscal costs in 2015 and 2016 are estimated at about 0.2–0.3 percent of GDP each year for Italy and Germany. The longer term effect on public finances will depend on how many refugees arrive, how long they stay, and how quickly they integrate into the host country's labor market. In general, refugee inflows can provide a demographic opportunity for aging societies, representing a positive labor supply shock and raising potential output in the longer term. For example, the Australian migrants' fiscal impact model (2008) found that, while the fiscal impact of refugees tends to be less positive than that of other migrants, the contribution of refugees becomes positive after 12 years.²⁷ In the USA, the Migration Policy Institute finds that refugees' incomes rise with length of US residence.

While the focus tends to be on host countries, there are also important macroeconomic considerations for the countries from which refugees are fleeing. Refugee outflows and large numbers of IDPs can result in a massive reduction in the working-age population, in human capital, and therefore in the potential growth of home countries. Syria's population is estimated to have shrunk by 20 percent in addition to the 40 percent internally displaced; at an average growth rate of 3 percent, it would take 20 years for the country to recover to its 2010 GDP level. A dramatic deterioration in living conditions and increases in unemployment in Syria have resulted in a significant rise in poverty and need for humanitarian assistance.²⁸

B. SECTORAL AND THEMATIC PERSPECTIVES AND ISSUES

1. Institutions and Policy

Forced displacement can be a symptom of governance gaps: interstate, intrastate, and proxy forms of conflict; elite capture; lack of protection of social, economic, and political rights; poor public financial management systems; weak delivery of public sector services; lack of public sector transparency and accountability; weak governance of natural resources, including land; and ineffective dispute resolution mechanisms.

In refugee-hosting countries, institutions and governance largely determine the overall development outcomes of forced displacements and the efficacy of the development responses.

The range of relevant institutional issues in this context is wide: core administrative

26. These numbers summarize the experience of the years 2007–09. They include estimates of indirect contributions (e.g., through corporate taxation) but exclude fiscal costs that are not easily attributable (e.g., public goods). See OECD (2013), "The Fiscal Impact of Immigration in OECD Countries," in *International Migration Outlook 2013*. Paris: OECD Publishing.

27. Access Economics (2008), "2008 update of the migrant fiscal impacts model," a report commissioned by the Department of Immigration and Citizenship, Government of Australia.

28. In Syria the poverty rate has more than doubled since the start of the conflict to 83 percent in 2014. Two-thirds of Syrians are living in extreme poverty, and one-half, including 5.6 million children, are in need of humanitarian assistance.

institutions and government systems at the central/national and local levels; political, legal, and justice institutions; social institutions; and institutions to foster trust of and by the displaced people and their possible engagement with the local communities.

International, regional, and domestic legal frameworks are not well geared to adequately address the global challenges and complexities of refugee movements. A number of countries, particularly in MNA, have not signed international treaties on the treatment of refugees and migrants, and have no comprehensive internal frameworks regulating the treatment of such people. This has led to ad hoc approaches in terms of protections and rights to public services. The current European refugee crisis has demonstrated that host nations need to cooperate effectively to address together the challenges of securing the safety, well-being, and human dignity of refugees.

Refugees and IDPs the world over increasingly seek sanctuary in urban settings, where they are particularly vulnerable, as most countries do not recognize their legal status outside of camps. Those countries that do recognize the legal status of urban refugees often find the process of identifying and documenting them difficult and resource-intensive. Thus, refugees who reside in cities often lack legal documentation and may be denied the opportunity to work. When the displaced come from rural settings they often have inadequate knowledge, skills, and social networks to adapt to the urban environment, so they are quickly marginalized.

Improving the delivery of public sector services in refugee-hosting and transit countries is key.

Many communities are finding that as the inflow of refugees continues to increase, education, health, and social protection systems lack

the capacity and financing to meet the needs of both the host population and the growing number of refugees.

2. Human Development

Human development interventions are essential to addressing short- and long-term challenges.

In the short term, interventions are needed to alleviate the strain on service delivery systems, support living conditions and provide safety nets, and prevent negative effects on the human capital and health of refugees and of host populations. Longer-term approaches are needed to help connect displaced people to productive opportunities in their host countries (or in their origin countries eventually, if return is a possibility) and continue to strengthen service delivery systems.²⁹

There is a strong youth and gender dimension to the provision of services. The recently completed World Bank-UNHCR report on Syrian refugees in Jordan and Lebanon finds that registered refugees are more likely to be younger, female, and unmarried than the pre-crisis Syrian population. Data from a new wave of displacement in Iraq induced by the Islamic State shows the overwhelming impact of the conflict on females. Overall, 15 percent of IDP households reported having at least one family member who suffered death, kidnapping, injury, or persecution; shockingly, more than 70 percent of these members were female adults.

3. Social Issues and Labor

The strains of hosting displaced people and the added demands on services and facilities often affect host communities the most. Tensions

29. Community-based programs supporting conditional and unconditional cash transfers as well as social and economic integration are priority modalities to deliver on joined-up actions under the humanitarian-development nexus.

between refugees and host populations can erode social cohesion and stability by exacerbating inter-ethnic or political tensions and increase rates of gender-based violence or issues around idleness (particularly for youth). These stresses can lead to repeated cycles of conflict and fragility, the potential for recruitment to future violence, and spillover effects across borders and communities. Host governments rarely give priority to communication and messaging to reduce tension.

Limited economic opportunities are available to refugees, and insertion into the labor market is often difficult, especially in host countries where unemployment is high and refugees are perceived as competition. Most host countries do not allow refugees to seek work, a stance that prolongs their dependency and erodes their skills, motivation, and possibilities for longer-term economic integration. Therefore, refugees primarily operate in an informal economy, where returns to work are so low that there is no observable welfare difference between those who work and those who do not. Outside of urban centers, constrained access to land limits the livelihood options of most refugees and IDPs; this is especially detrimental for those who have come from a rural background.

Refugees can facilitate trade and investment operations with their host countries. Historically, the experience of Jordan points to the gains from an integrative approach. Jordan was able to absorb a huge Palestinian population (2 million in 2014), most of whom are now thriving citizens.

4. Environment and Climate Change

Natural hazards are important triggers for forced displacement. Between 2008 and 2013, on average 27.5 million people annually have been displaced by disasters, most of them

in Asia and Africa and in countries that are fragile and conflict-affected. The MNA region is the most water-scarce region of the world, and droughts and water scarcity have forced people to leave their homes looking for safer access to water elsewhere.

Climate change is a threat multiplier. There is growing evidence that climate change, climate-induced events, and environmental factors are likely to play an increasingly important role in influencing migration, particularly within the developing world. While environmental stresses are not the sole cause of violent conflict, they are considered to be “threat multipliers” that interact with other risk drivers and sources of vulnerability. Drought and internal migration are thought to have helped fuel the Syrian civil war.³⁰

Degradation of the environment in rural refugee-hosting communities is a challenge and can exacerbate social tensions. Many countries are facing growing challenges with managing environmental and renewable natural resources—challenges that may be compounded by the presence of large refugee communities, which put additional pressure on land, water, forests, fish, and the ecosystems on which they and host communities depend. Access to natural resources can trigger conflict between host communities and refugees.

C. ENTRY POINTS AND OPTIONS FOR INTERVENTION

Given the key sectoral and thematic perspectives and issues described above, the following areas of potential entry points should be considered high priority.

30. “Climate change in the Fertile Crescent and implications of the recent Syrian drought.” *Proceedings of the National Academy of Sciences*, March 2015.

1. Policy and Institutional Support

A strong domestic legal framework for refugees is the basis for effective and sustainable social protection. It is essential to provide assistance to host governments as they develop policies concerning residency and documentation, service provision, labor market access, and so on.³¹ There is a need for continued policy dialogue with government counterparts and development partners to identify policy, regulatory, and operational priorities for assisting displaced populations and to explore possibilities for enhancing coordination and joint action at the regional level. The political context is also important: without sufficient political will, refugees and IDPs are less likely to integrate and make a positive contribution. Policy support needs to extend beyond the immediate “protection” of refugees to job and growth promotion, to promote private sector participation and possibly attract direct foreign investment.

It is important to enhance the effectiveness, responsiveness, and inclusiveness of government institutions: core administrative institutions and government systems at both national and local levels; political, legal, and justice institutions; social institutions; and institutions that can help foster trust between refugees and IDPs and local communities.

2. New Financial Tools and Delivery Mechanisms

The WBG will need to develop a broader menu of instruments that can be deployed quickly and in coordination with partners. In recent years

the WBG’s crisis and emergency response policies and procedures have evolved for greater flexibility, speed, and effectiveness. The Crisis Response Window in IDA16 complemented the emergency financing framework with a dedicated funding mechanism that has enhanced IDA’s ability to respond to emergencies. Financial solutions will need to involve credit lines, credit guarantees, risk pooling mechanisms, revolving funds, matching grants, start-up finance, insurance, derivatives, and capital market solutions. There is rarely a “one-size-fits all” instrument, so diversity of tools and partners is important. Many of these instruments will need to involve crowding in the private sector.

On financial delivery, solutions need to be customized to meet the needs of affected populations. One powerful mechanism is social safety nets, which can strengthen the resilience of vulnerable households during a crisis. New mechanisms are needed for social protection schemes so that policymakers and partners can make quick decisions in such areas as Where to scale up? Whom to target? For how long? And by how much? Such mechanisms need to be complemented by prearranged financing strategies that can be triggered immediately when problems become apparent. Where social protection systems already exist, they can be strengthened to more readily adapt to crises. Remittances are also a powerful way to deliver resources. In 2014 total funds transferred through remittances were US\$583 billion, compared to official development assistance of US\$135 billion. The costs of remittance transfer for migrants and their families need to be reduced.

3. Education

Education for displaced children and youth, who represent a large percentage of the forc-

31. “Jobs are instrumental to achieving economic and social development. Beyond their critical importance for individual well-being, they lie at the heart of many broader societal objectives, such as poverty reduction, economy-wide productivity growth, and social cohesion.” Jim Yong Kim, President, World Bank Group, World Development Report, “Jobs,” 2013.

ibly displaced,³² is a priority. Without relevant services a full generation will be left without education opportunities. Early childhood, primary, secondary, and tertiary education are all required. Children under five years of age represent a large percentage of displaced populations (e.g., 28% of those displaced in Nigerian Northeastern states). Early childhood education responses are needed to address trauma, nutrition, and other detrimental impacts in their present and future learning. Adolescents and youth are also vulnerable to trauma, risks of different forms of violence, including gender-based violence, and risks of losing future education and work opportunities (e.g., 25% of asylum seekers to the EU 28 are under 18; almost 40% of females are under 17). Increasingly, displaced populations include young adults who were entering or in tertiary programs in their own countries and who could represent a loss of future leaders, intellectuals, and professionals.

Education support is also needed for host communities that take in most of the displaced populations. Social services in these communities have limited absorptive capacity and need to be supported. Often education systems in host countries suffer from their own political and economic tensions that need to be overcome. And most refugee children face language barriers and cultural differences that put them further at risk in host regions/countries.

4. Health System Strengthening

Host countries need support with the technical, financial, and political challenges of developing and implementing national strategies for

addressing the health care needs of refugee populations. In Lebanon, for example, the Government has a restrictive policy regarding health coverage of refugees. In Pakistan, refugees who are outside of the camps can access the “free care” that is available to citizens, adding pressure on an already overcrowded public health system. Health service provision within camps is largely left to humanitarian organizations, notably the UNHCR, which applies restrictive criteria for eligibility. Furthermore, countries often do not have a health workforce with the right skills to address the specific health needs of refugees, especially in the areas of mental health, violence, and the increased health risks of women and girls (high levels of sexual and gender-based violence, including rape, assault, harassment, and intimate partner violence; early marriage; early age at pregnancy; and complications during pregnancy). Use of family planning falls among refugees, increasing the maternal and child health challenges as well as challenges related to birth registration and refugees’ eligibility. For example, while close to 60 percent of the general population of Syrian women reported using contraceptives before the conflict, only 34.5 percent were doing so during displacement.

There is also an increased risk of disease transmission. The conflicts that lead to refugee crises usually also increase the risk of emergence of previously eradicated diseases, such as polio. In countries like Pakistan, IDPs are identified as being one of the reasons for the endemic status of polio. In active conflict countries where immunization services are significantly reduced, the risk of polio and its transmission to host populations is significant.

5. Social Protection and Labor

Labor-intensive public works have strong potential as a source of employment for refugees,

32. An estimated 65 million children aged 3–15 are most directly affected by humanitarian emergencies, including displacement (ODI, “Education in Emergencies and Protracted Crises: Toward a Strengthened Response.” Background Paper for Oslo Summit on Education for Development, 6–7 July 2015).

though if the host country did not have any such works in place before the crisis it will require some time to develop them. For example, in Tunisia the Bank mobilized \$5 million to pilot social assistance programs and temporary employment opportunities in fragile communities in regions bordering Libya, which faced social unrest because of an influx of refugees and returning Tunisian migrants. The program had 6,000 beneficiaries, mostly semi-skilled and unemployed. Quick employment opportunities were developed, meeting local needs without requiring heavy civil works. Special economic zones in affected areas are another potential development approach that would have employment benefits for refugees and overall economic benefits to the host country.

Measures to expand economic opportunity are needed. In countries where productivity is low, policies that invest only in training are unlikely to succeed if they are not accompanied by comprehensive measures to create economic opportunities. Where the creation of quality jobs is already robust, policies that support job search and the acquisition of targeted skills can help refugees obtain jobs. Moreover, strengthening asset-based capacity and the human capital endowments of the local hosts, and especially the poor, is effective in improving household-based coping strategies.

Host government policies often hinder the labor market integration of refugees. When refugees do not work upon arrival, it is usually because they are not allowed to do so, their skills atrophy as they await asylum approval, they face employer biases, or their qualifications are not recognized. Asylum-seekers and potential employers face prohibitive bureaucratic hurdles in applying for provisional work permits, and labor agencies do not provide qualification verification services for asylum-seekers.

Supporting municipal and community resilience. Local authorities represent the first point of contact with communities that feel directly affected by the presence of refugees or IDPs amongst them and by the pressure on their limited resources. Consequently, supporting local authorities in augmenting their services to cope with the increased demand and empowering local communities are critical (see also Box II-2). In many situations, working through local authorities and nongovernmental and community-based organizations offers a more efficient way to get the resources down to the community level than working through central systems. This applies as much to supporting livelihood initiatives and informal education, as to community spaces for unemployed youth and conflict mediation between the host communities and refugees.

Annex II. Assistance Provided and Evidence of Impact

WBG-supported operations to address forced displacement have to date mostly involved support for return and reintegration; far fewer efforts have been directed toward the development needs of IDPs or refugees in situations of protracted displacement. A report by the Global Program for Forced Displacement at the WBG³³ studied broader WBG engagement from the 1980s through FY09 and found that 84 World Bank-supported operations addressed forced displacement during this period. More than 90 percent of these operations involved support for return and reintegration (see Box II-1), while fewer

than 10 percent addressed the development needs of IDPs or refugees in situations of protracted displacement. Moreover, all of these activities were focused on individual countries. There have been a few successful cases of repatriation (Cambodia, Uganda, and Sudan). In 2002, the Afghanistan Comprehensive Solution Plan repatriated 5 million Afghans, but in 2008, there were still 2.1 million Afghan refugees in Pakistan and 900,000 in Iran. A growing number of Afghans are also seeking asylum in Europe. Opportunities offered to Syrian refugees now ought to be seen also as ensuring that a future post-conflict and peaceful Syria can attract back refugees who have the skills, experience, assets, and businesses to contribute constructively to the country's long-term post-conflict recovery.

33. "Sustainable Refugee Return: Triggers, Constraints, and Lessons on Addressing the Development Challenges of Forced Displacement," August 2015.

Box II-1. Sustainable Refugee Return

The WBG Global Program on Forced Displacement recently finalized a report, "Sustainable Refugee Return: Triggers, Constraints, and Lessons on Addressing the Development Challenges of Forced Displacement." The report identifies key conditions that influence the decisions by refugees in protracted displacement regarding return to their home country or other coping strategies, and examines how these decisions are affected by life in exile and by the situation in the country of origin. Preliminary findings from eight country

case studies show that access to livelihood assets in the country of origin, such as land, financial resources, and social networks, together with the prospects for recovering these assets, is a key factor that influences and facilitates refugee households in their decisions to return, even when they appear to be integrated in the host country, and even when the overall security and developmental conditions in the home country are far from optimal.

Over the past couple of years, however, the World Bank's approach to forced displacement has changed. More recent interventions are being designed to address the development dimensions of displacement, with a focus on IDPs, refugees, and host communities. And our development solutions are increasingly regional in nature.

A. MIDDLE EAST AND NORTH AFRICA

The WBG Regions are customizing their responses; resilience to refugee and IDP shocks is one of the four pillars of MNA's new strategy. There are more than 15 million displaced people in the Region, and MNA's strategy recognizes the issue of displacement as one of the biggest risks to the Region's stability and long-term development. The strategy adopts a resilience-based development approach that is premised on four principles: the need to address existing vulnerabilities and risks (e.g., focus on marginalization, youth, etc.); the need to preserve the protection space of refugees; the need to protect the development outcomes of host communities; and the need to leverage opportunities for growth.

- In Lebanon and Jordan, the WBG is helping to address the impact of the refugee influx on local service delivery by providing fiscal transfers that enable municipalities to expand services; the choice of investments is based on consultations with communities. In addition, the Bank is supporting the health, education, and social protection sectors in Lebanon to ensure a balance in the benefits to vulnerable communities of both Syrians and Lebanese.
- Also in Jordan, the Bank is helping government entities and civil society organizations

cope with the strain refugees place on public services and ensure refugee protection. This project provides legal information, counseling, and representation for refugees, migrants, and poor Jordanians. It also supports strengthening court and other services strained by the presence of refugees in poor communities.

- As early as 2013, the Bank rapidly approved an emergency US\$150 million "cash injection" loan to Jordan to offset the fiscal impact of the crisis on the country's budget as a result of extending subsidies and health services to refugees.
- The Bank continues to lead on innovative assessments to measure the impact of refugee crises on neighboring countries and that of ongoing conflicts on local population and infrastructure (Yemen, Iraq, and Syria). In 2013, in collaboration with the EU, UN, and IMF, the WBG prepared a landmark study³⁴ on the economic and social impact of the Syrian conflict on Lebanon, which served as the basis of a multidonor effort to support that country. (See Annex IV for more details on Turkey, Lebanon, and Jordan.)

To support developing middle-income countries affected by refugees and IDPs, the WBG is exploring innovative financing options: (a) donor guarantees to issue special bonds for large recovery and reconstruction projects or to open up space on the IBRD balance sheet to increase lending; and (b) donor grants to reduce the cost of financing to more concessional levels. Many of the MNA countries that are coping with large inflows of refugees are middle-income, and thus do not have access to highly concessional financing.

34. "Lebanon: Economic and Social Impact Assessment of the Syrian Conflict," WBG, September 2013.

B. AFRICA

Africa hosts more than a third of the world's displaced population, accounting for more than a quarter of the global total of refugees and the largest number of IDPs. Five countries—DRC, Nigeria, Sudan, Somalia, and Central African Republic (CAR)—have generated more than 80 percent of those displaced, while 60 percent of refugees in the Region are hosted by just five countries: Kenya, Chad, Ethiopia, South Sudan, and Uganda. The great majority of African refugee movements happen within Africa, with the burden of care falling on neighboring countries. Most of the countries in Africa generating and hosting displaced persons are IDA countries. For example, Ethiopia, which shares borders with Somalia, South Sudan, Sudan, and Eritrea—all grappling with conflicts—has been hosting refugees since the 1990s. In 2011, the country had eight refugee camps with some 90,000 refugees; as of June 2014, it had 23 camps and over 650,000 refugees. (See Annex IV for further details on Chad and Kenya.)

The WBG is implementing regional initiatives targeting the regional drivers of conflict and fragility in Africa. In 2013 the President of the World Bank Group and the Secretary-General of the United Nations made a historic visit to the Great Lakes Region of Africa in support of the regional Peace, Security and Cooperation Framework that 11 countries had signed in Addis Ababa in March of that year. Security, peace, and development can be mutually self-reinforcing, and the WBG and the UN can promote such synergies by working in closer partnership within their complementary mandates. This cooperation was part of the vision of the founders of the UN and Bretton Woods institutions. It also puts into action the guidance of the 2011 World Development Report on Conflict, Security and Development,

which called on the WBG to act “regionally and globally to reduce external stresses on fragile states,” including through “cross-border development programming.”

Conflict and insecurity in Africa are driven by a complex and interrelated set of economic and political factors at both the national and regional levels. The Great Lakes Initiative, like similar initiatives in the Sahel and Horn of Africa, seeks to complement national programs by focusing on these regional drivers of fragility and conflict. The central rationale behind these initiatives is that the WBG cannot effectively support the elimination of extreme poverty and boost shared prosperity without engaging more intensively and creatively in addressing very difficult development problems, including those linked to insecurity and vulnerability. In both the Great Lakes and the Horn of Africa there has been strong client demand for support to address forced displacement; two regional programs are now under preparation (see Box II-2).

These ambitious and challenging initiatives have the participation of other partners, who are making significant development contributions of financial support, technical expertise, and development diplomacy. The EU pledged about \$11 billion over seven years for the Sahel and the Horn of Africa, including a \$50 million pilot project to support refugee returns from Kenya to Somalia. The African Development Bank committed \$1.8 billion for the Horn of Africa. The Islamic Development Bank and the Arab Coordination Group committed up to \$3 billion for the Horn of Africa—the largest financial collaboration ever between IDA and Islamic Finance—including dedicated finance to support refugee returns from Kenya to Somalia. Together, the initiatives target 18 countries with a population of about 463 million

Box II-2. Regional Operations in Africa in Support of Durable Solutions to Forced Displacement

Great Lakes Region Displaced Persons and Border Communities Project

This \$100 million regional project in DRC, Zambia, and Tanzania aims to increase the socioeconomic services to displaced persons and their host communities in targeted countries and to strengthen the systems of participating governments to deliver programs for displaced persons.

The project will target the 2.6 million displaced people in the east of DRC with the aim of increasing community services, especially in areas where schools and clinics have been destroyed. It offers cash transfers and livelihood support programs for IDPs and their hosting communities. In Tanzania, the WBG is working closely with the Government in support of its recent initiative to grant citizenship to 200,000 former refugees from Burundi who have been living in refugee settlements for 42 years. And in Zambia the project will support the recent Government initiative to grant full residency rights to 10,000 former refugees from Angola, along with a resettlement process to move the former refugees from refugee camps into newly designated resettlement areas where they will have full land rights and improved socioeconomic opportunities. The resettlement process will be designed to also bring benefits for local hosting communities.

The global significance of the project is that Tanzania and Zambia are the only two refugee-hosting countries in the world to offer a full legal and policy framework for the durable local integration of former refugees. Support by the WBG aims to achieve a successful local

integration process and to provide a demonstration of the benefits for governments and host communities of offering full local integration.

Regional Operation on Development Response to Displacement in Horn of Africa

Joint analytical work and regional policy dialogue with UNHCR has created a new platform for dialogue on future approaches to displacement challenges—a new way of doing refugee business, taking the dialogue from the country level to the regional level for comprehensive approaches to displacement solutions. Some hosting governments in the Horn now acknowledge that, given protracted displacement, it is necessary to develop long-term policies that recognize the economic potential of refugees and facilitate their contribution to local economy so that the affected host population views their presence as an asset rather than a liability.

The project is a US\$170 million regional operation that is being prepared in close collaboration with UNHCR in Djibouti, Uganda, and Ethiopia. It is designed to address and mitigate the impacts of the refugee presence on host communities through investments in social and economic infrastructure, sustainable livelihoods, local environmental management, community engagement and voice, and local government capacity building. The primary project beneficiaries will be the host communities in the refugee hosting areas who have experienced displacement impacts, and the secondary project beneficiaries will be the displaced persons (refugees and returnees).

people, where poverty rates range from 20 to 74 percent. In the Great Lakes, the World Bank Group pledged \$1 billion in incremental regional IDA funds, and it made similar commitments to the Sahel and the Horn of Africa. There are also plans to further link the Great Lakes spatially and economically to the Horn of Africa and the

Sahel—for example, via initiatives for the Lake Chad and Niger River Basins.

Elsewhere in Africa:

- The **Mali Reconstruction and Economic Recovery Project** (\$100 million) seeks to

mitigate the stress on basic services in the communities hosting IDPs in the south and at the same time augment basic service delivery and economic activities in the IDP return areas to help rebuild the society in the conflict-affected north of the country.

- The regional IDA operation on ***Borderlands and Lagging Regions in the Horn of Africa*** (\$300 million) seeks to stabilize border areas in select countries through social and institutional development and promotion of economic activities. Many of these border regions host significant numbers of refugees.
- In the context of analytical and operational work, the Bank is working with governments of refugee and IDP-hosting countries—for example, Tanzania and Zambia—to ***revise and define policy frameworks for responses to forced displacement***. In Kenya, in collaboration with UNHCR, the Bank is undertaking a socioeconomic assessment in Turkana—“The Dynamics of the Kakuma Refugee Camp: An Economic and Social Impact Analysis”—to assess the macro, micro, and social impacts of the presence of refugees on the host communities in Turkana County. The work is intended to inform (a) policy discussions on integrating refugee and host community economies, and (b) the WBG development response to displacement-induced macro-fiscal, environmental, and social impacts.

C. EUROPE AND CENTRAL ASIA

The numbers of displaced people in ECA³⁵ have doubled over the last five years, largely because of the conflicts in Syria and Ukraine. ECA

35. Albania, Armenia, Azerbaijan, Belarus, Bosnia & Herzegovina, Bulgaria, Croatia, Czech Republic, FYR Macedonia, Georgia, Hungary, Kazakhstan, Kosovo, Kyrgyz Republic, Moldova, Montenegro, Poland, Romania, Serbia, Slovak Republic, Slovenia, Tajikistan, Turkmenistan, Ukraine, Uzbekistan.

countries currently host over 6 million people who have been displaced as a result of war and conflict—64 percent of whom are IDPs and the rest refugees and asylum seekers. The largest groups of refugees and IDPs are in Turkey (1.94 million refugees from Syria), Ukraine (1.46 million IDPs), Azerbaijan (622,892 IDPs), Georgia (262,704 IDPs), and Russia (238,835 refugees). While conflicts in the Balkans have been stabilized, unresolved issues of displacement and social tensions are still relevant in Bosnia and Herzegovina, Serbia, and Kosovo.

In the first nine months of 2015, approximately 605,000 asylum seekers have arrived in the EU; according to the UNHCR, another 700,000 are expected by the close of the year. Of those arriving in Western Europe, 70 percent are from countries affected by conflict. The arrivals in 2015 originate from the following countries (in decreasing order of cohort size): Syria, Kosovo, Afghanistan, Albania, Iraq, Pakistan, Eritrea, Serbia, Ukraine, and Nigeria.

WBG activities in ECA have focused on helping governments plan, implement, and monitor responses to displacement and identify the socioeconomic impacts of displacement. The WBG has used its operational and analytic work and technical assistance to quantitatively and qualitatively assess the impact of refugee crises in socioeconomic terms (for example, in terms of welfare, municipal services, jobs, education, social cohesion, infrastructure, and business development). This type of information on both refugee and host communities has helped both clients and international partners manage their responses. Many of the World Bank’s initial responses to assist countries with the humanitarian crisis have important human development components. In ECA and MNA alike, and from the start of the Syrian conflict, teams have been able to respond to emergency

requests by client countries affected by the crisis. (See Annex IV for further details on the refugee crisis in Europe.)

Ongoing interventions include the following:

- In **Turkey**, the Bank is partnering with the Government on analysis to identify and quantify the impact of the Syrian crisis on host communities. The assessment focuses on the health, education, social services, and labor markets sectors and on housing and municipal services.
- In **Ukraine**, the Bank is engaging on health and education in two regions with high concentration of IDPs. The first project aims to improve health facilities and services used by both IDPs and the host population. The second (under preparation) includes a component to invest in the rehabilitation of schools and preschool facilities in communities with a high influx of IDPs, to improve the physical learning environment for and access by IDP and host community children. The WBG also provided support through an initial 'Displacement Analysis' as well as documenting the impacts of the displacement crisis as part of the joint WBG-EU-UN Ukraine—Recovery and Peacebuilding Assessment. The WBG recently approved a grant to provide technical assistance to the Government of Ukraine on its displacement strategy.
- **Latvia**'s Ministry of Health has requested the Bank to assess how to provide psychosocial and mental health services to refugees.
- In **Azerbaijan**, a comprehensive economic and sector work study was used to explore the poverty status, assets, and economic constraints of IDPs (one of the largest IDP per capita populations globally) and laid the analytic foundation for the first (and so far only) IBRD lending operation focused on displaced people.
- In **Georgia**, the WBG took the lead on the displacement chapters for the 2008 post-conflict Joint Needs Assessment, together with UN agencies and the EU, and is providing support on (a) the constraints and opportunities for IDP livelihoods, (b) increasing IDPs' access to land through innovative land rental contracts, (c) aspects of gender-based violence in the IDP population, and (d) support to the Government in implementing its State Strategy on IDPs.
- In the **Western Balkans**, the high number of refugees from Kosovo, Albania and Serbia reflects high level of unemployment, particularly youth unemployment, in these countries. The IFC in coordination with the Bank, has been engaged in an intensive dialogue on the government's reform program, focusing on addressing economic legacy issues in stabilizing the financial sector and designing an approach to raise competitiveness and create jobs, especially for youth, women and marginalized groups. In addition, IFC's indirect support will include the engagement with selected banks to support SMEs and in infrastructure through its investments as well as advisory support on public-private partnerships.

D. SOUTH ASIA REGION

Since 2002 more than 5.8 million Afghan refugees have returned home—the largest voluntary return program in history, accounting for around 20 percent of the country's population. Elsewhere in SAR, Pakistan remains one of the world's main refugee-hosting countries, while India, Bangladesh, and Nepal also offer asylum to a considerable number of refugees. At the end of 2014 UNHCR recorded that Afghanistan hosts 300,000 refugees and has over 800,000 IDPs, Pakistan 1.5 million refugees and over 1.2 million IDPs, Bangladesh 230,000 refugees,

India 200,000 refugees, and Nepal 39,000 refugees.

WBG activities in South Asia have supported forced returnees: in Bangladesh they have supported workers returning from Libya; in Pakistan they have provided income-generating activities for refugees, and in Afghanistan they have provided broad support to service delivery and drivers of fragility and poverty. In Afghanistan multiple stakeholders are making significant efforts to support the new Government in creating an environment conducive for return and sustainable reintegration. The WBG is working with the Government on an immediate “jobs stimulus” response to address the growing numbers of poor and excluded people. This program will scale up existing interventions and support the development of new approaches targeted at the vulnerable. Support for basic service delivery—health, education, rural roads, community development—continues and is being increased, especially to support immediate challenges in the fragile environment.

The leveraging of IDA funds through multidonor trust funds has been particularly effective in bringing together governments, donor partners, and the WBG for an integrated response. By focusing on core macroeconomic, fiscal, and governance issues, SAR has recognized the importance of addressing drivers of fragility and supporting private-sector-led job creation and service delivery. Partnership with NGOs will continue to be a critical element in service delivery, especially in areas with limited access. Programs directed at women and children—through social safety nets, health care, education, and employment opportunities—are central to the Region’s response to the most vulnerable.

E. WORLD BANK GROUP FINANCING

Over the past 15 years the WBG has learned important lessons about how to deliver financial resources to countries in crisis, and its emergency response policies and procedures have evolved for greater flexibility, speed, and effectiveness. The Crisis Response Window in IDA16 complemented the Bank’s emergency financing framework with a dedicated funding mechanism that has enhanced IDA’s ability to respond to emergencies. There is high demand from client countries for new instruments to address the complexity of sustainable development and the need to manage uncertainty and volatility. Financial solutions will continue to involve credit lines, credit guarantees, risk-pooling mechanisms, revolving funds, matching grants, start-up finance, insurance, derivatives, and capital market solutions. There is rarely a “one-size-fits all” instrument, so we want to diversify the tools in the toolbox and the actors that can support them.

Many of these instruments involve crowding in the private sector, for example to provide insurance against catastrophic risks. Regional risk pooling facilities like the Caribbean Catastrophe Risk Insurance Facility, the Pacific Catastrophe Risk Assessment and Financing Initiative, and the African Risk Capacity help to do this, while also creating a platform for strengthening regional collaboration and response capacity.

We are working with partners to design a new Pandemic Emergency Financing Facility as a global financing facility that would channel funds to governments, multilateral agencies, NGOs, and others to contain epidemic outbreaks before they turn into pandemics. The facility would ensure coordination with

development partners, allow for quick mobilization and deployment, and leverage private sector and domestic resources and political and diplomatic efforts.

F. THE ROLES OF OTHER SELECTED INSTITUTIONS

- **International Monetary Fund (IMF).** The Fund has a capability to provide emergency financing assistance to address urgent balance of payments needs. More generally, the Fund has a set of concessional and non-concessional facilities for use when shocks compound the medium-term balance of payments needs.

- **European Union (EU).** The European Union and its Member States play a leading role in global humanitarian and development affairs. In 2014 the European Commission gave more than €854 million, or some 71 percent of its annual humanitarian aid budget, to projects helping refugees and IDPs, and in the early months of 2015 it gave over €1 billion. It also gave €200 million in development assistance for projects that help in access to shelter, protection, food, and other basic services such as health, nutrition, water, sanitation, hygiene, and education. The European Commission's Humanitarian Aid and Civil protection department invests heavily in assisting displaced people and is currently responding to crises such as the following: Syrian refugees in Jordan, Lebanon, Turkey, and Iraq; Afghan refugees in Iran and Pakistan; Somali refugees in Kenya and Yemen; Congolese refugees in the Great Lakes region; Colombian refugees in Ecuador and Venezuela; Myanmar refugees in Thailand; Rohingya refugees in Bangladesh; and Sahrawi refugees in Algeria. While supporting the victims of displacement, the

European Commission is also working to decrease the number and scale of refugee crises—for instance, through its work on disaster preparedness and prevention, which aims to reduce the vulnerability of disadvantaged communities and prevent their displacement.

- **European Investment Bank (EIB).** The EIB has begun to consider the risks of forced displacement under its new “conflict sensitivity” approach, to ensure that it does contribute to forced displacement.

- **Council of Europe Development Bank (CEB).** The CEB is proposing the establishment of a new grant facility to finance reception and transit centers in CEB member countries³⁶ for migrants and refugees. The CEB will provide the first €5 million as seed money and is trying to attract another €15–20 million from the CEB member countries as a first emergency support. The CEB will coordinate in this respect with the Council of Europe, the EU, and UNHCR and will liaise with financial institutions and NGOs.

- **International Fund for Agricultural Development (IFAD).** IFAD works on climate and social and economic inequality as factors driving migration. Like the EIB, IFAD generally sees forced displacement as a consequence to be avoided.

- **Asian Development Bank.** The Asian Development Bank is forward-leaning on climate-induced forced displacement but thus far has not created a line of effort or produced analytics on this issue.

36. Albania, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Holy See, Hungary, Iceland, Ireland, Italy, Kosovo, Latvia, Liechtenstein, Lithuania, Luxembourg, FYR Macedonia, Malta, Moldova, Montenegro, Netherlands, Norway, Poland, Portugal, Romania, San Marino, Serbia, Slovak Republic, Slovakia, Spain, Sweden, Switzerland, Turkey.

- **European Bank for Reconstruction and Development.** The European Bank for Reconstruction and Development remains traditionally focused on forced displacement as a development-induced risk. A recent exception to this is their lending in Ukraine for political stabilization support, which conditions investment of up to €5 billion through 2020 on, among other things, addressing the needs and requirements of the forcibly displaced in the country, including livelihood activity.
- **Islamic Development Bank.** The IsDB and the WBG recently teamed up to launch an innovative initiative to mobilize funds for reconstruction and recovery in MNA countries, with additional concessional resources for countries hosting large numbers of refugees. Over the last decade there have been a number of significant collaborations with the WBG which will be further deepened through a recently signed Strategic Partnership Framework.
- The **African Development Bank, East African Development Bank, and West African Development Bank** each have poverty reduction goals that have led to investments in the energy sector, agriculture, the environment, and the social sector that have arguably had indirect integration, livelihood, and other impacts on the displaced—but these institutions do not have units or portfolios that look expressly at prioritizing funding for specific projects that address the linkage between conflict and fragility and forced displacement.

G. EVIDENCE OF IMPACT

The evidence base of what works, and what does not, to address forced displacements is very underdeveloped, reflecting the nascent nature

of development responses. Many humanitarian organizations now provide a combination of relief and longer-term development, and to support better outcomes and reduce inefficiency they also accept that there is a need to develop a common agenda for evidence to which different stakeholders can align. Operations and policy recommendations need to be supported by strong analytics and economic analysis.

The best refugee responses are those that use the arrival of refugees as an entry point to address vulnerability and disenfranchisement in the wider hosting community. Analysis carried out by the WBG and UNHCR, which is informing regional development responses in the Great Lakes and Horn of Africa, suggests that refugee responses should (a) enhance social cohesion between displaced and host communities and increase their self-reliance by building on their skills and capital (human, social, and financial); (b) improve the quality of social and economic ties between displaced and host communities; (c) strengthen the resilience of host communities while preparing the displaced for durable solutions; (d) equip refugees to secure livelihoods, resources, and assets so as to have a better chance of returning and also contributing to host economies; and (e) incentivize local government authorities to include refugee populations in their planning, budgeting, and investment processes, and to invest in building social cohesion between the displaced and their host communities. Additionally, domestic laws and regulations fall along a continuum that allows or prohibits refugees the freedom of movement, right to work, and ownership of property, issues that define the options for durable solutions.

Sustainable solutions for refugee returns are challenging. The findings of a recent WBG re-

port³⁷ conclude that the record of assistance to returning refugees is very uneven and generally has been inadequate to support their sustainable reintegration. The international community's current paradigm of "durable solutions" for returning refugees—voluntary return, local integration in the host country, or resettlement to a third country—is too limited to capture the complexities and dynamics of refugee decision-making. Access to livelihood assets

in the country of origin, such as land, financial resources, and social networks, along with the prospects for recovering these assets, is a key factor that influences and facilitates refugee households in their decisions to return, even when they appear to be integrated in the host country, and even when the overall security and developmental conditions in the country of return are far from optimal. The analysis also suggests that the extent to which life in exile provides space to pursue livelihoods and build up assets is significant for the ability to reintegrate and re-establish livelihoods for those who choose to return.

37. Sustainable Refugee Return: Triggers, constraints, and lessons on addressing the development challenges of forced displacement, GPFP, WBG, August 2015.

Annex III. Key Lessons and Future Action Agenda

Today's forced displacement challenges are enormous. They need to be matched with bold action, which will require much greater collaboration among diplomatic and humanitarian actors, international financial institutions (IFIs), and affected governments in a greatly expanded, coordinated, and sustained campaign that targets root causes and provides durable customized solutions. The welfare of refugees, IDPs, and host communities is a global public good; if it can be improved, the whole world benefits. Solutions demand a more holistic humanitarian/development response—including innovative “development diplomacy,” systems reform, some policy shifts, more flexible and innovative financing instruments, and more tailored development and project delivery solutions.

A. A NEW DEVELOPMENT DIPLOMACY FOR CRISIS PREVENTION

Using development diplomacy means that foreign policy is better “development-informed” and that development assistance is better coordinated with diplomacy to support and sustain peace. The goal of enhanced development diplomacy would be to build, incentivize, and facilitate coalitions of governments, the private sector, civil society, and affected people to prevent, contain, and respond to humanitarian crises, using the existing architecture

of global, regional, national, and subnational institutions. Such diplomacy would not only focus on current issues but would also look ahead and prepare for new ones. Many of the global fragility, conflict, violence, and related humanitarian issues would benefit from a better shared problem definition and greater collaboration of this kind across the diplomatic and development communities. This would have practical implications for WBG and IFI engagement on the ground with national and subnational governments, UN (including Special Envoys), regional organizations, and humanitarian organizations. In both DRC and Kenya, for instance, this kind of diplomacy led recently to revisions to the WBG operational programs to include project priorities that better support peace and stability, and these revisions were guided in part by joint analytic work done with UN colleagues.³⁸

Ultimately, the most effective way to deal with crises is to prevent them in the first place. Natural disasters have cost \$2 trillion over the last two decades. As huge as this figure is, it is dwarfed by the cost of wars; last year alone conflicts cost the global economy an estimated

38. Before visiting the Great Lakes in May 2015, Sri Mulyani Indrawati, Managing Director and Chief Operating Officer of the World Bank, penned an op-ed—“The Difference between Peace and Lasting Peace is Regional Integration”—that gives an idea of how development interventions can support peace. <http://www.worldbank.org/en/news/opinion/2015/05/08/world-bank-managing-director-coo-sri-mulyani-indrawati-difference-peace-lasting-regional-integration>.

\$14.3 trillion—more than 13 percent of world GDP. It is critical to address the root causes of conflict. The High-level Independent Panel on Peacekeeping Operations released its review of UN peacekeeping—*The Challenge of Sustaining Peace*—in June 2015; recommendations on how UN peace operations can be strengthened to better meet today’s challenges included: (a) prevention and mediation need to be prioritized if the international community is to break the cycle of responding too late and too expensively; (b) the planning and conduct of UN peace operations need to be faster, more responsive, and more accountable to countries and people in conflict; and (c) a global-regional framework to manage today’s peace and security challenges is required.³⁹

B. SUPPORT TO DOMESTIC POLICY REFORM AND INSTITUTIONS

Africa’s relatively progressive and advanced legal framework in support of displaced people offers lessons for countries in other areas. Africa is the only continent to further the implementation of the UN Guiding Principles on Internal Displacement through the “Kampala Convention.” In addition, some countries in Africa are setting a global precedent for displacement responses: Government-led policy and programs in Uganda promote the self-reliance of refugees in the context of their host communities; Zambia has offered full legal and socioeconomic integration to former Angolan refugees with the provision of residency status and entitlement to resettlement and land under the Strategic Framework for Local Integration; and Tanzania

has offered citizenship to 200,000 former refugees from Burundi and is currently setting up a Strategic Plan for Local Integration, offering socioeconomic rights and assets.

In many countries, institutions and systems are unable to meet the demands of new arrivals. A humanitarian response to forced displacement often includes the creation of parallel service delivery systems and marginalization of the displaced from mainstream government provision. Line ministries with mandates on displacement issues are often weak and sidelined from broader interministerial decision-making. Host countries that have never experienced a refugee influx often lack legal and regulatory frameworks to define how refugees can access services and obtain rights. The displaced face widespread insecurity—for example, in their housing tenure, as they do not have the legal status for a secure contract or property rights—and as a result, they often end up in settlements with unclear tenure status. The WBG and IFIs could consider a broader facility to provide just-in-time technical assistance to host governments in developing legal and policy frameworks and sustainable strategies, and to support strategic communication efforts for displacement response. This could also include options for cross-country and cross-regional learning and exchanges to support governments in strengthening their policies and fulfilling their obligations under the UN Geneva Convention.

Political resistance can be mitigated by targeting pro-poor programs inclusively, to all affected populations—both refugees and host nationals.

Since impoverished host populations often have the same needs as impoverished refugees, specifically targeting refugees can create further backlash against and resentment of their presence. Structuring programming to allocate

39. In sustaining peace, the report also explicitly calls for “closer strategic and operational partnership with the International Financial Institutions and with regional and sub-regional organisations.”

resources to both populations can not only decrease political and social risk but also help build cohesion between the new arrivals and their hosts.

C. INNOVATION FOR MORE FINANCING AND NEW WAYS OF DELIVERY

The international community has recognized the importance of disaster risk management strategies and, in particular, disaster risk assessment and risk financing. In the face of the rising frequency and intensity of disaster-related losses in low- and middle-income countries, efforts have been made to increase the efficiency of responses. In other crisis contexts a greater understanding of the totality of financial flows—for example, official development assistance, remittances, donations—in addressing need, and of the efficiency of such interventions, is needed to inform the design of new policy and financial responses.

Financial resources from traditional donors are limited, and there is a need to crowd in resources from the private sector—not only to create efficiencies and help bridge gaps, but also to enhance investment in hosting countries in support of job and wealth creation. Since many governments are understandably reluctant to borrow from IDA and IBRD for refugee response, the WBG and other IFIs need to expand their financing tools to respond to displacement. Options could include hybrid arrangements that combine international support with national contributions and access to analytical and technical support. There is also a need for more flexible and responsive funding modalities—for example, rapid response mechanisms, the ability to deliver funds through nongovernmental and other partner institutions, and the ability to easily finance regional and cross-border initiatives.

It is critical to explore ways to provide grant funding to low-income countries that are bearing a disproportionate burden of refugees so that they are better able to also extend development opportunities to refugees and nationals.

Somalia, Eritrea, and Sudan, for example, which are major sources of refugees, have limited financing options due to the accumulation of arrears. Somalia and Sudan also have large IDP populations who are potential refugees.

Scaled up cash assistance and food voucher programs are quick and cost-effective mechanisms of support, though their sustainability is at risk. Humanitarian aid is increasingly being administered on a cash basis, with strong results: for example, UNHCR-administered cash assistance programs for Syrian refugees in Jordan have successfully reduced the number of recipient households under the poverty threshold by 20 percent.⁴⁰ The debate still continues over whether assistance should come in the form of cash, vouchers, or in-kind transfers, and the answer depends largely on program objectives (e.g., income support or addressing micronutrient deficiencies), local markets (e.g., cost of food on markets, inflation), and other contextual factors (e.g., implementation capacity, security).

D. STRENGTHENING SOCIAL SERVICES FOR IDPS, REFUGEES, AND HOST COMMUNITIES

Addressing situations of protracted displacement requires both short-term approaches and longer-term planning—in the short term to alleviate the strain on social service systems, and in the longer term to help connect

40. Living in the Shadows. Jordan Home Visits Report, UNHCR, 2014.

refugees to productive opportunities in their host countries. It is important to recognize the benefits of mainstreaming domestic service provision rather than depending on parallel external providers, and of providing for continuous independent monitoring of the provision of social protection to refugees, through either civil society or quasi-governmental monitoring agencies. Local autonomy to devise local service solutions, and to engage both the host and displaced communities in the process, can also significantly contribute to symbiosis, resilience, and opportunities. Mayors and city leaders have shown leadership in integrating migrants and refugees at the local level; such approaches should be scaled up and applied in the appropriate contexts. Another area for work is on incorporating refugee communities in the design of urban spaces, as this is increasingly where they are clustered.

Education settings can provide a protective healing and learning space for displaced children, but only if services are relevant and address security, well-being, and learning (academic and skills). While local education sector policies and laws often affect how much displaced students and teachers can integrate in the host country, communities and families are crucial actors that can provide protection, well-being, and relevant education to displaced children and youth.

IDPs are tomorrow's refugees. Stabilizing and providing targeted support to IDPs is another important part of addressing the global refugee crisis. For example, mainstreaming IDP issues into broader government systems for social safety nets, employment strategies, and access to land can help reduce IDPs' vulnerabilities. Geospatial mapping can enhance analysis and facilitate better alignment and priority setting. Efforts to coalesce around vulnerability maps are not new, but in an era of finite resources

and hugely expanded ICT instruments, a more ambitious, harmonized, sustained, and cost-effective approach is possible

E. BUILDING ECONOMIC OPPORTUNITY

It is important to take a development approach that invests in and promotes the upgrading of a country's systems and structures, and creates jobs and livelihood opportunities for both refugees and hosts. In countries where productivity is low, policies that invest in training alone are unlikely to succeed if they are not accompanied by comprehensive measures to create economic opportunities—for example, labor-intensive public works, grants and technical training for productive self-employment, and even special economic or industrial zones that create jobs for both refugees and host communities. It is important both to know the skills base, and to be aware of the enabling conditions of the target markets for the special economic zone output. Attracting private sector investment—including by providing the right incentives to “anchor” companies that bring, among other things, management expertise, production, and cost know-how and can also facilitate access into the target markets—would be an important success factor. Job creation and business relocation will require resources, and their economic return may be limited; however, it is still important to get people into jobs working for a future, while ensuring that local communities also benefit.

F. ADAPTING EXISTING RISK MANAGEMENT APPROACHES AND TOOLS

As the international community designs solutions that help institutionalize better responses

to crisis complexity, lessons learned about the fundamentals of risk management, which run as a common thread throughout WBG and IMF responses to numerous shocks/crises over the past 10 years, can be used as a base. As an example, the framework developed by the Global Facility for Disaster Reduction and Recovery, combines risk identification, risk reduction, preparedness, financial protection, and resilient recovery in a manner now widely accepted as best practice for building resilience against disaster shocks. The framework is based on fundamentals of professional risk management that are applicable to other shocks and risks. It can be also used as a platform to deliver solutions that crowd in a wider set of public and private actors (Box III-1 provides indicative examples of how to build such an approach).

G. PROJECT DELIVERY

Project design should be simple, developed with local participation, and adjusted for local capacity. Reallocating resources from existing projects has been less effective than providing specific financing in some areas, such as the food crisis response and Haiti reconstruction. While shifting resources from existing programs may be justified—for example, for response speed—new financing can be more effective if it is well designed and is managed by special units authorized to respond quickly. Project design should limit the number of implementing agencies and sectors involved and reduce the number of conditions on lending. Because procurement can be complicated and time-consuming, it is essential that implementing agencies have strong institutional capacity to fast-track procurement and manage project implementation. The design of a monitoring and evaluation (M&E) system should not be neglected in the rush to provide

a rapid response. Intensive supervision is important, and implementation should be flexible to ensure responsiveness to community needs and rapidly changing conditions in the field.

The WBG and some other IFIs are not able to operate in conflict situations, so some situations may require an adjustment in their policies and procedures. The practical difficulties and options for both humanitarian and development actors operating in insecure regions will require new partnerships for project implementation and monitoring.⁴¹ Related research topics include what works best in obtaining and maintaining safe access, in effective remote management, and in delivering quality aid in situations of reduced oversight.

H. A BETTER KNOWLEDGE AND EVIDENCE BASE

There is an urgent need to strengthen the data and evidence base on the development challenges and impacts of forced displacement. There is little quantitative evidence on the characteristics and welfare of displaced populations. These populations have distinct socioeconomic and demographic characteristics, which can differ across contexts. In particular, there is a need to ensure that studies, assessments, and surveys on sectoral topics include displaced populations in their sample and are capable of generating disaggregated data on the situation of the displaced vis-à-vis the non-displaced. There is a particular need to monitor how hosting displaced persons exacerbates existing vulnerabilities within the hosting population, to inform the design of mitigation measures.

41. The UK's Department for International Development, through its Secure Access in Volatile Environments (SAVE) research program, has started to look at these issues, though mainly through a humanitarian lens.

Box III-1. Indicative Examples of a Broad-Based Risk Management Approach

Current State	Future State
<p>Risk Assessment</p> <ul style="list-style-type: none"> Analyzing disaster hazards, assessing exposure, quantifying fiscal & economic impact of disaster shocks Establishing OPEN Data for Resilience Initiative (OPEN DRI) and GEO NODE Analytical work understand demographics of displaced populations, trends, incentives, skills sets, needs Improved planning for DRM Better building practices Investment in early warning systems Strengthening civil protection agencies and communities 	<ul style="list-style-type: none"> Adapt risk assessment methodologies to other hazards and shocks Better use of social media, technology, to crowd in local information, actors, and solutions Greater use of open data platforms across actors Established processes for dynamic, broad-based, shared risk assessment and early warning systems
<p>Preparedness</p> <ul style="list-style-type: none"> Growing menu of disaster risk transfer tools (insurance, derivatives, capital market instruments) Growing evolution of WBG crisis and emergency response policies and procedures (IDA16 Crisis Response Window) Regional risk pools for disaster risk management (CCRIF, PCRAFI, ARC), now expanding to pandemics (PEF) IBRD Capital-at-Risk Notes to support bond issuance to fund specific purposes (i.e. reinsurance of CCRIF, MNA regional project) IMF Rapid Credit Facility, Rapid Financing Instrument, and concessional facilities for shocks 	<ul style="list-style-type: none"> Expand set of contingent financing tools (i.e. CAT-DDO)
<p>Response</p> <ul style="list-style-type: none"> Implementation of mobile payment systems for crisis-response Scalable social safety nets (starting in 3–5 countries) Post-disaster assessments and recovery planning, with increasing engagement in fragile and conflict situations 	<ul style="list-style-type: none"> Increase investment in, and widen scope for, crisis-responsive social safety nets Incentives for expanding and lowering cost of remittance mobile payment systems Implementation of shared contingency plans (across donors, programs, governments) Incentives and systems to strengthen private sector role in service provision

Refugees' poverty and welfare status changes rapidly, so that the typical income and expenditure surveys—which take a significant amount of time to design, implement, and analyze—are not suitable. Such surveys also slow programming response times. The WBG should standardize/invest in rapid assessment and household survey tools that “cost” the socioeconomic dimensions of displacement and that accurately map the skills, needs, and demographics of host and displaced communities as a foundation for informed policymaking. This work could also consider recent innovations in the use of cell phones and tablet-based technologies that suits the needs of mobile populations, while making better use of NGO networks and the private sector. Creating and maintaining relevant shared data and M&E systems in dynamic and complex situations will be challenging.

The exchange of knowledge on best practice is essential. Given many countries’ lack of experience with refugee accommodation and integration, there will be a great need for lessons learned from elsewhere. MNA’s Mashreq countries and countries in the Horn of Africa have amassed a large body of experience over the past four years. Mutual learning should take place across regions. Some excellent experiences and programs are being brought into the host countries by donor/UN agencies and international NGOs.

I. THE NEED TO EMBRACE NEW TECHNOLOGIES AND SOCIAL MEDIA

For data collection and M&E, enhancing coordination on the ground, increasing the

transparency and accountability of government institutions, delivering services and payment, and empowering refugees and migrants to hold transition and host countries accountable, the use of ICT is key. Today’s European refugee crisis has demonstrated that access to information and the use of new ICTs (cell phones, social media sites, mapping tools) have become essential for refugees and migrants. The WBG and other IFIs need to recognize the importance of deploying appropriate technology (Box III-2 describes good recent examples).

J. MORE SUSTAINED SUPPORT FOR REFUGEES WISHING TO RETURN

Support to returning refugees is often uneven and is generally inadequate to achieve sustainable reintegration. The international community’s response often depends on a paradigm of “durable solutions”—voluntary return, local integration in the host country, or resettlement to a third country. Recent WBG analysis suggests that this paradigm is too limited to capture the complexities and dynamics of refugees’ decision-making and coping strategies, since it rests on the idea that durable solutions are found when movements stop—that is, that they are a finite event.

Box III-2. WBG Use of Technology in Emergency Responses and Conflict-affected Countries

- **In Somalia, the Mogadishu High Frequency Survey** is a WBG-supported survey pilot to help fill the gaps in data required to manage the economy and inform an interim Poverty Reduction Strategy Paper. Security conditions in Mogadishu constrain “normal” development work, and a traditional approach to data gathering involving lengthy face-to-face interviews would be too risky. The survey team is using a mix of smartphone technology, open-source software applications, real-time field management from a remote command center, multilayered quality assurance and security protocols, and cutting-edge econometric techniques. The survey is implemented by a multidisciplinary team staffed from the Ministry of Planning, the WBG, and the private sector (an international and a Somali firm).
- **In Sierra Leone the WBG helped set up a mobile payment system to ensure that payments to Ebola response workers and health workers would be made in a timely fashion.** More people in Sierra

Leone have a mobile phone than a bank account (66% vs. 15%), and there are more mobile money paying agents (950) than bank branches (91), especially in rural areas. This arrangement was relatively expensive (5% of transferred amounts plus a fixed amount for the establishment of paying agents). An important outcome has been the ability to shift between three complementary payment modalities (cash, mobile money, and bank transfers). While mobile payments allowed for a quick response on scale, the migration to bank transfers has saved an estimated \$200,000.

- **The use of infographics and maps is important to facilitate understanding of complex problems.** Ongoing efforts in the Horn of Africa by UNOCHA and the WBG on vulnerability mapping using a subnational risk-based analysis demonstrate what is possible and serve as a powerful advocacy tool with both governments and partners for better targeted assistance.

Annex IV. Potential WBG Support Related to El Niño

TECHNICAL ASSISTANCE

A particularly forceful El Niño is forecast for 2015-2016, and it could mean serious flooding in many parts of the world. The greater impacts on the economy and people that such flooding would bring, as well as the indication that countries and people are increasingly vulnerable, means that countries and their development partners need to take urgent actions toward better disaster preparedness and

disaster response. Box IV-1 shows the lines of action that could potentially help governments address disaster risks.

Some of these activities could be financed through a grant from the Global Facility for Disaster Recovery and Reconstruction (GFDRR) at the WBG if resources are available. By bringing the best science into the conversation, the WB can help to make the case on the possible impacts of El Niño and the best ways to prepare.

Box IV-1. Ways to Assist Governments to Address Disaster Risk

Rapid Response Technical Assistance

- Providing global know-how to a country from around the world
- Bringing in the best lessons learned on reconstruction that are relevant to the potential disaster context

Revision of Contingency Plans

- Revision of the national and subnational contingency plans
- Provision and/or revision of sectoral contingency plans (e.g., transport, energy, health)

- Emergency response protocols (potential resources mobilization, potential resources allocation, process for reconstruction contracting and prioritization)
- Early warning systems (planning, procurement, implementation and operation)

Recovery Support

- Assessment of damages and losses
- Support for recovery and reconstruction planning
- Mobilization of international experts with disaster recovery practical experience
- Convening of donors and development partners around selected government reconstruction plans

FINANCIAL ASSISTANCE

The WBG can provide emergency financing in a number of different ways:

Emergency Recovery Loan (ERL) (post-disaster)⁴²

- Preparation Time: About 3 months from request to Board approval.
- First disbursement: On average 9 months after disaster occurs (time from Board to first disbursement, mainly needed for country procedures for effectiveness, and to a lesser extent for procurement). Project implements following similar processes as other IPFs.
- Project preparation process: Follows emergency processing procedures under OP 10.00, paragraph 12: one decision review meeting, safeguard instruments can be developed after Board approval, normally allows for higher procurement thresholds, and can allow for up to 40% retroactive financing.
- What we could finance: Works, goods, services, and eligible extraordinary government expenditures.

Emergency Recovery Loan (pre-disaster)

- Preparation Time: About 6 months from request to Board approval.
- First disbursement: Approximately 1 month after disaster occurs if a quick-disbursing

42. The rules for this type of operations, now formally called Projects of Fragility, Conflict, Capacity Constraint, and Emergency, are described in WBG Operational Policy 10.00, paragraph 12. <http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/EXTPOLICIES/EXTOPMANUAL/0,,menuPK:4564185-pagePK:64719906-piPK:64710996-theSitePK:502184,00.html>.

component is included (for instance, through design of a positive list of imported or locally manufactured goods, eligible government extraordinary expenditures). Other project components implement following similar processes as other IPFs.

- Project preparation process: Same as for ERL above.
- What we could finance: Same as for ERL above.

Contingent Project

- Preparation Time: About 9–12 months from request to Board approval.
- First disbursement: Depending on project design, could disburse large amounts within days after an eligible request, for parts designed as a financial hedge with objectively verifiable triggers, or if design links with well-functioning social protection schemes. A quick-disbursing goods procurement component could disburse within approximately 1 month after disaster. Other project components implement following similar processes as other IPFs.
- Project preparation process: Follows regular IPF guidelines.
- What we could finance: Similar to ERL, + cash transfer programs, + financial hedges.

The World Bank has a variety of other financial instruments that could be discussed with clients in anticipation of impacts from El Niño and in preparation for other disasters.

Annex V. Selected Country and Regional Profiles

A. CHAD

Context

Chad is a large, landlocked, poor country whose recent history has been one of local, national, and regional conflicts. Chad also faces rapid climate change and population growth, aggravating pressure on natural resources and bringing associated conflict. In addition, the twin shocks of an oil price collapse and a costly fight against terrorism to secure the region have exacerbated the situation. Against this backdrop, Chad is hosting significant numbers of refugees from the protracted conflict in neighbouring Sudan, CAR, and now Nigeria. There were also spillovers from the Libyan crisis and more recently from Boko Haram.

With 475,000 refugees, Chad is the third-largest host of refugees in Africa, after Kenya and Ethiopia. The largest group of refugees—361,244—is from Sudan. During the 2011 Libya crisis, 51,000 Chadians and 800 third-country nationals crossed the southern border of Libya into Chad. There are 92,118 refugees from CAR, most of whom live in a state of protracted displacement, and 18,000 Nigerian refugees are now in Chad following the Boko Haram attacks. The refugee numbers are equivalent to over 4 percent of the population, the third-highest level in the world, according to UNHCR. With the continuing influx from Nigeria, the refugee population in Chad should

reach 525,000 people by the end of 2015. When retournés are included, the country is hosting a total of at least 750,000 displaced people, according to the UN Regional Humanitarian Coordinator for the Sahel.

Additionally, armed conflict, inter-ethnic violence, and attacks by criminal groups known as coupeurs de route forced tens of thousands of people to flee their homes in Chad between 2006 and 2008. There are around 85,000 internally displaced persons (IDPs) from this conflict and subsequent cross-border attacks from Darfur and recent Boko Haram attacks. Some 41,666 Chadian refugees are living in Sudan. Thousands of Chadian returnees who fled fighting in CAR also remain displaced in Chad: in mid-September 2014, there were more than 113,000 such returnees.

Legal and Policy Framework

On July 11, 2011, Chad ratified the Kampala Convention on IDPs,⁴³ which came into force in 2012. However, by the end of 2013, the country had yet to develop the legal framework for ensuring the protection and assistance of IDPs to which it committed in ratifying the Kampala Convention. Specific information on the application of the Kampala Convention and on refugee policies and legislation in Chad is

43. African Union convention that provides for the protection and assistance of IDPs in Africa.

unclear. The Commission Nationale d'Accueil, de Réinsertion des Réfugiés et des Rapatriés is the responsible agency. On September 10, 2015, the Ministry of Foreign Affairs hosted the signing of a tripartite agreement between UNHCR, the Chadian Government, and the CAR Government on CAR refugees' participation in elections in their country's forthcoming elections.

Impacts, Stresses, and Risks

The protracted presence of refugees and IDPs has led to severe humanitarian and social cohesion challenges in Chad. The host communities are living in precarious conditions, with significant developmental and service delivery deficits and a fragile natural environment. For example, Bethel, with a native population of 695 people, now hosts 3,475 arrivals from elsewhere. This has put pressure on the local infrastructure—for example, the only water point or the six available classrooms. Women and children stand in line during the whole day for water, and every class has 60 to 90 children. The village also lacks latrines, meaning a serious risk of outbreaks of waterborne disease. The only health facility is 20 kilometers away.

The direct economic impact—and particularly the fiscal costs—of hosting refugees is difficult to assess. There is no specific allocation in the country's budget, and most expenses are extra-budgetary and directly financed by international partners and NGOs. That said, the Government is supporting efforts to seek alternatives to camps, granting refugees access to arable land for agricultural production and allowing them to settle in host communities and access basic community services, which necessarily entails fiscal cost.

In addition, the regional security situation leading to the inflow of refugees has a clear impact

on the economy. In particular, the construction and services sectors are substantially affected by the deterioration of security conditions, contributing to underperformance in non-oil fiscal revenue. Disruptions to cross-border trade flows with Cameroon and Nigeria have led to upward pressures on domestic prices, and the annual average inflation rate increased from 1.7 percent in 2014 to 4 percent at the end of August 2015.

Forced displacement has had social costs—increased insecurity, with rising crime and violence, including rape and theft, with particularly adverse consequences for women and girls—and economic costs, with increased cost of living in refugee-concentrated areas. Therefore, there is a real possibility of conflict over resources, environmental degradation, and inequalities, with disproportionate impact on the poor households that have limited coping capacities.

Protracted conflict in the region, especially the instability in Nigeria, has affected trade corridors, pastoralists' movements, and cattle exports. It is estimated that because of conflict, the formal trade between Chad and Nigeria declined by 75 percent between 2012 and 2014 and a similar order of magnitude could be expected for informal trade, leading to lower total export revenues (US\$100–200 million) and lower prices for livestock on the Chadian domestic market.

Donor Assistance

The UNHCR budgets for Chad have gone down since 2011, from around US\$200 million per year to US\$162.5 million in 2015. That said, the 2015 budget was set before the new inflow of refugees from Nigeria, so additional support could be provided before the end of the year. The total humanitarian aid from the European

Commission is €40–50 million per year (€42.8 million in 2015), with a significant part of this help intended to meet the urgent needs arising from the protracted refugee crisis and the recent influx of refugees and returnees from Nigeria and CAR.⁴⁴

B. EUROPE AND CENTRAL ASIA

Context

ECA countries currently host over 6 million people who have been displaced as a result of war and conflict. Of these, 64 percent are IDPs, while the rest are refugees and asylum seekers (See Table V-1). The largest groups of refugees are in Turkey (1.94 million refugees from Syria), Ukraine (1.46 million IDPs), Azerbaijan (622,892 IDPs), Georgia (262,704 IDPs) and Russia (238,835 refugees). The numbers of the displaced in ECA have doubled over the last five years, largely because of conflicts in Syria and Ukraine.

Data on the demographic composition and vulnerability of the displaced people across ECA are incomplete. But where data are available, there are indications of greater vulnerability

44. Other international and bilateral partners present in Chad with direct financial and logistical assistance include US, France, AFD, Deutsche Gesellschaft für Internationale Zusammenarbeit (German Agency for International Cooperation - GIZ), FAO, Good Neighbors, IOM, OCHA, OHCHR, UNAIDS, UNDP, UNESCO, UNFPA, UNICEF, World Food Program, World Health Organization, World Bank. NGOs include African Initiatives for Relief and Development, Association pour la Promotion des Libertés Fondamentales au Tchad, Association pour le Développement Economique et Social de Kobe, Associazione di Cooperazione Rurale in Africa e America Latina, Bureau d'Appui Santé et Environnement, CARE, Centre de Support en Santé Internationale au Tchad, Christian Outreach for Relief and Development, Croix-Rouge du Tchad, Hebrew Immigrant Aid Society, International Medical Corps, International Rescue Committee, Jesuit Refugee Service, Lutheran World Federation—Action by Churches Together, Refugee Education Trust, Secours Catholique pour le Développement.

among displaced people than among the non-displaced:

- In Ukraine, the IDP population includes 60 percent elderly people, 13 percent children, and 4 percent persons with disabilities.
- In Bosnia/Herzegovina, 32 percent of refugee and IDP households are single-parent households.
- In Turkey, 51 percent of Syrian refugees are under 18 years of age.

Legal and Policy Framework

The European decisions to host refugees in the immediate and longer term will require quick action, as well as technical/financial support from the international community. Since the September 2015 decision of the European Justice and Home Affairs to accept refugees, and to implement a quota system to do so, many EU Member States will accommodate refugees. Such a clear signal by the EU will likely attract more refugees, which will mean that eastern neighbors will see an increase in refugees transiting through their borders. It is also likely that EU countries will face the challenge of organizing a medium- to long-term solution for integrating refugees. With some exceptions (Turkey, Greece, FYR Macedonia, Serbia, Hungary, Croatia, and Slovenia), which have already seen significant transit of refugees, many Member States have not yet had to deal with receiving large numbers of forced migrants or providing semi-permanent services to refugees. Most have limited expertise managing the integration process—in particular as it relates to service delivery, particularly, in housing, education, health, and access to employment—and, unless they receive technical assistance, will likely struggle to do so successfully, even for relatively small numbers of refugees.

Table V-1. Displacement Figures in ECA

	Refugees + Asylum Seekers	Originating from	IDPs
Armenia	17,711	18,146	
Azerbaijan	1,693	14,923	622,892
Bosnia Herzegovina	6,900	20,458	84,500
Croatia	845	40,240	
Cyprus	7,593	10	212,400
Georgia	2,114	14,541	262,704
Kyrgyz	689	4,274	
Kosovo	49,089		17,100
FYR Macedonia	2,434	9,559	
Montenegro	6,531	1,883	
Russia	238,836	96,976	25,378
Serbia	43,751	91,707	223,139
Turkey	1,938,999	75,177	Not available
Turkmenistan	35	1,242	
Ukraine	9,127	252,731	1,460,000
Uzbekistan	125	6,789	

Source: UNHCR and Internal Displacement Monitoring Center.

Impacts, Stresses, and Risks

Across ECA, the housing and living conditions of the displaced are generally worse than those of the non-displaced. In Azerbaijan 43 percent of IDPs live in one-room accommodation, compared to only 9 percent of non IDPs, and rates of access to electricity, hot water, and bathrooms are worse among IDPs (World Bank 2011). In Turkey, 25 percent of Syrians are living in makeshift accommodation, only 25 percent have access to heating, and only 35 percent have easy access to toilets and shower facilities (Alliance, 2014). Of the refugee families surveyed in Hatay, Urfâ, and Kilis, 84 percent

live in a single-room dwelling.⁴⁵ Across ECA, approximately 400,000 IDPs still live in “collective centers”—former university dormitories, hospitals, and schools—often overcrowded, and with poor infrastructure. In Ukraine, up to 10 percent of IDPs live in substandard “collective centers”; those that rent are often unhappy with their accommodation in exile, face high rents and/or discrimination in the housing market, or move several times before finding appropriate housing. High rents also contribute to overcrowding in some housing units (WB Ukraine Displacement Brief, 2014).

45. Support to Life, 2014.

Depending on the country of entry, refugees to the EU face several challenges:

- **Prevention of and penalties against illegal crossings.** In Italy, illegal crossings are punishable by fine or jail. In Greece, asylum seekers are sometimes detained. For historical reasons, former socialist countries have more restrictive policies on the influx of refugees, while Germany and the Nordic countries have more generous resettlement policies. In Hungary, new emergency laws make illegal border crossings and aiding migrants punishable by prison time.
- **Access to social protection.** Asylum seekers are eligible for accommodation and subsistence in cash or in kind in most European countries, although the generosity of such support varies significantly across countries. If the request for asylum is rejected, in most countries the person has the right to appeal in court. However, the backlog of asylum applications currently exceeds 500,000.
- **Access to work.** In most European countries, access to a work permit for an asylum seeker varies significantly, with the average wait being nine months. Germany has recently reduced that period to three months. However, many employers appear reluctant to hire refugees as they are unsure how long the person can legally stay in the country.
- **Integration.** Because of their transient situation as well as language and cultural barriers, refugees everywhere face larger obstacles to economic integration than do other immigrant groups.

The initial fiscal impact in Europe is negative but is likely to remain manageable. Available estimates come mainly from Germany, which—in both absolute and relative terms—is expected

to be the largest host country in the EU. They suggest that Germany could spend €25 billion (US\$28.5 billion) to provide assistance to 1 million existing and new refugees over the next two years. This is equivalent to about 0.4 percent of Germany's GDP per year.

This impact could be mitigated if refugees quickly find employment so they can start contributing. Current estimates for refugee inflows in 2015 and 2016 suggest that new refugees in Germany would increase the working-age population by about 1.3 percent, and they may complement the existing skills mix—although some uptick in frictional unemployment is to be expected in the short run.

Research by Credit Suisse suggests that the influx of refugees could lift EU growth by 0.2 percentage points through both demand-side effects in the short run and supply-side effects in the longer run.

The so called Western Balkans route is increasingly used by migrants/refugees moving from Turkey to Greece and then principally to FYR Macedonia and Serbia en route to Europe: it is less deadly to cross by sea from Turkey to Greece than from Libya to Italy. Such life-or-death decisions are likely to trump any potential EU border closures, at least in the short term: refugees have adapted to closed borders by moving through neighboring countries (such as away from Hungary and through Croatia) rather than rerouting away from Greece. Attempts to block refugees at EU borders have heightened tensions between Serbia and neighboring countries. According to UNHCR estimates, 3,000–5,000 migrants are expected to cross from Greece into FYR Macedonia every day in the coming months (between September

9 and 15 the average daily influx was more than 5,000 per day, with a peak of 10,400 on September 11). According to some estimates, as many as 500,000 people are fleeing Syria in 2015; and Germany expects 800,000 requests for asylum this year, with some credible reports pushing the estimates to even 1.5 million. As a result, Western Balkan countries might face further increases in transit flows and possibly increased transit time; or eventually migrants might settle in those countries if EU borders close. This would increase the need for expanding hosting infrastructure and related services, especially as winter is approaching. It might eventually require more permanent refugee support.

To date, the main pressure points in Western Balkans have been in FYR Macedonia and Serbia, with other Western Balkan countries minimally affected. Following FYR Macedonia's temporary border closure in late August 2015, the situation gradually improved when FYR Macedonia's Government opened a reception center near the Greek border, giving assurances to UNHCR that it will be open to refugees fleeing conflict, and asking for EU assistance. With a renewed increase in transit movements, further bottlenecks are developing to support such transit, and constraints on trains and on reception center/border-crossing capacities are reappearing. Serbia has been relatively well organized, with a border-transit center in Mitrovac and another transit center in Presevo in the south and a policy of letting people through. To date other Western Balkan countries are not main transit points, and thus have not been significantly affected, although the situation changes daily. Western Balkan countries themselves have also seen a large source of asylum seekers in recent months.

C. KENYA

Context

Migration and population displacement issues in Kenya are politically sensitive because they are closely related to issues around national security, land, unequal access, and social grievances. These issues can be traced back to the colonial period and its practices of eviction (i.e., forced migration) and unequal development. They underlie the violence and conflict-induced displacement following elections in 1992, 1997, and 2007. This legacy conditions how the social, economic, and security stresses of forced displacement are addressed, including in the specific context of climate change and environmental stresses.

After Ethiopia, Kenya is Africa's second-largest receiving country of refugees. By the end of August 2015, Kenya was host to over 591,000 refugees and asylum seekers from Somalia, South Sudan, Ethiopia, and other countries in the region. These figures include more than 420,000 Somali refugees in protracted displacement and over 93,000 South Sudanese refugees. Somali refugees are mainly located in Dadaab camp—the largest refugee settlement in the world, with a population corresponding to Kenya's fourth-largest city—and the Kakuma refugee camp in Turkana County, which hosts 181,000 refugees (15% of the county's population) from 15 countries.

In addition to refugees, at the end of February 2015 there were about 309,200 IDPs in Kenya, displaced by ethnic and political violence and land disputes since the 1990s. This conservative figure also includes 220,000 new displacements in 2014 caused by inter-communal clashes. These figures do not include people displaced by natural hazards, development

projects, and pastoralist IDPs. Nor do they include any of the estimated 300,000 people who fled post-election violence in 2007–08 and who are usually described as “integrated” IDPs; that is, IDPs who found shelter with host communities or in rented accommodations in urban and peri-urban areas.⁴⁶

Nairobi has seen an urban population explosion of refugees and IDPs in search of greater security, including a degree of anonymity, better access to basic services, and greater economic opportunities. However, Government and public perceptions were shaped by cases of insecurity, experienced not only in Dadaab camps but also in urban areas such as Nairobi and Mombasa, where recent grenade attacks have taken place.

Legal and Policy Framework

The Kenyan Constitution provides some level of rights protection for displaced persons. However, Kenya has struggled to incorporate the rights-based norms of the Guiding Principles and the more recently proposed national guidelines on IDPs into its national legal or normative frameworks. Kenya is also a State party to the 1951 Convention relating to the Status of Refugees and the 1969 Organization of African Unity Convention Governing the Specific Aspects of Refugee Problems in Africa. The 2006 Refugees Act and the 2009 Refugees Regulations—both pieces of national legislation—contain specific provisions on refugees and asylum seekers.

The 2010 Constitution provides for the right to free movement and guarantees freedom to all to enter, remain, and reside anywhere in the country. However, urban refugees’ freedom of movement has been significantly

restricted since December 2012, when, following a series of security incidents in Nairobi, the Government of Kenya issued a directive outlining an encampment policy. After legal challenges, including from the Urban Refugee Projection Network, the Kenyan High Court issued an order stopping the Government from implementing this directive. Subsequently, an encampment order was issued in March 2014. Since April 2014, the Government has started to relocate refugees and asylum seekers from urban areas, including by forced relocations, to either Dadaab or Kakuma refugee camps. Article 16 of the 2006 Kenyan Refugee Act effectively limits the refugees’ right to work by imposing the same restrictions and conditions as are applicable to aliens.

In November 2013 UNHCR, the Government of Kenya, and the Somali Government signed the “Tripartite Agreement Governing the Voluntary Repatriation of Somali Refugees Living in Kenya,” which sets the standards for safe, dignified, and sustainable return and outlines the responsibilities of each party to the Agreement to ensure compliance with its provisions. Since December 2014 UNHCR has assisted 3,758 refugees to return home to Somalia in a process that has been gradual and incremental.

Impact, Stresses, and Risks

The refugee presence in Kenya has had both positive and negative social, economic, and environmental impacts. Among the positive social impacts are the increased ties between the refugees and host communities, including incidents of intermarriage. Negative impacts include perceptions of insecurity, such as blaming refugees for criminal activities. In terms of economic impacts, remittances into refugee camps, often from the expansive Somali diaspora networks, have increased refugee purchasing power, stimulating the host economy

46. Internal Displacement Monitoring Centre, 2015.

and providing working capital for refugees to engage in small business activities. However, inflation and competition for unskilled labor are also reported. For both Dadaab and Kakuma, competition for scarce environmental resources like cooking fuel has led to significant environmental degradation.

The changing asylum space in Kenya has been characterized by a key debate on the balance between protecting refugees and asylum seekers and security management in the context of changing security dynamics, in both Kenya and the region. The Westgate Mall attack in September 2013 increased the sense of insecurity in Kenya. In April 2015, following the attack at Garissa University, there was a movement to close Dadaab within three months and return 350,000 Somalis to Somalia. After a meeting between the President of Kenya and the United Nations High Commissioner for Refugees on May 6, 2015, it was announced that Dadaab would not be closed, although the program to repatriate the Somali refugees from Dadaab would be enhanced to include new areas that are considered safe.

Proposed Solutions

The WBG is providing support to devolution and lagging counties to reduce the fragility and violence stresses that are related to development deficiencies and (perceived) marginalization. This includes supporting Kenyan priorities on regional integration within the IGAD and EAC membership, including on such issues as regional IDA borderlands, lagging regions, and cross-border cluster investment in FY17.

The World Bank and UNHCR are carrying out an interdisciplinary economic and social impact study to assess the macro, micro, and social impacts of the presence of refugees in Kakuma. In addition, the World Bank is providing UNHCR technical advice on creatively thinking

about possibilities and ways to develop a new refugee settlement in Kalobeyei Site in Turkana County that will enable (a) better livelihood opportunities for refugees and host communities, and (b) service delivery in a manner that is integrated with local development planning.

D. LEBANON-JORDAN

Context

Of the 5 million refugees from the Syrian civil war, 1.2 million are in Lebanon and 630,000 in Jordan, representing 30 and 20 percent of those countries' populations, respectively.⁴⁷ Only 15 percent of the refugees are in camps (mostly in Jordan); the rest live in host communities, relying on humanitarian assistance for their food. More than half live in substandard accommodation, with challenges related to tenure, privacy, physical security, sanitation, and overcrowding. In Jordan, 98 percent of refugees living outside the camps rent their accommodation at rates that typically equal more than half their income.

Using a poverty line of 50 Jordanian dinar per person a month, it is estimated that 69.2 percent of the refugees in Jordan are below the poverty line.⁴⁸ UNHCR's 2014 Vulnerability Assessment of Syrian Refugees in Lebanon estimated that 71 percent of Syrian refugees cannot meet their basic needs without engaging in negative coping strategies.⁴⁹ Of the refugees, 80 percent have no more than a primary education. Almost half of the 950,000 registered school-age Syrian refugee children are not enrolled in school.

47. For Lebanon, this percentage is the same as if the entire population of Mexico moved to the United States, or the entire population of Nigeria moved to Europe.

48. "How Poor are Refugees?" A Welfare Assessment of Syrians living in Jordan and Lebanon, World Bank Group and UNHCR, 2015.

49. Regional Refugee and Resilience Plan, UNHCR, 2015.

The refugees face both economic and political constraints. On the political side, there is resistance to granting refugees work permits and in general providing them with benefits that host communities do not share. The UK, the World Bank and the Government of Jordan are proposing the establishment of “Development Zones” in some of the lagging regions of Jordan to create jobs for both refugees and Jordanians, while allowing goods produced in these zones to receive greater access to European markets. A joint team from these three institutions has prepared a proposal that will be issued shortly. A visit of CEOs of potential investing companies is being planned for later this year. On the economic side, Jordan and Lebanon are middle-income countries with limited fiscal space. These governments may not want to borrow at non-concessional rates to finance programs for refugees. Grant resources have been limited. Therefore, the World Bank has proposed an international grant mechanism that could be used by these countries to buy-down the interest costs of non-concessional loans that are used to support refugees and host communities.

Impacts, Stresses, and Risks

The impact of the Syrian crisis in general has been estimated to be about 2.6 percentage points of GDP per year in Lebanon and about 1 percent of GDP in Jordan. The influx of refugees has increased public expenditures by about US\$1.1 billion in Lebanon, and by about 1 percent of GDP in Jordan.

Crowding and congestion in public services are becoming common. Public schools are running double shifts; in Jordan, the afternoon shift is reserved for Syrian students. Across both Lebanon and Jordan, the volume of solid waste has

increased—in some cases doubled. Electricity and water shortages are common.

Rents in the northern governorates of Jordan have increased significantly, forcing many locals to leave their apartments for Syrians, who often fit many families in single apartments. There is some evidence that low-skilled Jordanians and Lebanese are facing lower earnings because of competition from Syrians who are willing to take jobs at lower wages.

The large influx of refugees into communities that were already vulnerable and marginalized is leading to rising community tensions in the hosting countries. In the Northern Jordanian governorates of Irbid and Mafraq, 20 percent of communities reported tensions linked to lack of affordable housing, education, and income-generating opportunities. In Lebanon, the refugee crisis, coupled with the infiltration of militants across the borders, has caused several security incidents.

The median time a person spends as a refugee is 17 years. Surveys of Syrian refugees in the region suggest that up to 20 percent of forcibly displaced Syrians have no intention of returning home. In addition, the civil war does not seem to be abating.

World Bank Group Response

The Bank prepared a landmark study on the economic and social impact of the Syrian crisis on Lebanon (about 2.6 percentage points of GDP growth each year), which served as the basis of a multidonor effort to support the country.

As early as 2013, the Bank rapidly approved an emergency US\$150 million “cash injection” loan to Jordan to offset the fiscal impact of

the crisis on the country's budget as a result of extending subsidies and health services to refugees.

In Lebanon and Jordan, the Bank is addressing the impact of the refugee influx on local service delivery through a municipality-based development operation, with two multilateral trust funds that leveraged grant financing from the Bank's State and Peace-building Fund. In addition, the Bank is supporting the health, education, and social protection sectors in Lebanon to ensure a balance in the benefits to vulnerable communities of both Syrians and Lebanese.

E. TURKEY

Context

Turkey now hosts the largest refugee population in the world. According to a recent statement by Deputy Prime Minister Numan Kurtulmus, the total number of registered SuTP has reached 2,225,147.⁵⁰ UNHCR⁵¹ puts the figures at more than 1,938,990. The largest concentrations of refugees are in Istanbul (20% of the overall refugee population) and the southern provinces of Gaziantep (14%), Hatay (12%), and Sanliurfa (10%). Of all refugees, 51 percent are children under 18 years of age (AFAD 2013).

Legal and Policy Framework

The Government of Turkey defined its response to the arrival of refugees from Syria through the 2013 Law on Foreigners and International Protection, setting out a Temporary Protection regime (TP) for the Syrian refugees. The TP includes rights to unlimited stay, protection

against forced return, and provision of immediate needs. The TP extends to all Syrian refugees, whether or not they are registered. In October 2014, Turkey passed additional legal guidelines for "Foreigners under Temporary Protection" that guarantee registered refugees access to health care, education, social services, and the labor market. Regulation on access to the labor market through work permits is under discussion with the Council of Ministers.

Overall, the Government of Turkey is setting a global precedent for a refugee response. Implementation of the Government response is marked by two key characteristics. First, the approach does not depend exclusively on camps. Of the total number of SuTP, 259,187 (12%) are living in 30 shelters;⁵² the rest (88%) who live outside camps are mainly settled in urban areas, where they seek their own location, accommodation, and informal work opportunities. Second, the response is Government-led. The Government of Turkey has spent about \$8 billion on its response to Syrian refugees, including the extension of health care services and humanitarian assistance.

The Turkish response to Syrian refugees includes much more than the macro Government-led legal framework and humanitarian expenditure. It also includes many acts of individual kindness at the local level: very many Turkish families and civil society organizations have made donations and extended help to their new Syrian neighbors. One survey (HUGO, 2014) across a large sample in 18 provinces indicates that 31 percent of Turkish respondents had made a financial contribution to support Syrian refugees.

50. <http://www.haberturk.com/gundem/haber/1130284-numan-kurtulmus-turkiyede-kayitli-2-milyon-225-bin-147-suriyeli-var>. Accessed on 9/22/2015.

51. <http://data.unhcr.org/syrianrefugees/country.php?id=224>.

52. <https://www.afad.gov.tr/TR/IcerikDetay1.aspx?ID=16&IcerikID=848>.

Impacts, Stresses, and Risks

The SuTP have had a potentially positive effect on the Turkish economy. Further gains have come from the expansion of local markets in areas with high SuTP concentration, continued receipt of remittances from within Syria, the benefits of government SuTP expenditure for local suppliers, and labor contribution from SuTP. WBG analysis shows that while Turkish workers have been displaced from the informal labor market by SuTP informal labor—with stronger negative effects for women and youth—there are also some positive effects: greater formalization of Turkish labor, increased average wages, and Turkish workers choosing retraining. Together these trends may account for a preliminary finding that poverty rates are falling faster in regions hosting SuTP than in other regions in the country.

But the strains of hosting refugees are being felt in multiple ways, especially in cities in the southeast: increased rental costs, strains on municipal services, perceived increase in waiting times and overcrowding at hospitals, and perceived competition in the labor market. Rental prices, for example, have doubled along the Syrian border over the last two years. And these strains are contributing to a growing tension among Turkish communities about the SuTP presence.

Registered SuTP are entitled to free health care at national Turkish facilities, but there are reports that Syrian refugees are reluctant to use the free health care because of an inability to communicate their health concerns in Turkish and the need for translators. School enrollment and attendance for children outside the camps is low—only about 24 percent. The Government is working to address the situation by drafting the legal framework and support to allow SuTP children to access mainstream Turkish schools.

The quality of the housing stock used by the refugees has also been raised as a concern, with one assessment reporting that only 25 percent of respondents have access to heating and 35 percent have easy access to toilets and shower facilities. Very few refugees have the protection of a formal rental contract, and the provision of housing is entirely unregulated.

In the absence of work permits, refugees are working mainly in the informal sector and in low-skill jobs such as seasonal agricultural work, construction, manufacturing or textiles, and waste picking and sorting. Some have also been absorbed into the service industry. There are reports of exploitative working conditions: long hours, unsafe conditions, lack of guaranteed payment, and low wages. Begging is also increasing as a way of seeking household income.

World Bank Group Response

The World Bank aims to support the Government in mitigating the potential negative impacts of hosting SuTP while building on the positive economic contributions the refugees can make. In recognition of the developmental approach taken by the Government, the World Bank position is to support what Turkey is already doing by strengthening Government systems. Currently the greatest need is for stronger data to inform policy implementation—a need the WBG is helping to fill.

The WBG is partnering with the Government of Turkey to undertake the analysis to strengthen the identification and quantification of the impact of the Syrian refugee crisis on host communities. A nationally representative household survey is planned for early 2016 to generate the quantitative data to address these issues. There has been particular demand for the assessment from the Ministry of Labor and Social

Services, which would benefit from information on the skills and labor preferences of Syrian refugees to ensure a smooth implementation of the proposed awarding of work permits for SuTP. The Ministry of Education (MoNE) has expressed demand for rigorous information, which would allow it to assess the education preferences of Syrian refugees and the possibilities for integrating Syrian children into the Turkish schooling system.

The working relationship between the Government of Turkey and the World Bank has been formalized by setting up a Steering Committee for the assessment. The Steering Committee will give technical input into the design of the assessment and its sampling, and will ensure coordination with the Government policy directions in regard to the refugees. Recently, the WBG also received a request from the Government for grant funding to extend education services to Syrian children.

and intimidation—and many are increasingly looking to escape to Europe. The total number of IDPs who were profiled by the IDP task forces stands at 1,013,553 as of end-August 2015.

The basic driver of population displacement in Afghanistan is violent conflict. In recent years, many people feel a growing disenchantment about the prospect for peace after the large-scale withdrawal of international forces at the end of 2014, a concomitant decline in aid flows, and an extended election period that led to widespread political instability. As a result, economic growth has suffered and poverty levels have stagnated. Many Afghans see no prospect of getting jobs and being able to adequately support their families. Increasingly, many are also fearful of state collapse and a return of the Taliban. Recent events in the north of the country in Kunduz, where the Taliban briefly captured the city, will only have reinforced this fear: some 8000 families are reported by the UN to have fled the city in September 2015.

F. AFGHANISTAN

Context

Nearly four decades of conflict in Afghanistan has resulted in large numbers of displaced people. The armed conflict triggered by the Soviet invasion in 1979 led to the largest coerced movement in recent times. At its peak some 7.7 million people were displaced—3.2 million as refugees in Pakistan, 2.35 million in Iran, and an estimated 2 million internally displaced. After the collapse of the Taliban in 2001 many refugees in Pakistan and Iran returned to Afghanistan. According to UNHCR, some 5 million refugees have returned since 2002, increasing Afghanistan's population by 20 percent. Today, as a result of ongoing conflict, families continue to move to escape violence

UNHCR Afghanistan does not maintain figures for the numbers of Afghans who have left. The following figures were collected in various countries ("entry points") along the Mediterranean coast. In the first eight months of 2015, 322,500 individuals arrived by sea in Europe, and 12 percent of the arrivals by sea were Afghans. Of the total number of arrivals, 115,500 arrived in Italy and 204,954 arrived in Greece by sea. In addition, 104,915 individuals were registered in Serbia. In the Yugoslav Republic of Macedonia, 53,571 individuals were registered between June 19 and September 1, 2015, alone.

Following Syrians (49%), Afghans present the second-largest group on the move, making up 12% of the arrivals in Europe. They are followed by Eritreans (9%), Nigerians (4%), and Somalis (3%).

World Bank Group Response

The role of the World Bank is to both (a) understand and provide critical analysis of the push and pull factors that lie behind migration, and (b) learn lessons from hosting countries on social and economic inclusion, provision of basic services, and the economic impact of refugees and displaced groups on local and country economies. The Bank's unique perspective is developmental—to balance immediate humanitarian responses with medium- and longer-term development plans and interventions that would include the private and public sectors in generating jobs, revenues, and growth as well as in delivering services.

In Afghanistan between 2010 and 2012 the Bank analyzed the economic and fiscal implications of international troop withdrawal,

pointing out the impact on growth and lack of fiscal space for civilian and development spending, and the increasing share of budget going for security expenditures (2013, Afghanistan in Transition). This work strongly reinforced the message about the need for a more inclusive growth path that emphasizes job creation and agricultural development, as well as for long-term and predictable donor support to ensure that the Government has the finances to deliver basic services to the population. The Bank's analysis pointed out that the principal constraint on growth is the ongoing conflict. In these circumstances, a more interventionist approach may be necessary in the short term to stimulate the creation of jobs and even cash transfers to the poor, to provide a necessary safety net for more vulnerable segments of the population.

