

# World Bank Financing to Support Refugees and Their Hosts:

## Recommendations for IDA19

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In its 18th replenishment of the International Development Association (IDA18, covering 2017-2020), the World Bank made a game-changing decision to create a US\$2 billion financing window to support low-income countries hosting large numbers of refugees.<sup>1</sup> This financing is significant for two key reasons. First, in its scale and scope, the Refugee Sub-Window (RSW) is responsive to both the programmatic and policy needs of protracted refugee crises. Second, in supporting both refugees and their host communities, the RSW aligns refugee responses with host countries' national development plans.

Within its first three years, 14 countries became eligible for RSW financing,<sup>2</sup> 10 of which have projects that have been approved by the Bank's Executive Board.<sup>3</sup> Although it is still too early to say what impact the financing is having on the lives of refugees and their hosts, a number of other progress measures are evident. Beyond establishing new and expanding existing projects, this financing has incentivized, enabled, and supported significant changes in refugee policies in several countries: Ethiopia's Refugee Proclamation, which creates a path for refugees to move freely outside of camps, attend primary school, and gain access to the labor market; Pakistan's move to allow refugees to open bank accounts; and Chad's first-ever national refugee policy that reflects the rights of refugees as laid out in the 1951 Refugee Convention. These policy shifts show the promise of the RSW.

Still, there remain areas where implementation of the financing could be strengthened. In some countries, financing has not been adequately leveraged to support shifts in the policy environment. Humanitarian and other development actors have valid concerns about the World Bank's ability to address the unique needs of refugees, and about the Bank's willingness to partner and meaningfully consult actors beyond its government clients. Success of the Bank's engagement in these contexts

1 This financing was additional to and complementary of the Global Concessional Financing Facility, a dedicated fund created in 2016 to support refugees and host communities in middle-income countries hosting large numbers of refugees.

2 Bangladesh, Burkina Faso, Burundi, Cameroon, Chad, Djibouti, Democratic Republic of Congo, Ethiopia, Mauritania, Niger, Republic of Congo, Rwanda, Pakistan, and Uganda.

3 Bangladesh, Burkina Faso, Cameroon, Chad, Djibouti, Ethiopia, Niger, Republic of Congo, Rwanda, and Uganda.

ultimately needs to be measured in improvements in the lives of refugees and their host communities; however, these measurement frameworks remain absent.

The 19th replenishment of IDA (IDA19) offers an opportunity to renew and adjust the RSW to better ensure impact and measure progress. Drawing on observations to date, this policy note outlines changes that should be made to the RSW operating framework to inform World Bank practice in refugee contexts moving forward.

There are four areas where adjustments should be made: linking financing to policy reforms; defining and focusing on a common set of outcomes, targets, and indicators; engaging systematically and predictably with partners and beneficiaries; and investing in programs that are sensitive to refugees' protection needs. To bolster outcomes, other donors, UN agencies, and the private sector partners will also need to more systematically coordinate and align their responses with the World Bank's efforts in refugee contexts. Compact approaches, which bring a diverse set of stakeholders together to work towards shared outcomes based on comparative advantages and which bring policy and programmatic solutions to bear, hold the most promise for transformative change.<sup>4</sup>

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Sustainable improvements in refugees' lives depends on a legal framework and administrative practices that enable refugees to rebuild their lives and to support themselves and their families. There are a range of legal and regulatory policies that are critical to refugee self-reliance and socioeconomic inclusion: freedom of movement; access to quality education; access to decent jobs; and protections, including from forced returns and gender-based violence. These policies are also key to successful implementation of World Bank projects that seek to build the capacity of, and integrate refugees into, local social service systems, such as education and health, and into formal labor markets. And they can have benefits for refugees as well as host communities. When refugees have access to the formal labor market, they can find a decent job, earn higher incomes, avoid negative coping strategies, and provide for themselves. At the same time, they can fill labor shortages, create new employment opportunities for other refugees and for host community members by increasing productivity or opening their own businesses, and contribute to the economy through taxes.

Many refugee-hosting countries are unable or unwilling to implement, and/or face significant political barriers to implementing, more progressive refugee policies. The RSW funding, along with World Bank technical assistance, can play an important role in supporting countries to develop and implement policy reforms. We have seen how the RSW has supported critical reforms to refugee policies: in Jordan and Ethiopia, refugees now have some access to the formal labor market, and in Pakistan refugees have access to bank accounts. In other instances, RSW financing has helped hold governments accountable to their own policy commitments. In Cameroon, the World Bank suspended its programs when UNHCR reported cases of forced returns of refugees to Nigeria. While UNHCR should lead on refugee protection policy, the World Bank can help bring a level of accountability to governments' adherence that UNHCR may not be able to employ.





in their progress measures, and countries typically do not include refugees in their national plans for achieving the SDGs. Aligning RSW financing to the SDGs, and providing technical support to governments to include refugees in national development plans and progress reports, could help close this gap. In addition, the World Bank should work with UNHCR to drive towards a set of outcomes and indicators that align with the indicators being developed to measure success of the Global Compact on Refugees. Table 1 illustrates how an SDG target and its indicators could be adapted for refugee populations.

**Table 1. Proposed SDG-aligned targets and indicators for refugees**

Measuring progress towards these shared outcomes will require a more robust and coordinated effort to collect socioeconomic data on refugees and host communities—which are often marginalized or in hard-to-reach areas, and not always included in national statistics. The World Bank has already started to generate new data on refugees, such as on their income, poverty, education, and skills. It should dedicate RSW resources to expand this endeavor to other countries and ensure that data is collected regularly (e.g., annually). The World Bank-UNCHR Joint Data Center should take on responsibility for this work moving forward to ensure that not only socioeconomic data, but data related to protection and other issues specific to displaced populations, is collected and reported.

government representatives, including from line ministries, humanitarian and development actors, donors, and others key stakeholders. However, to date, the CRRF has not been adopted by all countries—including countries where there is RSW financing—and where it has been implemented, it has mixed success in regularly bringing these actors together to make decisions about policy reforms or how RSW funding should be spent. In addition, although the World Bank has created new regional staff roles to oversee RSW-funded projects, this practice has not been adequately scaled-up and the few existing staff seemingly do not have enough capacity to fully engage with nongovernmental partners.

The sidelining of NGOs and affected populations in decision-making creates a risk that solutions will not meet actual needs. The World Bank has taken some steps to be more inclusive in its consultation process to mitigate these risks. In Ethiopia, initially, World Bank programming for refugee livelihoods focused heavily on generating employment through industrial parks. However, a survey of refugees found that the majority were not interested in these jobs because salaries were low. The parks were also far from refugee populations and could thus be difficult and unsafe to access (especially for women).<sup>7</sup> Understanding these barriers and the low appetite for industrial parks work led to a shift in programming that emphasized a variety of other pathways to self-reliance in addition to jobs in these parks.<sup>8</sup> Having incorporated the needs and desires of refugees, this programming is more likely to create viable livelihoods opportunities and have an impact. The experience in Ethiopia also illustrates that the World Bank has learned from its prior engagement in Jordan, where there was a lack of consultation with humanitarian actors and refugees, and subsequently a mismatch between solutions and needs, which has led to slow progress.<sup>9</sup>

At the regional and country levels, the World Bank should ensure there is sufficient staff capacity and issue guidelines to ensure consultation with refugees and host communities, as well as the NGOs that work closely with them, occurs regularly and predictably. Where a CRRF does not exist or is not fully operational, the World Bank should engage with the humanitarian coordination infrastructure, such as Humanitarian Country Teams (HCT) and NGO fora. Using existing channels will prevent the creation of another coordination mechanism on the ground that may be duplicative. While it is unreasonable to expect World Bank staff to attend every HCT or cluster meeting, given limited staff on the ground, it should engage with these groups on a predictable basis. At the same time, where the World Bank is working with subnational governments to make decisions about financing and projects, it should bring in refugee representatives to ensure their perspectives are reflected. An encouraging example is the work the World Bank is doing to incorporate refugees into commune-level planning in Cameroon.<sup>10</sup>

#### 4. *Engaging Refugees and Host Communities in Decision-Making*

The World Bank needs a more rigorous approach to understanding and responding to refugee needs in order to achieve shared outcomes. It cannot assume that projects that meet the needs of host communities, while often also marginalized, will also address the needs of refugees. Refugees experience unique traumas during displacement—they are forced to leave their homes, their livelihoods, and sometimes family members behind, and are often fleeing violence and persecution. Projects must be designed to address these traumas. For example, education programs cannot just aim to provide an academic curriculum; they will need to provide social-emotional learning alongside lessons on reading, writing and math, and may need to provide remedial education to make up for years of lost schooling.

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3. An updated analysis on the needs of refugees and host communities, and related constraints to