

Five Ways to Improve the World Bank Funding for Refugees and Hosts in Low-Income Countries and Why These Dedicated Resources Matter More than Ever

Sarah Charles, Cindy Huang, Lauren Post, and Kate Gough

The International Rescue Committee (IRC) and the Center for Global Development (CGD) have been close to the rollout of the IDA18 sub-window for refugee hosting nations, particularly in East Africa ([Ethiopia](#), [Uganda](#)), West Africa (Cameroon, Chad), and Asia ([Bangladesh](#)). Drawing on original research and analysis, as well as field visits, this note identifies a few clear successes and areas for improvement. It also outlines recommendations for the implementation of the IDA18 sub-window moving forward, and makes the case for a sub-window in need of replenishment.

For too long, the international community has accepted the convenient fiction that refugee crises are temporary. In 2016, as waves of refugees came ashore in Europe seeking a life free from violence and conflict for themselves and their children, a spotlight was cast on the hopelessness that exists in even relatively well-funded refugee contexts—where there are few, if any, opportunities for meaningful livelihoods and education—and the very real struggle developing countries face under the strain of hosting large numbers of refugees. This spotlight shined brightest on Jordan, Lebanon, and Turkey, which collectively host more than five million Syrian refugees.

The World Bank has been a leader in responding to the fact that the traditional humanitarian system was not designed to meet medium or longer-term needs, and has begun to play a significant role by providing multiyear financing and engaging in policy dialogue on refugee rights and opportunities. The Bank also led the way in recognizing that the dynamics that were so apparent in the Middle East had long existed around the world. In response, in late 2016, the World Bank made an important

1 UNHCR. 2018. Syria Regional Refugee Response Operational Portal. Accessed 22 October: <https://data2.unhcr.org/en/situations/syria>

and significant decision to raise a dedicated \$2 billion in its IDA18 replenishment (July 1, 2017–June 30, 2020) that is available as additional concessional financing to low-income countries (LICs) bearing the burden of hosting large numbers of refugees.

With this decision, the World Bank jumped feet first into contexts that were long dominated by humanitarian actors. It brought a set of resources, expertise, and credibility and relationships with host governments that were new to refugee response—including a deep bench of experts and best practices for how to strengthen service delivery and infrastructure and improve socioeconomic outcomes for poor and vulnerable populations. It also brought lessons learned from the implementation of the Global Concessional Financing Facility, a similar model that provides additional financing at concessional rates for middle-income countries (MICs) hosting large numbers of refugees and that has been piloted in the Middle East. In creating the IDA18 sub-window, the World Bank catalyzed the so-called humanitarian-development nexus from mostly rhetoric to real test cases.

Over the last two years, there have been some critical and consequential changes as development and humanitarian actors joined forces to respond to protracted refugee crises. Staff throughout the World Bank have had to grapple with how to advance and adapt the Bank's toolbox to accommodate the unique needs of refugees and approaches of new partners, particularly the UN Refugee Agency (UNHCR). As World Bank-financed programs start to move from paper to implementation, there is promise of real improvements in the lives of those adversely affected by displacement. Still, remaining uncertainties and challenges need to be addressed if the Bank's financing is to have its intended impact for refugees and host communities. While the Bank brings many unique assets to address protracted displacement, its model of host governments as clients and the priority placed on disbursing funding can sometimes limit its capacity and willingness to engage robustly on policy and protection issues. In this note, we discuss early achievements and challenges of the IDA18 refugee sub-window, and offer five recommendations to improve its impact.

The IDA18 midterm review, to be held in Livingstone, Zambia from November 13–15, serves as a critical moment for the World Bank and its stakeholders to take stock of progress and challenges associated with the refugee sub-window, and put mechanisms in place to correct course where needed. It is also an opportunity to begin thinking about the goals and structure of the IDA19 replenishment, and consider how the Bank can best support LICs that are fragile, conflict-affected, and/or hosting large numbers of refugees.

IDA18 REGIONAL SUB-WINDOW FOR REFUGEES AND HOST COMMUNITIES: FIVE AREAS OF SUCCESS AND CHALLENGE

There are five areas where we have seen important success in the implementation of the IDA18 sub-window, though these should be tempered with fact that there is also room for improvements. Moving forward, the World Bank and IDA Deputies should consider how to implement key changes to ensure that the sub-window delivers on its considerable promise. Running through our assessment are two central questions: First, is the IDA18 sub-window incentivizing policies and supporting programs with the highest likelihood of improving refugees and hosts' lives and their prospects for self-reliance? And second, how will we know?

2 See for example: Center for Global Development and International Rescue Committee. 2017. Refugee Compacts: Addressing the Crisis of Protracted Displacement. <https://www.rescue.org/report/refugee-compacts>

1. Refugee-related policies: ***Prioritize policy changes that will directly and indirectly enable self-reliance among refugees, and host communities.***

Even in a tough political climate, where there has been considerable retreat among global leaders to share the responsibility of meeting refugee needs, the Bank has worked with some refugee hosting governments to achieve important policy changes that can enable refugees to more sustainably support themselves and their families—or achieve self-reliance. However, there are also examples where it appears the Bank prioritized the disbursement of funding over the challenging task of working with governments and partners to change refugee-related regulations. In its country operations, the financing sub-window arguably needs a clearer focus on achieving policy changes that can improve the lives of refugees, such as freedom of movement and access to quality schooling and decent jobs, to have real impact.

pledges become a more and more distant past, and as new countries seek to draw on the sub-window, it will be imperative for the Bank to work with governments to determine what refugee-related policies need to change to see sustainable improvements in people's lives. This may mean countries need to go above and beyond their initial pledges to align with current realities.

Given the retreat since 2016 of global leadership on supporting refugees, new tools, approaches, and research may be needed to support policy changes. For example, regular stock-taking of refugee policies, such as through a refugee policy index that evaluates host country policies and the legal status of refugees relative to host communities, could prove useful in determining critical areas for

commitment to the action plan associated with IDA18 lending.

2. Accountability for outcomes: *Define a set of outcomes, targets, and indicators for the sub-window that can guide results frameworks for projects financed through the sub-window.*

The World Bank is a key actor in helping countries achieve the outcomes set forth in the Sustainable

divide, and have served as critical interlocutors for NGOs—especially based on IRC’s experience—at the country and global levels. However, it seems these staff could use more support to more regularly and meaningfully engage with a wider set of stakeholders.

There remains a need to standardize how the Bank engages with local actors in humanitarian contexts, particularly beyond UNHCR. There should be a protocol for regularly sharing information and getting input on decisions about programming and policy goals. The World Bank should not wait until the procurement process to engage NGOs; rather, this should be done from the start of arrangements to ensure refugee protection is top of mind and that solutions will ultimately meet needs. A local advisory board, one that aligns with and is clearly connected to the CRRF process (in places where it is being rolled out), is one potential solution. Ultimately, project documents should seek to outline how Bank staff intends to engage with partners—a step beyond the current documents, which simply note that Bank staff will do so.

In addition, while financing from the sub-window should aim to flow through governments to support inclusive country development plans, the World Bank should carefully analyze the capacity of governments to absorb financing and implement refugee-sensitive programs. In targeted cases,

bodies, and other multilateral banks.

The World Bank, through its close partnership with refugee-hosting governments and UNHCR, is essentially creating a much-needed roadmap that will enable countries to meet the needs of refugees within their borders, while at the same time achieving a country's sustainable development goals. This provides a useful outline for other development donors to align with and support, complementing the work of the Bank, governments, and humanitarian actors. In some instances, other donors have followed the Bank's lead: the UK's Department for International Development (DFID), for example, is co-financing a portion of the Ethiopia employment package. However, this arrangement remains the exception not the norm.

Low- and middle-income countries often rely on financing from the World Bank to build up their public infrastructure as part of their national development plans; however, new or improved infrastructure is not always what—or the primary thing that—is needed to meet refugee and host community needs and enable their self-reliance. Building or rehabilitating schools and health clinics may be useful down the road, but only if the right programs to deliver services are put in place and people are able to access these services in the interim. Other development donors can bring in additional grant financing to help balance the portfolio of interventions to meet these intermediary needs. In addition to seeking co-financing from other donor governments, the Bank should lead the multilateral development bank platform for responding to forced displacement, which was announced in fall 2016 and formally established in spring 2017, but has not appeared to move beyond a memorandum of understanding.

5. Faster and standardized practices: ***Balance the need for a speedy process with the length of time needed to develop projects that reflect the experiences of refugees and host communities.***

Refugee crises require development financing and tools to be deployed at or close to the speed of humanitarian response in order to more quickly achieve outcomes for refugees and host communities. Co-financing is not always what is needed to meet these intermediary needs.

million refugees⁵—have been forced to leave their homes than at any time since World War II. Twelve of the top 15 refugee-hosting nations are considered fragile states. Projections point to increased deprivation of people caught in crisis—people living in fragile and conflict-affected states (FCAS), and people who have been forcibly displaced. New analysis from the IRC and Overseas Development Institute finds that by 2030, on current trend, unmet basic needs will be increasingly concentrated in fragile states; FCAS will be home to 85 percent of people who are extremely poor—342 million people.¹⁶ The health, education, livelihoods, and safety of hundreds of millions of people in fragile and conflict-affected settings—especially displaced people—are on the line.

As the needs of the most marginalized people, including refugees and other displaced people, are likely to increase, and as poverty becomes more concentrated in already fragile or conflict-affected states, it is imperative that the World Bank remain a leader in supporting refugee hosting nations. In fact, if the World Bank intends to achieve the goal of eliminating poverty and supporting countries in achieving the SDGs, there is a case for the World Bank to increase its financing for these countries in its IDA19 replenishment. Building on its growing capacity and experience with forced displacement, the Bank should also consider how it can expand its role in addressing internal displacement through IDA19.

With only 18 months of implementation, the Bank's sub-window for refugee hosting nations is still in its infancy, yet it has already started to demonstrate its importance and value-add. Host countries are, for the most part, signaling demand for these additional concessional resources to support their open door policy towards refugees and to meet the pledges they made in 2016. Projects developed so far have also demonstrated great promise for impact, from the Bank's support on policy shifts to allow more refugees to access services and obtain jobs in Ethiopia to expanding refugees' access to social services in Uganda and Bangladesh. And the Bank's focus and engagement in refugee contexts has appeared to start to mobilize other multilateral actors to do the same; the African Development Bank, for instance, has recently announced resources to support refugee and host population needs in Zimbabwe.

greater resources that reflect increased need. Such a window should consider the lessons from implementation of the IDA18 sub-window, and identify ways to improve the Bank's processes and programs to ensure greater impact is achieved and adequately measured.

Specifically, an IDA19 sub-window should:

1. Prioritize policy changes that will directly and indirectly enable self-reliance among refugees and host communities. This could be supported by a new refugee policy index, as well as greater flexibility for the terms of financing, to generate incentives among host governments.
2. Define a set of outcomes, targets, and indicators for the sub-window that can guide results frameworks for projects financed through the sub-window. These outcomes should reflect changes in the lives of refugees and host communities. Progress against outcomes should be regularly measured and reported.
3. Standardize how the Bank engages with local actors, particularly beyond UNHCR, to include NGOs, civil society, other UN agencies, and local governments. Also develop a protocol for how the Bank can directly finance non-governmental actors to deliver services as an interim bridge to delivery through government systems.
4. Seek multiyear co-financing from other development actors to support and align with Bank projects that address the needs of refugees and host communities. One dimension of this should be through the multilateral development bank platform for responding to forced displacement.
5. Balance the need for a speedy process with the length of time needed to develop projects that reflect the experiences of refugees and host communities. This may mean standardizing protocols (e.g., assessment tools and procedures for deploying surge staff), and/or complementing sub-window financing with funds from the Bank's crisis window or other sources.

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SARAH CHARLES is the senior director of humanitarian aid policy at the International Rescue Committee.

CINDY HUANG is the co-director of Migration, Displacement, and Humanitarian Policy and a senior policy fellow at the Center for Global Development.

LAUREN POST is the policy and advocacy officer at the International Rescue Committee.

KATE GOUGH is a research associate at the Center for Global Development.